

Vol. 831
No. 184



Thursday
29 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 29 June 2023

11 am

Prayers—read by the Lord Bishop of Southwark.

Royal Assent

11.06 am

The following Acts were given Royal Assent:

Shark Fins Act,
Co-operatives, Mutuals and Friendly Societies Act,
Child Support Collection (Domestic Abuse) Act,
Offenders (Day of Release from Detention) Act,
Supported Housing (Regulatory Oversight) Act,
British Nationality (Regularisation of Past Practice) Act,
Retained EU Law (Revocation and Reform) Act,
Financial Services and Markets Act.

The following Measure was given Royal Assent:

Diocesan Stipends Funds (Amendment) Measure.

Pension Funds: Investments and Tax Relief *Question*

11.07 am

Asked by Baroness Altmann

To ask His Majesty's Government, further to tax relief provided to pension funds, what assessment, if any, they have made of the actions taken by pension trustees to ensure their investments (1) effectively manage climate risk, and (2) comply with treaties on human rights.

The Parliamentary Under-Secretary of State, Department for Work and Pensions (Viscount Younger of Leckie) (Con): My Lords, the Government have introduced legislation and published guidance alongside the TCFD requirements to help pension schemes improve the quality of governance and manage climate risk. DWP committed to review the requirements in late 2023. These reviews will utilise insights from the regulator's review of early reports and will also consider clarifications of fiduciary duty. DWP also launched an industry-led task force on social factors, which aims to produce a guide for industry by this November.

Baroness Altmann (Con): I congratulate my noble friend the Minister and the Government on their work so far, but as at least 25% of all pension fund assets originated from taxpayer reliefs, does he agree that the Government have ample justification to expect pension funds to invest responsibly, supporting national objectives? Does he share my concern that this seems not to be happening? For example, *Corporate Adviser* magazine's February 2023 ESG report shows that the three largest pension providers invest in cluster munitions, even though the UK is recent president and signatory of the international agreement to end their use, and that investment in domestic companies and green projects

has been weak. Will the Government encourage or ensure that more of the taxpayer contribution to all pension funds helps UK markets and supports UK sustainable growth and climate and nature protections, to meet social or national objectives?

Viscount Younger of Leckie (Con): I hope I can answer a number of the points that my noble friend made. On her general push, she is right: there is a lot more we need to do to encourage pension funds to invest in net zero. The introduction of the TCFD reporting requirements for pension schemes was pioneering; these regulations are still relatively new and it would be premature to judge their effectiveness, but a lot more is happening in this space, as my noble friend will be aware. As well as the task force, we have a stewardship review, which will assess the effectiveness of the guidance, and alongside this the Financial Reporting Council, which works alongside the FCA, my department and the regulator.

Lord Rooker (Lab): What legal authority do the Government have to attempt to create a de facto sovereign wealth fund by manipulating our pension assets? Unlike countries such as Norway, we do not have experience of running a sovereign wealth fund. I feel uneasy. I want the investment to be in this country—that makes sense—but doing it in the way it seems to be being done is fraught with difficulty. Will the Government take extra care over this attempt to manipulate pension funds, because we now have trustees with powers they did not have 30 years ago?

Viscount Younger of Leckie (Con): I do not know about manipulation of pension funds, but I can say that there are strong fiduciary duties on trustees. The noble Lord will know that in the green finance strategy, published in March, the Government committed to engaging with interested stakeholders on how we can continue to clarify fiduciary duty through a series of round tables and a working group of the Financial Markets Law Committee. I think it fair to say that many larger schemes consider climate change risk, which I think is the gist of his question, to be financially material; we have made this clear in guidance.

Lord Palmer of Childs Hill (LD): My Lords, debate on how pension fund assets can be used more productively has focused on defined contribution pensions, rather than traditional defined benefit or final salary-type pensions. Given the large sums currently held in defined benefit pension schemes under a very tight regulatory regime, what plans do the Government have to allow such schemes to invest more productively, as other speakers have said in other contexts, while ensuring members' benefits continue to be secured?

Viscount Younger of Leckie (Con): The noble Lord makes an important point about defined benefit schemes, which he will know are still maturing, with decreasing numbers of active contributing members and increasing numbers of pensioner members. It is therefore important that their pensions are properly protected and that these schemes are properly funded. The majority of

[VISCOUNT YOUNGER OF LECKIE]
schemes in the DB sector are well run, plan for the future and manage their risks effectively, but the gist of the noble Lord's question is that there is still more to be done.

Baroness Stedman-Scott (Con): What assessment has been made of the burdens placed on trustees in respect of reporting? This must have a chilling effect on getting people to become trustees of pension funds.

Viscount Younger of Leckie (Con): We are not unaware of this. We have carefully considered the balance between the burden of reporting requirements for trustees on climate risk and the need for urgent action in this area. That is why we have introduced TCFD requirements only for the very largest schemes, as my noble friend will probably be aware, which have, let us face it, more capability and capacity. It gives us the widest coverage of pension scheme numbers while minimising burdens on trustees.

Baroness Hayman (CB): My Lords, I draw attention to my interests as recorded in the register and to the fact that I have a son who works in this area. The Minister referred to the complexities and nuances of the clarification of fiduciary duty, an issue that was much debated during consideration of the Financial Services and Markets Bill. What interaction is His Majesty's Government having with the Financial Markets Law Committee, which is looking at this, and the round tables? Will parliamentarians have the opportunity to be involved in those?

Viscount Younger of Leckie (Con): I would hope that parliamentarians have a role in this; I shall certainly get back to the noble Baroness on that point. As she will know, guidance states that trustees can consider climate change, but we acknowledge that there is some ambiguity, which I think is the gist of the noble Baroness's question. That is why we are engaging with the Financial Markets Law Committee working group, which is discussing further fiduciary duty. The next meeting will take place at the end of the month.

Lord Deben (Con): May I encourage the Government to do what they have sought to do, but to recognise too that the speed at which climate change is happening is right at the top end of what the scientists thought? Therefore, the fiduciary duty of pension funds to take that into account becomes the more urgent. I hope that in the review later on in the year, the Minister makes sure that they understand the devastating effects on those investments.

Viscount Younger of Leckie (Con): I know that my noble friend is extremely active in this area, and I reassure him that we continue to encourage pension schemes to commit to net zero in a way that works for them. As mentioned earlier, from October 2022 we introduced this requirement in the TCFD regulations, which is specifically to calculate and report the extent to which their investments are aligned with the Paris agreement goal.

Baroness Sherlock (Lab): My Lords, the Climate Change Committee has just reported that the Government are missing climate targets on nearly every front, which makes it all the more disappointing that they opposed a recent Labour amendment to the Financial Services and Markets Bill that would have required the Treasury carefully to review the case for pension funds investing in green infrastructure while maintaining the soundness of funds. Can the Minister tell the House why?

Viscount Younger of Leckie (Con): No, I cannot, but I can say that the introduction of TCFD reporting requirements for pension schemes was pioneering. We are a leader in this field. As I say, these regulations are still very new and there is a lot going on in this space, and we will be reporting by the end of the year.

Baroness Sheehan (LD): I refer to my interests as per the register. The FCA, in its consultation on AGM voting, proposes that standardised vote reporting be wholly voluntary, with zero incentives for firms to adopt the framework. However, earlier this month, the noble Baroness, Lady Penn, in her role as the Minister taking the Financial Services and Markets Bill through this House, said that

"the Government will carefully consider whether its recommendations go far enough to address existing issues of transparency, and what further action may be appropriate".—[*Official Report*, 6/6/2023; col. 1326.]

It is now clear that they do not go far enough to allow trustees to fulfil their fiduciary duty, so what further action does the Minister think appropriate?

Viscount Younger of Leckie (Con): Well, indeed. There is a point of contact, which may be helpful for the noble Baroness, called the UK National Contact Point, which is part of the Department for Business and Trade. It is responsible for promoting the Organisation for Economic Co-operation and Development. It may be helpful to know that considerable guidance has been given for pension schemes in this respect.

Advanced Research and Innovation Agency Question

11.17 am

Asked by *Viscount Stansgate*

To ask His Majesty's Government what assessment they have made of the work of the Advanced Research and Innovation Agency since its establishment in January.

Viscount Stansgate (Lab): My Lords, I beg leave to ask the Question standing in my name on the Order Paper—especially as it is the first time there has ever been a Question about ARIA in this Chamber.

The Parliamentary Under-Secretary of State, Department for Science, Innovation and Technology (Viscount Camrose) (Con): ARIA's initial focus has been on attracting world-class talent to create transformative programmes and on developing the organisation's investment strategy.

The Government have made a long-term commitment to ARIA, and I am confident that its creation will help cement the UK as a science and technology superpower, attracting top talent to our shores to grow the economy, boost prosperity and develop ground-breaking discoveries that could transform people's lives for the better.

