

Vol. 830
No. 175



Thursday
15 June 2023

PARLIAMENTARY DEBATES
(HANSARD)

HOUSE OF LORDS
OFFICIAL REPORT

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

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

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House of Lords

Thursday 15 June 2023

11 am

Prayers—read by the Lord Bishop of Durham.

Introduction: Lord Young of Old Windsor

11.07 am

The right honourable Sir Edward Young, GCB GCVO, having been created Baron Young of Old Windsor, of Old Windsor in the Royal County of Berkshire, was introduced and took the oath, supported by Lord Janvrin and Lord Kakkar, and signed an undertaking to abide by the Code of Conduct.

Leasehold Properties: Building Insurance Question

11.12 am

Asked by **Lord Kennedy of Southwark**

To ask His Majesty's Government what action they are taking to deliver greater transparency over the commissions paid to freeholders and managing agents by insurance companies when arranging building insurance for leasehold properties; and what action they are taking to deliver greater value for money for leaseholders in this regard.

Lord Kennedy of Southwark (Lab Co-op): My Lords, I beg leave to ask the Question standing in my name on the Order Paper. I declare my interests as set out in the register and the fact that I am a leaseholder.

Lord Evans of Rainow (Con): My Lords, the Government intend to enact reforms to improve the building insurance market for leaseholders by banning commissions on insurance premiums, increasing transparency of information and preventing unjustified legal fees when challenging costs. We are also working with industry to reduce and clarify charges as a matter of priority ahead of reforms coming into force. Our aim is to ensure insurance costs are fairer and more transparent and give more confidence to the leaseholder to challenge costs.

Lord Kennedy of Southwark (Lab Co-op): My Lords, leaseholders are often also mortgage payers and are suffering during the cost of living crisis with higher bills for things such as food and energy. What we need in the insurance market is for insurers to treat leaseholders as customers, as they are the ones paying the bills. It is good to hear from the Minister that commissions will be banned, but when will that happen? Will the Minister set out what he and his department can do before any forthcoming legislation? Will either he or the noble Baroness, Lady Scott of Bybrook, agree to meet me and members of the National Leasehold Campaign to discuss the issue and the wider problems leaseholders

face? Finally, will he join me in paying tribute to the National Leasehold Campaign for its relentless work in highlighting the problems faced by millions of our fellow citizens?

Lord Evans of Rainow (Con): My Lords, first, I pay tribute to the noble Lord for the work he has done on this subject and for his many years of public service, for his party and his community, as a councillor in Southwark.

We are committed to working with industry to bring down premium increases in the first instance. The Secretary of State has asked the FCA to do whatever it can to press insurance brokers to reduce unreasonable fees ahead of government action to ban managing agents, landlords and freeholders taking commissions when they take out buildings insurance. The Association of British Insurers is planning to launch a scheme for buildings with fire safety issues and very high premiums by summer 2023 at the latest. Ministers will continue to monitor the progress of the scheme and have made it clear that they expect the scheme to be delivered by summer 2023 to provide urgent assistance to affected buildings. I am very happy to meet with the noble Lord and engage with members of the National Leasehold Campaign; I pay tribute to the work it has done.

Lord Best (CB): My Lords, taking commission surreptitiously on insurance premiums is one of the many ways that managing agents, unfortunately, sometimes behave very badly, and that includes exit fees, permission fees and service charges that go up. I think there is now almost universal recognition that we need a regulator for property agents—estate agents, letting agents and managing agents—and that is certainly what the industry itself is asking for. Would the Minister welcome an amendment to the Renters (Reform) Bill or a leasehold reform Bill, when we get it, to introduce a regulator for property agents?

Lord Evans of Rainow (Con): The noble Lord is absolutely right. This Government are committed to promoting fairness and transparency for tenants and homeowners and to making sure that consumers are protected from abuse and poor service. I assure him that we remain determined to drive up professionalism and standards among all property agents, and we continue to work with the industry on improving best practice across the property agent sector.

Lord Young of Cookham (Con): My Lords, would not the problems referred to by the noble Lord, Lord Kennedy, be largely eliminated if more leaseholders bought the freehold, thereby avoiding the potential of abuse by the current freeholder? Will the promised leasehold reform Bill make it easier for leaseholders to enfranchise, and will it remove some of the obstacles used by unscrupulous freeholders to deny enfranchisement?

Lord Evans of Rainow (Con): My noble friend is absolutely right, and I pay tribute to the work he does on housing. The Government remain determined in

[LORD EVANS OF RAINOW]

their promise better to protect leaseholders and empower them to challenge unreasonable costs, and to make it easier and cheaper for them to extend their lease or buy their freehold. We wish to extend the benefits of freehold ownership to more homeowners, and in line with our manifesto commitments, we will continue leasehold reform within this Parliament. We are working closely with the Law Commission to bring forward game-changing reforms to the system and we thank the commission for all the work it has done in this area to date. However, the Government cannot pre-empt the King's Speech, which we expect by the autumn, by confirming what will or will not be in future legislation.

Baroness Thornhill (LD): My Lords, insurance costs and service charges are rocketing for the group known as non-qualifying leaseholders, who are not eligible for support from the Government to remediate their fire safety issues, which they played absolutely no part in creating. Can the Minister say what the Government are doing to support this group of people, who are facing not only massive bills but mental and physical health problems as a result of the prolonged stress that this is causing?

Lord Evans of Rainow (Con): The noble Baroness is right: premiums have increased, on average, threefold for buildings with identified fire safety issues. The FCA, which regulates brokers and insurers, reported in September 2022 that the insurance premiums increased by 187%—that is completely unacceptable. The Government will ban commissions and press insurance brokers to reduce and clarify charges as a matter of priority ahead of reforms coming into force. However, the Government cannot pre-empt the King's Speech at this moment; later, I will report back to noble Lords.

Baroness Fox of Buckley (Non-Affl): My Lords, leaseholders are already reporting that these scandalous commissions are being rebadged as fees. Are we absolutely sure that transparency is enough? Finding out how much you are being ripped off by is not necessarily any consolation. Does the Minister recognise that this is baked into leasehold as a system? The Government themselves know that it is scandalous and want to abolish it—why do they not do so?

Lord Evans of Rainow (Con): I hope that the noble Baroness heard from my previous answers that that is exactly what the Government intend to do.

Lord Blunkett (Lab): My Lords, will the Minister approach the Association of British Insurers about the problem faced by first-time buyers, particularly in London? Despite the Thames Barrier, insurers are reluctant to provide protection and provision for young people buying houses quite a way from the Thames. This is going to be a major problem as interest rates rise still further.

Lord Evans of Rainow (Con): Yes, we are very happy to engage on that point regarding first-time buyers looking to buy houses in the London area.

Dementia Palliative Care Teams

Question

11.20 am

Asked by **Lord Crisp**

To ask His Majesty's Government what plans they have to expand the use of dementia palliative care teams in England in accordance with the model introduced in Derbyshire.

Lord Crisp (CB): My Lords, I beg leave to ask the Question standing in my name on the Order Paper and declare a personal interest, as I have a relative who is cared for by the Derbyshire palliative care team which is as described in the Question.

The Parliamentary Under-Secretary of State, Department of Health and Social Care (Lord Markham) (Con): The Derbyshire model is recognised as an example of best practice. The Derbyshire palliative care service toolkit has been widely shared by NHS England, which encourages regions to adopt good practice. Resources from the toolkit have also been published on the FutureNHS platform. It is a superb example of how better integration of the excellent services already available, not always requiring more funding, can have a positive impact on communities.

Lord Crisp (CB): My Lords, I am grateful to the Minister for that very positive reply, with which I absolutely concur from my own experience. It is good to have the chance to say something positive about people working in the NHS at a time when it is under such great pressure.

As all noble Lords know, dementia is a dreadful and deeply distressing disease, or set of diseases. One in three of us will experience it and almost all of us will be affected, as family or as carers. It is a very complicated process that people have to go through. One of the issues I want to ask the Minister about is co-ordination of care and the help that is available to people. People looking after people with dementia need help with medication, with incontinence, with devices and aids, with falls, with hospital clinics and with a whole range of different issues, coming from primary care, social services and hospital care. The dementia palliative care team in Derbyshire provide the co-ordination. What needs to happen in cases where there is no such team? How can that care be co-ordinated or does it all land on the principal carers and the spouses and partners of the people concerned?

My second question is—

Noble Lords: Oh!

Lord Crisp (CB): Sorry. I note the Minister's point about the excellence of this particular team and the intention to spread the idea. How far do the Government think it will spread and be adopted in other parts of the country over the coming two or three years?

Lord Markham (Con): I thank the noble Lord. I have an auntie with dementia in care in Derbyshire. The noble Lord is correct that it is a perfect example

of a wraparound service that takes in all the facilities that people need. The intention is that we want to spread that everywhere. It is the responsibility of each ICB to set the right commissions in their local area, but we are spreading knowledge of the dementia model as far as we can. A big example is that we promoted it at the recent national clinical excellence celebration day in the Midlands.

Baroness Pitkeathley (Lab): My Lords, I am not sure the Minister actually answered the question about where co-ordination happens, which is the essential part of this. He will know that much care and palliative care for dementia patients and their families is provided in the voluntary sector and by charities. What support can we give to charities, which often are acting in a co-ordinating role? Can the Minister update us on newspaper reports that his department intends to recruit an army of volunteers to help solve the social care crisis?

Lord Markham (Con): The voluntary sector is a key element of this. On behalf of the department, I thank it for all the work it does. The direction of travel is very much to engage the sector and enlist its support as much as possible. The ICBs do the commissioning, and Derbyshire is a fantastic example of commissioning all the different strands, including the voluntary sector, hospices and palliative care to deal with clinical need. It is an excellent example of how to do it well and one that we need to spread everywhere.

Lord Scriven (LD): My Lords, this service is patchwork, yet the demand is across the country. What can NHS England do to ensure that the unmet need for palliative and end-of-life care for people with dementia is met?

Lord Markham (Con): First, we were very upfront about it; part of the Health and Care Act 2022 is that the ICBs commission palliative care. Secondly, it is part of the six major conditions strategy. It is a major cause of death; about 11.4% of all deaths are caused by dementia. It is fundamentally the responsibility of the ICBs but we at the centre are making sure that the ICBs are commissioning in the way they need to.

Baroness Manzoor (Con): My Lords, I very much welcome the work that is being done in Derbyshire and, quite rightly, we want to see it commissioned elsewhere across the country. My question follows on from that of the noble Lord regarding the NHS board. What is it doing to evaluate where these kinds of proposals are being developed elsewhere? Unless it does this, and can demonstrate that it is doing this and providing guidance, we will not get the excellent service that residents in Derbyshire are receiving in more deprived areas, such as places in West Yorkshire and so forth.

Lord Markham (Con): We have developed the dementia palliative care toolkit, which we are spreading around all the ICBs. Health Education England has developed an end-of-life care training programme, which is being taken up. Derbyshire has been a key part of the efforts as well, with its own programmes. It is very much our

responsibility to make sure that the ICBs, which by law have to provide these services, are providing them to a high standard.

Baroness Finlay of Llandaff (CB): My Lords, I declare my interest in palliative care and as vice-president of Marie Curie. When are the Government going to produce a strategy for these ICBs to commission against, and against which the provision of palliative care can be measured across the country? The evidence at present is that it is extremely variable. While toolkits have been rolled out in some areas, that has not happened everywhere, and some ICBs seem to have remarkably little commissioning on the table working with the voluntary sector, in particular, and local authorities. I was appalled to see the draft major conditions strategy, in which palliative care for people with dementia is only one short phrase rather than a distinct paragraph.

Lord Markham (Con): Dementia is an important part of the major conditions strategy and obviously there will be more coming out of that going forward. As I said, the Health and Care Act made the ICBs firmly responsible. Some are excellent examples, such as Derbyshire; for the others that are not, it is very much our responsibility in the centre, and I include Ministers in that. I have mentioned before that each of us has six ICBs that we look after, and part of our job is making sure that they are commissioning to the standards they need to.

Baroness Wheeler (Lab): My Lords, the ONS figures showing that dementia and Alzheimer's were the leading cause of death last year make it even more urgent to get dementia palliative care right. Given average life expectancy in care homes, what steps are the Government taking to ensure the Care Quality Commission has sufficient oversight of end-of-life care for people living with dementia?

Lord Markham (Con): It is absolutely one of the things that it has to do. We are at the forefront of this. We are backing the Dame Barbara Windsor Dementia Mission, and have doubled the funding to £160 million to make sure we are doing more research in this space. There is a lot more to do but there are a lot of good examples of work as well.

The Lord Bishop of Durham: My Lords, to go back to the voluntary sector, many churches are working on becoming dementia-friendly churches as part of dementia-friendly communities. How might this spread out in developing dementia-friendly communities as a whole as part of this support?

Lord Markham (Con): As I have tried to say, it is a full community response, which I know the Church is very much part of, and I am grateful for the work it does within that. That is why I keep going back to the Derbyshire model. It is an excellent example which has managed to pull all these strands together. Our job is to make sure that that good practice is disseminated everywhere.

Baroness Watkins of Tavistock (CB): My Lords, I draw noble Lords' attention to the recent research report from King's College London about better palliative care and end-of-life care for those affected by dementia. It shows clearly the cost-effectiveness that can be achieved and the reduction in the use of in-patient hospital beds. I declare that I am on the NHS Executive and am pushing for this. What can the Government do to ensure that ICBs actually take this forward?

Lord Markham (Con): As I said, we think that the ICBs are the right place to manage this at a local level, but it is our responsibility from the centre to make sure they are delivering on that. I personally have seen good examples: my father was cared for at home, with palliative end-of-life care, and I know how happy he was to be able to do that, so I totally agree.

Ukraine: Ministry of Defence Strategy

Question

11.31 am

Asked by **Lord Campbell-Savours**

To ask His Majesty's Government what arrangements they have in place for reviewing the Ministry of Defence's strategy in relation to Ukraine.

The Lord Speaker (Lord McFall of Alcluith): My Lords, the noble Lord, Lord Campbell-Savours, is participating virtually.

The Minister of State, Ministry of Defence (Baroness Goldie) (Con): My Lords, the UK Government are dedicated to supporting Ukraine in the face of Russia's illegal invasion. A key element of our response is being agile in our support as the conflict changes, and strands of work are constantly assessed to deliver this goal. Working closely with international allies and partners, and via our major contribution to the international donor co-ordination centre, we continue to enable and adapt support from across the world to meet Ukraine's current and future requirements.

Lord Campbell-Savours (Lab) [V]: My Lords, some colleagues will be aware of my personal reservations about the war, but I now have to accept it: I too have to move on. Is not the simple truth that you cannot keep 140 million Russian citizens in information lockdown founded on a policy of brutality? The resistance to Russia's approach to this war has to come from within Russia. That should now be the central focus of our strategy. Should we not be concentrating our resources on an information war and not just on a battlefield victory in which we are quasi-participants? A strategy based on war alone is destroying infrastructure, leading to mass population movement and destabilising the world economy.

Baroness Goldie (Con): I commend the noble Lord on his change of position; many people will identify and sympathise with his stance. If I may seek to reassure him, it has been the UK Government's very

clear position in relation to trying to bring this war to an end that only by going into peace negotiations from a position of military, economic and diplomatic strength will Ukraine secure a strong, just and lasting sustainable peace. Sadly, we are not there yet. I seek to reassure him that within the MoD, through various channels, ambitious and very effective attempts have been made to disseminate information within Russia, with evidence that this information is being increasingly received and taken up. He makes the important point that a powerful and cogent persuader in relation to President Putin will come from within Russia, when his country realises that this is a disastrous enterprise that it has embarked upon.

Lord Howell of Guildford (Con): My Lords, in any review of strategy will my noble friend and the whole Government bear in mind very carefully the role of China in this situation? China is of course a country that supports Russia, and we all know that Putin very badly needs its support, but the Chinese are absolutely determined to oppose his possible use of nuclear weapons, which he keeps threatening. Is this not a key factor in calling Putin's bluff, and should it not encourage us to press on and give Ukraine every weapon it needs, including aircraft cover, to gain the upper hand as soon as possible?

Baroness Goldie (Con): I express complete agreement with the last point made by my noble friend. Yes, I agree with his proposition. We welcome China's engagement with President Zelensky. We expect China, as a permanent member of the United Nations Security Council, to stand up for the United Nations charter and for Ukraine's sovereignty and territorial integrity. We hope China will use its influence with President Putin to persuade Russia to cease its attacks, withdraw its troops and hopefully bring an end to the war.

Lord Stirrup (CB): My Lords, the noble Lord, Lord Campbell-Savours, made an important point in stressing information warfare, but he applied it rather too narrowly. Does the Minister agree that this information warfare needs to go far beyond the Russian population to other areas of the world that have been less than supportive of the campaign in Ukraine, particularly in what is perhaps inaccurately referred to as the global South, and that we need to do much better in this regard?

Baroness Goldie (Con): I think the House will concur with the principle of the noble and gallant Lord's proposition. I can tell him that through diplomatic channels and, where we can, through MoD conduits, we make known to other powers that have been somewhat passive in their comments on this barbaric and illegal war that a more proactive response is necessary, that this is wrong and that history has shown us repeatedly that you do not achieve peace by pandering to a bully. People have to be prepared to stand up, call that out and act accordingly.

Baroness Smith of Newnham (LD): My Lords, following the question from the noble and gallant Lord and the Minister's response, is there not a question of going beyond talking to elites and people at summit meetings,

and actually reaching out to wider communities? It is actually the hearts and minds of citizens across the world that we need to get to. If we want India and China to be working on the same side and opposing this war, we need the ordinary citizens to get that message.

Baroness Goldie (Con): Yes, and I think there will be almost unanimity in response to the noble Baroness's point. The challenge is finding a mechanism through which to disseminate that information. As your Lordships will be aware, that is a very challenging proposition indeed in certain countries. We in the UK are determined to play our part and do what we can to use communication to spread information and provide up-to-date positions. We can only hope that some of that is landing, as I said earlier to the noble Lord, Lord Campbell-Savours.

Lord Anderson of Swansea (Lab): My Lords, however this conflict ends, and end it will, the threat from Russia will remain. What is the position of the United Kingdom Government on security guarantees, in advance of any possible NATO membership, to protect Ukraine from any future Russian threat?

Baroness Goldie (Con): As the noble Lord will be aware, the UK is supportive of Ukraine's accession to NATO. We think that is a very important step forward in relation to Euro-Atlantic security. As he will be aware, that is for the member states of NATO to determine, and it will be for them to determine whether any other criteria have to be taken into account.

Lord Kirkhope of Harrogate (Con): My Lords, can my noble friend give us some more information about the very welcome meeting of the JEF in Amsterdam on 13 June? I congratulate my noble friend on the initiatives on behalf of this country to support the people of Ukraine, but can she let us know more about the air defence package that was agreed on 13 June and seems most helpful and most exciting?

Baroness Goldie (Con): Yes, I can provide my noble friend and the Chamber with some further information. This is a substantial package from JEF member states of £92 million. It will be procured through the International Fund for Ukraine and will be used to bolster Ukraine's ability to protect its critical national infrastructure, civilian population and front-line personnel. The package will, for example, provide radars to help protect against indiscriminate Russian strikes, as well as guns and a significant amount of ammunition.

Lord Singh of Wimbledon (CB): My Lords, does the Minister agree that the best strategy for the people of Ukraine is to look towards a peace settlement? In this House we are used to Orwellian language, where we refer to defence and mean offence. The long-suffering people of Ukraine will benefit if there can be a peace settlement in which all Russian troops are withdrawn and some guarantee given to the Russians that the West has no hostile intentions towards them. It would, incidentally, be the end of Putin.

Baroness Goldie (Con): Peace could certainly be achieved if Russia withdrew from this barbaric, illegal war now. Unfortunately, far from accepting that, Russia continues on a path of violence, brutality and barbarism. That has to be resisted robustly and that is why there is such a global alliance, in which the UK is playing a proud role, to see off this wrong.

Lord Coaker (Lab): My Lords, does the Minister agree with me that of course there are always discussions between us, Ukraine and our allies, including about how we disseminate information and to whom we send it? Is it not the case that now is not the time to show any weakness or doubt in what we are doing? Rather, it is a time to redouble our efforts and stay strong and determined, making sure that Russia and those who support her know that. We should have no doubt that this struggle is not only Ukraine's fight but all our fight, in defence of the international rules-based order, freedom and democracy.

Baroness Goldie (Con): I commend the noble Lord on his sentiments; I agree with every word he uttered.

Lord Bellingham (Con): My Lords, the noble and gallant Lord, Lord Stirrup, talked about "the global South", but a large number of smaller countries still maintain full commercial, trade and military links with the Kremlin, including, I am afraid, a number of smaller Commonwealth countries. Can the Minister tell us exactly what HMG are doing in working with the Commonwealth Secretariat and making diplomatic representations to these countries?

Baroness Goldie (Con): As a matter of general United Kingdom Government business, we regularly look at the sanctions regime and engage with countries where we are concerned about continuing transactional relationships with Russia. As for the specific detail my noble friend seeks, I undertake to speak to my noble friend Lord Ahmad of Wimbledon to see whether we can provide more information for him.

Offences Against the Person Act: Section 58

Question

11.41 am

Asked by **Baroness Thornton**

To ask His Majesty's Government what assessment they have made of the recent application of section 58 of the Offences Against the Person Act 1861.

The Advocate-General for Scotland (Lord Stewart of Dirleton) (Con): My Lords, the Government are committed to ensuring access to safe, regulated abortion for all women in England and Wales on the NHS. It would be inappropriate for me to comment on specific criminal cases, especially those which may—and I understand will—be subject to appeal proceedings, or on prosecution decisions made by the CPS independently of government. Abortion is a contentious issue on which the Government maintain a neutral

[LORD STEWART OF DIRLETON]
position. It is, however, open to Parliament to propose changes to the law in this area, which, as a matter of conscience, would normally be subject to a free vote.

Baroness Thornton (Lab): I thank the Minister for that Answer, and I thank the Government for decriminalising abortion in Northern Ireland in 2019 and repealing the effect of Sections 58 and 59 of the Offences Against the Person Act 1861 at that time, which brought Northern Ireland into compliance with our obligations under CEDAW. Like everyone else, I recognise how distressing and troubling the case is which prompted this Question. One of the effects of the changes in Northern Ireland is that since 2019, evidence suggests there has been an increase of 25% in referrals, but many of them from other parts of the United Kingdom, not including Northern Ireland. These are women and girls, particularly those in bad relationships, or young girls, who are unsure of time limits and are anxious about being investigated by the police and prosecuted. Does the Minister agree that this suggests that the issue to be addressed is ensuring a right to abortion advice and lawful treatment?

Lord Stewart of Dirleton (Con): My Lords, the position is that all women have access to safe and legal abortions on the NHS in England and Wales. As I say, it would be inappropriate for me to comment on specific cases. I remind the House that abortion is a matter devolved to Northern Ireland and, indeed, to Scotland.

Baroness Eaton (Con): My Lords, does not my noble and learned friend the Minister agree that, to prevent such tragic offences from occurring in the future, the Government should urgently propose legislation to reinstate the requirement for women to be seen in person at least once before being prescribed abortion pills?

Lord Stewart of Dirleton (Con): My Lords, the current provisions applying in this area were brought in during the Covid pandemic when face-to-face access to medical personnel was restricted. The relevant department keeps the matter under review.

Baroness Barker (LD): My Lords, will Minister confirm that if a woman presents at a hospital and says she has taken abortion pills, there is no legal obligation for any health worker to report her to the police? Given the increasing number of women, including those who have had miscarriages, being reported to the police, will he undertake to work with the royal colleges and the professional bodies as a matter of urgency to review the guidance?

Lord Stewart of Dirleton (Con): I am happy to give an undertaking that the Government will work, as they continue to do, with the relevant professional bodies to which the noble Baroness referred.

Baroness Blackstone (Lab): My Lords, I declare an interest as the chair of the trustees of the Royal College of Obstetricians and Gynaecologists. Healthcare professionals must be able to provide abortion care

without the threat of criminal sanctions, which do not apply to any other healthcare professionals. Increasing the role of qualified nurses and midwives is extremely important, as well as removing the chilling effect caused by criminal law intervention that means that many doctors fear getting involved in abortion care due to the specific threat of criminalisation. What are the Government doing to address this?

Lord Stewart of Dirleton (Con): My Lords, the professional body which the noble Baroness chairs will no doubt promulgate correct information to its members as to their standing in law in relation to these complex and sensitive matters. As I said in answer to the previous question, the Government will work with the relevant professional bodies in relation to this.

Baroness Sugg (Con): My Lords, the facts of this case are extremely distressing and highlight the need to continue to work to ensure that women, particularly vulnerable women, can access abortion as early and safely as possible. We have made recent progress in this area, ensuring the introduction of safe-access zones, which was supported by your Lordships in the Public Order Act. I appreciate that their implementation may be complicated, and I am grateful to the Government and civil servants for their work on this, but can my noble and learned friend the Minister tell me when they will be introduced?

Lord Stewart of Dirleton (Con): First, I am grateful to my noble friend for her courtesy in giving me advance notice of the point she wished to raise. It is completely unacceptable that anyone should feel harassed or intimidated. The police and local authorities have powers to restrict harmful protests and we expect them to take action in such cases. I cannot answer her with a specific date, but I can tell her that we are working through the complexities of implementing border zones, and that my right honourable friend the Home Secretary, speaking yesterday to the Home Affairs Select Committee, undertook to write to them to bring them fully up to date on the point raised.

Baroness Northover (LD): My Lords, yesterday the noble Baroness, Lady Deech, questioned the justice in retaining a statute of 1861—before women had the vote—whereby a mother could be sent to prison for an abortion, describing this as

“an outdated and barbaric method of punishment”,

and there was widespread agreement in this House. Can the Minister go back and consider both his reply and that of the noble and learned Lord, Lord Bellamy, who said yesterday:

“This is a contentious issue and the Government maintain a neutral position”.—[*Official Report*, 14/6/23; col. 1992.]

Does this not lack courage and is this approach itself not seriously outdated, failing to protect women and girls? In our development programme, we have led the way; why are we being so timid in the United Kingdom?

Lord Stewart of Dirleton (Con): My Lords, the criminal offences in the main exist to address the harm caused by those who force or coerce someone into

terminating their pregnancy. Cases of this nature brought to the court are extremely rare, and that is reflected in the absence of specific sentencing guidelines relating to this. The rarity of prosecutions reflects the CPS's approach, independent of government, to bringing cases where they determine that there will, or will not, be a public interest.

Baroness Gale (Lab): My Lords, does the Minister agree that access to abortion advice and lawful treatment should be a right given to women and girls so that they understand that they are entitled to help, advice and support and can confidently seek that help promptly? More information should be available so that situations that happened during Covid lockdown, when women and girls did not have access to face-to-face consultations with their GP, and instances such as happened recently, never happen again. Women should not be jailed and children should not be deprived of their mother. We are in 2023 and we are using a law of 1861. Can he do all he can to try to amend this law?

Lord Stewart of Dirleton (Con): The noble Baroness speaks with compassion on the effects of this. I have to reiterate just a couple of points that I made. The decision to prosecute was one made independently of government. The matter was considered by the sentencing judge. As to the promulgation of advice via the NHS, I would be happy to relay the noble Baroness's concerns to the Minister in the relevant department.

Lord Cormack (Con): My Lords, my noble and learned friend is entirely and scrupulously right in refusing to comment on the specific case that has occasioned the Question. However, does this not bring into focus the whole issue of custodial and non-custodial sentences? Should we not look at this extremely carefully? Our prisons are too full; sending people to prison obviously often does far more harm than good. I really believe that we should look at things such as community restorative justice in cases like this. Would he care to consider that?

Lord Stewart of Dirleton (Con): My Lords, I agree wholeheartedly with the views expressed by my noble friend. The sentencing process is, of course, one independent of government. The matter is, I understand, is to be brought before the Court of Appeal. In addition to that, there is the possibility that the Criminal Cases Review Commission will take an interest. Ultimately, there is the possibility that the royal prerogative of mercy could be exercised in favour of the woman concerned.

Economic Crime and Corporate Transparency Bill

Order of Consideration Motion

11.51 am

Moved by The Earl of Courtown

That the amendments for the Report stage be marshalled and considered in the following order:

Clauses 1 to 49, Schedule 1, Clauses 50 and 51, Schedule 2, Clauses 52 to 91, Schedule 3, Clauses 92 to 107, Schedule 4, Clauses 108 to 149, Schedule 5, Clauses 150 to 169, Schedule 6, Clauses 170 to 173, Schedule 7, Clause 174, Schedule 8, Clause 175, Schedule 9, Clauses 176 to 187, Schedule 10, Clause 188, Schedule 11, Clauses 189 to 208, Title.

The Earl of Courtown (Con): My Lords, on behalf of my noble friend Lord Johnson of Lainston, I beg leave to move the Motion standing in his name on the Order Paper.

Motion agreed.

NHS: Performance and Innovation

Motion to Take Note

11.52 am

Moved by Lord Scriven

That this House takes note of the current performance of the NHS and innovation in the health service.

Lord Scriven (LD): My Lords, I clearly need to put a different aftershave on tomorrow.

I wanted to have this debate because I feel that the time is right for a discussion to be had in this Parliament that really focuses on the future of the NHS and that asks some fundamental questions that will hopefully stimulate further discussion in senior positions in government, NHS England, the professions in the service and the population. Today I want us to have a discussion based on mature politics, rather than the normal knock-around. I think the Minister will be quite surprised that I, of all people, am saying that. It is fascinating that most of the debate on the NHS and health—when they are discussed in this building, in both Chambers—is predominantly about how to tinker with or improve the existing system. It is very rare that we step back and ask some fundamental questions about the system itself and the outcomes that it achieves.

I could go in depth into the performance of the NHS and the processes and measures that are in place that dictate the behaviour about how people in the NHS then perform and what is seen as important. It could be about the 7 million people waiting for care. It could be about the lack of fast access to some cancer services or the length of time it takes to get an appointment with a GP. It could be about the length of time it takes an ambulance to arrive if you ring 999. It could be about the inability to get good oral health through having access to an NHS dentist. It might be about the real lack of parity of health services between mental health and physical health. I could point out the rate at which community pharmacies are closing and the effect that that has within communities. Again, I could point out the poor access to, and rising wave of problems in, sexual health services. Of course, one cannot discuss the performance of the health service without saying that the crisis in social care has a direct effect on the health of the population.

[LORD SCRIVEN]

If I do that, however, the Minister will come back with a ream of figures about what the Government are doing to improve the present system. The Minister will come back with a platitude of figures about what is happening. That is all about the process, but we need to start from the outcomes of what the health service is trying to do. What we are trying to do is to fix the infrastructure of a health service devised in the 1940s for a 21st-century Britain.

Let me give the House an example of how this could change. I work with a country in Africa where people said, “We do not have enough pharmacists”. This is a rural country with three urban centres and a massive rural area the size of Italy. “We do not have enough pharmacists; we need more pharmacists,” they said. However, when you start asking what the purpose is of pharmacy and pharmacists, and what their role is in the healthcare system to improve the outcomes of patients, part of the answer is that it is about the distribution of the correct drugs at the correct time to the correct people, so that they can lead as independent a life as possible. They got to the point of thinking about posing the question slightly differently. The answer was not about more pharmacies; what they did was to innovate, based on a different question. They got drones with compartments for drugs going to a central depository and then flying, docking on solar-panel charges; the compartment for that village opened; somebody in that village had been given a job to distribute to that village; and then the drone went to the next village. It was not extra pharmacists that were required; it was access to drugs that was required. By asking a different question and starting with the outcome, you stop just going absolutely focused on process.

I am sure that, at some point in this debate, the Minister will tell us that new hospitals are being built. I am not going to go into numbers of hospitals, but we never question what a 21st-century hospital is. What are we actually building? Are we building the existing model, which in some way replicates the problem of people not being able to get access to planned elective care, because emergency care pushes it out? I know lots of medical people—doctors, nurses and others—and they all say that the reason why I cannot get my hip replacement or I cannot get my ophthalmic eye problem seen to is that emergency care takes over the theatres. One of the things we have to do, therefore, is to say that hospitals need to be different.

It is the same with primary care. We have to think about what primary care will be needed for the future. I will come on to some of the ideas that I have, but innovation is not just about technology and data. It starts with culture, leadership and thinking. It is really important. The Government will tell us—when I go into some of the things that I am suggesting—“Oh, we already have that with ICBs and ICSs”. No, we do not; what we have is a governance structure. ICBs and ICSs become obsessed with structure and governance, and they are not given the space to innovate.

A key, central issue with the NHS that we need to address as a nation is that in some areas, we might just be doing the wrong things a little bit better. It was telling that, in all the great briefings that we had for this debate—many organisations gave us excellent ones—

most of them focused on the acute sector and what was needed to improve it. That is quite clearly a vision of health shared by many people who work in the health service. Therefore, if we start with a different view on performance and the purpose of the NHS, we will start with a very different discussion about what is required to innovate, to improve outcomes and not just to tinker with the present system.

If we start to look at the purpose of the NHS as to reduce health inequalities, it might lead to a different discussion—a different focus on innovation to improve outcomes and reduce health inequalities, not just to keep the system running a bit better than it is. If we say that the purpose of the health service is to help in partnership to increase the number of healthy years lived and to ensure that people retain their independence and dignity, the focus on behaviour, structures and systems will be different. That will lead to the NHS having to think much more about population and community health approaches. It will lead to a step change in what is seen as vital to improve health, so it is not just about drugs, doctors and operations in the present but about a shift in who does what, where and how. I do not suggest that hospitals and operations are not important—of course they are—but they are only part of the jigsaw, and too many people see them as the only part of it.

I will suggest some changes. I am not suggesting that these changes need to be adopted but that we just need to think about a different approach. Some of the innovations that might be required might be the following. Do we have different types of hospital: acute hospitals and non-acute hospitals, tertiary hospitals and planned elective hospitals? There are pros and cons for the existing and alternative models, but the issue is what we actually do so that for those who have a planned operation, the whole system works and innovates to meet their needs and they are not stopped going to their emergency care.