Viscount Stansgate (Lab): My Lords, I thank the Minister for his Answer. As I hope the House knows, this is a really new and exciting part of our scientific landscape, and I hope that the whole House wishes it well. Nevertheless, we still have some obligation to keep an eye on it. Could the Minister outline a little more about its early stages. How often does the board meet? How much money has been spent so far on premises and staff? How many programme managers have been appointed? Have areas where they will operate been identified, or is ARIA still in the business of encouraging outside suggestions that they will continue?

In short—

Noble Lords: Oh!

Viscount Stansgate (Lab): In short, I think that the House would like to keep an eye on how things are going, and we wish it well.

Viscount Camrose (Con): Let me start by thanking the noble Viscount for raising the Question about this exciting organisation and for helpfully expressing his enthusiasm for it. He asked a range of questions, which I shall answer with one overarching point—that ARIA has been set up with complete strategic and operational autonomy away from government, so the more that government tries to interfere or find out about its day-to-day ongoings, the less autonomously it can behave, and that would introduce a system that would end up being antithetical to its existence.

Lord Patel (CB): My Lords, I was a strong supporter of ARIA when the legislation went through to establish it and I remain a strong supporter of it. It is too early to know how it is performing because it is a long-term strategy of a high-risk, high-reward enterprise. However, I have absolute faith in Ilan Gur, its chief executive, and the board of directors, who are the guardians of the funds it is given. I have some information, but I too am not in a position to reveal it—but I am confident that ARIA will succeed.

Viscount Camrose (Con): I thank the noble Lord for his vote of confidence. It is a new kind of organisation that will invest with a high-risk appetite to shoot for outcomes that are bold, substantive and deeply impactful.

Lord Hintze (Con): My Lords, I draw attention to my philanthropic interests in this area. Specifically, what I would like to ask the Minister is again to echo the points on timing and the amount of effect we will have through this effort.

Viscount Camrose (Con): Indeed. As far as the timing goes, ARIA was legally established on 25 January. The focus has been on recruiting the right people. It is a small organisation, designed to be lean and agile.

That means it is absolutely dependent on the quality of the small team it has working for it. That is the focus for now. We look forward to the first announcements of programme directors. I hope that will be in the autumn.

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

Lord Campbell-Savours (Lab) [V]: My Lords, will this organisation, with its £800 million potential budget, much of it public money, be subject to fully accountable FoI applications? If not, why not? The public interest is best served in conditions of transparency.

Viscount Camrose (Con): Uniquely for a partnering organisation with the Government, ARIA is not subject to FoI because it is designed to be a small organisation. Laying on it the burden of FoI administration would, I fear, be antithetical to its purpose. However, that is not to suggest that there is an absence of transparency. It has statutory requirements to publish audited accounts and an annual report, both of which will be laid before Parliament.

Lord Scriven (LD): My Lords, there is some concern that there are no mechanisms in place to plug in the appropriate humanities and social science areas right from the beginning of projects. What reassurance can the Minister give that social sciences and humanities will be plugged in right at the beginning of projects?

Viscount Camrose (Con): Decisions about what areas to investigate, what projects to finance and what activities to conduct sit wholly within the management and directorship of ARIA. That is the way the organisation is designed, so it would not be appropriate for government to dictate any emphasis in any particular area.

Baroness Chapman of Darlington (Lab): My Lords, as the Minister can gather, the establishment of ARIA received widespread support from all sides of the House. However, ARIA benefits from £800 million a year of public money and the wider research community, as well as the public, should be entitled to know something about how that money is spent. I note what the Minister said about accounts and annual reports, but it is my understanding that ARIA has also promised to provide a three-year strategy and corporate plan, which will be presented. Can he confirm that that will also be publicly available? While we have the Minister's attention, could he please update the House on progress on negotiating UK participation in the Horizon programme?

Viscount Camrose (Con): Quickly on Horizon, which we debated quite fully yesterday, I am unable, since yesterday, to provide any further information, I am afraid. Where appropriate, reports from ARIA will be laid before Parliament and available for public scrutiny. I stress that we really want to avoid a situation in which we create an administrative burden on top of ARIA because, for it to succeed in the way we envisage it succeeding, it must remain a lean, agile and, ideally, small organisation.

Lord Stirrup (CB): My Lords, this country has never been short of inventors with good ideas, but it has been much less good at putting those ideas through into marketable products, the economic benefits of which have all too often gone elsewhere. What emphasis is being placed in this programme on pulling sufficient private sector capital into these initiatives at a sufficiently early stage—initiatives which of course in some cases are bound to fail.

Viscount Camrose (Con): I very much accept the thrust of the noble Lord's point, which is that nationally we perhaps have more of a tendency to invent than to commercialise. As much as anything else, ARIA is in place to help address that.

Baroness McIntosh of Pickering (Con): My Lords, what is the potential relationship between ARIA and the Pioneer programme, which as we heard yesterday might replace Horizon if there is no agreement with the EU?

Viscount Camrose (Con): Whether we reassociate to Horizon or go down the Pioneer alternative, ARIA is designed to be complementary to those programmes. It has a higher tolerance of risk and seeks more long-shot opportunities, one advantage of that being that rapid lessons learned can quickly be transmitted to organisations with a necessarily lower tolerance of risk, thereby allowing everybody to benefit from its learnings.

Baroness Bull (CB): My Lords, there is clear logic in protecting big and bold thinking from the constraints of bureaucracy, but it would be a mistake to think that there are two types of invention: the big ideas and the day-to-day research that goes on in our institutes and universities. Big ideas often start small. How can the Government ensure that the ring-fence is permeable so that the investment in ARIA benefits the entire research ecosystem?

Viscount Camrose (Con): Indeed—again, the point is well taken. We cannot have these types of organisations existing in separate universes and not talking to each other. It is crucial that they exploit their complementarity in this way.

Lord Kamall (Con): My Lords, we are all very supportive of ARIA, but the important issue is the innovation principle and embedding that principle across government in all departments. Defra published five environmental principles—integration, prevention, rectification, polluter pays and precautionary—but there was no innovation principle. It is essential that we see the innovation principle right across government.

Viscount Camrose (Con): Indeed. As set out in the ARIA Act, ARIA is required to observe three principles that come under the broad heading of innovation: contributing to the economic growth of the UK; promoting scientific innovation in the UK; and improving quality of life of everyone in the UK.

Employment Gap: Black, Asian and Minority Ethnic, and White, Workforce Question

11.28 am

Asked by **Baroness Thornton**

To ask His Majesty's Government what assessment they have made of the contribution to the economy which could result from closing the employment gap between (1) the Black, Asian and minority ethnic, and (2) white, workforce.

The Minister of State, Department for Business and Trade (Lord Johnson of Lainston) (Con): The employment rate gap is closing. Data for the first quarter of 2023 shows an ethnic minority employment rate of 69.4%, which is a record high and an increase of 1.1 percentage points on the same quarter a year ago. In April, we set out to Parliament the excellent progress we have made in delivering our ambitious *Inclusive Britain* strategy to tackle unjust racial disparities in education, health, criminal justice and the workplace.

Baroness Thornton (Lab): My Lords, I thank the Minister for that Answer. The reward for getting this right and closing the gap between BAME and white employees is huge. Research has shown over many years that this could add billions to the economy. Why is this not a priority for the Treasury, the business community and the Government? It would not only deal with the unfairness for the individuals affected but add hugely to the size of our economy. That is really the point. Please can the Government think big about this and take on board the research from McKinsey and all sorts of places that says that this will grow our economy if we get it right?

Lord Johnson of Lainston (Con): I thank the noble Baroness, Lady Thornton, very much for those comments. It is absolutely right that the expected deficit of underutilisation of all groups in this economy is between £20 billion and £30 billion. I draw attention to the fact that 32 of the 74 measures in *Inclusive Britain* that we put into place have been achieved or are in motion. A huge amount of work is being done to encourage right entry into workplaces following graduation, entrepreneurship, changes in bank lending policies, fundamental mentoring policies and money being put into scholarship programmes. I completely agree with the noble Baroness's points. This is very much a focus for the Government, and my Secretary of State, Kemi Badenoch, sees it as one of her core priorities.

Lord Shinkwin (Con): My Lords, the introduction of mandatory ethnicity pay gap reporting is the number one recommendation from the Institute of Directors' Commission on the Future of Business: Harnessing Diverse Talent For Success, which I chair. The director-general and I wrote to the Prime Minister last November, and we are still waiting for a response. I ask my noble friend to encourage No. 10 to reply to our recommendations and avoid giving the impression that this is not an important issue.

Lord Johnson of Lainston (Con): I am grateful to the noble Lord for his point. I will certainly encourage a response, and I appreciate the comment.

Baroness Burt of Solihull (LD): My Lords, while government guidance is very welcome, does the Minister accept that the only way to close the ethnicity pay gap is to make reporting mandatory for businesses and companies with over 250 employees, and that we can address this disparity only when we really know the true scale of the problem?