Where are step-down services? What innovation do we have around those, so that when people are in the recuperation phase, services are provided? Should the primary care model exist in its present form? Should we have a different type of approach to primary care, so that people like me, who probably go to my GP once every six, seven or eight years, have a different model from those who have ongoing care needs with comorbidities?

I will go further. Do I have to register with a GP at all? If we are going to unleash the potential of pharmacists, who say that now, with the correct funding and system, they could do away with 30 million GP appointments a year, should I register with a pharmacist? A pharmacist can build services around them, linked to IT, to data, and to my healthcare record. I do not suggest that that would work—there would be problems—but we have to ask some fundamental questions.

What is the role of the people who provide care and health provision for people allied to medicine—the OTs and physiotherapists? Predominantly, it is still an acute service. There are people in the community sector. There has to be a huge shift. If we are looking at outcomes, keeping people in hospital to have their OT or physiotherapy is ridiculous. We have to think about how we do this. With older people, for example,

one of the biggest issues when you look holistically is social isolation. Yet the health service, for reasons to do with efficiency, has moved that provision back into somebody's house rather than thinking more holistically about independence and dignity and what can be done in the community with other partners to provide not just the physical part of healthcare but the well-being in terms of stopping social isolation.

Central to all this is people's lived experiences and that being central to part of healthcare planning and provision. That is something big. Innovation is not just about the data or the technical stuff but about the people. It is about leadership, both clinical and non-clinical, and the type of training that is required. In the future it will not just be about technical specialists but about a community-based approach which will mean that people will have to be great facilitators and bringers-together of networks to be able to build services around shared outcomes based on real people's lived experiences. That has a big impact for the forthcoming workforce plan. It has to be a workforce plan for the future, not just on how we are going to fit the gaps that already exist in the service, otherwise we will be on a merry-go-round—so I will be quite interested to know the Government's thinking on this.

In finishing, I say that this debate has to be about the future. It has to be about data, IT and artificial intelligence, but it also has to be about the culture and leadership, and about a community approach which completely changes just tinkering with the existing system, thinking instead about what is required and what innovation is needed for a future health service provision. I beg to move.

12.06 pm

Lord Parekh (Lab): My Lords, I thank the noble Lord, Lord Scriven, for introducing this debate.

The NHS turns 75 in July this year. Right from the time it was born, it has been based on a simple principle: it is funded by tax and free at the point of delivery. Over the years, it has become an integral part of the British way of life and has even come to be called a national religion. I share this degree of confidence in the system. However, at the same time, as anyone who has turned 75—as I have—can say, things do begin to go wrong and memory begins to play tricks. I want to use this opportunity to look at the NHS over the last 75 years and say something about the way in which institutionalised memories have begun to fail, how things have begun to go wrong, and why, unless we do something drastic, we might end up regretting its demise. I will itemise five or six major criticisms of the NHS so that the Minister can reply to each of them separately.

The first striking thing about the NHS is that it is hospital centred. Half of all the GP appointments and 70% of the in-patient bed days are taken up by those with long-term conditions such as diabetes and others. Those people are best treated by GPs and nurses, yet only 8% of the NHS budget goes to general practice and community care. If one looks at the allocation of resources, far more resources go to hospitals than to GPs or community care, and one fails to see the point of that.

The second criticism I have of the NHS is that it is not only hospital centred but sickness centred. It is not the National Health Service but the national sickness service. It is supposed to cater to sick people. We are, for example, the third-fattest country in Europe, and an obese person costs twice as much to treat as one who is not obese, yet very little is done to encourage the positive health of the people of this country. We should be concentrating on encouraging people to maintain good health and to exercise and eat well—all sorts of things—not just treating illnesses that result from the failure to do this.

My third point is on the use of medical technology. It is very striking, for example, that ours must be one of very few countries where X-ray machines and CT scans have, at least until recently, not been used on a Sunday, or even Saturday, or public holidays. When I was in the States, it was quite common to get an appointment on a Saturday or Sunday, when those machines were in use.

My other point is about the distribution of money. I have already talked about the distribution of money between GPs—primary care as opposed to hospitals—but there is also the way it is done among the medical profession itself. I have been critical of the merit promotion system, and I have asked Ministers to explain to me the logic of it. In no other profession do you get the merit promotion system. If I get a Nobel prize in literature tomorrow, my salary will not automatically go up, nor will I get an extra increment. Why should doctors be able to get merit-based promotions: merit based on what? Merit is simply a part of what they are supposed to achieve anyway. I am told that merit promotion is not a question of just a few hundred pounds: the budget comes to quite a lot. The question is whether that money could not be used for other purposes.

There is also the danger, as is quite often pointed out, of overmedicalisation. There is sometimes what is called disease-mongering, a phrase that was first used in 1992. Imagine that a disease is invented because certain symptoms are not easily explained. The pharmaceutical industry has a vested interest in inventing diseases and getting people worried about them. Repeat prescriptions keep up the supply of medicines even when they are not used, and there is what is called defensive medicine, whereby doctors keep doing something because they are supposed to be doing something rather than doing nothing. Professor David Haslam has pointed out many of these things in his new book, *Side Effects*.

I have a couple of other points. I have often wondered about the poor co-ordination between GPs and specialists in hospital. There is a hierarchy between them which I had not noticed, and a hierarchy that means that hospital specialists carry a greater degree of authority than the GP. I have faced cases which puzzled me, when a hospital specialist would recommend a particular medicine, my GP would follow his advice and I would say, "Look, doctor, I don't think this is right, because this has been given to me once in the past and it had an adverse effect", but the doctor would say, "I can't disregard what the specialist has said: he is my superior". The result was that I had to pay the price for taking a

[LORD PAREKH]

drug which I should not have taken. There are cases where the hospital specialist's authority is supposed to be unchallenged.

I have often wondered why, in order to go to a hospital specialist, I need to go through the GP route—why I cannot go directly. When the hospital specialist sends in a report, it comes to me via my GP. It takes days to arrive, when a copy could be sent to me directly. Again, from experience, there have been recent cases when I saw a specialist and I should have had the report, but I am still waiting for it because it will take days and days to travel to me.

My last, important point is that there is too much distance between hospital and the local community. The hospital is generally not in direct, regular contact with the local community. It is a separate place where you are sent by your doctor, or you go yourself to accident and emergency. There is no regular interaction between hospital staff and ordinary members of the community, there are no common social events which bring them together, there is no sense of identification by the local community with the hospital, and the result is quite obvious. I have asked for some statistics. It is very striking, when people make their will, how much of their money is directed to the local hospital. The answer is: very little. Why is it that hospitals do not come into the category of those to whom you would leave your legacy? You could leave your legacy to the school or the university, but rarely to the hospital because, unlike schools and universities, hospitals are not seen as an integral part of the community. There must be some way in which hospitals can become an integral part, taking an active interest in promoting the culture of good health within the community.

Broadly, my suggestions are meant simply to accelerate the regeneration of the NHS, because I do not think we can wait too long before the current situation creates a crisis.

12.16 pm

Lord Addington (LD): My Lords, this is one of those debates where we all think we know what is going to be said, but hopefully we are all mildly surprised. My noble friend started this process by hitting the nail straight on the head, saying—I paraphrase, but I formed this impression—that we are dealing with everybody after they have fallen over, not making sure there is not something to slip on. We have a system which seems to be in almost terminal crisis, according to many politicians—it is always the politicians who are not in power—and we are always sitting in here trying to rescue it.

I have a bit of a track record on this issue. I think the first debate I spoke in when the Minister who will reply today was here was about trying to change the nature of what we do with health, and to improve the surrounding structure. It was on a Private Member's Bill that was a wonderful thing, but the Government have decided otherwise. Health promotion has far greater potential than does the pharmaceutical industry for making sure we have a healthier society. Clean water and clean air have saved more lives than all the drugs piled up together. You put that together with a decent diet, and people survive.

But we have the health service in a box. How do we make sure that the health service influences the rest of society? We do not do it from behind a Chinese wall in Westminster, the punching through of which requires a huge act of will, either way. You can tell the Ministers who take that on: they have metaphorically bandaged hands from doing it. They are always trying to get through, and everybody thinks it is down something else. The priority is always the emergencies and no one has the authority to say, "No, we have got to carry on with this and other departments must change their activity and talk to us". This strikes me all the time: those little battles you have constantly.

For instance, let us take one of my favourite subjects, sport. Good sporting activity means you are generally healthier and in contact with the rest of humanity, which is good for your mental health. In fact, the mental health benefits of sport and social interaction may outweigh the physical ones. We know that if you have good mental health, you are more likely to undertake physical activity. It is a virtuous circle. What is required? It might be making sure that we have a tax regime and a minor support structure that allows our voluntary-inspired amateur sports teams to continue more easily, being as generous and helpful as we can and not leaving them constantly struggling for finance.

We are very lucky in this country: we went first for amateur sport and did it by people doing it for themselves, outside the state system. The state does not have to do it. In France, you play your rugby, football or tennis at the stades municipaux.

In Germany—this is an example I have used before—I remember that, whereas the FA said, "We spend X number of million pounds on improving the number of pitches we have", the Bundesliga turned round and said, "What are you talking about? That's a local government job". We need support for those structures; the Government must have some way of saying, "This is something for more than just local government or the Department for Education. It is more than just money taken from the lottery. It is something that the health service and the public health environment have an active interest in".

Some of this will be purely bureaucratic, such as making sure that these structures are always available; part of it might concern planning. How many amateur sports teams have done the wonderful thing of killing off their junior sides by getting a deal on their ground and moving out of town to somewhere where there is no bus service? That is a great way to destroy a junior team. I bet that most people do not even take that into account when they do it. I bet that most sporting bodies are not advised when these people move; they all work in structures. Do not do it: you are going to damage your junior structure. There will always be a developer waving a chequebook at you, but you have to make sure that you can actually get there.

That is just for the amateur sports structures; we can then go on to say, "We have done things like, under the Agriculture Act", as I remember being told, "farmers will get support to create footpaths". Great—but who is telling those farmers to link in with existing footpaths and public service networks, or at least to have good car parking, so that there is a structure where everything can be used together? I have not seen

that. I have not heard of somebody doing that, for instance by telling the Ramblers' Association or others, "Please talk to each other and create better networks"—so that, for instance, if you are going for a walk or going somewhere else, you can either get public transport or get back to where you parked your car. That might allow the local community to have a better chance of sustaining a café, a shop or a pub. All these things come together; we have to think slightly more holistically on this. When it comes to encouraging people to walk casually to and from work, we all know the answer: make sure that the streets are comparatively clean and well lit. All these things come back into creating a healthier society.

We can even go further than that; I was going to save this point for a little while longer, but my party has been, quite rightly, raising awareness of water quality and sewage discharges. If you want people to do things such as wild swimming and boating, making sure that they do not come face to face with a turd is a good idea, to be perfectly honest. Can we make sure that the weight of public opinion on public health—indeed, the public's reverence for the health service—is used to influence the rest of this structure? If we do, we will have something that can get in there. We will not do this by standing behind Chinese walls. We need something that will go beyond and talk. If we do this, we stand a chance of making these improvements that mean that the acute services are called on later and less frequently. The huge bureaucracy, which may or may not be dealt with at some point in the future, will at least be called into action less often. However, this will require somebody to go in there and annoy people and say, "Please talk to each other".

I have been in Parliament more than long enough to know that, if you want to make a speech on anything, talking about getting two government departments to work together and how they do not do it is probably good for five minutes; let us face it, it always has been. However, in this instance, we already have cases of it. We have the first steps. I hope that, in future, a Government will be brave enough to take this issue on—that is, to turn round and say, "We need better sports education and a structure to get people involved". That may well lead to something like a good social hub, which, if they are at all sensible, will be able to be accessed by people from outside the sporting community. We have to maintain buildings where any activity can take place.

If that is going on and people are interacting with each other across the whole of government, we stand a chance of making this better. This will make it easier for the other bits of government, including local government, to work. The whole of civil society can benefit. However, if we are talking about healthcare, the thing that gives someone a chance of enjoying their life is much easier if they have good health; it is much more difficult if they do not. We are going to have to take more positive steps. As has already been said, if we are obsessed with handing out pills in a certain way and concentrate totally on the overly high demand for acute services, we are never going to get there. I hope that, today, we will start to see this Government's thinking on this subject, as well as that of others who are not in power at the moment.

12.25 pm

Lord Crisp (CB): My Lords, I congratulate the noble Lord, Lord Scriven, on his excellent speech. It was good to hear him take on the big questions in terms of what this is all about, what it is for and where we are going. He reminded me of my friend, who said this to me the other day: "Did you know that primary care is based on a 1948 business model? What else in our society is still operating on such a model?" The noble Lord also reminded me of something that is very close to my heart, having spent the past 17 years working on health in African countries: how much we can learn from people who do not have our resources, our baggage of history and our vested interests. He made a strong point about the importance of investing in primary care and community care to move the whole system on.

I want to reflect on the people side of innovation and improvement, as well as on some of the innovations of recent years; there have been some massive innovations in recent years. I also want to talk about some of the barriers to this sort of innovation. Let me start with a few reflections on the past. The last time the NHS was in serious trouble was at the end of the last century; I became chief executive and Permanent Secretary at the Department of Health at the beginning of this century. In that period, a number of big changes were introduced. Some of them were service changes. We tried to get waiting lists down—does this sound familiar?—and worked on best practice in ophthalmology and orthopaedics, separating elective and emergency orthopaedics. It all sounds quite familiar in terms of the sorts of things that were being done but, importantly, these things were changing the way in which people went about doing their jobs. It was not about some wonderful, whizz-bang technology coming in from outside, although technology helps; let us be clear on that. Good knees and hips—the joints themselves—were important as part of this, but it was about people.

Interestingly, we also introduced a number of policy changes. One was about offering patients a choice: if they had waited more than six months, they could go to another hospital. We also introduced competition, with South African units coming in to do some work on elective surgery. I would be happy to show the Minister the graphs I am holding, but the really interesting point is that you barely had to have a South African doing three eye operations before there was a change in the behaviour of the people in the NHS. Very few people exercised that choice and the competition was pretty marginal, but, frankly, the system changed quite dramatically. It was all about people's behaviour.

That theme—people's behaviour and clinical leadership—is very big. Let me turn to one of the most radical things that happened in those years: the introduction of nurse and non-medical prescribing in 2003. It was deeply controversial. The medical establishment was broadly against it, but it was the palliative care physicians who came and lobbied me about it because, frankly, they did not want to be woken up in the middle of the night. They knew that their nurses were quite able to change the dose of opiates. This measure was controversial when it was brought in in 2003, but I suspect that new medical

[LORD CRISP]

students and doctors do not even know that nurses have not been prescribing for ever. It simply is not controversial now, yet many countries around the world, including most of our neighbours, do not allow anyone apart from doctors to prescribe. This was a big strategic change, and it came from clinicians.

Another change that has come from clinicians—this time, much more recently—is social prescribing. Again, it is something on which the UK is very much leading the way around the world. There are big and fantastic changes coming through from the people within the system and linked to it. It is really important that we acknowledge this. Some real, current examples of this include the virtual wards that are springing up all over the place. Again, these are examples of people inventing new ways of handling the system; things are very much helped by technology there.

What I want to touch on goes back to my point about learning from Africa. In the borough of Westminster, in 2021, community health workers modelled on the Brazilian model—not the African model—were introduced. Community health workers are local people who know their community and visit every house in their area once a month. They talk to people about health, they listen to them about health and they explore their health issues, after about six months' training. It turned out that within six months there was a big increase in the uptake of immunisations, a big increase in screening and health checks and a reduction in unscheduled GP appointments. It was concluded that they were very effective at identifying unmet need, co-ordinating care—a very big issue—bridging health and social care and so on. From having four community health workers the borough of Westminster now has 30, and the programme is expanding at Bridgwater, Calderdale and Cornwall.

Two things about this are worth noting. This came about because of a British doctor, who is now at Imperial, who was working as a GP in Brazil. He brought this back with him to this country and spent years developing the ideas about how it would work. It would not surprise me at all if in 15 years' time the front line of a lot of primary care was community health workers and then nurses and then doctors—a really radical change of the sort that the noble Lord, Lord Scriven, was talking about. So, there are big changes happening.

Outside the health service, too, there are non-health actors, such as the City Mental Health Alliance with the big companies in the City of London—all about nature and gardening, which I am sure noble Lords know all about. There is the Daily Mile in schools where teachers and pupils run a mile every day. There are 15,000 schools in the UK and many more globally doing that. So there is an awful lot of innovation and creativity, and these are all about passionate people making change.

It is true that the system needs external challenge from time to time; it must not get too cosy. But it is important for any Government to back their people. It is not always easy. Politicians, I know, of all parties are in a hurry and trying to push people into making change, but these innovations have basically come from within the system, from people who understand

the detail. Understanding the detail is really important here, because it is easy to have big ideas about how things may happen. Too often, politicians will be talking about reform, when really they should be talking about evolution and taking people with them. Reform is something that tends to be done by you to other people. I think it is really important to get behind our health leaders and health people in all places, including the Derbyshire dementia team in Chesterfield, which I was talking about in Oral Questions.

Particularly at a time when people are exhausted—people have talked about a global epidemic of exhaustion in health systems—and demoralised, and there is a lack of vision around the world about what health services are, which the noble Lord, Lord Scriven, raised, there are some important things about the attitude towards where we seek innovation. None of that should detract from the extraordinary technological and scientific advances: targeted drugs; improvements in breast cancer treatment; the phenomenal changes in children's cancer over the years; the enormous development, in my time, of catheter labs; how heart conditions are being dealt with differently; robot surgery; and so many more extraordinary things that we are able to do already compared with 15 or 20 years ago. We need both parts. We need technological innovation as well as human.

Let me now turn to the barriers to innovation on the people side. First, I will kick off with one of the issues: the financial rules, the constraints landing on our clinicians. I received a tweet—which I will not attempt to read on my phone in case it goes off wrongly—from a GP two days ago. He is somebody I know who does a lot of innovative work. He says that for four years he has been a clinical director of an ICN, and he thought that would be where he could make change happen, but he found it was about governance—a point the noble Lord, Lord Scriven, talked about—and that the financial rules meant that they kept returning to the GP contract, with all its constraints. The stuff they wanted to do was more community-oriented, inventive and innovative, about actually helping people with their health—to take a point from the noble Lord, Lord Addington—as well as with the immediate problem that they may have come into the GP surgery with, but the financial systems were getting in the way. I think that is a really big problem across the entire NHS.

The second problem that I want to talk about is that I get lots of people talking to me about the NHS, even though I left it 17 years ago, and the biggest complaint I hear is about the lack of joined-up behaviour. I mean joined up not between departments but between primary care and secondary care, or between the guy dealing with your knee and the guy dealing with your head or whatever—that whole issue of communication. Technology can help with that, no doubt at all, but we still have examples where people are using different record systems—the GP is using a different record system from the dementia care team, to go back to that particular story—and governance often militates against people working together effectively.

The final issue is the attitudes, behaviours and, underlying those, professional education—how people have been brought up within the system. The noble

Lord, Lord Scriven, is quite right that we should be thinking 20 years ahead about what the jobs are going to look like. That means we need to change professional education profoundly. I know a lot of people are thinking about it, but I do not know that people are doing it.

We from the All-Party Parliamentary Group on Public Health recently published a report on this with a great title, not necessarily the best thing about it: *Probable Futures and Radical Possibilities*. We were saying, “Having looked around the world, this is what the future looks like and this is some of the radical change”. It picked up, and I am going to pick up, four points. The first is on technology:

“Science, technology and data will determine much of the framing and the language of health, shape how health workers think about health problems and possible solutions and how they act”.

It is going to be fantastically important and a much bigger bit of all professional education for the future.

The second point, which we heard a lot from young doctors in particular, was about the things not on the medical education agenda. There was no preparation around social prescribing. There is a great Beyond Pills campaign being developed by younger doctors and the College of Medicine. They are much more interested in a biological-psychological-social model than a purely medical model. Big changes are needed, and these are young people making these arguments.

The third point is on a set of skills. These are the so-called soft skills because they are difficult; they are the ones about teamwork, influencing people, relationships, participation and improvement science. It is worth remembering that in healthcare, as everywhere else, relationships trump systems. That is how you get around the systems and make them work. It is about learning about those soft skills.

The final point was that an awful lot of young people within the system—and this is around the world, not just the UK—feel trapped looking at a future of AI, technology, protocols and tougher management regimes, wondering what it will mean to be a professional in the future, feeling that they are just going to be turned into technologists, technicians, rather than the professionals of an older generation that many of us would recognise. They argue that there needs to be a much greater emphasis on relationships creating health; health workers as agents of change; facilitating change in patients, organisations and society; and being curators of knowledge.

So I would ask the Minister, in conclusion, whether he accepts that there needs to be more attention given to the financial rules guiding people’s behaviour in practice, particularly around primary care, but, secondly, to have a thorough look not just at numbers of healthcare workers but at the professional education that shapes them over so many years.

12.39 pm

Baroness Bennett of Manor Castle (GP): My Lords, it is a pleasure to take part in this select but very interesting debate, which is small in number but rich in content. I thank the noble Lord, Lord Scriven, for securing it. I will take a different approach from that

of other noble Lords so far—perhaps a slightly stereotypical green approach. While we are talking about the current performance of the NHS and innovation, I will focus on the NHS’s environmental impacts.

The noble Lord, Lord Scriven, said that we have a 1940s health service in its structures and systems. We are in the 21st century and in a climate emergency and nature crisis, consideration of which has not been built into the system. I will major on aspects related to the comments made by the noble Lord, Lord Addington, about the centralisation of the system. Indeed, the noble Lord, Lord Crisp, was just talking about that and about how it prevents innovation and people taking action.

Let me do a little frame-setting. The NHS is responsible for 5% of the UK’s climate emissions and 40% of public service emissions. NHS England has a large focus on carbon emissions. Interestingly, NHS Scotland is leading on antimicrobial resistance and dealing with that area of environmental impact, and NHS Wales is focused on the environmental determinants of health and taking that approach. Each NHS can learn from the others, and a more joined-up approach is desperately needed. As I will come to, in Europe there is a lead on the impact of general pharmaceuticals on the environment, and we are not joined up with that at all.

The noble Lord, Lord Scriven, approached this in a positive way. I will do the same, in some places by highlighting success stories. The NHS has a net-zero carbon target by 2040. All NHS England estates now use 100% renewable electricity and 99% of waste is diverted from landfill. There are issues around incineration, but obviously there will always have to be some of that. It is worth stressing how much money this has saved the NHS, with a cost saving of £36 million and a £10 million investment in one year in energy-efficient technologies having positive impacts.

Slightly less obvious is an exciting development on which Scotland is leading the way and NHS England is following. Scotland has banned the use of desflurane, an anaesthetic with a global warming potential 2,500 times that of carbon dioxide. NHS England will be banning it in 2024. This is one of the leading ways in which thinking about the negative environmental impacts of medicines is happening. There is also an exciting new plan being developed for reducing the carbon impact from the use of inhalers. Much is happening, but everyone agrees that much more must happen.

I want to focus on an area that I have been majoring on since 2020, when we began debating the Medicines and Medical Devices Bill: the impact of pharmaceuticals on the environment. I saw the noble Baroness, Lady Cumberlege, in her place earlier, who wrote the very important report, *First Do No Harm*, which still needs to be implemented. When we think about the use of pharmaceuticals in the NHS, we have not thought sufficiently about the harm that they are doing.

What I am about to say draws heavily on a meeting I had recently with the pharmaceutical industry and my British Society for Antimicrobial Chemotherapy senior interns. I also worked with Paul-Enguerrand Fady, who is working with the Foundation to Prevent Antibiotic Resistance, which is based in Stockholm.

[BARONESS BENNETT OF MANOR CASTLE]

Paul-Enguerrand is working here in Parliament, and I would urge anyone who is interested in antimicrobial resistance to get in contact. A whole series of events is being held to inform parliamentarians about this, and there is a chance to learn cutting-edge science with that.

From this meeting, I learned about the PREMIER project, a multi-disciplinary consortium of 25 public and private sector groups across Europe, proactively working to manage the environmental impact of general medicines, especially those with limited data availability. It is exploring ways to incorporate environmental considerations early in the drug development process to steer the development of new drugs. It aims to establish a new European standard of environmental protection and reassurance, for patients and society at large, that medicines are increasingly safe for the environment. If the Minister is not aware of this project, can he make himself aware? This is a Europe-wide project. I very much hope that NHS England will be following on and adopting this, not seeking to go it alone in an area where clear leadership is already happening. I do not expect an answer today but can the Minister look into that and get back to me on how the Government are looking at the outcome of that project?

I point out that the PREMIER project is working only on general pharmaceuticals; it is not working on antimicrobials or endocrine active molecules. Potentially, the UK Government could take a lead in ensuring that this project is broadened to include these crucial pharmaceuticals which we know are having a big impact on our environment and our environmental health. It was suggested at this meeting that there is a role for the Government Office for Science in promoting such connectedness in its position as an apolitical, evidence-based organisation. Being cross-departmental, it helps in focusing on systems thinking. The Government potentially have a convening role here to work with a variety of stakeholders. Can the Minister consider how they might take a role in that area?

I said that I would focus on some positives, and I noted that NHS Scotland is very much leading on the impact of pharmaceuticals on the environment. I draw the attention of the Minister to a project in the highlands. NHS Highland got a £100,000 grant from the Medical Research Council to develop a framework to reduce environmental pollution from healthcare practices. This is the first time that this has been done in the UK. Its leader is Sharon Pflieger, a consultant in pharmaceutical public health working with the University of Nottingham and the University of Highlands and Islands. This builds on the work of the cross-sector One Health Breakthrough Partnership, which has a data visualisation tool that helps to understand the link between medicine use and the presence of pharmaceuticals in the environment. I draw the attention of the Minister's department to that.

Having looked around these islands I see that Wales, as I mentioned, is leading on environmental determinants of health. The Welsh NHS Confederation produced an interesting response to a Climate Change, Environment and Infrastructure Committee consultation on the Environment (Air Quality and Soundscapes) (Wales)

Bill. I urge NHS England to contribute to cross-governmental working in this way. It is a very interesting model and we need to see this happening.

I have praised Wales and Scotland, so I should find a project in England to praise and focus on. Some work is happening in Cornwall. I draw here on the work of Roberta Fuller, who is head of hospital reconfiguration at the Women's and Children's Hospital at the Royal Cornwall Hospitals NHS Trust. Ms Fuller is working on how to ensure that a new hospital meets the best possible environmental standards. Drawing on the comments of the noble Lords, Lord Addington and Lord Crisp, I quote a paragraph from Ms Fuller's reflections:

"What will it take to move away from traditional top-down funding allocation towards the kind of cross-industry partnering and thought leadership needed to meet these extremely challenging climate goals?"

Empowering people must be at the heart of tackling the issues that I am talking about, but of course there are so many other issues.

Finally, I will reflect a little on innovation. We have heard the word a great deal from the Government in recent weeks. I am afraid that, very often, when we hear members of the Government talking about it, they are talking about inventing new products that people will make profits from, usually involving shiny new things and, indeed, new pills. Of course, we know that the kind of innovation that I and pretty much all speakers in this debate have been talking about is about doing things differently and more smartly, and operating in ways that acknowledge the One Health paradigm: that our health is entirely dependent on the health of our environment. I would love to see more analysis and understanding from the Government that this is innovation. Innovation may, dare I say it, less directly involve GDP: you are not selling things but improving the public health of the population. We all know about the productivity crisis, the labour shortage and all the problems arising from the absolutely parlous state of public health in the UK at the moment.

In that light, I want to take a step away from the environment side to focus on an issue raised by the noble Lord, Lord Parekh, about the problems of obesity and the threats that it presents to our health. We have been talking about obesity, and it has been almost impossible recently to open a newspaper without seeing talk of the new Wegovy and these other weight-loss drugs. Newspapers have been quoting NHS sources suggesting that, eventually, 12 million people might be treated with Wegovy and similar weight-loss drugs in the NHS. I find that statistic truly horrifying. These are very new drugs, and we have very little idea of how long people might have to take them and what the long-term effects are: they simply have not been around for very long.

Yet, at the same time, we have Dr David Unwin in Southport. He has been an absolutely huge pioneer, starting from the grass roots up, in working to reverse type 2 diabetes. This was thought impossible until recently. What is interesting is that, reading accounts from him, he credits the initial impetus as coming from one patient who said to him, "Why have you been prescribing this drug for me for 10 years when I went off, researched for myself and found that I could

change my diet?” Through diet reversal, this patient no longer had type 2 diabetes. We had one patient talking to one doctor, who started to innovate. This is starting to be rolled out around the NHS, but why are the Government not trumpeting it from the rooftops? When we hear the Prime Minister talking about innovation, would it not be great if he were talking about innovation in terms like this? This is a home-built, British innovation done in the grass roots—not based in a university, nor based in Oxbridge, and perhaps that is why we are not hearing about it. But we need to hear far more about this kind of innovation and empower much more of it.

On which line, I will finish with a reflection. I have talked about this ever since I came into your Lordships’ House, virtually. This is a request for innovation in government rather than directly in the NHS, and the Minister has heard it from me before. I am sure that he and all other Members of your Lordships’ House have noticed the strong media focus in recent weeks on the health impacts of ultra-processed foods, which are very clearly causing massive costs to our NHS. The Government have continually declined to acknowledge ultra-processed foods as a category, despite the fact that the Welsh Government, the WHO and many other groups around the world do. My request to the Minister is not to give me a total government turnaround today, but I will ask him whether he will commit to going back to the department and talking about where the latest science is on ultra-processed foods. This media focus has come from the publication of one book, but there are new peer-reviewed research articles coming out every week about the issue.

12.54 pm

Lord Turnberg (Lab): My Lords, I am extremely grateful for being able to speak in the gap. May I say how much I resonated with the speech by the noble Lord, Lord Scriven? I will follow him by talking not about the problems of the NHS—there are far too many of those—but about three possible innovations that might help.

The first relates to the integration of services within a locality. An innovation was introduced by David Dalton in Salford Royal Hospital and the whole town of Salford, with a population of 250,000. He arranged to oversee the care not only in the hospital but in the community. He employed GPs, set up the social care requirements, some social care homes and the mental health services. It was all under his control, and the local authority gave him the funding to do it. He did it locally. This was local innovation: local development of an integrated service with patients’ records available to all those involved in the care, including pharmacists. It was a remarkable innovation at the time. But it has not been followed to any great extent. There is lots of talk about integrated systems boards, and so on, but we need more of that sort of arrangement.

Second is public health and the preparedness for the next outbreak of a pandemic. Many years ago, probably before the Minister was born, I was chairman of something called the Public Health Laboratory Service. It was disbanded in 2004. It was changed to Public Health England and has had several other iterations since. One of its main attributes at the time

was that it had a network of peripheral laboratories dotted around the country in every district, with specialists in public health. They detected outbreaks of *E. coli* infections, testing the water and the food. They were there to detect outbreaks wherever these occurred in the country and reported them straight back to the central laboratory in Colindale. In that way, we had a network that could detect and deal with infection as it occurred, wherever it was in the country. Unfortunately, it was a Labour Government who pruned the Public Health Laboratory Service and removed the network of laboratories that we had around the country. My second plea is therefore for the Government to reintroduce a service of that type, which involves peripheral laboratories.

Finally, the third point I wish to make is one that I have banged on about for some time, and which the Minister is probably bored of: social care, and the ability to give social care workers the respect they deserve by giving them career prospects, training, graduation and qualification. My time is up, but those are my three points.

12.58 pm

Lord Allan of Hallam (LD): My Lords, I am very grateful to my noble friend Lord Scriven for creating the opportunity for this important debate and for introducing it so well. I can also call him my noble neighbour, as we were previously both elected representatives in Sheffield. In fact, we are so neighbourly that the places in our pantomime names—the “of wherever” bit that we get in our formal titles—are adjacent to each other: Ecclesall in my case and Hunter’s Bar in his, for those aficionados of Sheffield neighbourhoods.

The theme of the debate invites us to consider the current challenges and potential solutions, and I will try to do that in my remarks. There are various ways to describe the state of health and social care in this country. Words such as “crisis” are in common use. Naturally, there is a party-political element to the choice of adjectives that we use, with those in government tempted to play things down and those in opposition to talk them up. In the spirit that my noble friend set out of trying to be more objective in this debate, I will try to use some factual descriptions of the current state of affairs, deliberately avoiding emotive language, that I hope will resonate on all sides of the House.

First, it is clear that health and care services are not meeting many people’s reasonable expectations. Too often, they find that they cannot access services that they believe are necessary for their well-being. In some cases, the services are not available at all, while in others they are there but only after an excessively long wait.

Secondly, and related to the access question, we do not have enough people employed in health and care roles to provide timely services of all kinds in all parts of the country. Many services depend on people having skills honed through years of education and practice. If the right staff are not there, these services simply cannot be delivered.

Thirdly, and related to the staff shortages question, there is poor morale in many parts of the health and care system, which is making it much harder to retain

[LORD ALLAN OF HALLAM]

staff and affecting the motivation of those who choose to soldier on. The facile response to the morale question is to say that we should stop talking the service down, but that is to miss the point that there are genuine concerns about pay, work-life balance and career progression, which would affect any worker in any sector. Health and care workers are not immune.

It is possible to both praise the service and its staff and to raise concerns that it is not currently meeting the legitimate needs of its workforce. The focus of the Government has to be to address all these foundational issues, ensuring that supply can meet patient demand, building up the right skilled workforce and creating the right conditions to motivate staff.

Members of this House rightly raise questions in all of these areas across the broad range of health and care services each week. We will continue to press the Government until we see them deliver real improvements. Even if they deliver real improvements, we will want to keep on pressing them because we do not want them to feel complacent and because long-term demographic changes mean that, whoever is in government, they will need to keep running just to stand still and will need a super-human effort to get ahead of the curve.

This brings me to a fourth assertion and the one I want to focus most of my remarks upon: we will fail to deliver the healthcare that people need and deserve without introducing significant innovation into the NHS. That has been the theme of so many contributions today. However, this has to be the right kind of innovation. It is not an alternative to increasing investment in health and care but a complement to it.