Lord Johnson of Lainston (Con): I am grateful to the noble Baroness for her comment. As this House will be aware, a deep consultation was undertaken to see what would be the most effective way to ensure that those gaps were narrowed. Since 2012, the gap has narrowed from 5.1% to 2.3% in median hourly pay, but it has very much been felt that, because of the complexities of measuring ethnicity pay gap differentials, particularly in smaller companies of 500 employees or fewer, it would produce data that would not be valid and helpful. Instead, we have introduced a series of voluntary measures and a great deal of training and guidance, which we believe will have the intended outcomes.

Lord Singh of Wimbledon (CB): My Lords, prejudice in society should be tackled not simply for economic reasons but because it is wrong. We all like to believe that it is those people out there who have prejudices and it is not in us. The reality is that prejudice—wariness of difference—is ingrained in us all, in our very genes. But we have to tackle irrational prejudice based on the assumption that people of different colour or who look different are inherently different and inferior to us. What steps are the Government taking to make sure that that irrational prejudice is tackled in schools and universities, particularly in religious education, to emphasise what Sikhs constantly repeat about the oneness of the human family?

Lord Johnson of Lainston (Con): I greatly appreciate the noble Lord's comments. Clearly, this is a government priority. Continuing on the theme of the original Question, we have developed a number of different action plans, including a work panel process to assess how we can, for example, give more support to employers on ensuring inclusivity. I am pleased to say that we committed to launching that inclusion at work panel and the first meeting is today.

Lord Sewell of Sanderstead (Con): My Lords, I am sure that my noble friend will be aware of the findings of my recent report. One of the things that has come out of it is the disparity in apprenticeships. We found that take-up of higher apprenticeships by white young people was twice as likely as by black youngsters. Does my noble friend agree that we need to target parents to explain that apprenticeships are an effective route to great jobs?

Lord Johnson of Lainston (Con): I am afraid that I was not able to hear the entirety of that question, but I will certainly follow up in more detail. On encouraging inclusion in entrepreneurship, in accessing banking

services and in high-quality postgraduate education, the Government have paid specific attention in our *Inclusive Britain* report to ensuring that there is mentoring and specific funding—I believe that £70 million has been allocated specifically for a scholarship programme that will enable people to move into the right jobs that they want to seek—and that the barriers around class and culture are reduced to enable all students in this country to achieve their potential.

Baroness Lawrence of Clarendon (Lab): My Lords—

Lord Green of Deddington (CB): My Lords—

Baroness Williams of Trafford (Con): My Lords, there is plenty of time. We will hear from the noble Baroness, Lady Lawrence, followed by the noble Lord, Lord Green.

Baroness Lawrence of Clarendon (Lab): My Lords, I will mention the disparity report that came out a couple of years ago. It put immigration, race relations, unemployment and education so much further back, so it is completely wrong to use it as something that is well known. Will the Minister focus on what the noble Baroness, Lady Thornton, was talking about, which is the contribution around education and employment that needs to be looked at, making sure that the disparity is forthcoming, and that employers understand that it is all about the earnings, not the report?

Lord Johnson of Lainston (Con): I am grateful to the noble Baroness for her comments. I hope that she understands the importance that the Government place on this. It is also worth looking at how companies—the FTSE 100 businesses and so on—are managing their own boards and make-up to provide the signal and leadership. By the time of the March 2023 report, 96% of the FTSE 100 had met the target to the end of 2022, which is an increase of 7% from 2021. In the FTSE 250, 59% of the companies had achieved their target ahead of their 2024 goal. This is following on from the Parker review. I think that this is extremely encouraging.

This is a priority for the Government. I have said very clearly that the estimated economic loss to the economy was between £20 billion and £30 billion. If I look at the different ethnic groups that make up some of the most successful businesses in this companies, for instance, the Indian ethnicity group is powering ahead. If any noble Lords have had a chance to read the Grant Thornton report that came out three weeks ago, they will see the enormous value of releasing the potential of different specific groups on the economy.

Lord Green of Deddington (CB): My Lords, in the last couple of years or so, the Government have reduced the salary requirements for immigrant workers and the qualifications required, from degree level to A-levels, and they have abolished the requirement to first advertise jobs in local markets. How can those actions help achieve the objectives referred to in this Question?

Lord Johnson of Lainston (Con): I am not entirely sure that I agree with the noble Lord on all those comments, or, necessarily, on the relevance. However, he commented on education. There is an issue around ethnic groups accessing the highest levels of quality in education, rather than going to low-quality tertiary education outlets. There has been a particular amount of work done on that, as I said, to ensure that we live in an inclusive, one-nation country where everyone can achieve their potential.

Corporate Profits: Inflation Question

11.38 am

Asked by **Lord Sikka**

To ask His Majesty's Government what assessment they have made of the extent to which increases in corporate profits have contributed to inflation.

The Parliamentary Secretary, HM Treasury (Baroness Penn) (Con): My Lords, UK inflation has been affected by global factors, including Russia's invasion of Ukraine which has affected energy and food prices. The UK is not alone in facing these challenges: advanced economies across the world are feeling the impact of inflation. That is why halving inflation is one of the Prime Minister's top five priorities, as a staging post to returning inflation to the 2% target. Evidence that corporate profits play a role is inconclusive.

Lord Sikka (Lab): My Lords, the Minister is in total denial of reality here. The pandemic of profiteering is driving inflation. The IMF and the ECB have said so, but the Government are in denial. Look at the accounts of banks, oil and gas companies, supermarkets, food, internet and mobile phone companies, and others, and you will see that their profits have doubled within the last couple of years. The Government have a whole array of policy options, including price controls, windfall taxes, prosecution of profiteers, and breaking up oligopolies to encourage more competition to curb profiteering, but they choose to do absolutely nothing. Can the Minister explain what assessment the Government have made of the corrosive impact of profiteering on people's standard of living and what they will do about it?

Baroness Penn (Con): My Lords, I note that the noble Lord referred to the recent IMF analysis, which looked at the euro area. The Governor of the Bank of England recently said that it does not see a higher trend in non-North Sea corporate profits. Of course, we have the energy price levy in place with respect to North Sea corporate profits, but we keep it under close scrutiny. I am sure the noble Lord will be pleased to know that, yesterday, the Chancellor of the Exchequer met with the main regulators and agreed a new action plan to ensure that consumers are being treated fairly and to help those struggling to meet their bills.

Lord Moylan (Con): My Lords, does my noble friend accept that, contrary to what the noble Lord suggests, inflation is entirely a monetary phenomenon; that since 1997 the Bank of England has been responsible

for the control of inflation; and that the cause of our present difficulties is the reckless creation of money in recent years?

Baroness Penn (Con): My noble friend is right that, when we think about tackling inflation, the number one area is remaining steadfast in our support of the independent Bank of England as it takes action to return inflation to the target of 2% through monetary policy. However, government does have a role to play. We must make difficult but responsible decisions on tax and spending so that we are not adding fuel to the fire. We also need to take longer-term action to bring down prices, whether that is investing in our future energy security or looking at the tightness of our labour market and taking action to get people back to work—for example, through our ground-breaking reforms to childcare.

Lord Palmer of Childs Hill (LD): My Lords, I hear what the Minister says, but a new word has appeared: "greedflation". Everyone knows that the idea of a business is to make a profit; no one is saying that they should not make a profit. However, there is now greedflation, which is the padding of profits. We see people struggling while companies are making surplus profits above what is reasonable. Have the Government any real answer to this?

Baroness Penn (Con): My Lords, the answer is twofold. We are looking closely at the data and will continue to do so, but we do not see the pattern that the noble Lord refers to so far. We will also work with the regulators in the main areas—the FCA when it comes to the banking sector and the passing on of higher interest rates to savers, as well as mortgage holders—and look at the work of the supermarkets to ensure that their profits are fair and reasonable and driven by fair competition in the sector. We will keep all of that under review. We have agreed a series of steps with the regulators to make sure that action is taken if competition is not working as it should.

Lord Berkeley (Lab): My Lords, does the Minister agree with the IMF that the main cause of inflation is excessive corporate profits, and the fat cat salaries that go with them, rather than the wage claims such as those from people in the National Health Service?

Baroness Penn (Con): As I have explained to noble Lords, the IMF analysis applied to the euro area.

Lord Trees (CB): My Lords, there has been a large increase in the price of food for our consumers. What measures have His Majesty's Government taken to ensure that the primary producers—in many cases our farmers, whose input costs have risen dramatically—are receiving an appropriate uplift in the prices they receive from wholesalers and retailers?

Baroness Penn (Con): I believe that Defra has regular discussions with both food retailers and food producers to ensure that the market is functioning fairly for all those involved. At the moment, the higher food prices we are seeing in supermarkets appear to be down to the passing on of higher costs, but of course we keep that closely under review.

Lord Robathan (Con): My Lords, does my noble friend the Minister not agree that the problem has been caused by the money supply increase, quantitative easing over the years and, in particular, most recently, the coronavirus nonsense, when lockdowns cost this country billions and contributed to the parlous state of the economy and inflation? Noble Lords on the other side are complaining now, yet in the past they wanted even further restrictions which would have cost this country money and, indeed, contributed to inflation.

Baroness Penn (Con): My noble friend is right that we are still feeling the effects of the Covid pandemic in a number of ways. This Government put in place unprecedented economic support to get people and families through that pandemic, and we have had to take difficult decisions about the public finances since. Another way in which we are still feeling the effects of the pandemic is in the unwinding of the measures put in place to control it. We have seen heightened pressure on global supply chains; that has been part of the driver of the increased inflation and higher prices that we are seeing.

Lord Brooke of Alverthorpe (Lab): Does the Minister agree that many of those factors affect the rest of the world, including other countries in Europe, yet this country is performing poorly in relative terms compared with them? Our inflation is higher and our productivity is lower—why is that so? Is this not to do with some of the points pressed about Brexit by people on the Tory Back Benches opposite and the 4% loss to our economy as a result of us coming out of Europe?

Baroness Penn (Con): My Lords, I have to disagree with the noble Lord. The higher rates of inflation that we see are seen in countries across the world. I believe there are nine EU countries with higher headline rates of inflation than the UK, and more than half of EU countries have higher rates of core inflation than the UK. The noble Lord talked about the importance of productivity to our future economic well-being; I could not agree more. We need greater investment to drive greater productivity, and we would not see that with the kind of policies advocated by the noble Lord, Lord Sikka, such as windfall taxes and other measures that would deter investment from our country.

Lord Livermore (Lab): My Lords, to follow up on the Minister's answer to my noble friend, as she said the IMF has described so-called greedflation as a Europe-wide phenomenon, yet despite the Prime Minister promising to halve inflation, Britain continues to be an outlier. The UK has the highest inflation in the G7. Last month, core inflation increased to 7.1% in the UK—a 31-year high—while in other advanced economies, including in the eurozone and the US, it has started to fall. The Government often argue, as the Minister has this morning, that responsibility for the UK's persistently high inflation lies in global factors, but do these figures not tell us that it actually lies much closer to home?

Baroness Penn (Con): I am afraid I am going to have to disagree with the noble Lord. I will not cite again the figures I gave to the House a moment ago. We have heard about the IMF in this Question today.

Despite the challenges we face after the pandemic and Russia's invasion of Ukraine, the IMF has noted that the UK has taken decisive and responsible steps to tackle inflation, and all major forecasters expect inflation to fall this year. We cannot be complacent about that, and that is why this Government's number one priority is to bring down inflation.

Baroness Jones of Moulsecoomb (GP): My Lords, the fact is that the majority of people in Britain are suffering from the cost of living crisis and this Government are doing nothing to make it better. The noble Lord, Lord Sikka, has come up with some things that would generate income for us that would help the majority of people. Why are the Government not at least thinking about some of these ideas?

Baroness Penn (Con): I would say three things to the noble Baroness. First, this Government are not doing nothing to support people with the cost of living crisis; that could not be further from the truth. Over last year and this year, we are providing £94 billion of support to people to cope with the crisis, which is targeted at those on the lowest incomes who are least able to afford the increase in their bills. Secondly, the noble Baroness talks about revenue raising. Where we see windfall profits, we have taken action. The energy profits levy is going to raise billions of pounds in additional revenue in tax to support that action. Thirdly, at the end of last week, on Friday, the Chancellor announced new action to help people who are struggling with higher interest rates to afford their mortgage payments or to go on to new terms to cope with those payments—but, crucially, without adding fuel to the fire of inflation. I could not disagree with the noble Baroness more.

Illegal Migration Bill

11.50 am

Lord Kennedy of Southwark (Lab Co-op): My Lords, I wish to raise how unhappy noble Lords are on these Benches and, I believe, other Benches, including some on the Government Benches. At the end of the first day on Report of the Illegal Migration Bill, after the Minister was repeatedly pressed on when the House will be given the child rights impact assessment, he said that the official position of the Government is that it

“will be provided in due course”.—[*Official Report*, 28/6/23; col. 791.]

That is totally unacceptable and not how the Government or any Minister of the Government should treat this House.

The assessment is an important document which your Lordships need to see to assist them in their scrutiny of the legislation. It is not right that my noble friends Baroness Lister, Lord Dubs and Lord Coaker, and noble Lords on other Benches, who have been asking for impact assessments throughout our debates on the Bill were given such a response. We must have the impact assessment next week before we conclude Report. No Member of this House should accept this totally unacceptable position from the Government.

[LORD KENNEDY OF SOUTHWARK]

As Opposition Chief Whip, I always try to be fair and reasonable. The Opposition, and indeed all Members, have an important role to play in scrutinising and revising legislation. The Government also have the right to get their business through; I fully accept that. But for these two essential aspects to be delivered properly there has to be co-operation, engagement and respect.

Let us be clear: this is a controversial Bill. It has gone through its First Reading, Second Reading, Committee and the first day of Report, yet we are still asking for the child rights impact assessment, and the best we can get is, “You’ll get it in due course”. That is plain wrong. I always thought that “in due course” meant getting something at the appropriate time, but the appropriate time was weeks ago.

I shadowed the noble Baroness, Lady Williams of Trafford, when she was Local Government Minister and when she was Home Office Minister. She has steered many controversial pieces of legislation through this House with courtesy and respect, and always with proper engagement with the House. I have huge respect for the noble Baroness; I regard her as a friend. We work well together in our respective roles in this House—always in good spirits and in a friendly and co-operative manner. As she probably knows the Home Office better than anybody else in this House, I ask her to assist the House, get us the document we need and bring it to the House next week.

Baroness Williams of Trafford (Con): I thank the noble Lord for his kind words, which I reciprocate. I hear him, and my noble friend the Minister, Lord Murray of Blidworth, certainly heard the House last night. In the hours since the debate, he has been back to the Home Office to seek what the House requested. I can confirm that the child rights impact assessment will be forthcoming early next week and well before Report concludes, as the noble Lord requested.

Lord Marlesford (Con): My Lords, where does this morning’s decision of the Appeal Court that people cannot lawfully be transferred to Rwanda leave this legislation?

Baroness Williams of Trafford (Con): I know that my noble friend the Minister will discuss that later. It is not quite a matter for debate now.

Baroness Butler-Sloss (CB): My Lords, I remain concerned about the child impact assessment. The Chief Whip said that it will come before the end of Report. The next day of Report is Monday, and the last day is Wednesday. If we do not get it until Tuesday evening, for instance, many of us who have spoken on child matters may have a very limited opportunity on the last day of Report to express any view whatever on the impact assessment. I am extremely concerned that we have not had it.

Baroness Williams of Trafford (Con): As I said to the noble Lord, Lord Kennedy, I undertake to get it early next week—Monday, if possible.

Baroness Berridge (Con): My Lords, can my noble friend clarify that the child rights assessment is cross-government and will include liaison with the Department for Education on the child’s right to a parent? It seems that in this legislation we could be dealing with a group of children in the country who have neither a corporate nor a natural parent. Is that included in the definition of the child rights assessment?

Baroness Williams of Trafford (Con): I am afraid to tell my noble friend that I have not looked at the details of the child rights impact assessment. My noble friend the Minister will deal with that, but I am sure that what my noble friend Lady Berridge said will be considered.

Lord Paddick (LD): My Lords, will the Minister give an undertaking that, if we have discussed all the child issues by the time we get the relevant document from the Home Office, these matters can be brought back at Third Reading, once we have the relevant information?

Baroness Williams of Trafford (Con): I have this morning pledged to the House to ensure that the impact assessment is with the House early next week—I hope by Monday.

Relationships and Sexuality Education (Northern Ireland) (Amendment) Regulations 2023 *Motion to Approve*

11.56 am

Moved by Baroness Williams of Trafford

That the draft Regulations laid before the House on 6 June be approved.

Relevant document: 44th Report from the Secondary Legislation Scrutiny Committee (special attention drawn to the instrument). Considered in Grand Committee on 28 June.

Baroness Williams of Trafford (Con): My Lords, on behalf of my noble friend Lord Caine, I beg to move the Motion standing in his name on the Order Paper.

Motion agreed.

Equipment and Protective Systems Intended for Use in Potentially Explosive Atmospheres Regulations (Northern Ireland) 2017 (Amendment) (Northern Ireland) Regulations 2023 *Motion to Approve*

11.56 am

Moved by Lord Johnson of Lainston

That the draft Regulations laid before the House on 6 June be approved. Considered in Grand Committee on 28 June.

Motion agreed.

Republic of Belarus (Sanctions) (EU Exit) (Amendment) Regulations 2023

Motion to Approve

11.57 am

Moved by Lord Davies of Gower

That the Regulations laid before the House on 8 June be approved.