There is a saying that if you only have a hammer then everything looks like a nail. To reinforce the point made by the noble Lord, Lord Crisp, I think about structures and legislation, and the hammer that we have as politicians is to pass more laws. We have seen successive Governments seeing innovation in Bills that create new structures for health and care but do not necessarily deliver wider innovation than the structure. We can all hope that these structural reforms will deliver. I know the current Government place a lot of store in the integrated care board model that is currently bedding in. However, the fact that restructuring happens repeatedly suggests that it is not enough to deliver the upgrade we need. The noble Lord, Lord Turnberg, reminded us that more can be done through better integration. That happens in some parts of the country but it is not spreading everywhere.

Others have spoken about a range of areas of potential innovation, which I hope the Minister will agree are worth exploring. My noble friend Lord Addington was right that we need to think about how health and care is dealt with across government. Departments considering things such as our sports, education or environmental strategies equally have a role to play in promoting health and care. Other noble Lords have brought other areas of expertise to bear. The noble Baroness, Lady Bennett, talked about the environmental challenges and some potential opportunities.

It is apparent that there is no shortage of ideas for how we could innovate our way to better health and care outcomes, but there seem to be systemic barriers

to ensuring that innovations are taken up across services. I think that has come out in this debate, where we have heard that some of the examples of good practice are isolated examples rather than things which have become standard practice.

Like other Members of the House, as I was preparing for the debate I was contacted by a range of organisations that are thinking about innovative solutions in diabetes care, ophthalmology, cancer research, virtual wards—the list goes on. It is great that we have those ideas, but in this debate we need to think about why those ideas are not becoming standard practice. I was also fortunate to participate in a round table recently organised by someone who advises me, Peter Lacey of the Whole Systems Partnership. He brought together experts in different fields across health and care to pitch excellent ideas for how we might make real changes. I was impressed by just how much thinking there is out there.

We also read every week of projects bringing in new technologies such as AI. I accept fully my noble friend Lord Scriven's point that it is not all about the technology but about the people, and again, we see these instances of pilot projects. I was reading just this week about the use of AI to detect breast cancer in Aberdeen. We are told that this can make a huge difference today, yet I fully expect when I read those stories that, in a year's time, those projects will still be isolated to the particular trust that has brought them ahead.

I have a particular interest in how the innovative use of information technology might create step-change improvements. I want to introduce some of those ideas into the debate, but not because they are the most important. I am fascinated by examples such as that of the community health visitor that the noble Lord, Lord Crisp, raised. All those things are fascinating but it is sometimes helpful to talk about the things you know about the most. In my case, I have some expertise in information technology.

To be very clear from the outset, this is not about building more apps but primarily about ensuring that data and information can flow between people and services in ways that will add the most value to all parties. If noble Lords are interested in the argument for why we should focus on good service structure and design rather than just building more apps, I recommend an article from as far back as 2013, by Tom Loosemore, that the Government Digital Service called *We're not 'appy. Not 'appy at all*. It recommended that the Government hold back on seeing the solution as simply another app on your phone. Anyone who deals with the NHS will find, as I have done, that they have a whole folder on their phone of the different apps that different parts of the NHS have told them they must use to contact them. Some are good, some not so good, some get integrated and some do not, but it is not about the apps; it is about the flow of the data.

In the spirit of bringing positive ideas to the debate, an example of the kind of tool that is going in the right direction is a service called Patients Know Best. Other noble Peers may benefit from it if they live in the right parts of the country, because I understand that it is available only in certain health trust areas. This provides patients with immediate access to test results, with helpful contextual information so that,

when they have a blood cholesterol test, they can see the result as soon as it is processed by the lab and go and get information about what that result means for them. These kinds of services should be standard practice everywhere; if someone has a test done then there should be secure online access to the results as a matter of course. Yet as I said, I understand that my access to that service is dependent on the part of London I live in, and people who live further down the road may not have access to it. I am curious about the Minister's thoughts on why services such as these are not universally available.

The second innovation that has potentially huge value is the development of trusted research environments for health data. It is often said that a fortunate by-product of the fact that we have a unified NHS is that data about health activity and outcomes is more consistently available than in other countries, where it might be scattered across small and competing providers. Although we have our own issues in relation to how usable the underlying systems are, our unified national structure provides a good starting point in being able to pull together large-scale datasets.

One of these research environments is the OpenSAFELY.org project, which provides access to GP data not by taking it and sending it off somewhere else but by having infrastructure in the data centres of the main GP record providers so that researchers can access that data securely. We should be making more use of services such as that, having built them. I understand that it is not the universal access method; there are still plenty of people doing research using alternative methods and we have yet to get to a point where the innovation has become standardised.

That brings me to my final point, which overarches all of these areas—tools such as those patient tools and trusted research environments, but also good practice, such as community health visitors and other examples that have been raised. It is the question of how we ensure that innovation spreads. The way innovation spreads through the NHS at the moment is neither fish nor fowl. There has been a reluctance to dictate from the centre, under the assumption that market forces are somehow necessary to drive innovation, yet we do not see the best products and services winning as we would in other markets.

By way of an example, look at how the smartphone market developed; it was ruthless. Products from former giants such as Nokia, BlackBerry and Microsoft were beaten into submission by services from Apple and Android, the services that we all use today. There are bigger questions about competition that stand outside this debate, but the outcome we have seen there is the ubiquitous adoption of some very capable devices. By comparison, it can feel as if some parts of the NHS are still running on Nokia and BlackBerry while others are running ahead with their much better smartphones, and that produces very uneven outcomes. One thought I would like to leave the Minister with is whether there needs to be a different form of central direction to make sure that innovative services and models are delivered more rapidly.

At Oral Questions earlier we had a very good Question from the noble Lord, Lord Crisp, about a palliative care service developed in Derbyshire, and

the Minister said, “We want all ICBs to do this”. It sometimes feels as if there are plenty of carrots on offer but insufficient sticks. What happens when a service is available, when we know that the technology is there simply and easily to introduce something such as immediate access to blood tests, but some parts of the country are not choosing to adopt that? What mechanisms may be used to encourage—and, to go further, require—that take-up to happen?

Again, I point the Minister to previous examples in which the Government Digital Service has existed not just to produce standards and say, “Here are the standards; go and do it”, but has had strong political support and would use much more persuasive measures to get different parts of government to adopt the latest thinking around digital. That is not exclusive to digital; it is a much broader question.

There is a need for a real sense of urgency in rolling out innovations in the health service, whether in technology, people, drugs or delivery models, if we are to have any chance at all of getting aligned with, never mind ahead of, the demand curve. I believe the Minister shares that sense of urgency. Perhaps he is not yet institutionalised enough to have given up on the idea that rapid change is possible. I hope that today he can offer us some glimmers of light that might encourage us to believe that change is possible. Again, I thank my noble friend and neighbour Lord Scriven for creating the framework for this interesting debate.

1.12 pm

Baroness Merron (Lab): My Lords, I am most grateful to the noble Lord, Lord Scriven, for securing this debate and giving us the opportunity to think about the link between current performance and innovation. I am also grateful for his introduction of the subject before us.

The noble Lord, Lord Crisp, and other noble Lords were absolutely right to remind us that innovation is about not just technology, important though that is—I will come back to that—but people, their practice, their professionalism and the way they work together. I hope the Minister will bear that in mind, because we are going to come to the issue of the workforce plan, which we still await.

A number of noble Lords have made the point that they have resisted talking about the difficulties faced by the NHS, but I am not going to resist. While the Minister has had a break, we must return to that subject because the fact is that the NHS has just not been able to meet many of its pledges—for example, on maximum waiting times—in recent years. The noble Lord, Lord Allan, made reference to the gap between the expectation that people have of the NHS and the delivery that they experience. We have raised that many times in this Chamber, and it is not just about expectation; it is also about people's absolute need. It is more than disappointing that so many legitimate targets—which were set for a very good reason, which was to provide the best kind of healthcare—have just fallen by the wayside.

At the beginning of the year, the number of people on a waiting list for hospital treatment rose to a record 7.2 million. That number consistently rose between

[BARONESS MERRON]

2012 and 2019, and has risen more quickly since early 2021. I hope the Minister will resist constantly blaming the pandemic. It is of course true that the pandemic exacerbated waiting lists and has created many new challenges, but these problems existed before the pandemic and it would not be right to hide behind it, particularly when, for example, the 18-week treatment target has not been met since 2016.

The percentage of patients who have waited more than four hours in hospital A&E also rose consistently between 2015 and 2020, with a new record high reached in December 2022. We have discussed ambulance response times in this Chamber many times. These too have risen, with the average response time to a category 2 call in December 2022 standing at over one hour and 30 minutes, when the target was 18 minutes.

On cancer waiting times, targets are repeatedly missed and performances in April were among the worst on record. To give just one example, in April the 62-day target of 85% was not met, as only 61% of people started their treatment for cancer within 62 days of an urgent referral. This means that some 5,200 people who started treatment for cancer in April waited longer than 62 days after an urgent referral, when we all know that speed is of the essence.

In all this, my noble friend Lord Parekh and other noble Lords were right to say that there is much concentration on hospital care. Hospitals are of course a key part of the infrastructure, but we need to have more focus on primary care and to see joining-up—not just across government but, as noble Lords have said, across the whole NHS, along with social care. Noble Lords also spoke rightly today about the importance of prevention. The noble Lord, Lord Addington, and others raised this; we have to put far greater emphasis on prevention.

It is true that there has been a number of innovations and they are very welcome, but they are small fish when we compare them with the big picture. When we look at the revolution taking place in medical science, technology, working practices and data, we are missing out on the potential to transform our healthcare. There is absolutely no reason why this country should not be leading the rest of the world in this field, but it so often feels as if the NHS is stuck in something of an analogue age and that it has been allowed to happen under the watch of this Government. The future of the health service has to see, as noble Lords have said, more care taking place in the community. That would reduce the burden on hospitals; it would also allow patients to receive healthcare in their own home or close to home. But a slow adoption of technology has worked against this, as has the lack of joining-up within the system.

In his welcome intervention, my noble friend Lord Turnberg gave examples of both existing and previous practices that could be called upon. He also referred to the importance of having higher standards and a higher regard, and reward, for social care workers. If we are to support the development of social care and the healthcare system, those workers are absolutely essential.

The noble Lord, Lord Crisp, drew on examples of the network of community health workers in other countries, including Brazil. When I was an International Development Minister, prior to being a Health Minister, I also saw such networks growing and flourishing across African countries. They were built on trust, on locality and on harnessing people's abilities and their links with communities. As the noble Lord asked, is it not interesting that that has inspired innovation in places such as Westminster and Calderdale? Who would have thought that?

I must say to the Minister that throughout the debate, I have been left reflecting that innovation, while it does exist, is patchy, and that is part of the problem. The IPPR estimates that, for example, the introduction of automation could be worth some £12.5 billion to the National Health Service by freeing up, among other things, staff time and by creating better productivity. Why are we not drawing on that?

I will refer to some missed opportunities, and then perhaps the Minister can explain why we find ourselves in this position. There are now tools which can map radiation therapy on to cancer cells and avoid organs more precisely than can an oncologist working alone. They do that in seconds, rather than the hour it takes a doctor. This is standard technology, used across the United States. However, just one in three radiotherapy planning centres in England uses this technology.

Between 1 million and 2 million mammograms are done across the UK every year. Although 96% will not find cancer, women are currently left in the dark for weeks, and even months, waiting for their results. The noble Lord, Lord Allan, suggested something quite obvious: why is there not a better technological means to notify people of their results? Why is there a hold up on mammograms? Because two clinicians are required to check them, and there is a workforce crisis. However, AI could rule out cancer-free screens in seconds, giving patients their results faster and freeing up clinicians to focus on the tests that display abnormalities. It has been rolled out across Hungary since 2021, but not across the National Health Service.

AI can also help to interpret chest X-rays, saving 15% of a radiologist's workload. When combined with interpretation by a consultant radiologist, it could reduce missed lung cancer cases by 60%, but it has yet to be fully adopted by the NHS. Can the Minister tell us why?

We all know that staff shortages across the NHS workforce are not only a barrier to meeting important waiting times but also limit the NHS's ability to adopt and develop innovation, in both a technical and technological sense, and a people sense. We have recently been told that the NHS workforce plan will arrive shortly—after many years of it not arriving shortly. Perhaps the Minister could again answer the question of when we will see it, whether it will be fully funded, whether it will ensure a look to the future and how it will deal with the immediate.

The NHS should not be lagging behind. It is a universal, single-payer service and it ought to be the best-placed healthcare system in the world to take advantage of changing technology and medicines. After all, what other health service can offer innovators a

market of some 50 million patients and give the life sciences industry access to a diverse and large population sufficient to develop new medicines, in the way that our NHS can?

In drawing my comments to a close, I want to offer some solutions from these Benches to add to the points raised by noble Lords in this debate. On procurement, the NHS should identify the goods and services that should be purchased at scale and buy them at a discount. This would also cut out unnecessary bureaucracy and stop new technology being re-evaluated for years, while the world moves on and beyond. In clinical trials, I suggest that every trust could operate through a standard system so that the number of contracts needed is minimised and the administrative burden is eased across the system.

While I accept the point made by the noble Lord, Lord Allan, that apps are not everything, they are important and proper use of the NHS app could be made and extended. It currently has some 30 million users—that is a tremendous reach—but every patient should be able to see their medical records through it. They should be able to use it easily to book appointments, order repeat prescriptions and link to appropriate self-referral routes. When patients reach an age at which they should be screened or need a check-up, the app should alert them, just as we are constantly alerted by apps in other areas. If people are eligible for a clinical trial, the app should tell us.

For the NHS to be fit for the future, it has to make fundamental change and there has to be a different way of doing things. I hope the Minister will reflect on the debate today and take heart from the fact that we all want to see change, but that he has the responsibility to deliver it at present.

1.26 pm

The Parliamentary Under-Secretary of State, Department of Health and Social Care (Lord Markham) (Con): I thank the noble Lord, Lord Scriven, and all noble Lords for what I found to be a very thoughtful debate. I hope to answer in the spirit engendered by all noble Lords but particularly the noble Lord, Lord Scriven. I will not be defensive, so I will not try to answer point by point but will try to lean in.

I will try to summarise the approaches, and I think there are a number. The first, as pointed out by the noble Lord, Lord Addington, is getting upstream of the problem. It is about prevention and how we can use primary care, be it through the example of Salford, mentioned by the noble Lord, Lord Turnberg, or Westminster, mentioned by the noble Lord, Lord Crisp, or Redhill, where, as I saw the other day, they are trying to identify those who need the most help and care in order to get ahead of the problem. Real prevention is better than cure.

Secondly, there is innovation. Yes, it is about technology, but it is also about people and culture and what we can learn. By the way, I think that is the hardest one. Thirdly, there is approaching this issue from the perspective of outcomes. When looked at from that end of the telescope, you often come up with a different approach; in that respect, I love the drone example. Fourthly, again as the noble Lord, Lord Addington, said, there

is taking a holistic, society-wide approach to health. The saying that strikes me most in that regard is that health is one of the things we all take for granted, until we lose it. This leads on to my fifth point: what can we do to help people take control of their own health? It is so important to our whole welfare. What can we do to enable people to take control?

In my speech, I hope to talk through some of the thoughts, ideas and approaches that we are trying to adopt as a Government. I hope to offer some of those glimmers of light that the noble Lord, Lord Allan, mentioned. I will not pretend that it is a panacea that will solve everything, and I accept the challenges that the noble Baroness, Lady Merron, brought up. She will probably be pleased to know that I will not try to give a point-by-point defensive rebuttal, because she probably hears enough of that from me in Questions every day.

In the spirit of what we are trying to do, first, I completely agree with a number of speakers, particularly the noble Lord, Lord Allan, about contextualising the issue. We are already spending 12% of our GDP on healthcare. With an ageing population, where a 70-year-old patient will need five times the amount of treatment of a 20-year-old, and the fact that that population has grown by 33% in the last five years as a proportion, and with the problems of obesity and comorbidities, we know that that 12% will just go up and up unless we can really get ahead of the issue. As the noble Lord, Lord Allan, mentioned, we have to run fast to stand still. I fundamentally believe that, if we cannot transform and innovate, we are really going to struggle to see the NHS model being sustainable right the way through the 21st century; it really is that fundamental.

The good news is that we do have some early glimmers of light, so to speak. We have done a really good digital maturity assessment to see the state of different hospitals: to aid the rolling-out, we need to know what our start point is. We see that the most mature digital hospitals actually have 10% more output and are more cost efficient, and that is just things today; I will come on to talk about the new hospital programme later and how that can improve things further.

As for what we are trying to do as a Government, I want to talk through six things that we are trying to do to set down platforms to enable. The first thing is to support small companies to develop and deploy the new medical technology. I have seen many examples of the AI that the noble Baroness, Lady Merron, mentioned, and she is absolutely right. We know the scale of what it can do: we see a whole category of cancer-reading MRI AI-type devices that we are putting through their paces at the moment, for want of a better word. I will come later to how we will try to scale those up.

We are doing a number of things to support these small medtech companies. As I say, we have put £123 million through the AI Lab on 86 projects. Through the small business research initiative for healthcare, we have funded 324 projects for £129 million, and there is some early promise there. We are trying to back them early on, as I will come on to, but the problem is often not the original innovation or idea but its widespread adoption. I am sure we have all heard the joke that the health service has more pilots than British Airways, but how do we seek to roll things out?

[LORD MARKHAM]

First, we are backing small companies. Secondly, dare I say it, I am going to mention the app, in that we have a £32 million platform, as the noble Baroness, Lady Merron, mentioned, that offers an opportunity for companies and different solutions to reach the population. I announced just this week what we are doing in the space of digital therapeutics, with mental health apps and musculoskeletal apps that will be available to everyone, but what is also vital in this space, I firmly believe, going back to one of my early themes, is that the app allows people—excuse the saying—to take back control of their health. For me, that is a fundamental thing that we need to enable people to do. It is not just about booking appointments; it is absolutely about getting patient records.

To be honest, we need help there, because we do have opposition from some of the medical profession to giving access to patient records on the app. We have 25% of our GPs who are currently doing it, so you see certain areas where they are definitely benefiting from it all, but we see others where we still need to win them over. Let me put it politely that way. I firmly believe that what we are doing with the app—and we will see a series of new features being launched over the coming months—will give more and more functionality and power into the fingertips of the individual to really take control of their health in a way that people do with some of the financial apps. That is a fantastic opportunity that should really make a difference.

Thirdly, as the noble Lord, Lord Scriven, mentioned, I want to talk about the new hospital platform that we are building. It is not just about buildings; it is actually about the whole processes and technology. We are planning a parliamentary day on 18 July, where we will be inviting everyone to see the plans for what we are trying to adopt for the whole systems and processes. We call that Hospital 2.0. I know that the noble Lord, Lord Allan, thinks we could have been more creative with that title, so we are open to new ideas. As I mentioned before, the digitally mature hospitals are 10% more efficient. We believe that these hospitals will be at least 20% more efficient. That is not just 20% more productive, but probably most important is the reduction in length of stay that they can make as well. One of the statistics that struck me the most is the fact that older people lose 10% of their body mass each week that they are in hospital. In respect of some of the comments made about the importance of social care by the noble Lord, Lord Turnberg, of course the best solution is having people in hospital for as little time as possible so they can go straight back to their home environment. Around that, some of the innovations on the same-day emergency care, where as many as 85% of people treated that way, show a very good example of that.

With the new hospital plan, where we are looking for productivity gains of 20%-plus, my sincere hope from all of that is that, rather than us asking the Treasury for more money to build these hospitals, it will see those sorts of productivity gains and will be encouraging us—“How quickly can you build them? How many more can we have?”—because they really will have that transformational approach.

Fourthly, again, as mentioned by a number of noble Lords, including the noble Lord, Lord Allan, the 50 million patients we have are providing a data platform. Regarding a secure data environment, the plan is that the data will always be held securely in its place, but people doing clinical research will have access to that environment, so they will not be able to take it away but they will be able to do it in that environment where they can conduct the clinical research and start to see the results. Again, I see our job very much in terms of innovation, with us providing that secure data platform for others to be able to do their research on.

The fifth area—and I think this is particularly relevant to the AI field—is the regulatory environment and support. Again, we all know that AI has fantastic opportunities for innovation, but we also know that, without it being done in a safe and ethical manner, there are challenges there as well. We also know that it is a complex field, with the MHRA, NICE, CQC, HRA—we have an alphabet soup of regulators—to navigate your way through. We have tried to launch a one-stop shop web service so people can really understand how to navigate their way through and have all the information in one place.

I now come to the sixth, and probably the hardest, part in all this: how we get innovation adopted and scaled up across the system. There are many advantages to having 120 different hospital trusts, 42 ICBs and thousands of GPs, and that freedom can often bring innovation, but there are also many disadvantages in the scaling up and rolling out. We have seen many examples where you have a promising new technology with a small start-up company, and you say, “Well done, it’s great. Here’s the telephone directory—good luck”. A small company especially just does not have the resources and time to get out and scale up.

For certain technologies, we are trying to bring them to a central buying point and process. There are examples of where we are doing that already. Noble Lords will often have heard me mention the Maidstone flight control system, which arms the clinicians with information about what is happening across the hospital, what the 999 calls coming in are, where they are likely to need beds and what they need to free up, so that they can make on-the-spot decisions. We are scaling that up and rolling it out across multiple hospitals. We are looking to do that in a number of areas, where we think we can do things better from the centre. I do not pretend for one moment that we have all the answers, because rolling out and scaling up are some of the most challenging areas. One of the first things I learned on taking up this role is that the word “national” in National Health Service is probably not apt.

The rollout of the buying points is a key thing that we hope to do. We are also seeing the rollout of virtual wards, as mentioned by the noble Lord, Lord Crisp. On new technologies, I have seen things where you can monitor the electrical usage in the homes of people who need more support. This is particularly relevant for dementia patients. If you normally see a spike in their electricity usage at 8 am because they turn on the kettle to make a cup of tea, when that suddenly does not happen you have an early warning. Have they suffered a fall? Is there something we need to investigate?

That technology lends itself to mass scaling, and those are the sorts of things we see promised in those early technologies that we look to roll out across the system. That is one of the biggest challenges.

I hope noble Lords can see in my response that I am not pretending we have all the answers but, taking on the spirit of the debate, we are trying to adopt and innovate. I thank all noble Lords for their contributions.

1.43 pm

Lord Scriven (LD): My Lords, I thank everybody who participated in this debate, including the Minister, for approaching this in the spirit of the debate's framework, which was to concentrate not just on the problems but on some of the innovative solutions that can help to take forward not the health service but the health of the nation.

I will finish with a quote from a GP in south Cumbria, who said:

"I feel frustrated that I am working in a health and care system that increasingly fails to meet the needs of people. It is not fair for people to have to keep returning cyclically without us making a fundamental difference to the root causes of their problem".

There are three or four things I want to take away from this debate and make sure the Minister really understands. The first is that the centre has to move away from an obsession with governance and actually support people a little more in terms of how to innovate. It needs to give people a little more space to evolve some of the issues.

The other thing is that this is about people, people, people. It is not necessarily about the big bells and whistles. The technology is fine, but if the underlying people problems still exist, no matter what app you get, that system is not solved; it just replicates on a digital platform the real issue that is going on behind it. Also, people's experiences—I mean not just staff but real people, those we call patients—are really important.

My final tip to the Minister is sometimes to go to areas that do not have good practice. I did that when I was leader of Sheffield City Council. The Minister's officials will want to go to the areas of good practice, but he should go to some of the areas where take-up or innovation are not great, because he will get a different perspective that will then help support the rollout. With that, I thank everybody who has taken part.

Motion agreed.

Nottingham Incident Statement

The following Statement was made in the House of Commons on Wednesday 14 June.

"With permission, Mr Speaker, I would like to make a Statement about the horrific events in Nottingham.

Nottinghamshire Police has confirmed that a 31 year-old man has been arrested on suspicion of murder after three people were killed in Nottingham city centre early on Tuesday morning. The same individual is suspected of stealing a van and then running over another three people who are now being treated for their injuries, one of whom remains in critical condition. We know that a knife has been used in these attacks.

Two of the victims were students at Nottingham University. The third victim was the owner of the van that the police suspect was stolen and used to run down those pedestrians.

I know that the whole House will join me in expressing our sorrow and that our thoughts and prayers are with the victims' families, friends and all those affected. All of us extend the hand of friendship to the people of Nottingham. I am of course being kept fully informed by law enforcement on the ground and receiving regular updates.

The House will appreciate the critical importance of following due process at all times. It is completely natural to seek answers immediately when something terrible happens, but it is also vital that those answers are wholly accurate. Speculating out loud is never helpful and runs the risk of being counterproductive. The police have asked for patience while inquiries continue.

I can tell the House that the police are working flat out to establish the full facts and provide support to everyone affected. They are currently keeping an open mind as to the motives behind these attacks, but I can confirm that Nottinghamshire Police is being assisted in its inquiries by counterterrorism police, although this does not mean that it is currently being treated as a terrorist attack. I am grateful to all our emergency services for being on the scene and dealing in a professional manner with a deeply distressing situation; we all owe them a huge debt of gratitude.

At awful moments like these, it is vital that we come together as a country and I have no doubt that we will. The city of Nottingham and all its people are at the forefront of all our minds, and every resource of the state is at their disposal. I commend this Statement to the House."

1.46 pm

Lord Coaker (Lab): My Lords, I thank the Government for this Statement, and the comments made by the Prime Minister and many others in the other place yesterday. This is a particularly poignant Statement for me personally. Nottingham is my home. I was a Nottinghamshire teacher and an MP in Nottinghamshire for 22 years. I chair the Nottingham Crime & Drugs Partnership and do some important work with the University of Nottingham Rights Lab.

I know the whole House will join me in expressing our deep sorrow and shock at this truly awful attack. The families of the murdered students expressed their heartfelt, wonderful tribute to their lost loved ones yesterday at a vigil organised by the University of Nottingham. It was attended by a huge number of staff, students and friends. We join them in paying our tribute to Barnaby Webber and Grace Kumar, both promising students taken from us so cruelly at just 19. We have seen the tributes from their friends and the local and national sports clubs that they played for.

We also pay tribute to Ian Coates, a loved school caretaker, and associate ourselves with the lovely but sad comments of his family. We know how much Mr Coates was loved from a note left by a year 4 pupil, who wrote in the street:

"Dear Mr Coates ... Thank you for rescuing me when I got trapped in the toilet ... from Elsa in year 4. We will miss you".

[LORD COAKER]

The investigation goes on, with a man under arrest, but will the Minister join me in again paying tribute to the ongoing work of the emergency services, particularly Nottinghamshire Police and its officers, as well as Nottingham City Council, its leader, Councillor David Mellen, officials, local MPs and many community organisations, including those from all faiths, which have provided much help and support to local communities? Will the Minister do all he can to ensure that Nottinghamshire Police, the city council and all those organisations will have the personnel, resources and support that they need to deal with the immediate challenges they face and those that may arise in future?

Can the Minister also reassure us of the support that will be made available for all the victims and their families, and anybody else who may need support in the light of this shocking horror and tragedy? Can he reassure us that, across government, Ministers will stay in touch with the police, local representatives, universities and community organisations, including faith organisations, to ensure that any such support is quickly and swiftly made available, while remembering that this includes support required by Nottingham University for its staff and students?

Tonight, the Lord Mayor of Nottingham, Councillor Carole McCulloch, the leader, Councillor David Mellen, and the vice-chancellor of Nottingham University, Professor Shearer West, will come together at a vigil at the Council House in Old Market Square. There will be a minute's silence at 6 pm and a laying of flowers, and lights will be dimmed. It is a Nottingham Together vigil: a chance for the Nottingham community to take time to join together to share our grief and remember the people we have lost. It will be a chance for people to come together and show the world how Nottingham takes a stand against violence.

Will the Minister do all he can with government to help promote the fact that Nottinghamshire is a proud, diverse place, with wonderful universities such as Nottingham, which Barnaby and Grace attended, good schools, such as the one Mr Coates looked after, new industries, great sport and cultural activities, restaurants, a marvellous history and a remarkable public? That is the true Nottingham and we will not let evil define us, but for the moment we are united in our grief, in our mourning, and in our shared sadness as we wait for justice to be done. We can only hope that at such horrific times, as Mr Kumar said yesterday, incredibly bravely, as he stood with Mr Webber in front of students and the rest of the families and friends of hundreds of students, "Look after each other". In our mourning, that is what Nottingham can and will do, and I am sure that is a message that will be heard by all of us.

The Deputy Chairman of Committees (Baroness Healy of Primrose Hill) (Lab): My Lords, the noble Baroness, Lady Harris of Richmond, is taking part remotely. I invite her to speak.

Baroness Harris of Richmond (LD) [V]: My Lords, I, too, thank the Government for bringing this Statement from the other place yesterday, and I echo the strong remarks of the noble Lord, Lord Coaker. I am sure we all share in the grief of those who stood at the moving

vigil yesterday for the two young people who were so tragically murdered in Nottingham. We on the Liberal Democrat Benches also extend our heartfelt sympathy and support to their grieving families and friends, as well as to the relatives of the school caretaker who was also brutally murdered, and to the people who were injured in the van attack. These were shocking incidents.

We understand that the suspect may have a history of mental health issues, so are the Government asking about this in connection with him, and when might we be told if this is the case? If so, I wonder what this might say about our mental health services in the country. Clearly, if this suspect was suffering from mental health issues, a considerable amount needs to be done now to make sure that this awful incident will never happen again.

The Parliamentary Under-Secretary of State, Home Office (Lord Sharpe of Epsom) (Con): My Lords, first, I express my deepest sympathy for the families of Grace O'Malley-Kumar, Barnaby Webber and Ian Coates. Our thoughts and prayers are with them, their families and friends and all those affected. I also express my sympathy to the three others who were injured, one of whom I believe remains in critical condition, and obviously I wish them all a very speedy and complete recovery.

I acknowledge the close connections of the noble Lord, Lord Coaker, with the city of Nottingham and the fact that he is actively involved with Nottingham University. I ask him to personally convey the thoughts and sympathies of the whole House and the Government Front Bench on this. I took his points very much to heart, and what he said about Nottingham was very powerful, but of course it goes beyond Nottingham: it unites all of us, not just one city, notwithstanding the fact that I thoroughly endorse the sentiments behind Nottingham Together.

The noble Lord asked me a number of questions, particularly around police resourcing for this investigation, and so on. He will know that I am unable to comment on ongoing operational matters. I note that the police have been granted an extra 36 hours to question the suspect following an application to magistrates, and the Home Secretary is of course being regularly updated by the police and other agencies on the ground. That really is as much as I can say about the ongoing investigation, as I am sure he will appreciate, and I say to the noble Baroness, Lady Harris, that I am afraid I cannot speculate as to the nature of the suspect.

The noble Lord also asked me about the victims and the victim support that is available to the families. The families of all the victims are being supported by specially trained officers. Perhaps I could digress from my brief for one moment to say that I watched the fathers of the two deceased 19 year-olds speak, and I do not know how they did it. I commend their bravery. The university is supporting the students' families and friends as well as staff and the student body. It is working closely with the authorities on the ongoing investigation into the incident.

The Department for Education remains in regular contact with all the various education settings in Nottingham that have been directly impacted by this horrific attack. It has offered its full and ongoing

support. Immediate help and support is vital in ensuring that the community can begin to cope and recover. We thank the Nottinghamshire Office of the Police and Crime Commissioner, as well as Nottinghamshire Victim Care and the local community for their calm and proactive response in the wake of the incident.

To go further on the noble Lord's points, I say that Nottinghamshire Victim Care is currently offering support to anyone who has been negatively impacted by this incident. In addition, the Ministry of Justice-funded Homicide Service was formally stood up to offer its major criminal incident support. From 1 June, the Homicide Service was expanded to include support for those bereaved. Obviously, as the investigation is ongoing, it is entirely possible that other agencies may become involved but, again, I cannot speculate beyond that.

Finally, I join the noble Lord in paying tribute to the police and other emergency services. As far as I understand, it was a very rapid response, and obviously they are doing their very best to bring this investigation to a successful conclusion. I would again like to align myself with all the remarks that have been made.

Lord Coaker (Lab): I very warmly thank the Minister for his remarks.

1.56 pm

Baroness Stowell of Beeston (Con): My Lords, I join all noble Lords in paying tribute to the emergency services and the people of Nottingham and offer my condolences to the friends and families of the victims of this terrible atrocity.

I will say more about the students in a moment, but I pay particular tribute to Mr Coates and his friends and family. From what we have learned about Mr Coates in the last 24 hours, he sounds like a remarkable man, a remarkable citizen and a proud citizen of Nottingham. Clearly our thoughts are with those who were injured as well during the attack in the city.

I have never had the honour to represent the people of Beeston, so I have studiously never spoken for them before. I hope it is not considered disrespectful in these tragic circumstances. The main campus of Nottingham University borders Beeston and, over the years, more students have chosen to live in the town. I feel that, alongside the heartfelt condolences of the people of Beeston to the families and friends of Barnaby Webber and Grace O'Malley-Kumar, the people of Beeston would also want to reassure parents around the country whose sons and daughters are studying at Nottingham, and may be living in Beeston, that it is a safe town. Its residents offer students, wherever they come from, a warm welcome. That will clearly be something that they would hope to continue. As my noble friend has already done, I join him in supporting all that the noble Lord, Lord Coaker, has said. I hope that my noble friend is able to agree with me.

Lord Sharpe of Epsom (Con): I am absolutely able to agree with my noble friend and I welcome her remarks. I am sure that she and the noble Lord, Lord Coaker, will work together in due course on making sure that future students have a very warm welcome when they arrive at Nottingham University.

This gives me an opportunity to mention that Mr Coates, who has been referred to, was four months from retirement, which seems particularly poignant. I read the comments of his sons and was very moved.

Viscount Stansgate (Lab): My Lords, I welcome the comments of all the Members who have spoken, especially my colleague on the Front Bench, who knows Nottingham well. I know Nottingham only a little. I have been to speak at its university on a few occasions.

Sometimes, tragedy can bring out the best in people. What we have seen in Nottingham since this atrocity has brought out the best of what I believe Nottingham to be. The university itself seems to lie at the heart of this tragic event. Although the Minister will not comment on operational matters, am I right in thinking that the arrested suspect is now thought to be a former student of the University of Nottingham, which only throws into greater relief the fact that the university lies at the heart of this? If the Minister cannot confirm that, I will leave it for another occasion. Otherwise, I think the whole House will want to associate itself with everything that was said.

Like the Minister, I saw those two fathers. I am a father; I do not ever want to be in the position of having to do what they had to do. They are very brave.

Lord Sharpe of Epsom (Con): The noble Viscount is right. The Prime Minister put it well when he said that it is every parent's worst nightmare, or words to that effect. I am sorry to say that I cannot confirm anything at all about the suspect, but I entirely agree with the noble Viscount's remarks about people being brought together.

The Lord Bishop of Durham: My Lords, I begin by conveying apologies from the right reverend Prelate the Bishop of Southwell and Nottingham, who has rightly decided that being on the ground in Nottingham today is more important. He will speak at the vigil this evening; in fact, he has been present at all the vigils that have taken place thus far. He wants the House to know that he would have liked to have been here to speak, but he cannot be in two places in once and felt that being in Nottingham was more important.

Although not for as long as it has been for the noble Lord, Lord Coaker, this issue is also very personal to me. I am a graduate of the University of Nottingham and lived in Nottingham for three years after graduating. I was also the right reverend Prelate the Bishop of Southwell and Nottingham's predecessor for three and a half years. So Nottingham and its university are places very close to my heart.

One thing that has emerged is the strength of the local community—the way in which the faith communities and charity sector work together, and the strong relations between them, the city council, the county council and the university. The question that has arisen in my colleague's mind is: given the extensive extra pressures being placed on a large number of these bodies, might consideration be given to offering the university and the city financial support so that they can support all those who, not just in the immediate term but in the coming weeks and months, will be offering counselling, support and encouragement?

[THE LORD BISHOP OF DURHAM]

Obviously, we all feel deeply for the families of Barnaby, Grace, and Ian Coates. As noble Lords have already mentioned, the fathers were amazing yesterday. Grace's father said, "Make sure you look after those around you". Can we do everything to support Nottingham in pursuing that?

Lord Sharpe of Epsom (Con): I thank the right reverend Prelate for those remarks. I have to say, the right reverend Prelate the Bishop of Southwell and Nottingham should not apologise to the House; he should be thanked for being in Nottingham with the people who are suffering at the moment.

It was remiss of me not to mention the faith communities, so I thank the right reverend Prelate for that reminder. I am more than happy to praise them and the support they will give from the victims' care point of view. As regards resourcing, I went through in some detail the resources that are available, and they will continue to be made available.

Lord Harris of Haringey (Lab): My Lords, I refer to my policing interests in the register.

This was a tragic and appalling incident. As everyone has said, our sympathies are with all those who have been affected. However, it has demonstrated the importance of the emergency services working together and having effective protocols, and of the community's follow-up, which will involve the local authority, faith communities and community organisations.

The Minister has, quite properly, been careful not to speculate on the reasons behind this, and so on. However, will he perhaps agree with me that it does not really matter whether this was an incident resulting from mental health problems or terrorist initiation, or something completely different of which we know nothing? The impact on those who are caught up in an incident like this is exactly the same, as are the longer-term consequences for the wider community. That is why it is so important that all the services—the emergency services but also the public services—work together and prepare for incidents of whatever sort. I hope that will continue, and that it will continue to be resourced.

Lord Sharpe of Epsom (Con): I of course agree with the noble Lord. The impact on victims and their families is obviously the same, whatever the reason the suspect did what they did—I do not know the answer to that and I cannot speculate. However, the police should of course thoroughly investigate this incident and get to the bottom of exactly what happened, because obviously, that will be of use in informing future decisions and so on.

Lord Taylor of Holbeach (Con): My Lords, I had not intended to contribute to this Statement, but I would like to thank my noble friend the Minister for giving us the chance to talk about it.

We all have a political hinterland, and mine very much includes Nottingham—it is a political place for me. I spent a lot of my time there and in 1979 I was the candidate for the European election in Nottingham. I narrowly lost, so I do not have the proud hinterland the noble Lord, Lord Coaker, has of having represented

the people of that city. I know that it is not a problem city—thank goodness it is not—but it is very sad that such an incident has occurred. It shows how a strong community can respond to such situations, and it reinforces the view, which I think all of us in politics share, wherever we sit in this House and wherever we speak from, that we want to build strong communities that can withstand grief, sadness, shock, horror: all the things that have come through this incident.

I thank my noble friend for giving us the chance, through this Statement, to say these things.

Lord Sharpe of Epsom (Con): I thank my noble friend for that. He may not have been elected to represent the people of Nottingham, but he does so very well now.

Arts and Creative Industries: Freelancers and Self-employed Workers

Question for Short Debate

2.07 pm

Asked by The Earl of Clancarty

To ask His Majesty's Government what support they intend to give to freelancers and other self-employed workers in the arts and creative industries; and what assessment they have made of the case for a Commissioner for freelancers.

The Earl of Clancarty (CB): My Lords, this is an interestingly timed debate, not least because of yesterday's announcement of the *Creative Industries Sector Vision*, about which I will say something later on. As theatre critic Lyn Gardner said earlier this month in the *Stage*:

"It is time to make more noise, more usefully, to support freelance creatives".

We have received some excellent, detailed briefings listing the many and varying concerns of freelancers. As the Authors' Licensing and Collecting Society says,

"For a long time, freelancers have faced systemic challenges relating to their work. There are multiple areas where focused government engagement would improve the situation of UK freelancers".

I will try to go through some of those concerns and I look forward to the contributions from all those who have signed up to this debate. However, I say now that we also need a much longer debate on the whole area of atypical work, which over the last few decades has become less atypical.

Although freelancers make up 15% of the workforce, they represent about 32% of the creative industries, rising to 70% for the visual arts and 70% for theatre, while 80% of musicians are freelancers. I declare an interest as a self-employed artist, while my wife is a journalist who has worked both as staff on newspapers and as a freelancer.

The Arts Council says that:

"Without talented artists, technicians, designers, curators, producers, writers and other practitioners, our buildings, fields, streets, shelves, walls would be sorely lacking in creativity and culture."

Freelancers, particularly in the arts, have been described as the backbone of the landscape. This is a particularly apt metaphor, with its sense of the strength and necessity of the sector but also its vulnerability. The pandemic very much highlighted that, with many workers forced out of the sector—a terrible waste of skills—because of patchy support that the Government provided at the time. Equity says that 40% of members received no support from the Government’s self-employment income support scheme and 47% of artists missed out, while many musicians did not qualify for support. In the event, I hope that that mistake would not be made a second time.

A major argument in favour of the appointment of a freelance commissioner is the lack of good data about a workforce of a diverse nature. As ALCS says,

“a dedicated commissioner would help to relay expert information and feed into government policies that will impact this valuable proportion of the workforce”.

One of the clichés of the freelance world for the wider public has been the tacit acceptance of the trade-off between freedom and security. Yet, if the trend in all work is towards more flexible working arrangements, something that many workers are demanding, is that trade-off acceptable any more in the modern world? Freelancers have very few of the employment rights and protections that standard employees have. The Independent Society of Musicians and BECTU ask that shared parental leave and statutory sick pay are extended to the self-employed. BECTU asks that Section 44 of the Employment Rights Act 1996 be extended to strengthen protection for health and safety. Job sharing, term-time working, career breaks and sabbaticals are other areas that BECTU believes should be looked at. Without effective protection, there is the concern that bullying and harassment will remain unaddressed because of the imbalance of power between freelancer and client. ISM’s second *Dignity at Work* report found that 88% of self-employed musicians did not report the discrimination they suffered, even when this was sexual harassment, often for fear of losing work.

Another area of concern focuses on tax and benefits. I believe my noble friend Lord Colville will elucidate concerns around IR35. One area that the Government could address immediately is the universal credit minimum income floor, which shuts out many actors and others because of irregularity of payment. I tackled the DWP on this a year ago in a debate on the Social Security (Additional Payments) Bill. I now address it to DCMS, which perhaps might be able to convince the DWP of the importance of these concerns. Since then, new research by Equity and the University of Warwick demonstrates that, of nearly 700 members, 41% of those subject to the MIF had gone without food or utilities and 5% had had to leave their homes. Furthermore, many self-employed people have been excluded from the cost of living payments by the MIF.

As actor Julie Hesmondhalgh said in an interview with the *Guardian* last month when talking about having once put on plays by novices, including Rufus Norris, in a basement:

“That would not have been possible if we were living under the benefits system that exists today, that absolutely refuses to accept artists as having a ‘proper job’”.

Heidi Ashton of the University of Warwick says:

“In the past, people from working-class backgrounds relied on social security in the early stages of their careers ... due to the precarious nature of freelance work. Without this safety net people without other financial means are either leaving the sector entirely or face losing their homes”.

There may never have been a golden age for freelancers, but the experience under UC contrasts significantly with the former, more flexible social security system. I personally remember how useful the original enterprise allowance scheme was. Equity is rightly calling for the abolition of the MIF, but we also need a fundamental, wide-ranging review of the way in which the current benefits system affects the self-employed.

Similar concerns affect all freelancers who may also experience downturns in pay or work opportunities, which may be temporary, such as the dearth of current opportunities for unscripted TV work. If skills are not to go to waste, we need to look more closely at how we can support freelancers under these conditions, rather than simply leaving it only to the marketplace.

Another hugely significant area is payment. Late payment is the bane of freelancers, affecting many working in different areas, from artists and musicians to journalists and others. Payment rates themselves are a huge concern. A recent survey by Industria finds that visual artists who worked on a freelance basis on projects in publicly funded galleries earned on average £2.60 an hour for their work, compared to a minimum wage of £10.42. Although shocking, this is not surprising when one considers the significant cuts to government investment in the arts that have taken place over a long period, inevitably reducing pay levels for freelancers in particular but of course meaning devastating under-financing of the hugely important subsidised arts sector. The past 15 years have seen the Arts Council’s grant in aid shrink in real terms by 47%. Between 2009 and 2019, local authorities have seen cuts to funding of 37%, meaning that the Arts Council has taken on responsibilities that it did not previously have.

I have yet to look at the new sector vision in detail, but we need a vision for the arts as well as the already commercialised end of the creative industries—they are not quite the same thing. It is good if extra money is being found to help save our grass-roots venues, but my first impression is that a large part of the arts—for instance, the visual arts—is left out of the plan. Part of the importance of the arts is that they inform the wider creative industries. Increasingly, there is a growing sense that arts production should be valued for its innate worth over its commercial potential—however welcome that is to the Treasury. That is something that the Minister might ponder while he listens to the London Symphony Orchestra performing Messiaen tonight.

Much of my plea so far has been for greater support of freelancers, but I also want to strike a cautionary note: support is not the same as uncritical promotion. ISM has drawn attention to the worryingly increasing casualisation of some sections of the creative workforce; for example, visiting music teachers, who are moved to zero-hour contracts. The threat to BBC musicians is

[THE EARL OF CLANCARTY]

another case in point. I firmly believe that the BBC Singers should remain as properly salaried employees of the BBC. There are a number of reasons for that, including, as my noble friend Lord Berkeley of Knighton has pointed out, the question of who retains artistic control—the independence of which, I argue, is most secure, as it has proved to be, in a publicly-funded organisation free of commercial or other external interests.

There is no clear channel for dialogue between freelancers and government. The Creative Industries Council contains no representation by unions or societies which advocate for individual artists or creatives. A freelance commissioner would help to bridge that gap.

There is much I have not covered in detail: Brexit's curtailing of opportunities for musicians and others; the skills shortage; the huge importance of arts education for the next generation of practitioners; the effect of the ongoing closure of art spaces, including music venues, which one hopes this extra money will alleviate; the disappointing closure of the University of Brighton Centre for Contemporary Arts, which feels too much part of the narrative of the degrading of the arts in higher education; and the structure of the workforce itself in terms of class background and gender. I look forward to some of that detail being filled by other speakers.

2.17 pm

Lord Hannan of Kingsclere (Con): My Lords, it is an immense pleasure to follow the noble Earl, Lord Clancarty, and to have the privilege of being the first to congratulate him on introducing this Question with such skill, knowledge, empathy and thoroughness.

In the short time I have, I will focus on one of the things he said: the way in which what we still think of as atypical jobs are ceasing to be atypical. I look at my children, who range in ages from five to 21, and I do not think that any of them will ever have a job as we understood that word in the 20th century. They are likely to go through life constantly reskilling and freelancing, and adapting to a rapidly accelerating technological revolution. We should not be frightened of that. I know that there is a great sense that AI will put everyone out of work, but that same argument has been made about almost every technological advance since the Industrial Revolution—and yet the number of jobs keeps growing. What it will do is fragment the labour market further; we will become more and more specialised as we are freed up from the current jobs we do to find much more niche employments.

The Government have been very slow to adapt to the consequences of that. We still have a set of labour rules, social security rules and pension rules that are designed for mass workforces, going back to Chamberlain's Holidays with Pay Act 1938. However, that is not the world that our children are growing up in; it literally belongs to another century. Instead of looking at freelancers as some subset, we need to start thinking about whether this will be the future of the entire workforce and about how we need to change our fiscal and employment rules—starting with the abolition of IR35, which is the bane of every freelancer. I declare my interest as a freelance journalist.

I hope that one thing that will come out of this is that we do not end up with only state employees being outside this benign revolution. It is not a revolution we should fear; it is one that will create more wealth and liberate more talent, and Ministers should not stand in its way.

2.20 pm

Lord Cashman (Lab): My Lords, we are indebted to the noble Earl, Lord Clancarty, for securing this extremely important and timely debate. I declare my interests as set out in the register, particularly as an author and a rights holder.

I want to focus on two elements: remuneration and benefits. Recent research has shown a worrying drop of 60% in real-term income from writing over the past 15 years for writers and 85% of actors earn under £10,000 per annum, with 72% taking on second jobs outside entertainment to support themselves. Visual artists, shockingly, report earning an average of £2.60 an hour when they deliver work or projects for public institutions. This is unsustainable and it is reflected across the industry. The lack of secure income is the most common reason for one-third of the workforce considering leaving the sector.

Yet, in 45 other countries creative workers are better supported by receiving payments to compensate them when their work is downloaded or stored for free through schemes called private copy levies. I am reliably informed that an amendment redressing this will be brought forward to the Digital Markets, Competition and Consumers Bill, and I hope that the Minister will respond positively to this proposal.

This brings me to my second element, and I will wrap up quickly. Significant reduction in support for the arts from local and central government over the last 13 years has reduced opportunities among freelancers and the self-employed within the industries. These cuts are causing undue losses of secure jobs at long-established institutions such as the Oldham Coliseum, which has closed, and the English National Opera, which is moving from its London base.

I could say much more, but I conclude with this: these issues need a comprehensive approach across government departments so that we remain world-leading. But this must not be at the expense of remuneration or a decent standard of living for those working in the creative industries. The working models are there; I hope the Government have the common sense to adopt them.

2.22 pm

Lord Addington (LD): My Lords, when you find yourself in a debate with only two minutes to speak, the only thing you can do is dive straight in. The one thing I would say here is, when it comes to training and supporting people in these structures, on-the-job training is not going to work if you have a varied employment structure that moves around the country. Whenever we have devised something of late, we have said: "Let's go for an apprenticeship or let's go for work-based training". It is incredibly difficult for this group to access training in a growing field that has great growth potential.

How do you have an apprenticeship when most of the people doing the job are not going to be working in the same place or under the same contract in six months' time? It is incredibly difficult to do. The T-level, for which I hope we will get a better structure, has requirements for on-the-job training. When the Minister replies, will he say how we are going to start addressing this? A model that has been terribly fashionable in government circles, across many parties, is becoming increasingly unuseful for training the next generation. We have started to do things such as saying that level 4 training is going to get more support, but if you go into the sectors which are growing it is not going to work. When the Minister replies—or even if he has to write—can he give me some idea of what you do to get support for people doing an apprenticeship, an apprenticeship-type course or a level 3 course if they have varied contracts and the people who are doing it cannot provide that support? It is a question that should have been answered already.

2.24 pm

Lord Berkeley of Knighton (CB): My Lords, I must declare my interest as a freelance composer and broadcaster. Freelancers are, as we have heard from my noble friend Lord Clancarty, the backbone of the UK's art forms in the cultural industries, which raise £109 billion. Without them, film and television production would quite simply collapse so, as I think the Government recognise, we must nurture them. I welcome the new paper that the Government have come up with. Yet Covid, Brexit's effect on EU touring, particularly in cabotage, and the drawing in of the economy have meant a terrible lack of security for this sector. Despite the Chancellor's generous help during the pandemic, many freelancers fell through the net, especially the disabled. Could the Minister and his colleagues look at this in case, God forbid, there is a repetition of the pandemic so that we are in a better place should that happen?

In doing so, the Minister will doubtless talk to his esteemed colleague, the noble Baroness, Lady Barran. On Monday, she said in reply to me that there is a problem in getting recruits for training musicians and for teaching. This impacts on schools because it is where the next generation will come from—the next players in our orchestra and the next teachers in our schools. We need to make sure that we nurture them. After all, if we cannot, we will be encouraging migration, because we will have to import teachers and musicians for our orchestras from abroad. That surely runs counter to the Government's policy.

2.26 pm

Lord Strathcarron (Con): My Lords, I declare my interests as a publisher, producer and freelancer, as per the register. Boiling my contribution down to two minutes, I would like to make the following points, bearing in mind that the world of publishing may be more gentlemanly and gentlewomanly than other sectors.

Researching for this debate, I found that over the last three years my firms have used 29 different creative freelancers from around the world over 144 projects.

As a creative freelancer, I have been contracted five times on five different projects, again worldwide. The conclusion is that the market is growing and global; it is a totally free and self-regulating market, where the creative freelancers set their Ts and Cs depending on their desire for the work, what the market will bear and how they choose to build their client relationships. Their clients choose either to accept these terms or not, and I see no reason at all for third parties to intervene in these private arrangements.

The disadvantage of being a creative freelancer is having to deal with that which is the very opposite of creativity: administration, form-filling and dealing with bureaucracies, whether private or public. The Question asks how the Government can help creative freelancers. The answer is: by demanding from them as little as possible. The best single way to help the UK's freelance self-employed is to reform, or ideally abandon, IR 35 and stop nailing us through unfair NICs and other welfare policies and irregularities.

2.28 pm

Baroness McIntosh of Hudnall (Lab): My Lords, this is indeed an important issue and I am grateful to colleagues at Freelancers Make Theatre Work for their excellent research and briefing, which I recommend to the Minister.

Freelancing in the live performing arts is a deeply precarious existence, as we have heard. Pay is typically low and conditions often poor. The pandemic had a terrible effect on the freelance workforce: many could not access any financial support and consequently left the industry or went, if they could, to the slightly safer and better paid haven of film and television. We now have a skills shortage which is already having a serious impact on organisations of every scale, but particularly on small producing companies such as OperaUpClose, newly included in Arts Council England's national portfolio and of which my daughter—with long experience as a freelance opera singer—is artistic director and chief executive.

Companies such as OperaUpClose are where much of our most innovative and exciting work is happening and they are entirely dependent on freelancers to deliver that work. OperaUpClose, with a wide-ranging and ambitious programme, has just three permanent employees, who between them carry all creative, managerial and administrative responsibilities, including for fundraising and for all the onerous reporting requirements—far too onerous, in my view—that go with being an Arts Council England client. They operate with small budgets and compete for the services of performers, directors, designers, stage managers, writers and others in a market where those people need either to take the best-paid work or to take far too much work just to survive. This is an existential threat to the whole performing arts sector.

My question for the Minister, which I make no apology for stealing directly from my friends at Freelancers Make Theatre Work, is: what have His Majesty's Government done, and what more will they now do, to address the serious challenges facing freelancers in the performing arts? Without them, there is no performing arts industry.

2.30 pm

Baroness Bull (CB): My Lords, the creative industries rely more heavily on freelancers than any other sector and that leads to greater precarity compared to the wider UK workforce. I want to highlight how this impacts on two groups: disabled artists and freelancers with parental responsibilities.

The number of working mothers freelancing in the sector increased by 79% between 2008 and 2016, but 2020 saw a 51% fall in female freelancers against a 5% decline for men. Even without Covid, the freelance infrastructure penalises working mothers and parents. Freelance women who experience pregnancy discrimination have fewer protections and less support. They rarely enjoy maternity cover and return to work more quickly after childbirth. Self-employed parents cannot access shared parental leave and pay, as the current system provides maternity allowance only for self-employed mothers, a system described by one woman as

“the worst administrative burden I’ve ever encountered”.

It is not surprising, then, that the sector average gender pay gap for creative freelancers is 37.4%.

I turn to the issue of disabilities. Freelance incomes inevitably fluctuate, but if a disabled artist’s income briefly exceeds the threshold for a given benefit, they risk losing that benefit and destabilising a carefully negotiated support package that is vital to housing, living costs and daily assistance. There is a discriminatory policy gap, in that the unpredictable income that is integral to freelancing is at odds with the stability required to maintain disability benefits. Will the Government consider a grace period for disabled freelancers when income briefly exceeds thresholds, so that benefits are not immediately cut? At the very least, better guidance is needed on how freelance income affects benefits so that intermittent income does not disrupt the entirety of a delicately balanced support package.

Freelancing is often described as offering flexibility and choice, but in many creative careers it is the only option. This reinforces demographic barriers and inequalities, limiting the diversity of the creative workforce and therefore the perspectives that we see on stage and screen. The Government need to do more to address the distinctive needs of this sector. Without it, we are all the poorer.

2.32 pm

The Earl of Dundee (Con): My Lords, I, too, thank the noble Earl, Lord Clancarty, for introducing this timely debate. Briefly, I will connect two points: first, how a government commissioner can enhance the industry’s performance by reducing current unfairness to its workforce; and, secondly, how in turn that would enable UK creative industries to establish good practice, both nationally and internationally.

On benefits, does the Minister agree with the noble Earl that freelancers ought to be entitled to universal credit and the minimum income floor, access to work and the new enterprise allowance? Does he concur that they should become eligible for statutory sick pay, paid parental leave, adoption pay and paternity and maternity pay?

On skills, does he support the idea, as advocated by many, that future national plans must take into account the circumstances of freelance work? Equally, does he approve of the idea that future immigration policy has to reflect the economic needs of the creative industries, particularly subsectors such as design, screen and the arts?

The best way is for a commissioner to supervise these adaptations, otherwise that process would become too unfocused and procrastinated. As the noble Lord, Lord Cashman, has inquired, is the Minister in favour of a commissioner operating between the Department for Business, Energy and Industrial Strategy and the Department for Work and Pensions? If he did that, a much clearer understanding of what has to be done to help freelance workers would develop across those departments.

The United Kingdom remains a key member of the 46-state human rights affiliation of the Council of Europe. I declare an interest as a recent chairman of its culture and education committee. By redressing anomalies and unfairness adversely affecting the creative industry’s workforce, the United Kingdom would also achieve an improved standard of good practice, thereby benefiting its own economy and the international community at the same time.

2.35 pm

Viscount Colville of Culross (CB): I declare an interest as a freelance television producer who also employs freelancers. Recently, I had to staff up a big, six-part television series on Ukraine. I wanted a diversity of staff on the production team—after all, diversity is the essence of creativity—but it was difficult. Throughout the creative industry, schedules have been tightened and budgets cut. The knock-on effect is that young freelancers in this sector are increasingly exploited and many are leaving. This is particularly so for young people from poor and ethnically diverse backgrounds.

The Freelancer Club has done a survey and found that an increasing number of freelancers are being asked to work for free. As a result, 45% cannot afford to cover their living costs. It estimates that it takes 18 months’ work before the average freelancer can afford to cover their living costs from their earnings. I call on the Minister to take steps to improve this woeful situation. It is fine for a freelancer to shadow somebody doing a job, or to do a short internship for free, but once they start creating value for the company they must be paid.

In 2016, New York introduced a law, the Freelance Isn’t Free Act, with the aim of changing the culture in the workplace by demanding that freelance workers are given contracts, timely payment and protection from retaliation. I suggest to the Minister that the New York Act is worth looking at. I also ask him to look at the problems of the introduction of IR35, which other noble Lords have mentioned. It forces self-employed people to become workers. They end up as so-called workers on the books of umbrella companies that demand that they pay PAYE, employee national insurance and, indirectly, employer national insurance.

The Minister will tell me that none of these areas is within scope of the DCMS and that he will pass on my comments to his colleagues in BEIS and the Treasury,

but the creative industries are within his scope and they need to be protected by bringing different arms of government together to encourage and support the freelance and self-employed workforce. Maybe a freelance commissioner could do that but, whatever happens, I ask him to solve these problems by generating cross-departmental co-operation to ensure that this vital and talented part of our country's workforce is encouraged and supported.

2.37 pm

Lord Watson of Invergowrie (Lab): My Lords, a two-minute speaking limit allows for not so much a speech as a comment, although the upside, I suppose, is that it is a result of so many noble Lords being passionate about the arts and creative industries. I congratulate the noble Earl, Lord Clancarty, on securing the debate but, as he said, we need a fuller one very soon.

Freelancers make a major contribution to the creative sector and the performing arts and deserve meaningful support from the Government, particularly in skills policy. A freelancer visa to allow them to work abroad would be welcome and that must surely be one of the first initiatives of a commissioner, a position that is urgently required.

I want to focus on the crisis facing grass-roots music venues, on whose behalf the Music Venue Trust campaigns vigorously. So far this year, one music venue has closed every week across the UK. That is not because people are losing interest in music; there were 22 million audience visits to a gig in 2022. Over 30,000 people work in the sector and grass-roots music venues are the research and development department of the UK's £5 billion a year music industry. Eight new arenas are proposed to open in the UK in the next five years, but there is no record of such venues making a financial investment in the pipeline. We have to ask why that is.

Football in England demonstrates what can be done to help develop the next generation: 15% of the Premier League's central revenue goes to supporting clubs lower down the professional ladder, as well as the women's game and wider grass-roots and community football. There is no good reason why the top end of the live music industry cannot do the same and reinvest in the talent and venues that are supporting it and supplying the next generation of performers.

Venues are suffering extreme hardship from unaffordable energy bills and other costs. Live music generates huge returns for the Treasury, yet currently 16% of the value of every ticket sold at a grass-roots venue event is lost to VAT, removing almost £5 million from the sector in potential investment in new and emerging talent. I say to the Minister that in this post-EU environment there is no impediment to the Government zero-rating VAT on ticketing for grass-roots music venues and they should do so as a matter of urgency.

2.39 pm

Lord Freyberg (CB): My Lords, one of the fascinating facts about the creative industries is the very large proportion of freelancers and self-employed workers in them. In the year to September 2022 there were 3.1 million filled job roles in the creative and cultural

industries and, of those, 989,000 were self-employed. This is more than double the self-employment rate in the wider economy, but freelancers and the self-employed face a number of challenges that are holding back this vital sector. Echoing the noble Lord, Lord Hannan, today's younger workforce wants a different contract with the state. Their expectations of work are very different from those of previous generations. They want portfolio careers, greater flexibility about hours and the places they work, and a better work/life balance. But existing employment rights and our tax, benefits and pension systems make that difficult.

The self-employed often miss out on careers advice and lifelong learning opportunities in the creative industries, where the pace and scope of technological change are more apt to require new skills over time than in many other areas of the economy. Last year's announcement of DfE's flexi-jobs apprenticeship pilot was a good start, but creative industries have struggled to make the most of the apprenticeship levy, so we must learn lessons from it and put in place appropriate measures. Education and training programmes tailored to freelancers and the self-employed in these rapidly growing sectors could play a vital role by equipping them with not only specialist skills but an understanding of business and financial management. Supporting initiatives to enable networking and provide mentorship, guidance and resources can also foster vibrant creative communities.

Frustratingly, as highlighted in the 2017 Creative Industries Federation report, the self-employed in the creative industries feel invisible to policymakers. I would be grateful if the Minister could set out how the Government plan to improve the situation specifically for this group.

In conclusion, if the Government could make moves not just to shore up the rights and benefits of freelancers and self-employed workers but to enable access to lifelong learning opportunities and enhance the support that is available, they would be getting it right for a current generation of creatives who contribute so much to the UK's appeal around the world, as well as those who aspire to join them in future.

2.41 pm

Lord Foster of Bath (LD): My Lords, as we have heard, the creative industries have a particularly large number of freelancers and self-employed workers. Some patchy help was given during the pandemic, but 38,000 freelancers still left the sector in 2020. Those remaining have to cope with cost of living increases, fluctuating funding streams—often offering money to organisations and not individuals—and numerous challenges created by Brexit, often on low pay. For example, freelance visual artists earn £12,500 per annum on average, yet they get very little help.

Many of us argue that the apprenticeship levy scheme was inappropriate for the sector's freelancers. Eventually, the Government piloted a flexi-scheme, but its evaluation concluded that it was not flexible enough and that employer costs were unsustainable. The sector vision, just published, states that the Government plan to improve creative apprenticeships. Can the Minister say more about this welcome commitment?

[LORD FOSTER OF BATH]

Just as the apprenticeship scheme is inappropriate for freelancers and the self-employed, so is the benefits system, which simply was not designed for their tax and employment status. Can the Minister outline what plans there are to address this and to ensure that the protections that full-time employees have, such as parental leave, sick pay and protections against discrimination and harassment, also apply to freelancers and the self-employed? Given the decision to drop plans to reform IR35, what will be done to develop a tax system that can unlock the agility of a freelance workforce?

AI will bring opportunities to the creative industries, but unless it is properly regulated it could put creative occupations at risk. Much work is being done. The IPO is considering a code of practice on how AI technology firms operate with copyright-dependent sectors such as music. But is the Minister aware that in the consultations and round tables developing such plans, very few organisations that represent freelancers and the self-employed are involved? Will he look at this imbalance in representation?

Other countries do more. The Irish have piloted a basic income scheme for artists. There is a French scheme offering income support and social protection to individuals who are between periods of employment. Our Government should also do more. I hope that the idea of a commissioner, who could look at the issues that I and many other noble Lords have raised, will be seriously considered.

2.44 pm

Lord Bassam of Brighton (Lab): My Lords, we are agreed that the creative sector, more than most, is reliant on self-employment and freelancing because of its inherent flexibility. Commissioning is now at the heart of media employment and underlines the need for supportive policies. These should start with a rethink over the apprenticeship levy; reforming this is key to ensuring we have a continued pipeline of talent across the creative sector. Repeated personal tax rises and the Tory mortgage penalty mean that freelancers who lack predictable hours and income are finding it harder than ever to plan their finances and futures.

Rather than fostering our creative industries, the Government first attacked the reputation of Channel 4 then abandoned their policy of privatisation, which put at risk commissions and jobs that were organised through that process. Delays to the media Bill also do not help much of the freelance sector. The Government could recognise and support the UK's role as a global creative centre and a major exporter of cultural output. They could boost our creative industries with a creative compact, and work in partnership with businesses to grow in creative clusters across the country; strengthening the Creative Industries Council would also help. They could build a more productive relationship with the EU to make Brexit work, enabling touring musicians and performers to move between the UK and the EU, by pushing for a visa waiver. They could work with the creative industries and tech sector to grow the economy and build a strategy that people can be proud of.

Finally, a parochial plea to the Minister to examine the future of the Brighton centre for contemporary arts and, with his DfE colleagues, intervene to preserve its integrity and prevent its closure. Losing the BCCA would be a hammer blow to Brighton's role as a centre of cultural excellence and a cultural capital in the south. We have already lost the first exhibition of Turner Prize-winner and Brighton resident Helen Cammock's work, through the cancellation of her exhibition. Cuts equal cancellation: my city needs the Minister's help.

2.46 pm

The Parliamentary Under-Secretary of State, Department for Culture, Media and Sport (Lord Parkinson of Whitley Bay) (Con): My Lords, I am grateful to the noble Earl for calling this important debate; like other noble Lords, I wish it could have been longer, but I think we have made some useful noise.

Let me start by stating clearly that freelancers make an essential contribution to the arts and creative industries, enriching both the economic potential of our sectors and the lives of the people they reach. Without them, our cultural and creative sectors simply would not survive.

As many noble Lords have noted, the creative industries grew one and a half times as quickly as the rest of the economy between 2010 and 2019, generating more than £100 billion in GVA in 2021. Roughly a third of the workforce in the creative industries are freelancers, double the average of the economy overall. We know that being freelance is a conscious choice for some people; being self-employed gives workers more flexibility and control. The *Good Work Review* published by the Creative Industries Policy and Evidence Centre in February shows that 72% of workers in the creative industries claimed autonomy over their hours, compared with 52% across the overall economy. But we know, as the noble Baronesses, Lady Bull and Lady McIntosh, and others said, that for many others it is not a choice but the only way to work in the sectors that they love and that have inspired them throughout their lives.

We recognise that working freelance comes with challenges: the absence of HR support, long payment terms and the expectation of unpaid overtime, as well as freelancers experiencing more acute insecurity in employment and income, to name but a few. The *Good Work Review* also showed that 45% of workers in the creative industries feel they have job security, compared with 52% in the wider economy. Such precarity also creates unequal access to opportunities in the sector, as noted by the noble Baroness, Lady Bull, and others, often based on a person's capacity to work for free, which will stop our creative and arts industries being representative of our population—something that both the sector and the Government are passionate about achieving. It can also limit people's ability to volunteer or give their time pro bono, compared with those who work for organisations that offer support for volunteering.

It is clear that many issues remain, and that working in the cultural sectors requires a great amount of personal dedication, but support has been more forthcoming than has been reported at times. Today I want to touch briefly on both the work the Government

have done in the past and the areas where we can work together in future to ensure that our excellent freelance creative professionals can continue to thrive in our arts and creative industries.

On past support, it would be remiss of me not to touch on the Government's unprecedented package of support during the Covid-19 pandemic, including bespoke support schemes for those who were self-employed. The primary route was the self-employment income support scheme. People who were self-employed in the arts, entertainment and recreation sectors claimed a total of £812 million-worth of support through this scheme. A full impact evaluation is due later this year, and it is important that we look at it carefully. I look forward to seeing in greater detail how the scheme helped to support our creative freelancers, but also what lessons we should learn should we, God forbid, face a similar situation in the future, as the noble Lord, Lord Berkeley of Knighton, and others, urged me to do.