Relevant document: 44th Report from the Secondary Legislation Scrutiny Committee. Considered in Grand Committee on 28 June.

Lord Davies of Gower (Con): My Lords, on behalf of my noble friend Lord Ahmad of Wimbledon, I beg to move the Motion standing in his name on the Order Paper.

Motion agreed.

International Atomic Energy Agency (Immunities and Privileges) (Amendment) Order 2023

Motion to Approve

11.57 am

Moved by Lord Davies of Gower

That the draft Order laid before the House on 5 June be approved. Considered in Grand Committee on 28 June.

Lord Davies of Gower (Con): My Lords, on behalf of my noble friend Lord Goldsmith of Richmond Park, I beg to move the Motion standing in his name on the Order Paper.

Lord Foulkes of Cumnock (Lab Co-op): My Lords, the noble Lord, Lord Davies, is entirely competent and able to move this Motion, and I accept that. Of course, as always, he did it well. However, as he said, and as we see on the Order Paper, this Motion was supposed to be moved by the noble Lord, Lord Goldsmith, who is one of the subjects of the report produced this morning by the Privileges Committee of the House of Commons.

It is an extraordinary report, the like of which I have never seen before. The noble Lord, Lord Goldsmith, a Minister of the House of Lords, is severely criticised by the Privileges Committee for interfering in the procedures of the House of Commons. In my 44 years in Parliament, I have never known such a criticism. It is astounding. What is happening to the noble Lord, Lord Goldsmith? Is he able, in the light of this criticism, to continue as a Minister of the Government?

Lord Davies of Gower (Con): I note the noble Lord's comments, and I beg to move.

Motion agreed.

UK: Violence Against Women and Girls

Motion to Take Note

Noon

Moved by Baroness Warwick of Undercliffe

That this House takes note of violence against women and girls in the United Kingdom.

Baroness Warwick of Undercliffe (Lab): My Lords, for health reasons my noble friend Lady Drake cannot be here today. She has asked me to deliver on her behalf what she wishes to be said in opening this debate, and I share her views.

The UK Government have labelled violence against women and girls as a national threat. The prevalence of violence against women and girls in the UK is not only unacceptable but frightening. Such violence covers a depressingly long roll-call of crime types, including domestic abuse, stalking and harassment, modern slavery and human trafficking, rape and sexual offences—which show a particularly large increase—spiking, child sex abuse and exploitation, female genital mutilation, adult sexual exploitation and so-called honour-based abuse. The exponential advancement of technology has fuelled the opportunities for sexual harassment and abuse. Such violence accounts for at least 15.8% of all recorded crime. Domestic abuse makes up a third of violence recorded by the police. In the six months from October 2021 to March 2022, at least 507,827 offences against women and girls were recorded. That equates to two crimes per minute.

Even these figures are an understatement. The National Police Chiefs' Council's first strategic threat and risk assessment of such violence confirms that many crimes remain hidden. Victims do not report them. ONS data reveal that only one in four women who are victims of rape or penetration before the age of 16 told someone about the abuse at the time. More than half give "embarrassment" as a reason. Just under half thought that no one would believe them. Some 1.7 million women aged 16 and over experienced domestic abuse in the year ending March 2022, and while 81% of female victims of partner abuse told someone, mostly a friend or relative, only 18% contacted the police. Between April 2020 and March 2021, 5,395 women and girls attending a hospital or a GP had FGM identified.

The impact of violence extends to experience of the criminal justice system. Women from minoritised groups and immigrant women are particularly fearful of engaging with the police. Victims' experience in the court process too often serves to enhance the impact of the violence. Public trust in policing has eroded over recent years. A series of high-profile public cases has clearly affected women's confidence in how policing responds to crimes affecting women and girls. The impact of the violence is complex and long lasting. Girls who experience abuse before they are 16 are much more likely to experience abuse later in life.

Sadly, the burden of harassment and abuse on girls from a young age has for a long time been invisible. The Children's Commissioner recently surveyed more than half a million children in the "Big Ask". Young girls wrote about feeling unsafe and intimidated in

[BARONESS WARWICK OF UNDERCLIFFE]
public spaces. It is a compelling read and reveals a deeply disturbing reality for our children. It describes a society that downplays and accepts harassment as a norm and leaves perpetrators unpunished.

I will take noble Lords to that reality through the girls' own voices. A girl of 16 said:

"There's no safety for young people: harassment and crime, no-one feels safe, girls in uniform get catcalled by creeps ... We deserve better. We deserve for things to change".

Girls as young as 11 feel responsible for their own protection strategies, avoiding certain areas or routes home, or planning escape or self-defence. One girl of 11 wrote:

"I think that lots of girls are afraid of things that will happen to them. For example, harassment or assault ... most girls my age (including me) do not know what to do when this happens. I think we should be taught what to do, like a form of self-defence. This is very important to me".

Another little girl of 11 said:

"The fact that girls all over the country have to always have an airpod out to listen for danger, to carry self defence skills, to always go home with friends, to wear trainers more often to run away from trouble. Girls are constantly thinking of this at school and it frightens us".

Boys and girls are increasingly exposed to pornography from a young age, which is normalising violence against women and girls and warping young people's perceptions of what healthy sexual relationships are. Reports by the Children's Commissioner, including *Evidence on Pornography's Influence on Harmful Sexual Behaviour Among Children*, vividly capture these voices. A girl of 18 who first saw pornography aged 11 said that it had "affected me in my adult relationships and my body image and how my sex life is currently".

A 19 year-old girl who first saw pornography at the age of 10 said:

"You see a lot of stuff like barely legal teens on porn sites and it's not nice. They want us to act like porn models but we can't change who we are, what we like, what we are afraid of".

Pornography depicts sex as a transactional, one-way interaction in which women perform as objects for male gratification.

The survey also captured boys' views. A boy of 18 who first saw pornography at the age of 13 said:

"Males can be led to believe women are purely for sex".

A boy of 18 who first saw pornography at the age of 12 wrote:

"Many heterosexual men grow up to have certain expectations of how to treat women when having sex, and in general. A lot of that is actually just abuse".

The reports find a link between specific acts of sexual violence commonly seen in pornography and those reported in official documents on the investigation of children who have abused other children.

Building on this research, the commissioner has been speaking with girl victims of peer-on-peer abuse about the impact of pornography. Key things emerged. One was toxic relationships: "He would just lose it quite a lot, and he could be quite violent". Another was negative role models for boys: "I got catcalled by this guy, and I remember telling the boy I was with and he was like, 'Yeah, like, that's funny, me and my dad do that'". There was the sharing of intimate child

abuse images—"My friend said, 'Basically, he's filmed like you're having sex with him and he's been showing everyone at school'"—and rape and sexual assault: "He came round and it was all fine, and then it just got a bit not fine very quickly".

Girls often do not tell. They often believe that they will get a poor response from professionals and adults. Reporting a crime to the police can be as traumatic as the event itself. To share one abused girl's advice to her abused friend: "I don't even want to turn round and go, 'Go to the police, get justice', because it's not going to make her feel any better. I think if I could do it again I wouldn't, because I'd get over the abuse much faster. I only reported it because I wanted the perpetrator to not do it again". The court process is not always child-centred and trauma-informed. One victim of peer-on-peer abuse observed that it feels like punishment for the victim.

These experiences are confirmed by recent Girlguiding attitudes surveys, which show that 53% of 11 to 21 year-old females do not feel safe when they are outside on their own, 79% have experienced online harms and 67% of 13 to 18 year-old girls experience sexual harassment at school. The 2021 Ofsted *Review of Sexual Abuse in Schools and Colleges* found that nearly 90% of girls and 50% of boys said that being sent explicit pictures or videos of things that they did not want to see happens a lot or sometimes to them or their peers. Sexual harassment of children is commonplace. The frequency of harmful sexual behaviours means that some children consider them as normal.

By failing to protect our girls from the increasing prevalence of violence, we continue to fuel the level of violence and harassment experienced by women in our country. I have focused on children's experiences because they highlight for us all the appalling and fundamental challenges they face and what that bodes for the future. However, I want to end by briefly reminding the House of some statistics. Two women are killed by partners or ex-partners every week. Rape prosecutions and convictions are at a record low. One rape per school day is reported as taking place on school premises. The Crime Survey estimates that approximately 1.7 million women over 16 experienced domestic violence last year. The position of women from minority groups is even more precarious; they have no recourse to public funds, which is a significant barrier to accessing support, including safe accommodation such as a refuge. Too few women experiencing domestic abuse can find a safe home with the support that they need to rebuild their lives.

There is so much more that we need to do, and some things will of course take time, but I want to make some proposals to the Minister for immediate action. Will he strengthen the Online Safety Bill to ensure that all platforms and service providers, including user sites and pornography providers, are subject to stringent requirements to protect children and women from online pornography? Will he strengthen the Victims and Prisoners Bill to ensure that every child victim is entitled to support, including specialist advocacy, if they are a victim of sexual abuse? Will he ensure that the code of practice sets guidance on how children's rights will be met? Will he ensure that training in

relationship, sex and health education teaching in schools takes a “safeguarding first” approach? Teachers should receive training on delivering sensitive topics, including pornography. Will he fund vital community-based domestic abuse services? Will he take immediate steps to rebuild women’s and girls’ confidence in our police and criminal justice system? These proposals are only a start but urgent action is needed now if women and girls are to be free to live and thrive in Britain today. I beg to move.

12.12 pm

Baroness Helic (Con): My Lords, it is a pleasure to follow the speech of the noble Baroness, but how depressing to hear that this is the world in which girls and boys are being brought up. I really hope that we can do more and better to address these issues. I would like to focus on two areas: the situation of migrant victims of domestic abuse and the experience of survivors of domestic abuse in family courts.

We know that migration status is weaponised by abusers. Eleven years after signing and ratifying the Istanbul convention on preventing violence against women, we are still waiting for the Government to sign up to Article 59 of that convention—they have refused—which grants protection to survivors of domestic abuse or forced marriage whose residency status is dependent on their abuser.

Last year, in response to a Written Question, my noble friend Lady Williams, then a Home Office Minister, wrote that the reservation on Article 59 was

“pending the results and evaluation of the Support for Migrant Victims”

pilot scheme, and that the Government would decide what to do about supporting these very vulnerable survivors of abuse, and about the reservation, “as soon as possible” once it was concluded. The scheme, which was offered by the Government as the answer to all our concerns about support for migrant women while we debated the Domestic Abuse Bill, was originally due to be concluded last summer but has now been extended. Can my noble friend the Minister update us on when the Government intend to publish the evaluation of the first year of the scheme, and tell us what the timetable is for moving beyond that pilot to comprehensive support for migrant victims of domestic abuse and ratifying Article 59?

Turning to family courts, I thank my noble and learned friend Lord Bellamy, who wrote to me last month with an update on the implementation of the Ministry of Justice’s 2020 expert panel report, *Assessing Risk of Harm to Children and Parents in Private Law Children Cases*. He highlighted the success of the integrated domestic abuse court pilot scheme, which shows that a more humane and efficient court system is possible. I urge the Government to roll this model out across the country. When that happens, it will be important to ensure that it receives the funding and institutional backing necessary, so that it can continue to be a success.

In the meantime, anecdotal evidence suggests that women continue to have their children taken away from them on the basis of so-called expert opinion, given by unregulated witnesses who would not be

allowed to make formal diagnoses in any other setting. It would be helpful if the Government could publish data on how many children are removed from parental care by the family courts in private law proceedings and in how many of these cases domestic abuse has been experienced by a parent and parental alienation has been alleged by the abusive parent.

Greater transparency over judicial training on domestic abuse is crucial. Without clear information on what training is provided and who is providing it, we are not able to scrutinise the basis on which judges are making decisions. During the passage of the Domestic Abuse Act the then Minister, my noble friend Lord Wolfson, assured me that he would continue to raise this in his meetings with the senior judiciary. Can the Minister tell the House today if judiciary training on domestic abuse remains on the agenda for ministerial meetings with the senior judiciary? I respect the impartiality principle of the judiciary’s independence, but perhaps Ministers could encourage the Judicial College to be more open about what training is being provided.

Finally, I am concerned about a Ministry of Justice consultation on making mediation mandatory in domestic abuse cases. This gives the abuser a platform from which to continue their abuse. I strongly urge the Government to preserve the existing exemption from mandatory mediation for survivors of domestic abuse.

There are many who are stepping up to deal with—

Lord Davies of Gower (Con): Can the noble Baroness wind up her speech, please?

Baroness Helic (Con): Given the organisations which are stepping up to address this issue, would it not be better if we could resolve it at the source and protect survivors, while preventing inappropriate child removals?

12.17 pm

Baroness Gale (Lab): I thank my noble friend Lady Warwick for taking this debate on behalf of my noble friend Lady Drake, who I trust will be back in good health very soon. How many times has this House debated this topic? It has been many, many times. Have things improved? It does not seem like they have. The statistics on violence against women and girls show that this is still a very big problem.

There are now many laws by which perpetrators can be brought to justice. Research conducted by the UK’s Office for National Statistics—the ONS—found that violence against women and girls can have significant and long-lasting impacts, such as mental health issues and homelessness. We have already talked about rape convictions, but the highest ever number of rapes within a 12-month period was recorded by police in the year ending September 2022: the figure was 70,633. In that same period, charges were brought in just 2,616 rape cases, so the truth is that women in Britain today who are raped have little chance of seeing justice.

I want to highlight in this debate violence and abuse against older women. In doing so, I declare an interest, as I am a patron of the charity Hourglass, which campaigns for, and on behalf of, older people who are victims of domestic violence and abuse. Is the Minister aware of the excellent work that the Older People’s

[BARONESS GALE]

Commissioner for Wales is undertaking on the matter of domestic abuse against older people? This is a serious and concerning matter, and the commissioner offers advice and support in a very practical manner. Older people in Wales are fortunate in having a commissioner. It is a shame that older people in England are denied such a commissioner by this UK Government.

Domestic abuse and violence against older women is rarely spoken about—it is just hidden away—and Hourglass is working hard in the four nations of the UK to highlight this problem. Until recently, data on domestic abuse was collected only on women aged up to 74, but the ONS has now removed that limit. I submitted a Written Question on 29 March on the number of domestic abuse victims who were over 74. I received a reply from Professor Sir Ian Diamond, the head of the ONS, in which he said that he plans to release domestic abuse data for those aged 75 and over for the year ending March 2023 in late November.

Once we have these figures, they will be of great value. Without such statistics there is no way of knowing how big the problem is, how to tackle it and what help and support can be given. When this report is published, will the Minister agree to a debate so he can say what further measures, including funding, the Government will take in order to work with charities such as Hourglass, which know so much about this matter? Doing so will bring violence and abuse against older people into the open and, I hope, lead to women and girls living in a fear-free world.

12.21 pm

Baroness Burt of Solihull (LD): My Lords, I wonder whether we are not looking at this subject from the wrong end of telescope, because by the time the violence has occurred, in a sense, it is already too late: the damage has been done. So I want to share my theory of how this abuse starts.

Sometimes, it begins at school. I was shocked to read Ofsted's review of sexual abuse in schools and colleges. Did noble Lords know that 88% of girls have been sent pictures or videos they did not want to see, and 80% have been pressured to provide sexual images of themselves? The first I knew about this practice was some years ago. As a local MP, I met the worried parents of a girl who had been bullied into posting a photo of her own genitals online. She was so traumatised and humiliated that she refused to return to school.

That leads me to why I am so passionate about Amendment 170 to the Online Safety Bill, on cyberflashing. I was really delighted at the amendments the Government recently made, broadening the scope of the current offences of revenge porn and the sharing of deepfake pornographic images. However, we still do not have a consent-based cyberflashing offence, although we do have alterations extending the scope of Amendment 170 to include content that has been altered and appears to be a photograph or a film. A group of us will be trying to convince the Government that they need to go that bit further, because the constraints put on the Bill will not prevent much of the damage that unsolicited cyberflashing will do to the mental health and well-being of women and, importantly, girls.

Thinking further about schoolgirls and boys, images being frequently sent without permission will increase the sexualising of children, and images sent “for a laugh” may pressure girls to laugh off these images on the outside when they are cringing with humiliation inside. They are not mature enough to cope. This is the first stage in being groomed into a culture which is a million miles away from how they have been brought up. This is where it often starts, with boys socialised into believing that porn is realistic behaviour as to what girls think and want.

In a sense, these are first-world problems. At the other end of the spectrum are abused migrant women who are nevertheless too fearful to report abuse because they fear that doing so might get them deported. Fear of having information shared between police and immigration authorities is enabling perpetrators to use immigration status to retain, control and inflict further abuse. This is known as immigration abuse, and the ambiguity of where people stand, even between the services themselves, leaves perpetrators with the freedom to act with impunity, evade justice and potentially target others, undermining public safety.

The answer would be a proper firewall—a blanket ban on services such as police sharing data with the Home Office. We tried to introduce such a ban during consideration of the Domestic Abuse Bill, but more needs to be done. I have no time to go into it now, but I would like to put the Government on notice that, a bit like Arnold Schwarzenegger, “I’ll be back”, raising the issue of the firewall in amendments to the Victims and Prisoners Bill.

12.25 pm

Lord Loomba (CB): My Lords, one of the most shocking aspects of violence against women and girls is that almost one in four girls in this country reports having suffered abuse before the age of 16. Millions of women and girls face many forms of violence throughout their lives, including pornography, sexual exploitation and rape. The impact of pornography and violence against women and girls, whether physical, emotional or sexual, is devastating and often lives long with the victim.

Women and girls form the bulk of those who provide much-needed care and support in our society, both within and outside the family. They used to be called the weaker sex, but in practice more often than not they provide the strength, boundaries and moral foundation that we all need.