In addition to this support, throughout 2020 and 2021 Arts Council England provided £7.5 million to eight benevolent funds supporting freelancers in the creative sectors. I arrived at DCMS as a Minister towards the tail-end of the pandemic, and was glad to be able to help find a further £1.5 million to support freelancers affected by the Omicron variant when that hit during the crucial Christmas period in 2021. I am glad that that was matched by £1.35 million, which came from the theatre sector, with great generosity.

Throughout the pandemic, the cultural sector benefited from an increase in the higher rate of cultural tax reliefs. We recognise that the after-effects of the pandemic are still with us, and of course acknowledge the pressures of the rising cost of living, which is why, at the last Budget, the Government extended these reliefs for another two years. These changes—estimated to be worth £350 million over the five-year forecast period—will help to offset ongoing pressures and boost investment in our creative and cultural sectors. They will support many new productions to be devised and to tour, and, I hope, create and secure a significant number of work opportunities for the freelancers working in the sectors.

Noble Lords have kindly noted our *Creative Industries Sector Vision*, which was published yesterday, looking through to 2030. That considers freelancers throughout in its focus on growth, workforce and impact. I have no doubt that large numbers of freelancers involved across the creative and cultural sectors will benefit from the new funding announcements that accompany this. I am pleased to be able to say to the noble Lord, Lord Watson of Invergowrie, that it includes a new £5 million of funding through to 2025 to expand Arts Council England's support for live music venues. The sector vision contains a specific chapter on workforce and our ambitions for improving job quality, which I will touch on a bit more. It will be complemented by the cultural education plan, a joint piece of work by my department and the Department for Education, informed by a panel chaired by the noble Baroness, Lady Bull, which will ensure that we are giving opportunities to young people to equip them with the knowledge and pathways that they need to flourish and keep these sectors thriving in the future.

Both the Government and Arts Council England have taken proactive steps to provide support to freelancers. "Increasing our support for individuals" is one of the five themes of Arts Council England's current delivery plan, and it sets clear, high expectations for all cultural organisations that work with creative and cultural professionals. It has online toolkits, which support practitioners and employers by setting out good-practice approaches on recruitment, working with, and offering fair pay for, creative and cultural practitioners, and directing people to other supportive resources. The Arts Council has also provided resources and training for freelancers on the important themes of business skills, safeguarding and networking.

I am pleased that, in 2022-23 alone, the Arts Council supported more than 1,200 creative and cultural practitioners through National Lottery Project Grants, totalling almost £30 million, and more than 1,500 individuals through the Developing your Creative Practice programme, who received a total of £14.5 million in grants. The Arts Council anticipates these funding streams to have created more than 19,000 work opportunities for freelancers, and expects there to be a further 60,000 opportunities for freelancers through its awards to organisations.

One of the several actions that the Arts Council pledged to take in its current delivery plan was to convene individual practitioners, cultural organisations, funders, unions and others to explore the steps we can take to improve support for freelancers. That will require more than just support from the Arts Council and the Government; it will require the leadership of industry too, but I am glad to say that this is happening.

Last spring, Arts Council England commissioned a collective of freelancers to develop and deliver the Freelance: Futures symposium through a consortium made up of representatives from Freelancers Make Theatre Work, Inc Arts, Migrants in Culture, Musician and Artist Exchange, people make it work, Something to Aim For and What Next? to discuss how we can improve support for people working in the creative industries and the arts.

Last June, I joined the What Next? and Freelance: Futures round table, where we discussed some of the specific issues facing creative freelancers and how the sector can move towards a more equitable future for the whole workforce. I am grateful to everyone who has taken part in that work, not least those who gave up their time without remuneration—a point we sincerely appreciate. We owe them our continued listening and to show the action that we are taking in response to the points they raised.

While we continue to listen to the voices of those currently in the workforce, we also have to remember the freelancers of the future, educating them and raising awareness of careers. I am glad to say that this will now be addressed at an earlier age, thanks to our Creative Careers programme. Last year, the Government relaunched the programme in secondary schools, delivered by ScreenSkills, with just under £1 million of public funding. This enables 11 to 18 year-olds across England to have better access to resources and information about the wide variety of rewarding careers available. We all agreed that these resources must include more

[LORD PARKINSON OF WHITLEY BAY]

information on freelancers and portfolio careers. As a result, ScreenSkills commissioned Alison Grade, the author of *The Freelance Bible*, to create bespoke content for young people considering becoming a creative freelancer. That material, both filmed and written content, will be available for free as part of the programme.

Inspiring people to take on creative careers is one thing, but just as important is the question of how to retain the current creative workforce and provide it with high-quality work. The Good Work review, which was co-funded by DCMS, is the first deep dive of its kind into job quality and working practices in the creative industries. The research indicates that there are many challenges, often related to employment status, in formal recruitment practices and the lack of formal training or ongoing professional development. Government and industry have committed to work together to address the review's recommendations, which highlight specific areas where we can improve job quality for freelancers.

Again, the role of industry is critical here. The social enterprise Creative Access, which provides career-long support to creative professionals from underrepresented communities, recently reported that 50% of freelancers do not feel supported by the employers they work with. We need the sector to step up so that freelancers can have enjoyable and fair conditions and provide the high-quality work which we all benefit from. We continue to champion industry efforts to lead the way in this area, including Creative UK's work, in partnership with many others, to develop the Redesigning Freelancing initiative. This aims to support the development of fair and equitable engagement with freelancers, the first phase of which is being supported by the English combined authorities.

A number of noble Lords raised IR35, also known as off-payroll working. That is of course a matter for HMRC. The rules were put in place more than 20 years ago to ensure fairness within the tax system. They aim to ensure that two people working in similar ways pay similar taxes and remove the incentive to work through an intermediary simply for tax reasons. However, we hear the differential impact that it has on people working in different parts of the economy. I am pleased to say that HMRC has worked collaboratively with film and TV companies, as well as unions including Equity and BECTU, to produce guidance in 2019 specifically for those sectors. The guidance was reviewed and updated at the beginning of June this year to incorporate new roles. My department continues to feed in representations from the sectors we are proud to champion.

I have heard the concerns raised regarding the Department for Work and Pensions' minimum income floor policy for self-employed people and how that interacts with the creative freelance workforce. Support is available for self-employed people through universal credit, including for those working in the creative sectors. That is a matter for the Department for Work and Pensions but, as the noble Lord, Lord Cashman, knows—he and I had a meeting with Equity about it, and I then had a meeting with my counterparts in DWP—I am not shy in raising these matters on behalf of the sectors. I will continue to do so, following the points noble Lords have raised today.

The noble Earl invited us to discuss the case for a commission for freelancers. It is one that has been raised before, not just in connection with these sectors but across the whole economy. That is a matter which we could debate at greater length, and I think it would benefit from having responses from other departments. I have some sympathy with ways to champion the work of freelancers. However, I would not want the deliberation on that issue to hold up or hinder the progress on the work which we expect will have a tremendously positive impact on the support, such as through the sector vision.

Finally, the noble Lord, Lord Bassam, rightly raised issues in his home city. I am delighted to be visiting Brighton with him on Friday of next week, so we can take that opportunity to discuss them further in his home city.

With no time remaining, I reiterate what I said at the outset. Freelancers are the lifeblood of our arts and creative industries. The Government are deeply committed to supporting them, as evidenced by our support throughout the pandemic and beyond, and our focus on the future through the creative industries sector vision. I am grateful to the noble Earl and all those who have given us further material with which to work as we do so.

Local Government: Reinvigorating Local Democracy

Motion to Take Note

3.01 pm

Moved by Lord Shipley

That this House takes note of the state of local government in England and the case for the reinvigoration of local democracy.

Lord Shipley (LD): My Lords, I remind the House that I am a vice-president of the Local Government Association, although I should add that the LGA has had no role in what I will say. I thank all those who will speak in this debate, the title of which reflects my serious concerns about the Government's increasing desire to centralise local service delivery across England out of Whitehall.

I have been asked several times why it is the Cabinet Office, through the noble Lord, Lord Evans, that will respond, rather than the Whitehall department responsible for local government. Well, there no longer is a department with the words "local government" in its title. What was the Department for Communities and Local Government, or the Ministry of Housing, Communities and Local Government, is now the Department for Levelling Up, Housing and Communities.

This matters, because the absence of the title "local government" implies that service delivery by local government can increasingly be managed out of a range of departments across Whitehall, but you cannot run local services for 56 million people across England out of London. Local government exists to lead delivery of many public services, and to represent the interests of those areas in the availability and quality of those services. It is a fundamental foundation stone of the

public's engagement with public services, in which locally elected councillors have representative duties extending beyond their own council, such as in the health service and transport.

We have experienced in recent years a centralising policy and greater fiscal controls. I can remember the days, when I was a young councillor, when local government had absolute power over the level of the rates and business rates—no more. I regret that increasing fiscal centralisation. It is as though Whitehall, not in control of the nations, sees its role as increasingly running England out of London as opposed to managing policy development across the United Kingdom.

The question must be asked as to why Scotland and Wales have devolved powers supported by a block grant when Yorkshire and several other English regions with a bigger population than either of them do not have those powers or those resources. We should note that the Barnett formula skews public spending. In the year 2021-22, the formula allocated, in terms of UK identifiable expenditure per capita on services, £11,549 across England, £13,881 to Scotland, £13,401 to Wales, and £14,062 to Northern Ireland. England gets substantially less than the others. Within England, the east Midlands receives less per capita than any other English region at only £10,528. I find these figures very hard to understand—and let me assure your Lordships that I have tried.

The state of local government is of concern to me. The Government say that they are committed to continue devolving power to local government. However, what they have actually done is create a complex patchwork of structures based on 317 local councils, 62 unitaries, 32 London boroughs, 36 metropolitan districts, 21 county councils, 164 district councils and 9,000 town or parish councils, with 16 elected local authority mayors plus 11 mayoral combined authorities. It is a complex picture and the relative powers are opaque.

This is made even worse by the proposals in the Levelling-up and Regeneration Bill. I point Members to Clause 74, on alternative mayoral titles for local authorities in England. This relates to combined counties. The elected person does not have to be called a mayor; they can be called a county commissioner, county governor, elected leader, governor or any other "title that the authority considers more appropriate than the alternative titles mentioned".

This tells me that the Government do not really know they want and there is no real plan. That worries me.

I am sure that the Minister will argue that the Government have signed six devolution deals in the past year and point to the welcome creation of the first statutory subnational transport body in the north of England, which is good. He will, I guess, also point to the creation of metro mayors and the recent trailblazer deals with Greater Manchester and the West Midlands, which are welcome and very important. However, progress on devolution is too slow, and anyway, these are subregional strategic bodies; they do not actually run local government services.

It is good that the West Midlands has more power over transport, skills and housing, with a single pot of funding rather than one-off funds from bidding. Andy Street, the mayor of the West Midlands, described the trailblazer deal as

"the beginning of the end of the begging bowl".

That is true in one sense, but I wonder whether it will really prove to be true. There are no extra fiscal powers for the West Midlands other than the retention of business rates for a 10-year period.

We need to reinvigorate local government in England, and we must reverse the increasing preference of Ministers and Whitehall for running more and more out of London. For example, during the Covid pandemic we saw all the problems of centralised test and trace. More recently—just a few days ago—I discovered that regional schools commissioners reporting to the DfE are now known as regional directors. In the recent Schools Bill, we saw an attempt to get academies run directly by Whitehall and Ministers; thankfully, that has now been withdrawn. Amazingly, a few weeks ago it was trailed in the press that there are going to be regional directors for levelling up. How they are going to operate, given that there is a local government structure across England, I really do not know.

Let me share a specific, current example of what I perceive to be the problem: regional care co-operatives working directly for Ministers. Three weeks ago, the Public Services Committee, of which I am a member, commented on the Government's implementation strategy for children's social care. The chair, the noble Baroness, Lady Morris of Yardley, said in a press release:

"Without increasing the supply of places for children to live, we are sceptical that regional care co-operatives can empower local authorities to better manage the care market. A regional approach to commissioning also risks cutting smaller providers, including non-profits, out of the market—further limiting options for local authorities and regional care co-operatives. Moving commissioning and planning to a regional level could reduce local autonomy, leaving directors of children's services less able to deliver the type of services their area needs. It also risks marginalising the voice of young people in decision-making about their own care—something young people with care experience told the committee was already a serious issue".

The Government have to test much better. When they come up with proposals such as this, they have to explain why they really are going to make things better. In this case, I fear that what will happen is that a few very large contracts will be let and the real problem, which is the number of places for children, will not change. I suggest that Whitehall should concentrate on what only it can do: its priorities have to be things such as the Passport Office, the DVLA and the queues in our courts.

Whitehall also needs to look carefully at the role of audit. It may be mentioned that several councils have run up extraordinary debts in recent years. They may have been trying to offset general funding cuts, but the fact is that they have been able run up these debts. It raises questions about whether we need to re-establish something like the Audit Commission because we need to give the public confidence that their money is safe. Given the recent experiences with some councils' mismanagement, and concerns about the audit and scrutiny of one of our mayoral development corporations, I think that most of these problems would never have arisen had there been an Audit Commission. Whitehall and, it appears, the Public Works Loan Board did not pick up the problems, so I am regretting the abolition of the Audit Commission. At the time, some 10 or 11 years ago, I thought that it was probably right,

[LORD SHIPLEY]

given the potential for the National Audit Office to take part of the role. I felt that the Audit Commission had developed mission creep, seeing itself a bit like Ofsted. We live and learn, but something needs to be done on audit.

Will the Government please do something about the bidding culture, which Ministers seem to like? The National Audit Office issued a report 15 months ago on supporting local economic growth. It found that

“multiple funding pots and overlapping timescales, combined with competitive funding, create uncertainty for local leaders. Local authorities wishing to make broad-based investments across skills, infrastructure, business and innovation must submit winning bids across several funds or find alternative sources of funding.”

The National Audit Office was equally critical of low-traffic neighbourhoods, with which there has been a great deal of trouble. One of the reasons that this is happening is because there are deadlines to bid and to spend. As a consequence, public consultation can be very poor, and that has been pointed out by the NAO. Too often, decision-making is not transparent: councils bidding have to pay large sums to consultants, who can be expensive, and they end up not getting the money.

This debate is also about the state of local government, which has suffered huge cuts in financial support and increasing financial burdens, particularly in adult social care, leading to worrying reductions in standards of neighbourhood services used by the general public such as libraries, youth services and leisure centres. Council tax—which the general public think is paying for all these services, when it is only an element of the tax income—is a regressive tax, which is higher than it would have been because of a deliberate decision by the Government to load part of the social care bill onto it, and increasingly so.

There is some evidence that local cuts have been a barrier to growth. I believe in the theory that councils should be able to increase or decrease tax—council tax and business rates—as they wish, but I accept that the time may not be right for that to happen at the moment, and it is essential to maintain a degree of redistribution. On Monday, we shall look at the future of business rates. I look forward to saying some more at that point.

I am very concerned to ensure that the capacity of local authorities to do what they need to do is there. Local authorities are in a partnership with Whitehall in terms of levelling up, but they lack the essential experience to drive transformative projects of scale. I have concluded that one way of addressing that would be for civil servants in Whitehall to go to work, maybe on an exchange basis, with some of the combined authorities or local authorities to bring their experience to bear.

I also suggest to Ministers that they need to look carefully at ways in which some of the functions held by Whitehall departments could be reallocated to local government. In particular, I have long felt that the 630 jobcentres—which Gordon Brown cited in his speech a few weeks ago—should be under local authority control. You would divide the benefit, tax and pension side of DWP from the work-related side. We need to get more civil servants out of London to increase the capacity of council officers.

In conclusion, I want to see a statutory cross-party commission on the future governance of England as recommended recently by the House of Commons Public Administration and Constitutional Affairs Committee. It is very disappointing that the response by the Government was negative. We need a guaranteed constitutional status for local government, and we need a fiscal understanding of what the powers of local government should be in the future. I beg to move.

3.16 pm

Baroness Eaton (Con): My Lords, it would be easy to begin my remarks by saying that this debate comes at a uniquely critical time for local government, but throughout my time as a Bradford councillor, leader of the council and chairman of the Local Government Association, I cannot think of a time when it has not been a critical time for local government. From the civic unrest we saw in Bradford in 2001 to the collapse of the Icelandic banks in 2008 to the years of austerity when the global downturn necessitated a tightening of public sector belts, there has never been a quiet year. However, it seems to me that we are at a truly pivotal point, so I am very grateful to the noble Lord, Lord Shipley, for calling the debate and reminding us of his wealth of experience as a councillor, leader and long-standing and wise champion of local government for nearly 50 years.

First, it is important that we do not get entirely mired in the challenges facing local government. We must also take time to celebrate its successes. Local government is efficient; it supports communities across the country and delivers services that so many vulnerable people rely on. Local councillors are passionate, committed to doing the best for their areas and work often-gruelling hours on local projects that can create huge, positive legacies. Our councils build houses, provide care, make people feel safe and are fundamental in creating a sense of pride in place. These are the underpinnings of the levelling-up agenda that we hear so much about.

However, it would be remiss not to acknowledge the huge challenges facing local government, some practical and others existential. One of my biggest concerns is what seems to me to be a growing disconnect between local people and the decisions being made about them. Questions around the value of elected mayors have swirled as long as I have been in local government. In some cases, they are doing great, strategic work—such as the regeneration of Teesside and of the West Midlands under Andy Street—but, equally, we see the Mayor of London making sweeping decisions about the scope of the ultra-low emission zone against the wishes of not only many Londoners but some elected representatives of his own party.

I am worried that pressure from government is pushing the establishment of new elected mayors and combined authorities against people's wishes. Areas without mayors are being held back from getting new powers and funds, even when the geography and the economies just do not make sense.

The debate about mayors and combined authorities is sucking so much oxygen out of the room, when that oxygen should be fuelling serious discussions about the relationship between Whitehall and local and regional

government. People care about delivery. They care about being able to travel easily around the local area. They care about seeing their neighbourhoods well planned, well lit and clean. They care about knowing their loved ones are well cared for. All these require long-term, strategic and joined-up thinking. But we are still stuck in a mindset that sees local government in the thrall of Whitehall, as the noble Lord, Lord Shipley, has demonstrated, constantly being asked to bid for new pots of money, council in competition with council, to supply the new infrastructure and support the services that are so desperately needed.

The levelling up fund, and the process to create new investment zones, are just two cases in point where councils are required to expend time, effort and money in filling in forms to try and get funds for projects that are clearly local priorities. And then, in a turn of the electoral cycle, those priorities vaporise and the next set of hobby-horses emerge from the ether. And councils once again sigh, read the guidance, fill in the reams of paperwork and hope that distant, remote Whitehall will see fit to bestow more funds from the benevolence of its chest—another example of decisions being made too far away from the people they affect. We can do better, and we must do better if we want strategic long-term planning and delivery of the infrastructure and services people want.

The London Finance Commission, established by the then Mayor of London, Boris Johnson, and chaired by the LSE's Tony Travers, took a deep dive into the opportunities for serious, tangible, fiscal devolution to the capital. Its conclusions remain applicable not only to London but across the country. Primarily, the commission recommends the full devolution of the full suite of property taxes—council tax, business rates, stamp duty, land tax, annual tax on enveloped dwellings and capital gains property development tax—to allow local and regional government the stability and predictability of income to plan beyond the political cycle. I urge this Government to build on their existing commitment to devolution—such as through the business rates retention scheme—to consider how further fiscal devolution can allow local areas to determine, and achieve, their individual levelling-up ambitions.

Enhanced devolution will free local government to better meet one of the most pressing challenges facing the country: lack of housing. There is little that is more immediately of concern to young people, who, thanks to a lack of supply, often can but dream of owning their own. We are a far cry from Mrs Thatcher's vision for a nation of home owners. Rents are skyrocketing, prices are rising much faster than incomes, and we urgently need a solution. This Government have recognised the gravity of the situation and, in 2018, lifted the housing revenue account borrowing cap, which has seen an increase at least in social housing ambitions and the scaling up of existing sites. With increased and secure funding, local government can deliver—and it does. But it is simply not enough: the HRA reform frees nowhere like the transformative amount of money required to increase stock.

In town halls across the country, one of the most pressing concerns councillors hear from their residents is the increasing reach of the net-zero agenda. Many

farmers, business owners, young families and rentees cannot say exactly what it means for them but they are worried. They are worried that government will be making decisions on their behalf, often hundreds of miles away, that new policies will damage their livelihoods, and that new funding streams will bypass them. They are also worried about their businesses and their livelihoods. Yes, there is a broad agreement that changes are needed, but there are broad concerns about where those changes can come from and the remoteness of support that may be available.

Responsibility for local climate action, the management of risk and the focus on the creation and guiding of new green skills and jobs should naturally sit at the local level, ensuring that local voices and needs are taken into account, and that local ambitions are understood, and met. If local aspirations are linked to real local powers and real local responsibilities, that is when you see opportunities being truly levelled up. Maintaining complicated, unstable and centralised funding pots, coupled with a lack of clarity about responsibilities, means those worries will remain, and they will grow.

I want to finish by briefly mentioning one of local government's most emotive and vital roles: delivering care to our loved ones. There is no doubt that delivering social care in an ageing society is one of the biggest challenges facing councils. I was very pleased that the Government recognised this, and in the Autumn Statement the Chancellor provided an additional £7.5 billion to 2025 to support adult social care. This was an important and necessary acknowledgement but it is not a long-term strategic solution. This funding will not address the underlying gaps, unmet and under-met need, market fragility and workforce pressures. Neither does it provide sufficient long-term certainty for social care to invest in different models of care which prevent ill health and promote well-being, resilience and independence.

LSE research from the Centre for Analysis of Social Exclusion has exposed significant inequalities in provision and access to social care across the country. Making sure everyone has access to the care they need will require funding: according to the Local Government Association, an additional £13 billion will be necessary. However, it needs far more. It needs a revitalised relationship between local and central government. We need a jointly agreed early intervention strategy and a far-sighted plan for the workforce of the future—a workforce that can be skilled up and supported at the local level. Without sustained long-term and reliable funding streams granted by true devolution, social care will remain caught in the political cycle, to no one's benefit.

To end, I want to strongly reiterate the passion, vision and talent of councillors and local government officers across the UK. They are embedded in communities, and their commitment is helping their communities thrive. It is time that all that talent and energy is fully embraced by Whitehall if it wants to deliver on its national growth ambitions. That is the pivotal point we are at, and one that I am sure the Minister will recognise. I want to thank Councillor James Jamieson for his six years of service to local government as the chairman of the Local Government Association. He has been a fantastic and thoughtful

[BARONESS EATON]

advocate for the sector. I also wish the very best of luck to the incoming chair, Councillor Shaun Davies, who will certainly have his work cut out.

As I said at the start, there are going to be many uniquely critical years for local government ahead, and I remain convinced that local politicians of all parties can—and should—be empowered to deliver for their residents.

3.29 pm

Lord Liddle (Lab): My Lords, I put down my name to speak in this debate because I care a lot about local government and have spent 20 years of my life as a member of three local authorities—Oxford when I was very young, Lambeth in early middle age and Cumbria as a retirement job, as it were, until the authority was abolished at the end of March this year.

I have great respect for what the noble Lord, Lord Shipley—Councillor John Shipley—said in his introduction. He has been a very distinguished person in local government. I also have great respect for the many Conservatives who have shown great commitment to local government over the years; I think that was shown in the speech we have just heard from the noble Baroness, Lady Eaton.

When I was a 23 year-old member of Oxford City Council, the leader was a lady called Janet Young. She was so effective and so brilliant that she was put in the House of Lords and Mrs Thatcher's Cabinet. The only trouble she had was that Mrs Thatcher discovered that she was exceptionally strong woman and therefore she was dismissed. But she was great as an introduction in my apprenticeship in local government.

Reflecting on Oxford, when Labour became the majority party, I became chair of the further education committee. I was in charge of a rapidly expanding polytechnic and a college of further education. Neither of those things is run by local government today. I sometimes wonder when people complain, particularly about our education system for children who are less academic, whether the removal of local involvement has had a detrimental effect on the way these institutions have behaved. If you had had local involvement, they would have been more aligned with local labour market needs, future job needs and future local economic strategies. I just make that point. I do not know whether it is right, but it is worth thinking about.

The other thing about Oxford was that we were able to get things done. Labour's pledge when we got in in 1972 was to increase council house building from 300 to 400 a year and we did it. We had the freedom to do it and that has now largely been taken away, although I take the point from the noble Baroness, Lady Eaton, about the Government loosening some of the controls. My main concern about local government in Oxford in the early 1970s was how we made ourselves more effective at getting things done and how we got rid of the rather traditional local government structure which was a collection of chief officers with their own independent departments—the independence of which they fiercely defended—to have a more corporate arrangement that would be better and more efficient at getting things done.

My next experience was Lambeth, and I am not going to dwell on this for very long. I was an SDP councillor in Lambeth, elected in 1982. It brought tears to my eyes to see how the party to which I had committed my life had got to in Lambeth with Ted Knight as its leader. It told me how very badly things can go wrong when people see local government as a platform for their transformational political change rather than simply trying to make life better for their residents by providing decent services efficiently delivered. It was a terrible experience, to be quite honest, and it had a profound personal effect on me. Apart from its effect on me, it has had a long-term effect on local government.

When I re-joined the Labour Party and started working closely with Gordon Brown and Tony Blair—in that order, actually—what struck me was how frightened they were of local government and of what political damage they felt it could do to Labour. They were determined that this would not happen under a Labour Government, which explains why Labour's policy in government was cautious about granting local government more freedom. It was because of that historical experience.

In keeping with the philosophy of the times, we of course had more emphasis on the purchaser/provider split and on academies, rather than local government running schools. All those experiments were well worth while. In particular, I was a supporter of the concept of elected mayors, which seemed to me to be a way of invigorating local government. That has been a success; in London, one of the reasons why we have the Elizabeth line is that we have had an elected mayor. We have had someone to speak for London. My views about mayors are not shared by many members of my party. I have the greatest respect for my leader in Cumbria, who thought that mayors were an abomination. I am not sure what to think of that; they have actually been quite a good development.

I was privileged in 2013 to become a member of Cumbria County Council, my home area—having been brought up in Carlisle. I was elected for Wigton, a small town 10 miles from Carlisle where my grandfather, who was a miner in the Cumbrian coalfield, had been a councillor, a justice of the peace, a Poor Law guardian and God knows what else for the Wigton rural district, and a county councillor in the 1920s. I felt very proud of that; it is one of the things that I have felt proudest about in politics.

It was a bad time because we were facing austerity. Each year, we were taking lumps out of the management tiers of each service, in the hope of trying to protect the front line. We did that as a joint Labour-Liberal Democrat administration, which worked extremely well. I felt that we managed to protect essential services reasonably effectively, but it was a period of withdrawal of local government, when we could not do any of the ambitious things that in the past a council would want to do. What we had instead was greater emphasis on things such as the local enterprise partnership doing economic growth, and a health and well-being board looking at the future of health and social care in the county. We had Transport for the North trying to create a plan for the north. Those bodies were all set up, but they gave council representatives some responsibility with very little power to make change.

Indeed, the funding model of local government in these years shifted as the Government cut the general grant—rate support grant, council tax or whatever it was called then. Funding depended more and more on central grants for specific projects which had to be approved by the government department and—I hope the next Labour Government will change this—the Treasury. So we have a situation where any scheme, be it £5 million or £10 million, has to go right up to the Treasury. That has made us one of the most centralised systems in Europe. I think it is very unhealthy. The other aspect of it which I thought was very wrong was that, because it was centralised on government, and we had a very political Government, our local MPs started to pick and choose which project should go ahead, not the elected members of the council. I think that is very undesirable indeed.

What changes would I like to see? I would like to see a comprehensive scheme of local devolution for England. Lisa Nandy has promised that and I look forward to seeing its detail when we see the next Labour manifesto. It involves a broadening of the tax base of local government, council tax reform to make it fairer and other tax things. For instance, in Cumbria we should have the power to levy a tourist tax. This is the foundation of the very interesting report of the commission that Gordon Brown chaired on the future of devolution in the United Kingdom. If we do not have a comprehensive scheme for local devolution in England, how do we propose to reform the House of Lords and create a council or senate of the regions and nations? I just do not know how we will do that. It seems to me that we have to find a coherent solution and get away from the model of central government funding. I agree that if we are going to have more diversity and more freedom for local authorities, we also need stronger audit requirements to expose inefficiency.

I have enjoyed my 20 years in local government. I do not regret it at all. I have learned a lot. I think it has kept me in touch, in a way that very few other things can, with local opinion and the real needs of people. I only hope that in future we can make local government more of a success.

3.43 pm

Baroness Scott of Needham Market (LD): My Lords, like previous speakers, I have spent a lot of time in local government and absolutely agree with the closing remarks of the noble Lord, Lord Liddle. I want to speak about town and parish councils. In doing so, I declare an interest as the president of the National Association of Local Councils, the national membership body which works across 43 county associations to represent and support England's 10,000 local town and parish councils. What I will say this afternoon I have said before, and the bad news is that I am going to keep saying it until I think someone in central government actually listens.

This is a tier of councils that varies enormously. My husband is chair of our parish council; we have about 200 residents and a precept of a few thousand pounds. Some town councils have budgets of many millions and are delivering a whole range of important services but, whatever their size, what they have in common is

that this is the level of government which is literally closest to the people, yet it is often ignored by central government and other tiers of local government which, frankly, ought to know better. These hyper-local councils and their 100,000 councillors—all local people who have put themselves forward because they want to help their community—are an essential part of local democracy. At a time when people are losing faith in politicians, they can be a really important part of restoring trust and visibility, a point powerfully made by the noble Baroness, Lady Eaton. They are delivering hyper-local services, building strong communities and strengthening local fabric.

Of course, these councils are doing all the things we would expect them to do—delivering the services we know and love, such as allotments, war memorials, parks and playgrounds—but, looking at the current picture across the country, they are now doing so much more by supporting their communities in many innovative and surprising ways, such as promoting health and well-being through building dementia-friendly communities, offering carer respite schemes and mental health first aid, and tackling loneliness through clubs and outreach. They are developing their local economies and community businesses by supporting high streets, holding markets, promoting their towns as tourist destinations, and helping to set up community businesses such as shops, pubs and post offices. They are supporting young people by providing youth services and summer events, running youth centres, employing youth and outreach officers, providing skate parks and outdoor gyms, and providing bursaries for students and grants for school uniforms.

Even at parish level, councils are stepping up and taking responsibility for playing their part in tackling the climate crisis. Some 40% of local councils have declared a climate emergency and are developing action plans, installing EV charging points, signing Motion for the Ocean, cleaning up their local rivers, and increasing biodiversity in their green and open spaces. They are tackling the current cost of living crisis through creating community pantries and warm hubs. Finally, they are helping to tackle the housing crisis through neighbourhood planning—a vital tool in which local councils are working with their communities to shape new development, promote affordable local housing and tackle the problem of holiday lets.

This is real parish power in action, but there is an awful lot more that could be done. Very helpfully, NALC has created a manifesto for building stronger communities across England, which sets out policy ideas to strengthen the sector. The first is that the sector must be expanded across all areas of England. At the moment, around two-thirds of England's population are being left behind in taking community-led action because they do not have a local council at this level. Onward's social fabric index shows that areas with full coverage of local councils score significantly higher than those without local councils when you look at the key measures of community strength.

Over the last decade, more than 300 places have seen new councils created in response to community demand or through local government reorganisation, but there are still significant barriers to extending local democracy right across the country. Sometimes

[BARONESS SCOTT OF NEEDHAM MARKET]

it is about awareness in the communities themselves that they could have such a council; in some cases it is about the lack of support to help those communities go through the process. The process itself is very complicated and principal councils are often resistant and entirely unhelpful in their attitude. I urge the Government to use the opportunity of the levelling-up White Paper to make it easier and quicker to establish local councils.

Secondly, we should be making it easier and more attractive for people to get involved. We need to make performing this civic role easier, not harder. The main example of that is giving councils the flexibility to hold online and hybrid council meetings. This year marks the two-year anniversary of the Government's call for evidence on remote council meetings, but they have yet to publish the results or take any steps to address the issue. There has been some new research from NALC: nine out of 10 local councils want flexibility to have some form of online meetings. Two-thirds of them said they would use the power for some but not all of their meetings. One-third of the respondents to that survey knew of councillors who had stood down once councils had returned to being fully in person, and one-fifth of those quoted childcare as the main reason.

NALC's census survey of councillors shows that 40% of parish councillors are women—three times as many as in 1966. We are working really hard to get more women involved, but one of the big barriers is helping those with caring responsibilities, so the option of remote meetings would make a very big contribution to that. Unlike every other type of councillor in England and Wales, parish councillors are specifically excluded from being able to access help with childcare and other caring costs in order to attend meetings and perform their duties. I can see absolutely no reason at all why that is the case. When I raised this on the levelling-up Bill, I was told that it would be too expensive. I tabled a Written Question to ask how much it would cost and was told that the department did not know.

Thirdly, we should be supporting local councils better. Local councils are very diverse, both in the areas they cover and in the people who bring themselves forward in terms of their skills, resources and capacity. We have developed many self-improvement initiatives as a baseline for building but are hampered by a lack of investment, including from the Government. Since the national improvement strategy for town and parish councils was published, there has been no direct investment from the Government to support that vision and its initiatives. That contrasts with the £18 million a year of funding that goes to the Local Government Association, for example. That underinvestment leads to constraints in increasing the sector's efficiency and its capacity to take on these new challenges, so I hope the Government will consider funding it directly with a share of the ongoing sector support.

I look forward to the Minister's reply. This is a wide-ranging debate and he has a lot of ground to cover, but I hope he can commit to taking this sector more seriously than perhaps some of his predecessors have.

3.51 pm

The Lord Bishop of Durham: My Lords, as Bishop of Durham it is my privilege to work with seven local authorities—Hartlepool; Darlington and Stockton, which are part of the whole Teesside set-up; County Durham; the City of Sunderland; South Tyneside and Gateshead—and I will not try to list all the town and parish councils that then come under those. The four northerly ones are in a region that is building towards the election of a new regional mayor for the north-east.

It has also been my privilege to chair the Brighter Bishop Auckland board, which has been a recipient of the future high streets fund. As chair of that board, I have been a member of the stronger towns board, where we have had stronger towns fund money for Bishop Auckland. So my contribution comes from a quite different perspective from those who have been local authority engaged; it is more of an overview, and I want to share some examples of what I hope is reinvigorating.

I shall start with Hartlepool. The Wharton Trust runs a local community and resource centre in the Dyke House area of Hartlepool, one of the most deprived wards in the whole of the UK. It has high unemployment, huge health inequalities and low educational attainment. From social housing and promoting healthy lifestyles to engaging young people in activities and developing IT skills, the Wharton Trust has worked over the past two decades to reduce the effects of poverty. It has provided support and initiatives that do not just help people facing these issues but empower them to bring about resident-led regeneration. The work of the Wharton Trust and its people-led approach reflects the nature of local democracy, and it would not be able to do that without good relations with Hartlepool Borough Council. It prioritises the needs of the community, not simply delivering services but placing local people at the heart of decision-making, empowering them to take responsibility for change.

Sadly, though, that does not often represent the reality of local democracy across England. The figures from the May 2023 local elections have yet to be released, but the statistics from the 2021 local elections in England display a vast disengagement from local government and decision-making. The elections saw a turnout of only 35.9%; sadly, in Marfleet it was only 14.6%—the lowest in the country. These statistics are always deeply concerning, and we have to question the kind of democracy we live in. Is the diverse range of people in our country truly represented when elected officials have been chosen by such a small proportion?

Democracy is simply strongest when people show up and are involved in decision-making, and it is therefore necessary that we increase voter engagement throughout local regions. So we have to ask: why do so few people vote in local elections as opposed to general elections? Bluntly, what I hear is that there is a feeling among the public, regardless of political flavour, that local elections are irrelevant, and that it is not through local government that change can be made.

However, local governments are concerned with the very issues, and provide the very services, that people care most about. The noble Baroness, Lady Eaton, made the point that what people care most about is

their immediate family and home, then their local community and then national and international issues. Somehow, a lot of people do not make the connection that it is local government that meets most of those needs. From schools and housing to social care and the clearing of bins, local governments deal with the issues that impact the details of our everyday lives. We need to reinvigorate the role that local government plays in our lives, and the impact that it has the potential to have.

People need to feel that their vote matters: that taking their polling card down to the local polling station—with their ID—or posting it through a post box, will make a difference. When asked to what extent people agree that they personally can influence decisions affecting their local area, the response in my region of the north-east as a whole was that 22% believed they could. It is evident that attitudes towards local government need to change.

I welcome the Government's commitment to devolving power to local governments as part of their levelling-up agenda, but it is being carried out with a top-down approach. England remains one of the most centralised democracies, still being primarily run through UK-wide institutions. Let me give an example, as chair of a local future high streets fund board. It is wonderful when the money is given, because it is for that local community. Then, when there are delays in delivery, civil servants in Whitehall say, "It's got to be delivered by this date", and the local community and local authority—both the town council and the county council—are told there is no flex whatever. That does not encourage local people, who have worked hard on a local plan, to believe that they are really wanted or encourage them to serve their local community. I am afraid I have seen it time and again with the stronger towns fund as well. Here are some things that I would like to explore further. We have to find ways of devolving power to local government and engaging people in local elections.

I have been privileged to be involved with Citizens UK in different ways over many years. I helped found Nottingham Citizens and Tyne & Wear Citizens. Citizens and I do not always agree that its methods have necessarily been the best, but I have learned from it the power of the strong advocacy of local community organising and using local citizens to lead the decisions about what matters most to them and then to work with local decision-makers on how that can be delivered. How might we encourage the greater use of community organising, and how might the use of local citizens' assemblies work to effect a greater sense of belonging and ownership of our local communities and a sense of empowering local people?

I previously mentioned the success of Wharton Trust in Hartlepool, but I will also highlight two further initiatives that, for me, demonstrate the impact and power of partnerships where local people and organisations collaborate.

County Durham has really effective area action partnerships. These truly give local people and organisations a say in how services are provided. There are 14 across the county. They each consist of members of the public and representatives from the council and local organisations. Together, the members work with communities to meet their needs and take action to

tackle local priorities. Each area action partnership has a forum, which anyone in the area can join to discuss local priorities, and, importantly, a budget that it decides how to use. In the past year alone, its work has supported more than 820 local projects: youth work, mental support work, activities for older people, environmental projects, community centres and employment schemes. I know that area action partnerships are not unique to County Durham, but I ask the Minister how lessons learned might be better disseminated and encouraged around the country.

It has been my privilege for the last couple of years to chair the ChurchWorks Commission. Last year, when it became clear that the cost of living crisis would become a more and more significant problem, a small number of us got together to ask what might be done to support people through the winter that has just gone. We came up with the idea of warm spaces and warm hubs. We were not alone. At the same time, Gateshead Council launched its plan for warm hubs across Gateshead. That was launched in July, when the temperatures were like they are outside now, because the council saw the problem coming.

The ChurchWorks Commission and Gateshead Council shared information and ideas. We learned from it, and we built a coalition, through the ChurchWorks Commission, which led to the Warm Welcome campaign. Through the winter, that involved huge numbers of places—local churches, libraries, community centres and parish halls. It was successful because parish councils, town councils, borough councils and county councils worked collaboratively with the faith sector, the voluntary sector and local organisations to identify where warm hubs could be best run, and they provided seed funding that unlocked other funding. It was the best example that I have seen of local people working with local government to care for those most vulnerable in their community.

I hope that these examples demonstrate that local democracy is not restricted to one method but involves the collaboration of many. Moving towards local democracy demands higher voter engagement in local elections, which must be done by helping people understand what local authorities can and do deliver and why it matters that they take seriously who is representing them, as well as greater and more effective devolution. That is not simply devolution to big regions but devolution that goes down to town councils and parish councils; that is where ordinary, everyday people are most concerned about what happens in their community. It requires citizens, local organisations and local businesses to be empowered and involved in decision-making and bringing about change.

My core argument is that, if we want to reinvigorate local democracy, we must devolve it, but not simply to the councils, whatever level they are; we must devolve it in a way that becomes collaborative between councils, local businesses, and local voluntary and faith sectors. Working in collaboration is ultimately the most effective way to serve local people.

4.03 pm

Lord Young of Cookham (Con): My Lords, it is a pleasure to follow the right reverend Prelate, who has brought a new and valuable perspective to our debate.

[LORD YOUNG OF COOKHAM]

I agree with him about citizens' assemblies, the potential of which has yet to be realised.

It is over 55 years since I was first elected as a local councillor, at a time when we still had town clerks—aldermen—with no hint of expenses or salaries. My time at Lambeth Town Hall was long before that of the noble Lord, Lord Liddle, and even before that of Ted Knight. My years there and at County Hall gave me an insight into and a respect for local government, which has stayed with me ever since. Indeed, when I became a Member of Parliament, that time as a councillor was invaluable, as nearly all the casework that came across my desk was the responsibility of one or two tiers of local government.

Local democracy will not take off until local people have the knowledge and confidence to contact their local councillor about a problem rather than the local MP. At the moment, it is a one-sided battle. You have a full-time, high-profile, publicity-hungry Member of Parliament with four full-time members of staff, against a councillor who is less well-known, probably with other commitments and with a fraction of the resources behind them. However, that is a debate for another time.

I agree with those who say we are an overcentralised country. The PACAC report from the other place, published last October, said it all:

“The governance arrangements for England (and the United Kingdom as a whole) are some of the most centralised among democratic countries in the world. The key question this raises is whether decisions are being made in the right place to provide effective government for the people of England. The evidence we received clearly demonstrated that, both practically and democratically, the overly centralised governance arrangements in England are problematic. The balance of decisions is weighted too much to the centre and this leads to suboptimal decisions being made. We found that the dominant reason for continued overcentralisation is a prevalent culture in Whitehall that is unwilling to let go of its existing levers of power”.

More of that in a moment.

I then sat on the Public Services Committee of your Lordship's House, which looked at lessons learned from the pandemic. We concluded as follows:

“COVID-19 has demonstrated that certain key public service functions are best delivered locally. These include the pandemic response of public health systems, the recruitment of volunteers and contact-tracing. To increase the resilience of public services in any future health crises, the Government must give more decision-making responsibility to its partners at the local level”.

I think that is likely to be reinforced by the Covid inquiry.

I can give no better evidence of the culture that PACAC described than the Government's response to a modest amendment of mine to allow local planning authorities to set their own fees for planning applications, in order to cover costs. Against the background of the commitment in the levelling up White Paper to

“usher in a revolution in local democracy”,

I hoped that the Government would be able to accept it. After all, why should the council tax, with all the pressing demands on it, be obliged to subsidise to the tune of several hundred million pounds a year the cost of running planning departments? It is worth quoting the two sentences used to dismiss the amendment:

“having different fees creates inconsistency, more complexity and unfairness for applicants, who could be required to pay different fee levels for the same type of development. Planning fees provide clarity and consistency for local authorities, developers and home owners”.—[*Official Report*, 23/4/23; col. 1003.]

As far as local authorities are concerned, they were actually the ones who sponsored my amendment. As far as developers are concerned, they already have to cope with myriad different local plans and can manage different fees. What they really want are well-resourced planning departments that can process efficiently and quickly the planning applications. One of the reasons for the disappointing housebuilding performance is planning delays, and my amendment would have addressed that.

As for home owners, I do not think they know that planning fees are set centrally, and they are used to local authorities having different charges for libraries, parking, allotments and the rest. I do not think they would mind if fees were set locally, as long as they got a good service. I give that as an example of the reluctance to let go, which we need to address if we are genuinely to decentralise.

I believe that, at the beginning of this Parliament, the Government were interested in devolving more power to local government. We were promised a White Paper on English devolution, but that was subjected to a reverse takeover by the levelling-up agenda and, when it came out, it was not the White Paper on devolution but the White Paper on levelling up. As I have mentioned before, there is an innate tension between devolution and levelling up. Devolution involves delegating decisions down to a low level and disengagement from the centre; levelling up implies more central control to remove inequalities between regions. I am in favour of this as a political objective but I have doubts about it as a slogan—which is possibly why levelling up does not get a mention in the Prime Minister's five oft-repeated commitments.

There is an element of levelling up which successive Governments have ducked for 30 years which would at the same time help give more autonomy to local government by increasing the resilience and relevance of its tax base. Council tax bands are based on property values in 1991. Since then, relative prices have changed significantly: they have gone up six times in London and three times in the north-east. As the noble Lord, Lord Shipley, said, the council tax is currently regressive, both between individuals and between local authorities.

The noble Lord, Lord Campbell-Savours, whom I do not quote often, made this point well in an Oral Question:

“My Lords, how is it possible for a £54 million luxury house in London's Mayfair to have a lower council tax than a former council house on Windebrowe Avenue in Keswick in Cumbria”?—[*Official Report*, 22/7/21; col. 345.]

Revaluing would be the right thing to do, would lead to average bills falling by more than 20% across most of the north and the Midlands, and would be of greater benefit to those on lower incomes.

Next Tuesday, we are to debate Second Reading of the Non-Domestic Rating Bill, which will introduce more regular revaluations for business premises: three years instead of five. Explaining the need for this, the Local Government Minister, Lee Rowley, said:

“We are bringing the administration of the tax up to date, and making the system more responsive to changes in the economy”.

The Financial Secretary to the Treasury echoed the case, saying that

“we are acting, including with more frequent revaluations to make the system fairer and more responsive.”

Does that not beg the question: if three yearly rather than five yearly reviews are right for non-domestic rates, what conceivable reason can there be for leaving domestic rates unvalued for more than 30 years? The longer a decision is postponed, the more difficult it becomes to defend the council tax and put more weight on it. If revaluation is a step too far, the tax could be made more progressive by introducing two upper bands on top of band H, which would avoid the wholesale revaluation that was implied by the noble Lord, Lord Liddle.

That leads me to my next point. Local authorities need more economic freedom if they are to be genuinely accountable. Council tax increases are constrained, as we have heard. There is little freedom from non-domestic rates and most central government grants are ring-fenced. So here is a proposal to give local authorities more freedom, to complement the menu produced by my noble friend Lady Eaton. At the moment, the Government get some £30 billion in fuel duty revenue. That source of income will dry up over the next decade as we move to electric vehicles. The obvious way to recoup the lost revenue from drivers is through road pricing.

Back in 1996, when I was the Secretary of State for Transport, I proposed a pilot scheme whereby the Transport Research Laboratory would test the feasibility of a charge of 1p per mile for motorway use. Clearly, I was a little ahead of my time. Although road pricing featured in a Labour Government White Paper, no progress was made. The 2010 Labour manifesto, probably drafted by the noble Lord, Lord Adonis, said:

“We rule out the introduction of national road pricing in the next Parliament”.

Since then, much has changed. We have in-car telematics and a commitment to phase out fossil fuels, and many drivers are already familiar with congestion charges. Road pricing, making more intelligent use of our roads, is the logical answer. Here is the relevance to today’s debate: local authorities already collect parking charges and congestion charges, which are being introduced by more and more cities. The revenue from road pricing, apart from for motorways, should go to local authorities, complementing the existing schemes. This would give them something they have always lacked—a buoyant, independent source of revenue, making them less dependent on government grants.

It would be churlish in this debate on local democracy to end by criticising the Government for the one decision they have taken to give more power to local government. Last Christmas, in an attempt to head off a Back-Bench rebellion on planning, the Government proposed to make housing targets advisory, not mandatory. It was not part of a considered plan but a response to business managers’ plea to avoid a row. If you want to, you can leave local authorities free to decide how many homes to plan for—no Government have ever done this—but you cannot do that and at the same time have a manifesto commitment to build

300,000 homes a year. As I have repeatedly said in this Chamber, you cannot rely on the good will of local government to deliver the homes the country needs.

As a former MP, I am well aware of the powers of the anti-development lobby, but that is to miss the bigger picture. The bigger threat to my party is that it risks being seen as insensitive to the needs of those who desperately need the country to increase the number of new homes—those renting and sharing with parents—a vulnerability which Keir Starmer is being quick to exploit.

I will support amendments to the LUR Bill to give the other place a chance to think again and reverse that deeply unwise decision.

4.15 pm

Lord Adonis (Lab): My Lords, I follow on immediately from the brilliant speech by the noble Lord, Lord Young, on the subject of housing.

The single biggest failure of local governance—as opposed to local government; and therefore incorporating the role of central government in local administration—in the last 50 years has been the failure to build enough houses and the collapse in public housebuilding over that period. A striking statistic in the *Economist* last week was that, while Britain and France have roughly the same populations, France has 12 million more dwellings—37 million against 25 million. A large part of the reason for that is the collapse in the increase in the number of dwellings in Britain over the last 50 years, which has not been mirrored in other European countries.

The noble Lord referred to the 300,000 figure, which has a kind of mythical status in Britain: under Harold Macmillan in the 1950s, the housebuilding figure was 300,000 a year, but then it was revisited. When you look at the history of housing statistics, the striking thing is that the only period when England—I need to keep the statistics on Scotland separate—built 300,000 units a year was in the late 1960s and early 1970s, when about half of them were built by local authorities.

The noble Lord managed to make my noble friend Lord Liddle seem extremely young by pointing out that he had been on Lambeth Council many years before my noble friend. Of course, that was many years before Ted Knight, when it was held in a different esteem. I had the great privilege of being a 23 year-old member of Oxford City Council, but 15 years after my noble friend. The biggest and most striking difference is that, while he referred to a debate in the 1970s about whether Oxford City Council should build 300 or 400 units of housing a year, by the time I became a member of Oxford City Council in 1987, it was building no units at all. Housebuilding had stopped entirely on the part of the local authority.

There is always a plethora of issues, and the right reverend Prelate mentioned many of them, such as local engagement and how you engage local people more in decisions taken in their neighbourhoods. But if you stand back from the many other issues and look at the big, critical, strategic functions of local authorities and local governments, the one that stands out far and away in its importance is housing. There are clearly three elements to housing which need to be addressed. Again, if you go back to the late 1960s and 1970s,

[LORD ADONIS]

when 300,000 units were consistently being produced each year, about half were directly provided by local government. We need a debate about the extent to which that should start again. The noble Baroness, Lady Eaton, said that local authorities have started building houses again in recent years, but the numbers are tiny compared to the past. This requires radical reallocation of capital budgets and local taxation if that is going to happen—a point I will return to in a moment. I very much hope that the next Labour Government will take a much more dramatic, strategic approach to this.

There was something else striking about the 1960s and 1970s: it was not just that local authorities were big builders of housing on behalf of the state; the state itself was a very big builder of housing, through the new towns. The peak year for the building of housing in Britain since the war, when more than 400,000 units were built, was 1967; but it was also, symbolically and importantly, the last year when a significant new town was designated: Milton Keynes.

Milton Keynes went on to be one of the largest of the new towns; indeed, Milton Keynes has an economy almost as large as the city of Liverpool, which tells you a lot about what has happened to Britain in the last 40 years. From the 1945 Labour Government until the 1980s, the state was itself a major provider and strategic planner of new housing through the setting up of development corporations to build the whole string of new towns that were developed very successfully, most of them in the south of England: Harlow, Stevenage, Crawley and so on. The last one was Milton Keynes.

It is very striking and significant that, at the point the state instructed local authorities to stop building housing, leaving it entirely to the private markets—I regret to say that it was the Government of whom the noble Lord, Lord Young, was a part—the state itself also ceased to engage in housebuilding. I see the two as two sides of the same coin. A state that regarded itself as no longer engaged in the business of housebuilding, stopped designating new towns and stopped being engaged in the strategic development of housing also instructed local authorities to follow the same route. What effectively happened is that the state in the 1980s removed itself entirely from the process of housebuilding—not just from providing social housing, which is important, but from the strategic planning and provision of housing directly through the new towns.

A big subject for a debate—which is worth having—is whether there should be a new generation of new towns. It is not an easy decision to take. It would be in the face of massive resistance from many of the local authorities either adjoining these proposed new towns or of the towns that are proposed to be extended, as was the case with the original new towns after the war. It is also the case that, if it happened, most of them would be in southern England.

It is a debate worth having because it is perfectly possible that a better way of getting the same result is to densify cities and have significant new development there. If that were to happen, it would also involve a big change on the part of the state, because the single

biggest owners of housing in most of the areas you would want to densify are the local authorities. Local authorities have generally been averse to significant densification of their own estates, which are predominantly post-war council housing estates, through the same democratic pressures that have been against development in more rural areas.

The third reason we have difficulty in housebuilding is the regulation of the private sector, which the noble Lord, Lord Young, referred to. That may be in part because of the planning system, although a very large number of planning applications have not been taken up. I think it is also, much more significantly, because of the failure of public/private partnerships. Where the provision of housing has been left entirely to private developers, their only concern has been the margins and yields they can get from those houses. If there had been public/private partnerships—maybe through housing associations in many cases or directly through local authorities in the development of many of the bigger housing projects affecting localities—the local authorities would have more leverage over the private developers to see that they actually deliver on the planning permissions they are seeking. They would also have much more incentive to give the planning applications permission in the first place, because they would be a party to them.

Standing back from all this, we need a revolution in our whole approach to housebuilding over the next generation. Otherwise, a whole generation of young people will not be able to access housing, particularly in London and the south-east, and we will see the disillusionment, which has been growing in recent years over the failure of government to deliver the basic needs of the people, increasing radically.

The fact that there is not even a department of housing at the moment is deeply telling and needs to be changed. One of the biggest and most important changes in the machinery of government that I think the next Government should make is to create a department of housing. All through the post-war period, until the recent past, there has been a department of housing. It was set up as a separate department, splitting from the Department of Health, in 1951. No one would think of putting housing in with health again.

The other big failure of governance affecting local government in the last 50 years has been the complete collapse in the sound system of local finance, which the noble Lord, Lord Young, also referred to. I am afraid that was also a result of misgovernment in the 1980s. The really terrible decision to replace the rating system with a per-head poll tax in 1989 led to a complete collapse in the system of local taxation, and the only reason why the council tax was thought to be an acceptable system was because it succeeded an even less acceptable system of taxation. Those of us of a certain age will remember the chaos and confusion created by the attempts to introduce the council tax in 1989-90, such as attempts to collect a per-head tax of nearly £500 in Hackney, and 20% of that from people who had no income and were on benefits. It was a project of mind-boggling ludicrousness, the only example of which I have seen since was by the next Conservative Government, which did Brexit. We have not recovered

in local governance from the chaos and confusion created by the collapse in the rating system in the 1980s, the chaos and crisis produced by the poll tax and the introduction of the council tax.

The problem with the council tax is not just extremes—which the noble Lord, Lord Campbell-Savours, has made great play of—but averages. It is important to understand the impact that averages have on the council tax. Of the 10 local authorities in England with the lowest council tax, an average council tax at band D of just over £1,000, nine are in London. Of the 10 local authorities with the highest council tax—over £2,000 in all cases—only three are in London and the south-east. All the others are in other regions. At the moment, the poorest regions with the least capacity to raise money are the ones with the highest council tax, and the richest regions with the highest-valued property are the ones with the lowest. If levelling up was going to be anything more than a slogan, the first thing it should have addressed on local governance was the inequity of the council tax; there should have been a radical reform. But, of course, the Government were not prepared to do that.

The noble Lord asked—somewhat disingenuously, I thought, because he is a politician—why we still have 1991 valuations for the council tax. The answer is because no Government have wanted to go through a wholesale revaluation of domestic property since. It has been hard enough to do with business properties, and businesses do not have votes, but with domestic properties it has been very hard. I say good luck to the Government who decide to do a comprehensive revaluation that leads overnight to a systematic increase of 20% or more in council tax bills in London and the south-east.

The only way of dealing with this that will work is radical incremental reform. There has not been enough incremental reform. The Government of whom I was a part introduced one new band on the council tax; as the noble Lord says, there is a strong case for having two additional bands. I would introduce them in successive years, not all in one go. Reform of the council tax to raise more from higher-valued properties, which have grown disproportionately in value since 1991, is a very significant reform. This is the key point: if levelling up is to mean anything, that money should be redistributed directly to authorities in the Midlands and the north. If that were done, there would be a greater degree of equity quite quickly in the council tax system.

In respect of reforming business rates to localise them, it would be a very retrograde step if the localisation of business rates did not maintain a significant measure of equalisation across the country. I think we need to face the reality that, without that equalisation, you will get an even greater disparity in funding across regions.

The other big area that needs to be addressed in respect of local taxation, which the noble Baroness, Lady Eaton, briefly referred to, is devolving other property taxes besides the council tax. It seems to me that the case for devolving those taxes, particularly the large revenue from stamp duty, is unanswerable and would give a very big development incentive to local authorities if they were the recipients of all the benefits of what is essentially a development tax. It might also

enable them to distribute taxation more equally across different heads, because the level of stamp duty is now excessively high and is a big obstacle to people moving houses. It might be that a shift towards council tax, if there were more bands, would be a sensible step in that direction.

Progressively reforming local taxation and making it more equitable is clearly absolutely vital to addressing all the issues raised in this debate. Unless local authorities have greater, equitable access to more funding, they will not be able to address all the other issues that need to be addressed or the crisis in the delivery of many local services.

I hope that when we debate these issues in 30 or 40 years' time, we will not have this massive disparity in housing between Britain and France; we will at last have done something about council tax; we will not still be relying on 1991 valuations for property as the basis of our main local taxation system; and we will have radically addressed the important underlying message of levelling up—the drawing and pulling apart of London and the south-east from the rest of the country.

4.30 pm

Lord Razzall (LD): My Lords, rather like the noble Lord, Lord Liddle, I was attracted to speak in this debate because of my lengthy experience in local government. I was a councillor on the London Borough of Richmond for 24 years and deputy leader for 15 years, although, unlike him, that is the only local authority I served on. There are three other former councillors of that London borough in your Lordships' House: my noble friends Lady Doocey and Lady Hamwee and the current Leader of the House, the noble Lord, Lord True, who cut his teeth as a young member of Richmond Council when we had virtually a one-party Liberal Democrat state in Richmond. That explains why, before he became Leader of the House, he was always very critical about the Liberal Democrats on these Benches.

This has been a good opportunity to look over our history with a number of former councillors here. When I was first elected to Richmond Council in 1974, 80% of the council's revenue came from taxes locally raised both from the rates, as we then called them, and the business rates. By the time I left in 1998, the percentages had completely reversed: only 20% of revenue was locally raised, and 80% came from central government. The result was that, by the end of my time there, and even more so now, the Government interfered, because he who pays the piper calls the tune. As my noble friend Lord Shipley indicated, if money is being paid by the Treasury, it wants to dictate what happens, in an Orwellian sense, in Room 101. Whitehall prevails.

A further effect of the Treasury impact is that, in the years, of which we have had a number recently, when the Government tried to introduce significant cuts in government spending, the easiest thing to do was to give a big slice of it to local authorities, because when you cut local government spending, the resulting cuts in services are blamed not on central government but on the local authority. The Governments of both persuasions spotted that.

[LORD RAZZALL]

In my submission, a generation of hollowing out of local government has had a dramatic effect on our society, in many ways. The noble Lord, Lord Adonis, referred to housing. One of the fundamental reasons why local authority housing has completely disappeared since the time that the noble Lord, Lord Liddle, referred to, is what happened when central government permitted people to buy their council property. The whole idea of that—and I was not against it; most people across the board were not against it—was that you allowed a tenant to buy the property, and that freed up a capital sum that would be used to build new properties. That, however, never happened, and the reason was that the Treasury gave with one hand and took away with the other: capital controls were imposed that meant that local authorities could not use the capital receipts to build new housing. That fundamentally and completely destroyed the programme of building new houses that we all thought the sale of council houses would enable.

The other factor, going into history, was what happened to care in the community. When a number of rather unsatisfactory places—what people used to refer to as lunatic asylums, which then became known as mental hospitals—all closed down, we had what was known as care in the community. People were going to be released into the community, and social services provided by local authorities were going to look after them. That often did not happen because, at the same time, the Government were cutting local government expenditure so local authorities could not properly afford to provide that care in the community. As a result, there were significant complaints to all of us in local authorities as to why X or Y—a drug addict—was sitting next door causing problems. The answer was that there was no money being provided by the local authority because of cuts in the government grant.

This, of course, as various speakers have mentioned, has now morphed into the inability of local authorities to provide day care. Because they cannot afford to provide adequate day care, we have bed-blocking in hospitals, which has a significant impact on the National Health Service.

Your Lordships would not expect me not to refer to the impact on our arts. If you endlessly cut local government, local government is going to endlessly cut the provision of its budget for artistic venues in their areas. I will give just one example. Let us look at a place like Stuttgart in Germany—let us forget about Berlin, which has so much art funded by its local government. The budget in Stuttgart for all the arts provided in Stuttgart, funded by local government in Stuttgart, is greater than the whole of the Arts Council budget in the UK. That tells you what the impact is of endless cuts in local government.

There is also another fundamental effect that has occurred since I first became a councillor, and then left in the late 1990s. That is the quality of people, very often, who are now elected as local authority members. This is not a party-political point: I think it is true across the board, because why would anybody want to be elected these days to sit on a local authority? Often your only job would be to provide cuts in services,

damaging the interests of the people whom you were elected to serve. We have across the board, in this Chamber, a number of very talented people, all across the parties—apart from the DUP, possibly—who have served lengthy time very effectively in local government. I wonder, in 10 or 15 years' time, whether that will be the case because of the quality of people who have been hollowed out in relation to the existing provision of local authorities. I will ask the Minister a fundamental question. We know that this Government, since 2019, have led a massive attack on a number of our key institutions. Let us pick the judiciary, the civil service or the BBC. Do this Tory Government want to add local government to that list?

4.40 pm

Lord Wallace of Saltaire (LD): My Lords, the noble Lord, Lord Adonis, and others made comparisons between Britain and France. That reminds me that, when I first began to be interested in politics as an undergraduate student, people used to joke about how centralised France was, and that the Minister for Education in France could look at his watch and say exactly what was being taught in every French school at 11 am, whereas in Britain we had strong local authorities and a much greater sense of confidence in our democratic institutions than those poor, benighted French people. Things have changed now.

I realised just how much they have changed when I took the director of education of the musical education charity that I used to chair to see the Minister for Schools to discuss some of the innovative efforts we have been undertaking to bring music back to primary schools that have no one with any musical expertise. After nearly a minute, the Minister for Schools interrupted us and began to tell us, at considerable length, exactly how he thought music ought to be taught in all schools in England, and that was the end of it. That would not have happened 30 or 40 years ago—the Department for Education was very much smaller.

The noble Baroness, Lady Eaton, may remember the West Riding Education Authority—a splendid local education authority that had a large staff and a range of experts, including on music, no doubt. This meant that, in the West Riding in those days, you could be proud of the way that education was provided by the local state, with the central state having very little to do with it. That is how far we have gone away from a lively multilevel democracy towards an overcentralised state—though one that does not supply many of the public services that it did then.

We talked about confidence in democracy. I looked at the Office for National Statistics analysis of the most recent OECD cross-country survey of trust in government, which shows that trust in central government in Britain is lower than in almost any other advanced democracy in the OECD. Trust in local government is considerably higher than in central government, in spite of everything that local government is no longer able to do, but it is also a good deal lower than trust in local government in our counterparts across the channel. Incidentally, for those in the Conservative Government who deeply mistrust the courts and the Civil Service, trust in the Civil Service is almost twice as high as it is in central government, and trust in the judiciary is way

above that, so attacks on the Supreme Court, et cetera, seem to be out of whack with what the will of the people is alleged to be.

As an undergraduate, I was taught that all politics starts with the local, which is where most of our citizens learn about how politics affects them. National politics looks like a rather distant game, which is part of the problem of the loss of trust that we have in British politics. Sadly, declining turnout in local elections shows that the public do not see local government as central to their lives and recognise that central government calls the shots.

This Government do not trust local government, and we heard from the noble Lord, Lord Liddle, that the Blair and Brown Governments did not trust it either. Successive Governments have tinkered with structures and reorganisation, imposing mayors on places that did not want them and forcing through single-tier structures in Somerset, Cumbria and North Yorkshire, while permitting two-tier structures to continue elsewhere, including across London, the only part of England that has, in effect, a regional government. Conditional funding by central government is used as a lever to strike what are called devolution deals, and recently even to require competitive bids for little pots of funding in what is supposed to be levelling up.

The structure of local government across England is an incoherent mess. London has two tiers, with a regional mayor and second-tier local councils. Metropolitan regions have metro mayors and metropolitan combined authorities, with large unitary authorities now sharing their authority. In the eastern counties, we have county councils and districts councils, although in the north and the south-west these are being dismantled and single-tier authorities are thought to be the only thing you can have. Michael Gove now wants to extend to county combined authorities, with semi-regional mayors imposed upon them.

I find what has happened recently in North Yorkshire the most appalling, and when I heard someone assure me that no councillor in North Yorkshire would need more than two hours to drive from the ward they represent to council meetings, it showed me just how far we have gone. Decent places such as Harrogate, Scarborough, Richmond and Craven, which had working district authorities and which represented real places, have been dismantled and they are now trying to set up very large town councils for them. We have the prospect of a mayor, somehow, for North Yorkshire and, incidentally, one for East Yorkshire. That is the effective destruction of local government and I really do not understand the rationale for it.

In West Yorkshire, we have the absurdity of Leeds and Bradford having councilors elected in wards which in some cases have over 20,000 electors—Headingley in Leeds has nearly 24,000 voters. It is virtually impossible for a councillor to get to know his or her voters in every village and street in the way that local government used to link politics with people. My friend, the noble Baroness, Lady Eaton—she is a very good friend of mine and was an excellent leader of Bradford Council—has represented a rural ward with over 15,000 voters. It has four distinct villages at some distance from each other, as well as several smaller settlements. That is not really local, however local a councillor tries to be.

How we revive and reconstruct local government is a real problem. My noble friend Lady Scott talked about town councils, and we are conscious that in West Yorkshire it is, on the whole, the prosperous and middle-class areas with the most graduates that have the town councils. It is Ilkley and Shipley; it is not the inner-city wards in Bradford, which really need them in order to get people involved again. If we are going to promote town councils as part of the answer to the disconnect between ordinary people and politics, we are going to have to put some real effort into providing support for setting up town councils in those areas.

The incoherence of our current structure is shown in the contrast with Cambridgeshire, which has a county council and several districts. In the Fenland District Council county councillors represent wards of 8,000 to 10,000 voters and district councillors 1,500 to 3,000 voters. That is rather more local and representative. It reminds me of my daughter's godmother, who accidentally got herself elected in Hertfordshire on one occasion because, when asked to stand as a paper candidate, she said, as a good conscientious Baptist, "This really was a little bit of a cheek, William, because I had only lived there for three years, so I thought at least I want to go round and introduce myself to people". You can get yourself elected in a ward of 2,000 to 3,000 people such as that; you cannot do it if you have 15,000 people.

As a result, MPs now find themselves spending more time on constituency surgery matters because people understand who their MP is and take their local issues to them, leaving the business of parliamentary scrutiny to the Lords, which is why we are so much busier than when I first entered this House. It is all deeply dysfunctional, and leaves our citizen electors increasingly dissatisfied with democratic politics as such. Then we have police and crime commissioners and other aspects which make it even more incoherent.

The conviction that central government knows best even when local expertise is essential to resolving a challenge, as the noble Lord, Lord Young, remarked, was best shown when Covid came. Public health officers should have been key to the response—they knew what needed to be done on the ground and where facilities should be provided—instead of which, central government outsourced the original arrangements to two multinational companies, one of which was headquartered in Miami. That is how far we have slipped away from understanding that politics on the ground—government on the ground—needs people familiar with local circumstances. As has been said, the same is true of apprenticeships, further education and how we deal with children in care.

There has been a great deal of discussion about councils losing funding and powers, and what we do about the tax base. We all recognise that council tax is not at all the answer. I can speak with particular passion on this, having had two houses for 40 years, one in the Bradford district and one in Wandsworth. In most of those years I have paid more council tax in Bradford than in Wandsworth, in spite of an absurd difference in value between the two houses. That is an example of a tax that is illogical and desperately in need of reform. As the noble Lord, Lord Young, remarked, we need to find a wider tax base but we also

[LORD WALLACE OF SALTAIRE]

need to recognise that fiscal redistribution—what the Germans call *Finanzausgleich*—is absolutely important if we are to redress the very damaging regional inequalities between the prosperous south-east and the north of England.