The Home Secretary's Statement about violence against women and girls three months ago was welcome in giving strategic direction and indeed some funding. It is welcome too that there has been a move towards making it easier to raise the alarm and taking complaints more seriously from the start. However, I am concerned that these welcome moves might not be sufficient to get a grip on the issue, given the gap between reports and prosecutions, and given that the reporting rates are, as we know, a significant understatement of the extent of the problem.

The justice system is creaking from chronic underinvestment over more than a decade, and what is needed is an honest and frank appraisal of what that means in a policy area where intervention and remedy—for

example, in cases of honour abuse, sexual abuse and domestic violence—are extremely urgent and missteps place victims at greater risk.

Police powers and sentencing guidelines are important elements in a strategy, but they are not in themselves solutions. I add my voice to those of other noble Lords in urging the Government to do all that is necessary to prevent violence against women and girls. I also underline the importance of collecting data in this area, and urge the Minister to consider appointing an independent rapporteur to support policy development and to report on the progress we are making in tackling the scale of the problem.

12.29 pm

Baroness Stedman-Scott (Con): My Lords, in the UK, for as long as I can remember, we have had a very successful practical measure that has worked to help keep women and girls safe: the provision of single-sex spaces and services—toilets, changing rooms, hospital wards and dormitories, to name just a few. When we saw a sign saying “Ladies” or “Women” on the door of a facility, we believed that we would come across only females in that space. We are often told that signs on a door do not keep men out, but the social contract did in the vast majority of cases, and women and girls felt able to raise the alarm when a male breached those boundaries.

I suspect that a lot of women have a story to tell about escaping a predatory man—a man who would not take no for an answer or was being verbally or physically abusive—by escaping to the ladies’ toilets and waiting until he had given up or gone away. Ask your female friends, mothers, sisters, daughters, aunts and cousins; you may be surprised and saddened by their stories.

The social contract is now broken. In many public buildings and areas, single-sex facilities have been replaced by mixed-sex ones, or men have been given the impression that they can go where they like and nobody will challenge them. I have heard from women who tell me exactly this: they are afraid to challenge men who should not be in a female-only space, due to the fear of how they may react—so they fake a smile, which many men take as acceptance, and get out of there as quickly as they can. In many cases, they never go back to that venue.

Of course, violence does not have to be physical. In 2021, Ofsted published a review of sexual abuse in schools and colleges. In England, it found that sexual harassment occurred

“so frequently that it has become ‘commonplace’”.

We heard today of an alleged attack on an Essex schoolgirl, which is outrageous. Some 59% of girls reported being photographed or videoed without their consent. Males having access to previously female-only spaces enables this. Do large retailers, who proudly boast of their inclusive and gender-neutral changing rooms, conduct regular sweeps for hidden cameras? Voyeurism is still a crime, so why are some organisations enabling it by replacing single-sex spaces with mixed-sex spaces? Often, it is because lobby groups have told them that it is more inclusive, when, in fact, being inclusive excludes many women and girls from taking an active part in public life.

In law, single-sex spaces and services are intended for one sex only: that is the very thing permitted by Part 7 of Schedule 3 to the Equality Act 2010. It is not possible to admit a male to a single-sex space or service for females without destroying the very basic nature of that service. Once there are males using it, however they personally regard themselves, it becomes mixed-sex. Some 88% of sexual offences occur in unisex changing rooms and unisex bathrooms, and this cannot be allowed to continue. The Government have done really good work on the social contract, but it is broken and needs fixing. We have to keep spaces single-sex.

12.33 pm

Baroness Chakrabarti (Lab): I congratulate my noble sisters on facilitating this debate on the vital issue of violence against women—an epidemic exacerbated by decades of austerity.

While I totally agree with the noble Baroness, Lady Helic, on the need for more judicial training, today also feels like a moment to celebrate our judiciary. I pay tribute to my dear friend, the noble and learned Lord, Lord Brown of Eaton-under-Heywood, who retired from your Lordships’ House last week due to fading health. It is sometimes hard to believe that it was as late as 1991 that rape within marriage was outlawed in this country, and that it was judges, not parliamentarians, who established such an obvious and civilised reform. This is what the ever self-deprecating noble and learned Lord said about his landmark decision in the *Crown v C* years later in 2017:

“I have few boasts to my name by way of legal achievement, few jewels in my judicial crown, but I can and do boast of being the first judge in this jurisdiction ... to rule that a husband is not permitted in law to have intercourse with his wife quite simply whensoever he chooses—in short, that there is such an offence as marital rape. That decision was said at the time to fly in the face of centuries of established legal principle but in fact, happily, it was upheld by both the Court of Appeal and indeed the Appeal Committee in your Lordships’ House”.—[*Official Report*, 10/3/17; col. 1584.]

But now, six years later, it is political priorities and economic resources, rather than the law, that are letting so many women in the United Kingdom so badly down. As we have heard, attrition rates between the reporting and charging of rape, let alone trials and convictions, are so dire as to amount to de facto decriminalisation of one of the gravest offences, the prevalence of which casts a very long shadow on any society’s levels of basic common decency.

Further, we are now in a vicious spiral of such low trust in policing and the criminal justice system, on the part of women in particular, that they are reluctant, as we have heard, even to come forward as victims of terrible, inhuman and degrading abuse. Rape and other types of violence against women are complex crimes, and all the more difficult, evidentially, on account of their intimate nature. It takes expensive expert personnel and generous support services to even begin to tackle the problem, and years of neglect now render the challenge even greater. Will the Minister commit to making this a personal priority for his tenure in the Home Department?

Will the Government guarantee the provision of specialist rape provision in every police force in the country, of more publicly funded refuge places and of

[BARONESS CHAKRABARTI]

other priority support for victims? Will the Prime Minister, himself a father of daughters, lead a public campaign for women's and girls' dignity and rights, in contrast with, I am afraid, the rather laddish and often misogynistic political culture of recent years?

12.37 pm

Lord Patten (Con): My Lords, I will make three points about this very serious and demanding issue. First, dealing with it may take a much longer time than any of us would like; secondly, identifying early, or identifying at all, those likely to abuse or kill is one of the greatest challenges that we face; and, thirdly, any situation is likely to be intertwined with other parallel issues of concern, such as rough sleeping, homelessness and the rest.

First, alas, there are no quick fixes, however much new money or however many new laws come along. I stress that I applaud measures such as the Domestic Abuse Act 2021, the Health and Care Act 2022, the regularly updated tackling violence against women and girls strategy, and the recent review by Clare Wade KC, as well as all the interagency co-operation that is going on and developing all the time. But, alas, none of that will bring about change overnight, even taken together at top speed.

This is because crime prevention is a very long march. The late Mary Tuck, who was a distinguished Home Office expert—I actually like experts—taught me never to think that nothing works; it is just that, sometimes, things take a long time to work. They are helped by changing social attitudes in the background; we have lots of examples of that in the past with smoking, seat belts and the rest. However, this process must begin with the young getting it—"it" being that violence is a bad and not a solution for whomsoever is involved.

Domestic violence has a number of manifestations—including the vanishingly small number of attacks by women on men in the home and the much greater number of lethal attacks on children by women and men who are in partnership in the home—but, of all these, the worst manifestation is that which this debate concentrates on: violence against girls and women. Getting the message across starts early—it has to start early—but one also has to remember, as Mary Tuck, the Home Office civil servant, again taught me, that just when you think you have taught one generation, there is another generation waiting in the wings, coming along as teenagers who will grow up, to be dealt with next.

Secondly, I have pondered how some potential attackers could ever have been spotted. Take, for example, because this is a UK-wide debate, the terrible Arthur's Seat killing in Edinburgh of the young solicitor, Fawziyah Javed, and her unborn child. She was a professional, her killer husband was in the optical world, both were educated British subjects, she had her own voice and Police Scotland said at trial that there was no evidence at all that this was a so-called honour-based piece of abuse. At least I suppose now that her husband, who killed her and went after her money, is in prison and cannot do it again.

Lastly, I think we have to look after those in our own home areas. I just point out that, having lived around here, around the cathedral and the Palace of Westminster, for many decades, time out of mind, I have been greatly struck in recent months that suddenly, this year, I have noticed among the rough sleepers around Victoria Station, where there is an epidemic of rough sleeping, a disproportionate number of women. Some of those women are actually seen black-eyed and with cuts across their faces—all the signs of abuse. That has struck me terribly hard, and I think the Met and Westminster City Council need to get on and sort this out before something much more terrible happens.

12.41 pm

Baroness Bertin (Con): My Lords, I echo the thanks to the noble Baronesses, Lady Drake and Lady Warwick, for securing this debate. We need to do all we can to keep up consistent focus and momentum on this issue and need always to be asking ourselves: what is working? What legislation has been successful? What has not been so successful? Where are the gaps and what more needs to be done?