Dehenna Davison, when speaking to the Northern Research Group conference last week, defined devolution as:

“Give more cash and get out of the way”.

But central government is not going to give more cash and get out of the way. We know that—we have seen that—so we have to find some way of having a negotiation process whereby we redistribute central government money but also find a wider tax base from which local government can draw.

Incidentally, I say to the noble Baroness, Lady Eaton, and others that by far the most important thing for me in the Northern Research Group conference last week was the chairman, John Stevenson, saying that the north should stop talking about improving transport links. Instead it should say, “What we need in the north is the Charles line”—the trans-Pennine link renamed—because that makes it sound like the obvious equivalent of the Elizabeth line, and that is the way we have to pitch our arguments.

Where shall we go from here? The PACAC report has not received as much attention as it deserved. *Governing England* sets out the arguments for a statutory cross-party commission on the future structure and powers of England’s government. It needs to be cross-party because we all know that once we have one Government setting something up, the next Government are bound to change the structure. As far as we can, we need to get a degree of consensus about a structure for local government that is both coherent and stable for a change, and will last for 20 or more years. We also need shared assumptions on what the reform of the tax base would be.

I regret that my party and the Labour Party did not respond fully to that report—we did not pay as much attention to it as we should have—and I regret that the Government’s response to that report has not been particularly generous either. After the next election, a reform of the way in which the governance of England is conducted at all levels is a vital part of what any new Government must be. If we want to regain trust in politics and re-engage some of our citizens more, that is part of how we do it. Let us all recognise that we face a situation of deep popular disengagement and disillusionment with the democratic politics we have in this country.

4.55 pm

Baroness Hayman of Ullock (Lab): My Lords, I start by thanking the noble Lord, Lord Shipley, for introducing this important debate. There is much that we need to discuss around the future of local government. I would also like to make the point—and I feel this in many debates I take part in—that Members of this House and the other place who have been in local government bring an important and different perspective to our debates. It is important that we listen carefully to what has been said.

One of the things that has come out strongly from this debate is the fact that councils touch people’s lives every day. It is the councillors who experience at first hand how national and even international pressures impact on local communities. At one extreme they have arranged accommodation for refugees fleeing Ukraine, for example, and they have to support residents through the cost of living crisis that we have been facing. But it is also important that local government is fundamentally very different from central government. There is a more direct line to residents, listening more closely to their wishes, which need local decision-making.

One thing we have heard a lot in the debate from a number of noble Lords is the PACAC inquiry into the different initiatives the Government have introduced on devolving power locally in England. The report, *Governing England*, concluded, as we know, that there needs to be urgent and significant reform of the way in which England is governed. It came up with a number of areas of concern that noble Lords have talked about today. One was that current local government structures were too complex and created a confusing and opaque system. I have concerns that the Levelling-up and Regeneration Bill may well add to that complexity. This is something we need to think carefully about. We need to ensure that local people understand where responsibility and accountability lie for decisions that are made. When I was a Member of Parliament, I was often asked to get my councillors into order. People genuinely get confused about responsibility and where reporting lies.

The noble Lord, Lord Shipley, began by saying that England and the UK as a whole are overly centralised compared with other democratic countries around the world. Again, that has come through time and again in today’s debate. PACAC argued that this was the result of

“a prevalent culture in Whitehall that is unwilling to let go of its existing levers of power”.

The noble Lord, Lord Young, gave some very good examples of its reluctance to let go. It would be interesting to know whether the Minister agrees with that analysis.

We know that devolution to local leaders of real, genuine power, backed by sustainable resources and funding, is the most efficient and effective way to address the current fiscal crisis and secure a path to long-term prosperity. I was very pleased to hear the comments of my noble friend Lord Liddle on this, and I fondly remember our days together on Cumbria County Council.

Research that the LGA has commissioned on fiscal devolution clearly shows that the UK is an international outlier with the most fiscally centralised systems in the developed world. In addition, the Institute for Public Policy Research shows that countries with a greater level of devolution experience lower levels of regional inequality. The Institute for Government has also argued that there should be further devolution of responsibility to local councils. Last month it wrote a report called *How Can Devolution Deliver Regional Growth in England?*, which argued that councils should have greater responsibility for transport, skills and planning to better support growth in their areas. My

noble friend Lord Adonis gave housebuilding in the 1960s as an example of exactly how councils can push forward things that local areas need.

The report also said that the Government really need to simplify the funding system. We have heard a lot about the reasons why that has to be. The current funding arrangements for local government are simply ineffective. The system by which local authorities pit themselves against each other, bidding for separate pots of money, is not just a waste of local resources; it means that the money does not necessarily go to where it is needed. The Government need to commit to ending this system. I have asked about this a number of times. We also debated it at some length on the levelling-up Bill, and I imagine we will continue to do so.

The point is that councils have the potential to identify and address the challenges that matter most to people and their local communities, but they will achieve this only if the relationship between national and local government can be reset to allow for more local determination. Will the Minister ask his department to consider accelerating work to genuinely devolve both legal and fiscal powers to local government so that we have long-term, sustainable funding arrangements? The way we are moving at the moment simply does not allow local government to deliver properly and effectively for local communities.

I also ask the Minister: when are we likely to hear from the Government about the outcomes of the fair funding review, so that local authorities can benefit from more equitable distribution of income right across the country? Surely, if the Government have any chance of delivering on their ambitious levelling-up agenda, we have to have the outcome of the fair funding review so that we can make sure that local authorities have the money to deliver on what the Government will be asking them to do.

I will mention the comments made by the noble Lord, Lord Razzall. He talked about the cuts a lot. Again, it is important that we put that in context, but I was very pleased that he talked about the cuts to the arts, because we really do not hear about that enough. They are an extremely important part of our local communities.

I also mention the abolition of the Audit Commission, which the noble Lord, Lord Shipley, mentioned. The Society of County Treasurers has produced a chart that shows that over 83% of council audits for 2021-22 have not yet been signed off. In other words, the private sector has comprehensively failed to provide effective audit services for local government and for the public it serves. How do the Government intend to address this serious issue?

Something else that was discussed and which should be of great concern to us all is the fact that people are increasingly feeling that political and social change is simply not possible and will not happen. We heard that people are being dissuaded from participating in politics in the first place because they doubt the effectiveness of democratic politics to actually enact change. This is not good for the health of our democracy.

The noble Lord, Lord Wallace, talked about the importance of trust, and the difference between trust in local and national government. I looked up the

figures: 27% trust central government and 55% trust local government. If you then look at government research on community life, you see that less than one-third of citizens engage in civic participation and only about one-quarter believe they can personally influence decisions in their local area. That is quite a serious statement to have to read out. If we were better at devolution, people would feel that they had more control and then, I hope, would participate more and earlier in the kinds of schemes mentioned by the right reverend Prelate.

Councils are going to thrive only when barriers to engagement are removed. We have heard about turnout at local elections. The average turnout for stand-alone local elections is around 34%, with local election registers being only 83% complete and only 89% accurate when they were last assessed back in 2018. These points were made very strongly by the right reverend Prelate the Bishop of Durham—the importance of people voting and taking part in that local democratic act.

The noble Baroness, Lady Scott, talked about the importance of community power and parish and town councils. Again, if there was more influence there and more ability to support local communities, perhaps people would feel more of an urge to vote in their district council unitary authority elections.

We think that improving registration levels and encouraging citizens to vote in all elections is a first step to reinvigorating local democracy. But we also know that when the Electoral Commission did a review of electoral registration recently, it found evidence that the new canvass process is not fully picking up population movement and that the number of people being registered has been falling since the introduction of individual electoral registration in 2014. So I ask the Minister: have the Government picked up that report? Are they going to look at how registration, particularly when people are moving around the country, can be improved?

On this matter, the LGA has recommended a number of things that the Government could consider. First, it suggests that the process of registration could be reviewed from end to end, including a realistic assessment of the cost, as well as a consideration of what further data could be used in the annual canvass to better identify those who move around regularly; for example, you could tie it in with the renewal of driving licences or passports or the issuing of national insurance numbers—there are ways these things can be pulled together. I see the noble Lord, Lord True, here. We discussed much of this during the Elections Act.

It is important that the Government act on the Electoral Commission review of the annual canvass process, due to be published in September this year. I urge the Government to look very carefully at that report when it comes out, because it may be extremely helpful in dealing with some of the issues that have been raised today.

We have heard how councillors are a vital part of local democracy, representing the needs of their residents and working to improve outcomes for their local communities. But good decision-making also needs people who reflect their local communities—the range of experiences, backgrounds and insights. But, by law, councillors now have to attend council meetings in

[BARONESS HAYMAN OF ULLOCK]

person. One thing we discovered during the pandemic was that Zoom and Teams were actually very useful in bringing people together and ensuring that connections and meetings still happened.

We debated in Committee on the levelling-up Bill the benefits of continuing to allow virtual attendance at council meetings, which of course was stopped by the Government. This had a lot of support. It supports a range of people—such as parents of young children, carers and disabled people—and enables them to come forward and represent their communities, encouraging wider public participation as well. On the basis that the Government should really be lowering barriers to participation, why on earth can we not have as an option virtual participation in council meetings? Councils should have the flexibility to decide for themselves whether or not this is a useful tool for them to use.

In conclusion, I thank the noble Baroness, Lady Eaton, for the considerable expertise and experience in her speech. She made the important point that this is a pivotal moment. I think one of the reasons for that is that the Levelling-up Bill provides us with an opportunity.

Local government underpins the whole levelling-up agenda, so it is important that the noble Lord takes back to his department, and to the Department for Levelling Up, Housing and Communities, the concerns raised in this debate, and asks the Government to work with local authorities so that they have the powers and resources they need to deliver the Government's ambitions on levelling up. It needs to be much more than just a slogan. Finally, I congratulate Shaun Davies on his appointment and I am sure we all wish him well.

5.10 pm

Lord Evans of Rainow (Con): My Lords, your Lordships may have noticed that at Questions I paid tribute to the noble Lord, Lord Kennedy, for his service over many years as a councillor. Indeed, I pay tribute to all of your Lordships because I have really enjoyed the speeches. Former leaders have also paid tribute to my noble friend Lady Eaton for the work she did on Bradford Borough Council.

I was particularly interested to hear the noble Lord, Lord Shipley, talk about the Barnett formula. I have to declare an interest: when I was a councillor in Cheshire, people used to ask me about that formula and I had to read up on it. I had to work out how to explain the Barnett formula and why the good citizens of Cheshire were £2,000 per head poorer than those in Scotland. I still find that hard to explain, as many of your Lordships have said they did.

As I said, I was a local authority councillor. I was persuaded by my local councillor, who introduced me to politics but sadly died of cancer; he said that I should stand, in 2000, when my party was not in power, and so I stood. My chances were apparently slim, and the Liberal Democrats fancied their chances of taking a Macclesfield constituency, while the Labour Party candidate was doing a really good job. I always remember that, at the count at Macclesfield sports centre, there were the two candidates who thought they were going to win—the Liberal Democrat and

the Labour candidate—and me, the unknown outsider. I came in and polled more votes than those candidates put together.

What has come through in the debate, and it is important, is that if you have a local authority background you have a feel for the citizens of this country. I know West Yorkshire and the areas that the noble Lord was talking about but less so those in London. There is a difference between rural and metropolitan areas. My experience was of being on a town council. I was elected to a borough council and told not to go for the parish council, as in the point made by the noble Baroness, Lady Scott: “Don’t go for the parish council, go for the borough council”. We also had a Cheshire County Council, so it was a bit like that sketch in which borough councillors looked up to county councillors but looked down on parish councillors. I was not having any of that.

They were a plucky bunch on Bollington Town Council, because when they realised that I was not standing to be a parish councillor they voted unanimously to co-opt me. They caught me out, and I ended up having 10 years on the parish council in Bollington and 10 years on Macclesfield Borough Council. Then Hazel Blears, God bless her, introduced unitaries, so I now live within Cheshire East Council. As many of your Lordships are, I am steeped in local government. Being a councillor helped me as a Member of Parliament in the Commons; the noble Baroness said something similar.

The noble Baroness, Lady Scott, talked about how people do not think that those on parish councils are interested. I can assure your Lordships that, in my experience, the parish councils in my part of the world are very vibrant. They work well with the unitary council and seem to have a lot of flexibility. It is a wonderful place to live, work and bring up a family. It is not called “Happy Valley” for no reason at all. If you look up Bollington Town Council, you will see that it is a very special place.

The noble Lord, Lord Liddle, mentioned that his grandfather was a miner, a councillor and a JP. The wonderful former chairmen of the town council were all, I noticed, JPs until about the 1960s. I also pay tribute to my noble friend Lord Young of Cookham. I have learned a lot about his good self and the work that he did as a councillor in London.

The noble Lord, Lord Shipley, is right, and he speaks from experience, in his argument for why devolution is so essential for a flourishing local democracy. Devolution is at the heart of the Government's plans for economic growth and to level up the whole country. Indeed, the levelling-up White Paper made explicit the need for empowered, devolved local leadership. It set out, for the first time since the emergence of mayoral combined authorities in 2014, a clear menu of options available for places seeking to draw down, and take more control over, a range of powers and functions in local areas.

The Government's overall approach to supporting local growth has put local institutions at the heart of decision-making, whether through the £2.6 billion UK shared prosperity fund, the £4.8 billion levelling up fund or the £150 million community ownership fund, to name just a few. In my own community of Cheshire

East, this has empowered local leaders to spend £49 million through the UK shared prosperity fund, the future high streets fund and the towns fund on projects that are identified and led locally.

All that is alongside the overall increase to local government budgets. The final local government finance settlement for 2023-24 makes available up to £59 billion for local government in England, an increase in core spending power of up to £5 billion—9.4% in cash terms—on 2022-23. This boost in funding demonstrates how the Government stand behind councils up and down the country.

Devolution goes further and enables communities and their elected leaders to use their local knowledge to fix the problems that they face and harness opportunities unique to local places. Crucially, it maintains the core principle of a thriving local democracy: the right of residents to judge how well their representatives and leaders are doing at the ballot box.

There are many different approaches to devolving power. Scotland, Wales, Northern Ireland and London all have their own models. As the noble Lord will no doubt remember from his time with Newcastle City Council, the top-down approach was tried; the north-east was given the opportunity to vote for a regional assembly, which it rejected in 2004.

The truth is that there is not a one-size-fits-all approach to devolution in England. Devolution must be locally led, rather than top-down and imposed by the Government. Through our devolution framework and process of devolution deals, we work hand in glove with existing local government to agree the right model for governance in their regions. Instead of creating a conflicting or purely additional tier of governance, this process establishes combined authorities that are made up of constituent local authorities in the area. They are the combined authority's constituent members.

As constituent members, the local authorities have a seat at the combined authority's table. They not only consent to devolution but continue to play a role in how devolution works in that area. That includes the requirement that they, alongside the Secretary of State and Parliament, must consent to any further devolution in their area. This is devolution to empower local government, working with existing local government structures for the benefit of residents.

The work of our existing combined authorities and mayors demonstrates how devolution can play an incredibly powerful role in driving economic growth, improving public services and giving local areas a real voice on the national stage. For example, in the Tees Valley, the mayor, Ben Houchen, has worked with business to trial new approaches to sustainable transport with an e-scooter trial, with free e-scooter rides for the NHS, the Armed Forces and emergency services.

At the height of the pandemic, Steve Rotheram set up LCR Cares to raise money for community and voluntary organisations in Liverpool City Region. They raised more than £2 million. Research funded by the Health Foundation found that Greater Manchester had better life expectancy than expected after devolution, particularly in the areas with the highest income deprivation and lowest life expectancy. That is levelling-up

in action. Those are just a few examples of the powerful role of mayors and how they help to create greater convening power to deliver place-based programmes.

As a result of these successes, we have been determined to roll out devolution further to places that believe it will benefit their businesses, communities and residents. We set ourselves a mission that by 2030 every part of England that wants one will have a devolution deal, with powers at or approaching the highest level of devolution and with a simplified, long-term funding settlement.

Significant progress has already been made. The Government signed five mayoral deals with areas last year. This takes the proportion of England now covered by a devolution deal to above half for the first time, up from 41% in 2021. It also means that almost 75% of the population in the north is now covered by a devolution deal, providing greater opportunities to help level up those regions.

These new deals will see more than £3.6 billion invested over a period of 30 years and mean that more than 5.8 million more people can directly elect a mayor or leader to represent them in the future. Once elected, these deals will give the directly elected mayors or leaders and their combined authorities greater local control over crucial levers of economic growth and public service, such as transport, infrastructure and skills.

Our devolution journey will not simply conclude with the successes of last year; the Government are committed to rolling out devolution across England. We are particularly interested in exploring opportunities for devolution deals that will empower local leaders and communities where places want a directly elected leader, such as a mayor, across the devolved area. This additional layer of accountability and leadership is necessary to secure the highest level of powers and responsibilities. Indeed, those single, accountable, elected leaders act as an ongoing champion for those regions. That is why, alongside extending devolution to new places, the Government continue to work with existing mayors and combined authorities to push the frontier of devolution.

In the levelling-up White Paper, the Government committed to deepen the devolution settlements of the most mature institutions, to support them in delivering further benefits for local residents. We are delivering on this commitment. Alongside the Spring Statement in March, the Government announced the trailblazer deeper devolution deals with the Greater Manchester and West Midlands combined authorities. These deals included commitments to a single department-style settlement which will give the Greater Manchester and West Midlands combined authorities the flexibility and autonomy they need to deliver for their areas.

Single settlements represent an ambitious step on the road to greater simplification of the funding that GMCA and WMCA receive from central government. The Government's ambition is to roll this model out to all areas in England with a devolution deal and a directly elected leader over time. These trailblazers will act as a blueprint for deepening devolution elsewhere in England. We will begin talks with other institutions on deeper devolution this year. The Government will set out more plans for those talks soon.

[LORD EVANS OF RAINOW]

The noble Lord will know from his time in local government, and in this place, that power cannot be passed without clear accountability. That too is crucial for effective and transparent local democracy and is why a crucial part of our work to bring decision-making closer to the people is developing a strong accountability framework. The Government published the *English Devolution Accountability Framework* in March this year. This sets out how areas with devolution deals will be scrutinised and held to account through local scrutiny by the public and by the Government. The accountability framework will empower local residents and provide them with confidence that devolution is leading to developments in their area. We also published new scrutiny arrangements for the trailblazer deals, to match the ambition of the powers agreed with Mayors Andy Street and Andy Burnham. This includes a model for assurance to cover the new single departmental-style funding settlement.

With great devolved power comes great responsibility. We have agreed with local government mechanisms to ensure that local leaders and institutions are transparent and accountable, work closely with local businesses, seek the best value for taxpayers' money and maintain strong ethical standards.

The Lord Bishop of Durham: Will those accountability agreements also be in reverse? In my experience with the high streets fund and the stronger towns fund, a lot of the delays happened at the central government end and there has then been no flex at the local end, so we have lost 18 months' delivery time. Accountability must be both ways.

Lord Evans of Rainow (Con): I agree with the right reverend Prelate that accountability is at both ends. In my experience, if there is good local leadership in the local authority that can communicate well with the government departments, it can help things, but he raises a very important point and if we can avoid those delays, working both ways is exactly the way to do it.

The noble Baroness, Lady Hayman, asked a couple of questions on local government structures. The *English Devolution Accountability Framework*, published in March, sets out how areas with devolution deals will be scrutinised and held to account through local scrutiny by the public and by the Government.

Through its accountability framework, the Government have committed to review how current scrutiny and accountability arrangements in London are operating in practice, exploring the strengths and challenges of the capital's devolution settlement, and how the Greater London Authority works with London's boroughs. This will be aimed at sharing best practice, learning lessons for other mayoral authorities and considering how current scrutiny arrangements may need to evolve over time.

I will also mention the abolition of the Audit Commission. We are establishing the Office for Local Government, a new data-focused performance body for local government which will increase transparency of local government performance and improve the accountability of performance across the local government sector. There is a need to have the appropriate checks

and balances in the system; Oflog will support others to interpret performance data and take action on it, particularly where the data shows early warning signs of failure.

Baroness Hayman of Ullock (Lab): Is the intention that Oflog will do the financial audit?

Lord Evans of Rainow (Con): That is the case. In conclusion, we recognise the importance of local democracy, and that devolution is essential for flourishing local democracy. Devolution is a process, not a moment, and the country continues to see the model evolve and the benefits it brings. I thank again the noble Lord, Lord Shipley, for bringing forward this debate, and all noble Lords for their contributions today and their service as councillors. I look forward to continuing our discussions on local government in England as we continue our efforts to put power in the hands of local people.

The Lord Bishop of Durham: I apologise, but I did ask a specific question about the use of citizens' assemblies, which the noble Lord, Lord Young of Cookham, was kind enough to support. I wonder if the Minister would like to comment.

Lord Evans of Rainow (Con): Do forgive me. I do not have a specific answer, but from my experience I can confirm that citizens' assemblies certainly have a role to play in communities, together with strong parish, local and unitary councils. If the right reverend Prelate would like me to write to him confirming that, I can certainly do so.

5.27 pm

Lord Shipley (LD): My Lords, I would like to thank the Minister for his reply, and all those who have taken part in this debate. In one sense, it has been a trip down memory lane, as we compare our own experiences and how much those have changed over the last two or three decades. It has been important for me, because it has demonstrated how much can change in a relatively short period.

I hope that there will be a constitutional commission of some kind. If there is, today's debate, recorded in *Hansard*, could form the basis of its first paper. Quite soon there will be a general election. Political parties are writing manifestoes. The only way to effect change in this constitutional area is through cross-party working. That has been generally agreed across the Chamber, but it is important. As I keep saying, you cannot run 56 million people in England out of London.

I thank everyone for taking part. The noble Baroness, Lady Hayman, reminded us about local audit. There is an issue about what Oflog's role will be. We might want to pursue over the next two or three weeks the timing of Oflog and its exact terms of reference. I had not thought that its work would be similar to that of the Audit Commission, but I was thinking of the problems that have arisen which are very short term—of stopping things from going wrong as they are about to go wrong, rather than of something a year or two after the event, when you are reviewing an audit.

Motion agreed.

Personal Statement

5.29 pm

Lord Coaker (Lab): My Lords, I am sorry to delay the House for a few seconds. I repeat what I have declared in the *Register of Lords' Interests*: that I am a trustee of the Human Trafficking Foundation and that I do some work for the Rights Lab at Nottingham

University. I say this for the avoidance of doubt, given the number of times that we have discussed trafficking and all the associated issues during the passage of the Illegal Migration Bill. I apologise if I should have declared this before, but I have declared it on a number of occasions. I hope that this is satisfactory to your Lordships.

House adjourned at 5.30 pm.

Grand Committee

Thursday 15 June 2023

Amendments of the Law (Resolution of Silicon Valley Bank UK Limited) (No. 2) Order 2023

Considered in Grand Committee

1 pm

*Moved by **Baroness Penn***

That the Grand Committee do consider the Amendments of the Law (Resolution of Silicon Valley Bank UK Limited) (No. 2) Order 2023.

The Parliamentary Secretary, HM Treasury (Baroness Penn) (Con): My Lords, as the Committee will be aware, Silicon Valley Bank UK Ltd—SVB UK—was sold on Monday 13 March to HSBC. The aim of this sale was to ensure that customers of SVB UK could access their deposits and banking services as normal; to limit risks to our tech and life sciences sector; and to safeguard some of the UK’s most promising companies.

We have achieved these outcomes—the best possible—in short order, without any taxpayer money or government guarantees. There has been no bailout, with SVB UK sold to a private sector purchaser. This solution is a win for taxpayers, customers and the banking system. The IMF has said that the UK’s response to SVB UK restored market confidence and contributed to the UK’s upgraded growth forecast. It now expects the UK to avoid a recession this year.

On Monday 13 March, the Economic Secretary to the Treasury laid in both Houses a statutory instrument, using the powers under the Banking Act 2009, to facilitate the sale of SVB UK to HSBC. That instrument has now been approved by both Houses. It granted HSBC’s ring-fenced bank an exemption so that it could provide liquidity on non-arm’s-length terms to SVB UK on an ongoing basis. This was needed to facilitate the sale of SVB UK to HSBC, because it ensured that HSBC was able to provide the necessary funds—over £2 billion in the immediate days after—to its new subsidiary. The exemption also ensures that HSBC UK can provide liquidity to SVB UK as needed.

The Economic Secretary to the Treasury has now laid this second statutory instrument, which we are debating today, to provide an ongoing exemption from ring-fencing requirements for SVB UK, beyond the existing four-year transition period. This exemption is subject to conditions relating to the size of SVB UK’s core deposits, and the type of business it can undertake.

The first condition is intended to ensure that SVB UK, or its subsidiaries, will not be able to hold core deposits—typically, retail and SME deposits—above the existing core deposits threshold in the ring-fencing regime; that is, £25 billion. The threshold is used to determine whether a bank becomes subject to the ring-fencing regime. The second and third conditions are intended to ensure that SVB UK, or its subsidiaries, will be allowed to undertake only new business activities similar to SVB UK’s existing business at the time of the acquisition by HSBC.

These conditions are intended to ensure that the exemptions from the regime are limited to what was needed to facilitate the sale of SVB UK. Together, they minimise risks to financial stability and limit any competitive distortion.

Indeed, Sam Woods, deputy governor for prudential regulation and chief executive of the Prudential Regulation Authority, has confirmed the PRA’s support for the provisions in this instrument in a letter which the EST has laid in the Libraries of both Houses and which I sent to those who spoke in the debate on the first SI relating to SVB. It states that

“the statutory instrument and its conditions supports the PRA’s primary statutory objective of safety and soundness, and limits competitive distortion”.

The letter also confirms that the PRA has a range of tools to ensure the effective supervision of HSBC and SVB UK.

This amendment, along with the previous exemption, was crucial to the purchase of SVB UK by HSBC and protected taxpayers and depositors. The UK has a world-leading tech sector, with a dynamic start-up and scale-up ecosystem, and the Government are pleased that a private sector purchaser was found. I hope noble Lords will join me in supporting this legislation. I beg to move.

Lord Davies of Brixton (Lab): My Lords, I support the order, but it raises some issues that bear significant further thought. The exemption from the ring-fencing requirement is clearly an issue, so it was discussed in the Chamber earlier in the week. The Government have said that ring-fencing is a key part of their package of banking reforms designed to increase the stability of the UK financial system and prevent the costs of failing banks falling on taxpayers—this was following the financial crisis. Clearly, it is important, and any decision to have some exemption needs careful consideration. I shall not deal with the issue in detail; I heard what the noble Baroness, Lady Kramer, said about it in the Chamber earlier in the week, so I can say in anticipation that I very much agree with her remarks.

I want to say something about the resolution process and what we learned about it during this episode. The Bank of England is responsible for taking action to manage the failure of financial institutions—the process known as resolution. The Bank said that the financial system needs an effective resolution framework, and that was one of the key lessons from the global financial crisis of 2008. Resolution reduces the risk to depositors, the financial system as a whole and the public finances which could arise following the failure of a bank. The object of resolution is to reduce the risk of bank failure as well as to limit its impact when it occurs. To be effective, a resolution authority needs powers that ensure that any losses will fall on a failed bank’s investors but without risk to financial stability or to the broader economy.

To achieve those objectives, the Bank has powers that affect the contractual rights of counterparties and investors in the failed firm, so there have to be statutory safeguards for creditors and counterparties. The requirement in general is that shareholders and creditors must absorb losses before public funds can

[LORD DAVIES OF BRIXTON]

be used. The Bank has a range of powers to enforce insolvency, which was the initial expectation in this case, or to transfer all or part of a firm's business either to a private sector purchaser or to a temporary bridge bank established by the Bank pending a sale or transfer.

At the point of failure, Silicon Valley Bank UK had a total balance sheet size of about £8.8 billion and a deposit base of approximately £6.7 billion—that is, assets greater than liabilities to depositors. In that sense, it was solvent. However, the scale of the deterioration of liquidity and confidence meant that the Bank and the Prudential Regulatory Authority—PRA—concluded that the position was not recoverable. It is what the Governor of the Bank of England has described as “banking 101”.

Having consulted the Treasury, the PRA and the Financial Conduct Authority—the FCA—the Bank of England decided ultimately to use its resolution powers to transfer the bank to a private purchaser. My question for the Minister is: what lessons have the Government learned from this episode about the resolution process? The process is relatively new and untested, which means that each example must be explored in detail. The idea of testing the resolution regime is of course problematic; you would not want to test your home insurance by burning down your house, so we have to learn where we can.

Now, getting to the crux of what I am talking about, the example was discussed at the meeting that the House's Economic Affairs Select Committee had with the Governor of the Bank of England on Tuesday, which I attended. Unfortunately, we do not yet have the official transcript, so I cannot quote what the governor said, but I can give the Committee my impressions of what issues need to be explored based on what was said at the meeting.

The first issue is whether the resolution regime worked. Was there a clear and predictable set of rules upon which depositors could rely or was it, in practice, totally ad hoc? It may be that what worked was the right approach in the circumstances, but we need to be clear about that. The governor appeared simply to rule out certain approaches—for example, a bridge bank—largely, it would seem, because of the impact on the public purse. Manifestly, the wish to avoid splitting the assets and liabilities led to the decision to break the ring-fence.

Another thing that was clear is that resolution is inevitably an intensely political process. When the bank said it consulted HMT, it certainly was not just officials. Certainly, the Chancellor but also the Prime Minister were involved in what in banking terms does not really count as a large institution but that on the face of it had wider financial implications. I do not want to downplay the significance of the event. It appeared that at one stage of the process it was suggested that a failure to resolve the matter satisfactorily would “really set back curing disease”—so no pressure.

Finally, the underlying question is whether we are heading in the direction that means that it will, in practice, never be acceptable to impose losses on uninsured deposits. We must remember that in this case the deposits were generally commercial, not personal, deposits.

These issues are being discussed, and there is ongoing discussion about a digital currency, but it would be best if they were discussed clearly, openly and together.

Baroness Kramer (LD): My Lords, I am delighted to follow the noble Lord, Lord Davies of Brixton. I am very glad that he has had an expanded discussion of resolution. I will refer to that very briefly in what I have to say.

I have a lot of questions for the Minister on this area. She will not be surprised by them because I and others had questions in March when we debated the SI that provided the temporary exclusion of HSBC from the ring-fencing provisions. This time we are looking at a permanent exclusion.

First, let us look at this permanent exclusion. A few moments ago, the Minister said that there are constraints and conditions. Indeed, when we discussed the first SI she led us to believe, I do not think with any ill intent, that when we saw the SI including the permanent exclusion we would find constraints and conditions on either the activities of Silicon Valley Bank UK or the ability of HSBC to transfer unlimited funds to it, in a way that would give us reassurance that this was a very limited busting of the ring-fence, not something with fundamental implications.

I am struggling to understand that because the Minister made it clear just now that Silicon Valley Bank UK could not expand into being a major retail bank. None of us ever thought that HSBC, as a major retail player, would be setting up Silicon Valley Bank UK to be a major retail bank. So long as Silicon Valley Bank UK does not become a retail bank, I cannot see how the PRA is in any way able to limit its activities. Presumably it would limit those activities under Section 55M of FiSMA—“Imposition of requirements by PRA”—and those would not apply if it was not engaged in regulated activities. I am struggling to understand quite how the role of the PRA would work to limit the range of activities carried out by Silicon Valley Bank UK.

Secondly, let us look at those activities. If anybody wants to know what they are, I suggest that they take a look at the Silicon Valley Bank UK website; they will see that it is heavily engaged in supporting both venture capital and private equity. That takes us into that investment banking, high-risk activity that has, since the changes post the crisis in 2007, been separated out from retail banking. We also know, just from discussions, that it is heavily involved in a range of derivatives.

1.15 pm

Nearly all the kinds of activity that one would associate with an investment bank that sits outside the ring-fence are indeed already encompassed by Silicon Valley Bank UK. I am struggling to understand what the various constraints are that the Minister was talking about and how they apply—unless, as I say, Silicon Valley Bank has suddenly turned into a major retail player, which would not be logical and is not, I am sure, HSBC's purpose. If the Minister could provide some clarification on that, I would be most grateful. I was looking to find the constraints within the SI itself. I may have misread the various clauses but I cannot see them.

My argument has always been that ring-fencing was an extremely significant decision by Parliament to provide a fundamental safeguard following the lessons learned from the financial crash of 2007-08, building on the work of the Parliamentary Commission on Banking Standards and its recommendations. The ring-fence had multiple roles; one was to separate the culture of retail banking from investment banking because their relationship with each other was clearly unhealthy. We saw retail banks trying to achieve far greater profits; that is how we ended up with mis-selling in a whole variety of areas and on a very large scale, and it is the reason why we saw HBOS lower its credit standards and begin to fund itself short in order to generate greater profits. We saw a lot of unfortunate behaviour within the retail sector because of this cross-contamination with the investment part of banking.

On the investment side, we also saw a very cavalier attitude towards risk-taking by quite a number of banks, which is how we ended up with the CDOs. They had that cavalier attitude because they knew that they could fund themselves, not by having to go to knowledgeable investors but because they had access to the funds in the current accounts of ordinary folk and retail depositors.

The decision was that the two had to be separated, so I am very concerned about an undermining of the ring-fence. As far as I can see, there is nothing to constrain HSBC from deciding that it wishes to use those retail funds that it has within its organisation to flow into Silicon Valley Bank UK to use for activities such as venture capital, private investment or exotic derivatives. That is exactly the issue that concerned the House the last time that we met to discuss this. At one level, even if you think it is a good thing that we should not have a ring-fence, it will give HSBC a very significant advantage over its various competitors. It is inevitable that those competitors would use pressure and precedent to make sure that they also get similar opportunities and a level playing field.

The sense is that the decision to provide this regime for our largest bank is effectively the death knell for most ring-fencing for major banks in the UK. I admit that there is a process that must be followed—we have the Edinburgh reforms—but the Government have always been very clear that they will come in through statutory instruments and regulation, not through Parliament.

I go back to Section 55M of FSMA, on the imposition of requirements by the PRA. Can the Minister explain how the application of Section 55M requires any kind of primary legislation, as I cannot see that it does? Even if the regulator said that it would try to limit the breach to just HSBC and Silicon Valley Bank UK, that is a decision by the regulator, not Parliament. The regulator could change its mind, go the other way and say, “No, we’re entirely comfortable with the idea of removing the ring-fence”. Essentially, we take the decision away from Parliament if we rely on Section 55M of FSMA as the control factor in whether the ring-fence remains in place. Perhaps the Minister can help me work through that. I am just trying to understand how the notion that primary legislation is required fundamentally to change the ring-fence remains intact now that this is in place.

I will talk for a moment or two about resolution. The Government put forward the argument—the Minister used it on Report of the Financial Services and Markets Bill—that the resolution plans for banks if they fail are an effective substitute for ring-fencing. I argue that they cannot be. We have had dramatic evidence of that over the past several months. Credit Suisse had in place a resolution plan in case it failed, but the Swiss regulators—I stress again that I do not think they are fools or inadequate in any way; they are excellent—made the determination that if they pursued the resolution plan, they would create an economic crisis for Switzerland, so they set it aside.

In the United States, the three regional banks that collapsed did not have resolution plans because the US had adjusted, after a lot of industry lobbying, the benchmark at which banks started to have to have them in place and these smaller regional banks had become exempted. However, under US banking regulation there is an option in these cases for the regulator to impose a resolution plan, even if one is not written and in place when the failure happens. In the cases of the three regional banks, the US made that same determination that it should not impose resolution because it would create too much risk to the economy. Instead, it found other ways to come to the rescue of the three banks that failed.

We now know from absolute experience that resolution, which may apply in some limited circumstances and may sometimes be exercisable, will be available only in relatively limited circumstances. That underscores the fundamental necessity not to harm the ring-fence, which has held the ground over the past several years and looks to be our best and primary hope of preventing the kind of mismanagement, misbehaviour and risk-taking that led to the 2007-08 crash.

I hope the Minister will help me through this, as I struggle to see where there are now realistic, meaningful limitations on HSBC’s ability fundamentally to avoid the application of the ring-fence to its activities, provided that it routes the funds through Silicon Valley Bank UK and also does not turn it into a retail bank, which I am sure is far from its intention.

Lord Livermore (Lab): My Lords, in our debates on Report of the Financial Services and Markets Bill we discussed at great length the wider issues around ring-fencing. I said then that we fully support the steps taken by the Treasury, the Bank and the regulators in relation to Silicon Valley Bank UK. The system worked at pace to ensure that SVB UK could continue its operations.

Silicon Valley Bank UK serves a high concentration of life sciences and tech companies in this country, and those firms play an indispensable role in driving growth and innovation across our economy. We therefore recognise that granting an exemption to the ring-fencing regime for HSBC was necessary to guarantee the sale of SVB UK in exceptional circumstances.

However, I have three questions for the Minister. First, although it is welcome news that SVB UK will continue lending, it is clear that tech and life sciences firms need more options. What plans do the Government have to ensure that SVB UK is not the only way that such firms can access capital?

[LORD LIVERMORE]

Secondly, the three conditions on SVB UK that have made this ring-fencing exemption possible appear to be sensible, but are there any circumstances that could lead to additional conditions being imposed or to a reopening of the exemption in future?

Finally, the Government previously indicated that if parliamentary committees were to undertake an inquiry on SVB UK's collapse or on wider issues with the banking sector, they would co-operate with that inquiry. Has there been any interaction on this matter, beyond March's exchange of correspondence with the Commons Treasury Select Committee?

Baroness Penn (Con): My Lords, I thank all noble Lords for their contributions. Although I think we all agree that the outcome reached with regard to Silicon Valley Bank UK was a good one, there are important questions about the process by which it was achieved and its implications.

The noble Lord, Lord Davies of Brixton, asked about lessons learned and, specifically, whether the regime worked as expected or as provided for when it was designed. Under the special resolution regime, various tools and powers are available to the Bank, the PRA and HMT to stabilise a failing institution. To deploy them, the authorities must be satisfied that: the bank is failing or likely to fail, by considering a number of factors, such as the value of assets and the ability to meet liabilities, as the noble Lord mentioned; outside the stabilisation powers, action will not be taken to prevent the bank failing; the exercise of the power is necessary, having regard to the public interest; and the objectives of the regime would not be better met by winding up the bank. Any use of the power that would entail risks to public funds must also be approved by His Majesty's Treasury.

In the case of SVB UK, we can say that the powers were indeed used in a way provided for by the Banking Act 2009. The Bank of England, as the resolution authority, determined that the use of the private sector purchaser tool produced the best outcome, having regard to the special resolution objectives. In particular, it ensured that SVB UK's customers were fully protected. As the noble Lord noted, the Treasury was consulted by the Bank of England before the private sector purchaser tool was exercised, as is also required by the Banking Act.

As I said, the authorities have a range of tools and options to choose from when deciding how best to manage a failing financial firm and contingency plan for a range of different scenarios. In choosing between the resolution tools set out in the Banking Act 2009, the Bank of England and the Treasury work closely together. The Bank is the UK's resolution authority and is responsible for executing all stabilisation options provided for under the special resolution regime, with the exception of the temporary public ownership option, which is the responsibility of the Treasury.

1.30 pm

Although we reached a good outcome in this instance, the noble Lord, Lord Davies of Brixton, is right that it is important that we reflect on what happened and look at whether any lessons can be learned and how

improvements can be made in the future. I confirm to the Committee that the Treasury and the Bank of England are working together to ensure that we reflect properly on the events in this case and how best to draw on those lessons learned.

The noble Lord, Lord Livermore, asked about engagement with Select Committees in this case. We will absolutely co-operate with the Treasury Select Committee's inquiry on this matter. We have not had any exchanges with it since March, but we stand ready to discuss the issues further with it as needed. That will also form part of the lessons-learned exercise that will be undertaken between the Treasury and the Bank; Parliament will also have a role to play in scrutinising what happened.

The noble Baroness, Lady Kramer, asked a series of questions on the operation of this exemption and on its implications more widely. She asked where the limitations on the exemption to the ring-fence for SVB UK are in this SI. They are in Article 2(2), which sets out the limit to the core deposits that SVB UK can take and defines the permitted business as

"any business which is closely connected with, directly relates to, or is of a similar nature to, the products and services offered by way of business by Silicon Valley Bank UK Limited as at 13th March 2023"—

the date on which the sale took place. The noble Baroness asked—

Baroness Kramer (LD): Just for clarification: HSBC could pass as many billions as it wishes through to Silicon Valley Bank UK to use for venture capital, private equity, structured derivatives and whatever other products Silicon Valley Bank provided to its customers on the date of its purchase—is that correct? So there is no constraint on the amount or where within that pool of activities the funding can go. It would be helpful for us to understand that.

Baroness Penn (Con): If I might press on, I shall address at least part of the noble Baroness's subsequent questions. Just to correct a perception: as the governor outlined to the Economic Affairs Committee yesterday, SVB UK typically provides corporate start-up banking services rather than investment banking. I think that difference is important in this context.

Baroness Kramer (LD): I want to pick up on that "typically". As far as I can see, there is nothing in this which says that the proportionality of commercial banking deposits with regard to the other activities has to stay constant. Carrying out one transaction in an area would bring it within the scope of future activities, would it not?

Baroness Penn (Con): To answer the noble Baroness's question about whether SVB UK will be permitted to use unlimited amounts of retail funding from HSBC's ring-fenced bank, the ring-fencing exemptions are subject to conditions that restrict the amount of SVB UK's core deposits and the type of business that it can operate, as I have set out and as is in the SI. In addition, the PRA has granted HSBC UK and SVB UK temporary waivers to remove constraints in the *PRA Rulebook* relating to the capital requirements regulation—CRR—on the intragroup lending and funding

from HSBC to SVB UK. These waivers, along with the modification to the regime the Government made in the first SI, allowed HSBC to provide emergency liquidity to SVB UK.

As is usual practice with PRA waivers, they are time-limited. One of the waivers expires on 17 September 2023 and the other on 17 June. Whether these waivers are extended or modified is a matter for the independent regulator. The waivers are part of the range of tools that the PRA can use to ensure the effective supervision of HSBC UK and SVB UK. If these waivers lapse, the constraints in the PRA Rulebook regarding intragroup lending and funding from HSBC to SVB UK will come into effect, which would mean that SVB UK would not be able to be funded to an unlimited extent from HSBC UK's retail deposits.

The noble Baroness, Lady Kramer, said that she took no comfort from either the provisions in this SI or the PRA's wider supervisory and regulatory powers. What I would say is that the PRA has confirmed its support for provisions in this instrument. Sam Woods has stated that the SI and its conditions support the PRA's primary statutory objective of safety and soundness and limits competitive distortion. He outlined that the PRA has a range of tools that it can and will draw on to ensure the effective supervision of HSBC and SVB UK and ensure the protection of retail deposits. It will continue to supervise both HSBC UK and SVB UK in line with its usual supervisory approach.

The noble Baroness asked me about Section 55M of FiSMA. I suggest that I should perhaps write to the noble Baroness and the Committee on this point. I have the outlines of an answer, but I think that it might be better delivered in writing for complete clarity. To come back to her point, more broadly, about parliamentary scrutiny or control over the process around the ring-fence and changes to it, the actions in this case are entirely in line with powers granted to the regulators in terms of operating the resolution regime. What we should not do is to think that the powers used under the special resolution regime are indicative of the Government's or regulators' approach to reforming the ring-fence more broadly. Any fundamental reforms to that ring-fencing regime would require changes to primary legislation. There is nothing in this process that has changed that.

To turn to the question from the noble Lord, Lord Livermore, on lending to the sector, or sectors, that formed a large part of the customer base for SVB UK, he is absolutely right that it is essential that tech and life science firms have access to the capital that they need to start up and scale up. We support that through the British Business Bank, which has several programmes tailored specifically to the needs of the UK's life science and technology companies, including the £200 million Life Sciences Investment Programme and the £375 million Future Fund Breakthrough programme, which is specifically aimed at increasing the supply of growth-stage venture capital to UK-based companies working in capital and R&D-intensive areas, such as quantum AI, life sciences and clean tech. There is the National Security Strategic Investment Fund, which invests commercially in advanced technology

firms and aims to accelerate the adoption of the Government's future national security and defence capabilities.

Further to that, at the Budget, the Government extended the British Patient Capital programme by a further 10 years. Alongside that, the Government launched the long-term investment for technology and science initiative to aim to spur the creation of new vehicles for investment into science and tech companies, tailored to the needs of UK defined contribution pension schemes. The contribution of pension scheme capital in this area is something that we discussed quite a bit yesterday, and the Government have further intentions to take forward action in this area.

Lord Davies of Brixton (Lab): Do we have a date for that?

Baroness Penn (Con): I believe that at the Spring Budget the Chancellor said that he would report back in the autumn on the further work undertaken in that area—so quite soon, I would say.

I shall read through the transcript of this debate and look to ensure that where I have not fully answered the questions raised I write to noble Lords. Although it has been a short debate, it is an important area and I want to make sure that we get all the facts clearly on the record.

Motion agreed.

Judicial Appointments (Amendment) Order 2023

Considered in Grand Committee

1.41 pm

Moved by Lord Bellamy

That the Grand Committee do consider the Judicial Appointments (Amendment) Order 2023.

The Parliamentary Under-Secretary of State, Ministry of Justice (Lord Bellamy) (Con): My Lords, this order amends the Judicial Appointments Order 2008, which made chartered legal executives eligible for some judicial offices using powers under the Tribunals, Courts and Enforcement Act 2007. The order before us in effect adds three judicial offices for which members of the Chartered Institute of Legal Executives become eligible. Those three offices are that of recorder, judge of the Upper Tribunal and deputy judge of the Upper Tribunal. The purpose of the order is twofold: first, to widen the pool of people who are eligible to apply for these important judicial roles and, secondly, to further encourage diversity in the judiciary. The 2008 order made CILEX fellows eligible for various judicial offices such as district judge and judge of the First-tier Tribunal, and this draft order adds three offices to the list in that order.

Perhaps I could say a little bit at this stage about judicial diversity, which is a central part of understanding this order. Since 2013, the Lord Chancellor has had a statutory duty to encourage judicial diversity. The Judicial Diversity Forum has worked since 2015 to improve judicial diversity. There has been progress.

[LORD BELLAMY]

Last year, 50% of newly appointed judges, taking the judiciary as a whole, were women, and 14% were from ethnic minorities. We know that we have a long way to go, however, and there is certainly less diversity in the senior judiciary.

CILEX offers an important route to increasing judicial diversity. It is interesting to note that 77% of CILEX fellows are women. Additionally, CILEX provides a non-graduate route to becoming a lawyer; it can and does attract candidates from diverse socioeconomic backgrounds, with considerable benefits for social mobility.

The important change in this order is another step towards it being a lawyer's merit, rather than their particular method of obtaining their legal qualification, that determines suitability for judicial appointment.

As for the offices with which the order is concerned, it is already the case that a CILEX fellow can become a circuit judge if they have held office as a district judge for three years. Our position is that there is no substantial reason why they should not become recorders, which is an equivalent fee-paid role. The cadre of recorders is not currently as diverse as the Government would wish: only 28% of recorders are women and just 7% are from non-barrister backgrounds. It is important to encourage greater diversity in appointments to that office. As far as the judges of the Upper Tribunal are concerned, CILEX members can already be judges of the First-tier Tribunal, and that would normally entitle someone to be considered for the office of judge of the Upper Tribunal. That addition remedies a small anomaly in this area.

1.45 pm

I will take this opportunity to say a word about the Government's vision for the CILEX profession. CILEX offers a non-graduate pathway to law, enabling professionals from varied backgrounds to have a fulfilling legal career. Chartered legal executives are authorised under the Legal Services Act 2007 to carry out some of the reserved legal activities prescribed under that Act. As the legal services market has evolved, chartered legal executives now exercise many of the same functions as solicitors. The Government's ambition is to ensure that there are no unnecessary barriers preventing CILEX members progressing their careers.

Two other examples come to mind. One is in relation to powers of attorney, which will be dealt with in forthcoming legislation. The other is about enabling, in a different context, CILEX members to perform the role of duty solicitors in police stations in criminal cases. This statutory instrument is in line with the Government's overall vision to create and improve diversity in the profession and in the pool of potential applicants.

The Government consulted widely on this proposal. We consulted members of the Judicial Diversity Forum, the Judicial Appointments Commission, the three legal professions—barristers, CILEX members and solicitors—and the Legal Services Board. All consultees were in favour of encouraging more CILEX members to join the Bench. The Government are required formally to consult the Judicial Appointments Commission and the Lord Chief Justice, and I am happy to report

that both have confirmed that they support the order. With that background, I commend the order to the Committee.

Lord Ponsonby of Shulbrede (Lab): My Lords, this is a non-controversial instrument and we, the Opposition, support it. I am grateful to the Minister for setting out the priorities, particularly the priority to encourage diversity. He said that about 50% of newly recruited judges are women, and 14% are from ethnic minorities.

I want to drill down a little on that latter figure. My understanding is that the ethnic minorities are not evenly spread: some ethnic minority groups are far worse represented than others. From my perception as a magistrate, black men are about the worst represented in the magistracy, and I suspect that it may well be the same for the judges. It has to be said that we see a larger proportion of black men in our courts as defendants, so this is a concerning situation. It emphasises the importance of encouraging diversity and actively recruiting among certain ethnic minority groups to try to improve that situation.

The Minister made another point about people from non-graduate backgrounds applying for judicial appointments and said that they can work their way through CILEX to become a judge, as he showed. As he knows, I sit as a magistrate, and I remember that when I was first sitting as a magistrate, we still had a few magistrates' clerks who were non-graduates. I understand that this is still possible, although it is quite unusual these days. Certainly all the legal advisers I have spoken to think it is something that should be kept as a route for people to work their way up through to becoming a legal adviser and then on to becoming a judge if that were possible. I do not know whether the route up through the magistrates' clerk's career, if I can put it like that, is something else that would be covered by this or is already covered within these provisions. I look forward to the Minister's answer to that point. I think it is a good thing to maintain non-graduate routes potentially to the very top as there are in other professions.

It would be useful if the Minister set out what he sees as the next step for further encouraging diversity and widening opportunity. What more does he hope to do in his current role to promote those desirable objectives?

Lord Bellamy (Con): My Lords, I understand—and I will correct the position in writing if I am wrong—that CILEX members can already be appointed as legal advisers. Speaking for myself, I would certainly support the idea that we should preserve non-graduate routes from the “lowest” position right through to the highest. I think that is essential so that everyone can work their way up without necessarily having to spend enormous sums of money on obtaining very expensive legal qualifications, in some ways, top-heavy legal qualifications, as is currently sometimes the position. The noble Lord's point on that is very well taken, and the Government must certainly bear it in mind.

As to judicial diversity in general, the judicial diversity forum works on this. There is a programme known as PAGE which supports potential judicial applicants from underrepresented groups. I understand that, by

December last year, 667 lawyers had participated in workshops run through that programme. The MoJ is providing considerable amounts of funding and there is in additional £200,000 for 2023 for the targeted outreach programme—TOP—managed by the Judicial Appointment Commission to support diverse candidates towards more senior roles. By December 2022, 229 candidates had had one-to-one advice from a senior team with expert knowledge of the selection process to improve their chances. Forty people who participated in the PAGE programme have subsequently become judges. It is perfectly true, as the noble Lord said, that in terms of ethnic minorities the position is somewhat unbalanced and there are fewer black participants than the Government would wish, but it is the case that black PAGE participants who have applied to be judges have been appointed at a rate more than double that of the wider pool of black candidates over the past three years, so there is some evidence of success in this programme, which needs to be fully reinforced.

The Government are very conscious of the situation to which the noble Lord refers and will continue to work on improving that matter, as well as on encouraging female candidates from ethnic minorities. That is another very important element of outreach and is emphasised in the TO programme run by the Judicial Appointments Commission. This is ongoing work and I hope the Government will never take their foot off the pedal in this regard. I commend the order to the Committee.

Motion agreed.

Judicial Pensions (Remediable Service etc.) Regulations 2023

Considered in Grand Committee

1.55 pm

Moved by Lord Bellamy

That the Grand Committee do consider the Judicial Pensions (Remediable Service etc.) Regulations 2023.

The Parliamentary Under-Secretary of State, Ministry of Justice (Lord Bellamy) (Con): My Lords, I apologise for the fact that these regulations comprise 44 pages of the densest technical complexity one could imagine. I will try to explain them as simply as possible. Essentially, they provide for technical aspects of what is known as the McCloud remedy—McCloud being a legal ruling by the Court of Appeal in 2015 which found certain reforms to public sector pensions to be discriminatory on the grounds of age. These regulations remedy that ruling for the judicial sector.

It is a little complicated because, prior to 2015, various pension schemes applied to the judiciary. There was one under the Judicial Pensions Act 1981, another under the Judicial Pensions and Retirement Act 1993 and a third for fee-paid judicial offices. In 2015, the Government introduced extensive reforms to public service pension schemes, following a report by the Independent Public Service Pensions Commission. Following those reforms, the Government introduced

the Judicial Pensions Regulations 2015, which provided that older members aged 55 or over were exempt from the various reforms and remained in their legacy schemes. Essentially, McCloud was a challenge by younger judges who said, “The older members are all right but we are disadvantaged”. The Court of Appeal held in 2018 that the 2015 reforms were discriminatory on the grounds of age. In July 2019, the Government accepted that judgment and took steps to address the difference.

These regulations are the result of those steps, which have been consulted on widely. Essentially, the affected judicial persons or their dependents, as the case may be, will be offered a retrospective choice between continuing to belong to their legacy scheme or moving to the 2015 scheme for the period between 2015 and 31 March 2022. Since 31 March 2022, everyone has been moved on to yet another scheme, the judicial pension scheme 2022. That is the only scheme available currently, but this deals retrospectively with the period from 2015.

2 pm

Other public sector schemes follow a slightly different approach. In other schemes, the idea is that one makes a choice at the point of retirement, which is called the deferred choice principle, on whether you prefer the old scheme or the new scheme. It was expressed in the course of the consultation that it would be preferable to have an option to choose now which scheme you want to belong to, rather than wait for your retirement. This involves an options exercise, which will be conducted very shortly, and then people will have the chance to opt for the approach they prefer. Again, the Government have consulted on these proposals. The result of that consultation has been published, and there has been considerable support for the options exercise to begin as soon as possible.

The order takes the opportunity to introduce some rather technical supplementary amendments relating to some indexation calculations, the position of dependant contributions and a particular extension of certain regulations regarding fee-paid officeholders. I am glad to assist on any of the technical detail of that as necessary.

The Government trust that these regulations will show that they have given proper consideration to the McCloud judgment and that the judicial pension scheme is complete and equitable. I commend the instrument to the Committee.

Lord Ponsonby of Shulbrede (Lab): I have only one question for the Minister: are there going to be further SIs on this matter? I remember debating previous SIs on the McCloud remedy, if I can put it like that, and the various things that need to be put in place. As the Minister said, it is extremely complicated. I have an expert behind me—my noble friend Lord Davies of Brixton—although he is not taking part in this debate. My real question is: are there going to be further SIs on this matter?

Lord Bellamy (Con): I am happy to answer the noble Lord’s question in the negative: as far as I know, this is the last SI for the judiciary. The McCloud remedy is still to come in other parts of the public

[LORD BELLAMY]
sector. This is the first of the McCloud SIs, I think, and we will gradually work through the public sector. The noble Lord and I have laboured on previous occasions through the detail of this dense matter, but I am happy to say that those particular labours seem to be coming to an end at this point.

Motion agreed.

Armed Forces Act 2006 (Continuation) Order 2023

Considered in Grand Committee

2.06 pm

Moved by Baroness Goldie

That the Grand Committee do consider the Armed Forces Act 2006 (Continuation) Order 2023.

The Minister of State, Ministry of Defence (Baroness Goldie) (Con): My Lords, for those of us who have served as deck hands on the good ship HMS “Defence” for some time, this continuation order will have a certain familiar resonance, but formalities must prevail.

The purpose of the order is to continue in force the legislation governing the Armed Forces, the Armed Forces Act 2006, for a further period of one year until December 2024. Our annual consideration of the legislation governing the Armed Forces, the 2006 Act, reflects the constitutional requirement under the Bill of Rights that the Armed Forces may not be maintained without the consent of this Parliament. So, while this is a routine item of parliamentary business, it is also one that must be done.

I remind your Lordships that there is a five-yearly renewal by Act of Parliament, which is the primary purpose of the Armed Forces Act. As noble Lords will recall, the most recent was in 2021, and another will be required before the end of 2026. Between each five-yearly Act, annual renewal is by Order in Council, such as the one before us today.

If the Order in Council is not made by the end of 14 December 2023, the Armed Forces Act 2006 will automatically expire, in effect ending the powers and provisions to maintain our Armed Forces as disciplined bodies. As your Lordships will understand, this would have real consequences, as servicepersons have no contract of employment and thereby no duty as employees; instead, they owe a duty of allegiance to His Majesty and an obligation to obey lawful commands. This duty is enforced through the 2006 Act, which contains the provisions for the maintenance of the Armed Forces, including the systems of command, justice and discipline. If the order were not to be renewed, while servicepersons will continue to owe a duty to His Majesty, Parliament will have removed the power of enforcement—that 2006 Act. Consequently, this will leave courts martial and commanding officers powerless to punish transgressors for criminal conduct or disciplinary matters.

Therefore, the continuation of this Act is essential for the maintenance of discipline wheresoever in the world servicepersons do serve—that sounds straight out of the 17th century, I have to say.

Importantly, the act of renewal also presents Parliament with an opportunity to reflect on and pay gratitude to those who protect us and defend our country’s interest in a very uncertain world—a world which will see the Defence Command Paper refresh tackle the issue of how the UK’s Armed Forces will keep pace with, and be able to counter, the evolving threats in the international environment, while building on the original work of earlier Command Papers.

It is vital that our Armed Forces maintain a state of readiness to work with and support our NATO allies and partners to combat today’s—and tomorrow’s—threats, wherever they arise, as exemplified by the professionalism of our service personnel in their unstinting efforts, for example, to instruct and train thousands of Ukrainian men and women in our combined arms approach to warfare, which may prove pivotal to the outcome of the ongoing counter-offensive.

At present, the stakes could not be higher, with the very fabric and stability of the rules-based international system under threat from rogue actors with delusions of imperial irredentism, threatening to abandon law and diplomacy in favour of a “might is right” attitude. That is why we in the United Kingdom, along with our Armed Forces, stand shoulder to shoulder with our Ukrainian partners, providing them with much-needed assistance in the form of kit, equipment, training and funding.

I also salute the courageous and unstinting efforts that saw the UK complete the largest and longest evacuation by any western country during the recent emergency operation in Sudan, where thousands of people were successfully and safely airlifted out of that troubled country.

That warmth of sentiment towards our brave service people reflects this Government’s drive to do more for those who protect us. That is why the Ministry of Defence is currently considering the comprehensive report by the independent Haythornthwaite review, which has looked in depth at what more we can do to incentivise and retain our service personnel, in a way that better balances the entirety of the package we offer them in return for their service. This report will provide an invaluable guide to developing a holistic strategy for defence, enabling it to recruit, incentivise and retain people with the skills that we will need over the coming decades. Importantly, the measures stemming from the review will help to ensure that defence keeps pace with the ever-changing ways of modern working and living. For noble Lords’ information, the report has been submitted to my right honourable friend in the other place, the Secretary of State for Defence, who will respond in due course to its invaluable contents.

Lastly, our consent for the order is an opportunity for us all to acknowledge the debt that we owe to those who serve us so bravely and professionally. I hope that noble Lords will support and approve this draft continuation order, which will provide the sound legal basis for our Armed Forces to continue to protect us. I beg to move.

Baroness Smith of Newnham (LD): My Lords, this annual request to approve the Armed Forces Act 2006 (Continuation) Order is a bit like Christmas or birthdays—it seems to come round ever more frequently. In particular, the fact that we have to renew it in June in order for the continuation to happen in December really seems to speed up the process.

It is an annual request to give approval to which the only thing we can really do is say “Yes, we are content”. On the previous item of business, there was one question to the Minister and one answer, which was in the negative. For this statutory instrument, it would be very easy to say that we endorse everything the Minister has said, we wish His Majesty’s Armed Forces well, and let us move on.

However, the Minister has invited us not only to give approval to the continuation order but to reflect on and pay tribute to His Majesty’s Armed Forces. As so often from these Benches, I am very happy to do so, and I am assuming that the noble Lord, Lord Tunnicliffe, will do something similar from the Labour Benches because, on questions of defence, we tend to agree. We are committed to supporting our Armed Forces and doing precisely what the Minister has indicated we need to think about, which is looking at the recruitment and retention of, and incentivisation and motivation for, our Armed Forces. I was very pleased to hear that the Government are looking at a new report; we look forward to hearing more about that.

2.15 pm

His Majesty’s Armed Forces serve this country incredibly well, whether it is responding to domestic crises, whether it is doing something which perhaps they never anticipated doing, such as covering in the case of strikes, or whether it is doing the jobs that they have perhaps anticipated, such as the evacuation in Sudan or giving support to Ukraine. So there are many roles that we ask of His Majesty’s Armed Forces, and they always come up to the mark and serve us incredibly well.

A question for the Minister is: do we serve our Armed Forces so well? Are we giving them the support that they need? Obviously, the Minister has already said that the Secretary of State will come forward at some point with a response to the new report, but it would be good to know whether she feels that we really are doing what we need to be doing. We have a very small Armed Forces. Are they sufficiently large? Should we look again at increasing their size because of the increased challenges that we are facing? It was fine to have a peace dividend in the wake of the Cold War. We are no longer in a peaceful situation. Have His Majesty’s Government considered whether the size of the Armed Forces is adequate?

When thinking about what support they give to the Armed Forces, have the Government given any further thought to whether they themselves should be subject to the Armed Forces covenant? I know that I have asked the Minister about this before, to which she has responded, but I want to come back to it because there is a question of imposing duties on local authorities and other employers when perhaps the Government should be doing that themselves.

Obviously, we have a formality to do. This statutory instrument is essential, and I am very happy to say that we support the continuation of the Armed Forces Act 2006. We look forward to rubber-stamping it in the main Chamber when it is agreed that the Grand Committee has indeed considered this statutory instrument, even if I think that there will not be too many questions detaining the Minister.

Lord Tunnicliffe (Lab): I wish I had taken the trouble to count the number of times I have done this order.

I welcome the opportunity today to speak for the Opposition on this instrument. It is important not because it has any significant policy or legislative impact but because it provides this House with an opportunity to further demonstrate its support for our Armed Forces by providing a continuance to the system of command, discipline and justice to which they operate.

However, it is of course important, because without the continuation of the 2006 Act, in January we would have a military with no legal requirement to follow orders and implement other disciplinary and criminal procedures. This is something that we have repeated annually since the 1689 Bill of Rights, one of the foundational pieces of our constitutional jigsaw. Given the formality of repeating something for hundreds of years, it is important to re-emphasise, as we have rightly done many times recently, the pride we share in our military, which embodies the very best of Britain. This has been demonstrated particularly in response to the Russian invasion of Ukraine, throughout Covid, and continually for a long time before. Those who serve in our Armed Forces spread and share the finest of our values across the globe, putting themselves in harm’s way to guarantee the safety of us, our friends and our families, and they are an essential part of our national defence, resilience, and obligations under NATO to our allies.

That is why it is disappointing that, in the Defence Secretary’s own words, our forces, for which we have so much responsibility, have been “hollowed out and underfunded”. The fact that this instrument is focused on the disciplinary system of the Armed Forces and that it is that which must be renewed annually implicitly makes the point that it is people, whether those in uniform or the civilians who support their work, and not just equipment, weapons, vehicles and ammunition, who make up the bedrock of our Armed Forces.

Yet just a few weeks ago, the very same Defence Secretary who said that the Armed Forces had been hollowed out confirmed that the Government were continuing with their plans to shrink troop numbers to an all-time low, in his words to “shield them from further reductions”. I cannot say that I understand the logic there, but I have heard the views of wise and vastly experienced military leaders who fear the impact of these cuts.

Over the past year and a half especially, our Armed Forces have done a tremendous job. I will even acknowledge the defence leadership shown by the Government since Russia invaded Ukraine. However, I also hope that the Government go away and reflect on these decisions so that, alongside the provisions

[LORD TUNNICLIFFE]

maintained by this instrument, their capacity to continue operating at such a high level also remains year after year.

Baroness Goldie (Con): My Lords, I thank the noble Baroness, Lady Smith, and the noble Lord, Lord Tunnicliffe, for the brevity of their remarks, as I think the prevailing temperature in the Moses Room is not designed to afford maximum comfort to its occupants. I am very grateful to both noble Lords for their thoughtfulness. I also very much appreciate their tributes to our Armed Forces. As I have said before in the Chamber, a lot of what we say and do in this Parliament resonates far beyond it, including to an audience of our Armed Forces. It is very important for them to know that there is absolute unanimity in Parliament on our regard and respect for them, our desire to do our best for them and our undoubted gratitude to them for the tremendous contribution they make to our country—not just in keeping us safe and the wider obligations we require of them, but in the incredible contribution they have made to civilian life in MACA, which has been prominent in recent times, as your Lordships will be aware.

The noble Baroness, Lady Smith, raised the important issue of recruitment and retention and asked the pertinent question of whether we serve our Armed Forces well. The answer is that we try; we certainly hope that we do, but that is where parliamentary scrutiny and the call for accountability of the Government by opposition parliamentarians is so important. I refer again to the Haythornthwaite review, which was designed to look at the current offer to our people. The offer has many positive financial and non-financial elements—there is no doubt about it—and our Armed Forces acknowledge that, but it needs to be modernised to reflect how we will ask them to operate in future against the changing threats we face, as set out in the integrated review and the integrated operating concept.

We need a modernised offer to allow our Armed Forces to better harness valuable skills, whether that is regular or reserve. We need to improve recruitment and retention and to be consistent with family life and people's changing expectations of work in the 21st century. The Haythornthwaite review will be a very important contributor to that thought and decision-making process; it will be a signpost as to how we take things forward. As I said earlier, the review has concluded and the report is with the Secretary of State. He will determine the Government's response in due course, but there will be a desire to place it in the public domain.

Both the noble Baroness and the noble Lord asked, “Do we have enough of them?” The noble Lord referred to the acceptance of having hollowed out, over decades, our land capability in particular. I say in response that, in the combination of the *Integrated Review Refresh 2023* and the defence Command Paper refresh—which is very much a live and vibrant document, requiring constant ministerial involvement, and expected to become public in early course—we have the whole question of what we are trying to plan for. What is the threat? Where is it? What is its character and how do we formulate our Armed Forces to be in a position to respond to it? In this challenging day and age, with a maelstrom of activity, the hybrid character of threat and the opportunity for new technology, we will need to make some important decisions about how we marry all that in an intelligible fashion to ensure that we have the capability we need to deal with the hybrid character of the threat as it now exists.

I cannot be drawn much further on the detail of that; suffice it to say that I give your Lordships my assurance that the MoD is very cognisant of the need to be able to demonstrate—not just for the satisfaction of opposition politicians but, very importantly, to potential adversaries—that we have a serious, workable, effective capability.

The noble Baroness asked whether I could give a little more information on the covenant. She is absolutely correct: this arose when we were looking at the Armed Forces Bill in 2021. Helpfully, that Act extended the reach of the covenant to providers of housing, education and health services across the United Kingdom. The question arose of whether it should extend to central government and the devolved Administrations. I say to both the noble Baroness and the noble Lord that we provided an update in *The Armed Forces Covenant and Veterans Annual Report 2022* in December last year, outlining the scope and methodology for conducting the review. The Government will report on the results of this review in the 2023 covenant and veterans annual report, when we will provide more information.

I think I have dealt with the specific points raised. I thank noble Lords for their contributions and I commend this instrument to the Committee.

Motion agreed.

Committee adjourned at 2.27 pm.