To begin on a positive note, I am delighted that the Government have toughened up revenge porn laws this week. The onus is now no longer on the victim to prove that the perpetrator intended to cause distress. This is big progress; it sends a powerful signal to perpetrators but also to society as a whole. It says to the predominantly female victims that, finally, a law is on their side. The dismal prosecution figures associated with crimes of a sexual nature have to change, and I hope that announcements such as this will mark some kind of turning point. It also rightly recognises what is actually going on in the world: technology is now the dominating theme in so many crimes against women and girls.

I was unable to speak on the Online Safety Bill, but I give my full support to noble friends and colleagues who have fought to make changes around age verification for pornography and codes of conduct for violence against women and girls, recognising that of course we are disproportionately attacked and abused online. Real damage is being done not only to our children but also to women, and if we let this opportunity pass without putting the best protections in place, we will have failed. I urge the Government to be brave on this and accept many of those amendments.

On the issue of pornography, allowing young people, particularly young boys, such easy access to misogynistic and degrading porn renders much of the hard work that many people, so many campaigners and organisations are doing to combat VAWG completely redundant. It changes behaviour and informs how relationships begin and continues. Anecdotes of boys in primary schools playing out porno scenes where they are choking their female classmates are commonplace and absolutely shocking. There was one shocking anecdote from a head teacher which will always stay with me. She described having a 12 year-old boy in her office accused of raping his classmate. He was sobbing as they waited for the police, saying he had no idea that what he was doing was wrong, believing that force was a normal part of sex, having watched so much pornography of that nature. Her life was ruined and his life too.

When researching this speech, I spoke to a group of 16 year-old girls. One issue, as the noble Baroness, Lady Burt, said, that came up time and again was cyberflashing. Every one of them had experienced it and they all found it frightening and threatening. They also expressed concerns that, despite it becoming a crime, prosecution levels would be non-existent, due to the onus being on them to prove the intent of the perpetrator. This is the wrong way around and once again prioritises men's freedoms over women's and girls' freedoms not to be sexually harassed.

Cyberflashing, just like real-life flashing, is completely perverse behaviour. Let us just take a moment to remember what this is. A young woman might be sitting on a crowded train when someone decides to airdrop a picture of his penis. He is close by. She knows he is watching her reaction, getting a kick out of the shock, the disgust and fear. This really is an unpleasant crime and one-third of women have experienced it. Worse still, it is a precursor, as we know, to far more serious crimes and should not be left unchecked. People do not just wake up one morning and become a rapist or a murderer; they work up to it, very often through crimes such as these.

So, I ask the Minister, if he cannot accept the amendments, which I sincerely hope he does, can he reassure us that, since there are unacceptably low prosecutions in the area of cyberflashing, the Government will think again about how they deal with this increasingly ubiquitous and sinister crime? I end by saying that, while of course it is men's behaviour that is the problem, we must be careful not to pitch this as men versus women. This is about violent men versus society, and we need to include men and boys in the conversation and the solution much more than I think we do at the moment.

12.45 pm

Baroness Jones of Moulsecoomb (GP): My Lords, I too thank the noble Baroness, Lady Warwick, on behalf of the noble Baroness, Lady Drake, for bringing this subject yet again to this House. It has happened many times, but we still need to talk about it and to highlight the fact that it appears to be increasing and becoming worse in many areas. Other noble Lords have talked a lot about the problem, in some quite graphic detail, and I am going to try to concentrate on the solutions. The solutions often seem a little dull and worthy, but as the noble Lord, Lord Patten, said, there are no quick fixes on this.

For somebody who grew up in the 1950s and 1960s, as I did, when society actually appeared to be changing very fast and for the better, it seems inconceivable that we still have a problem of male violence, misogyny and sexism towards women and girls. That a man can grope a woman's breasts and think she ought to be flattered, or that a girl can be raped and not feel able to tell anyone, is horrific. Clearly, we need to do something about it, and we are not doing enough.

The solutions to the problem within our society involve addressing the imbalances of power, including economic and social power, that can leave individuals vulnerable to domestic abuse—and of course domestic abuse is one of those gateway crimes to much worse crimes, including murder. So I am going to talk about solutions, which are hard but vital.

We need relationship education to inculcate values of respect for others and respect for difference. These must be provided in schools and other appropriate environments. Programmes must also be provided to train all front-line staff dealing with the public, including housing officers, police and workers in the health services, particularly maternity services and other relevant areas, to recognise signs of abuse and provide pathways of escape for survivors and victims. This is not only to help those who are suffering from this but also to educate the people involved, because we can start with schools but we have to go through the whole of society.

Multiagency working is essential to identify the full extent of domestic abuse and improve prevention or early intervention. Crime reduction partnerships must take a lead in co-ordinating information from refuges, the NHS, police, children services, adult services, social housing, schools, voluntary organisations and any other appropriate local body which may have information about individuals and families at risk.

Access to counselling has to be increased for all those affected by domestic abuse—survivors, witnesses and perpetrators—because this is the most effective way of reducing reoffending and breaking cycles of offending within family and neighbourhood networks. Of course, children within families can also be at risk. It is not just the risk of physical abuse; witnessing such abuse can cause long-term psychological damage.

Afterwards, of course, survivors should be helped to remain in their own homes, with the provision of all necessary safety measures, including alarms, improved locks and grilles, extra police patrols, neighbourhood watch schemes and so on. Where this is not possible, appropriate immediate refuge and future housing must be available for all victims escaping domestic abuse. Of course, all these provisions have to be publicly funded, with permanent guaranteed funding.

In closing, I ask the Minister replying to the debate not to make reference to what women and girls can do to protect themselves—I am sure he will not—because this is a male problem. We must focus on what the majority of non-sexist men can do to stop the minority of violent, misogynist men.

12.50 pm

Lord Winston (Lab): My Lords, with respect to my noble friend Lady Chakrabarti, I am not a noble sister, but I hope I can add to this debate as a male.

Let me tell the story of Marie—a completely true story which I heard recently, perhaps a month or two ago. She had visited a famous, large IVF clinic as a private patient to get an MOT to test for fertility. She was offered an AMH, which is a blood test, and a scan. According to the people who manufacture the AMH test, it does not in fact predict your fertility. None the less, this was sold to her, together with the scan. When her results were handed to her after the tests were done, the female doctor said: “You see these results? These are shit. You have no chance of getting pregnant”. This was said to a woman of roughly 40, acutely concerned about her fertility for lots of reasons, as many women are, who suddenly found this violent language in front of her. It is not uncommon; it

[LORD WINSTON]

happens a lot. I have heard so many stories like this one. As a result of my website, trying to sort out the issue of egg freezing, I get letters of this sort once a week and sometimes daily. Marie was then told that, if she paid £20,000 straight away, she could book three cycles of IVF to have her eggs frozen, and that the chances of her getting pregnant would be very high indeed—probably greater than 50%.

It so happens that, as a kind of hobby, I regularly submit a Written Question—about every three years—to find out the results of egg freezing in the United Kingdom compared to those internationally. According to the latest results from the five years up to the pandemic, 75,958 eggs were subjected to thawing after freezing. Of these—I will round up the figures for speed—13,000 thawed, 11,400 were fertilised, 7,257 produced an embryo, 1,695 were considered suitable for an embryo transfer, 288 of the women got pregnant after transfer, 205 gave birth, and 80 pregnancies were lost as a result of miscarriage. In spite of the HFEA saying on its website that the effects are improving, when you look at these figures in detail you see that they are not.

Only last week, on BBC radio, a well-known individual who was a senior member of the HFEA said that the success rate of egg freezing is 18%. It is nothing like that. In fact, according to the figures I have just given the House, less than 0.2% of eggs that are subjected to thawing result in a live birth, and only 1.7% of eggs that are fertilised become a baby. Women do not want miscarriages, and if there is any violence that you can talk about, having a miscarriage is certainly one of them. It is really quite shocking that this goes on and that this kind of information is bandied around in this way. It is not acceptable, and it needs to be done much more carefully by the Government, because the Government are responsible for the Human Fertilisation and Embryology Authority. It needs to make certain that the website says what the success rate is. It does not say what the success rate is; it just says it is improving.

Moreover, the website says that egg freezing is completely safe. How can we say that? It has been going for only 20 years, and it will be a long time before these children can be followed up as adults. It probably is safe but we do not know that. The high miscarriage rate is one certain concern that I have. Clinics are telling patients—I hear this again and again—that if you come to the clinic you have a 60% chance of having your eggs frozen, with a successful baby afterwards. This is a scandal, and it needs to be halted and taken under control.

12.55 pm

Lord Russell of Liverpool (CB): My Lords, I thank the noble Baroness, Lady Warwick, for her comprehensive introduction, and I wish the noble Baroness, Lady Drake, well. I hope she will soon be back with us. I join the noble Baroness, Lady Chakrabarti, in her tribute to my noble and learned friend Lord Brown of Eaton-under-Heywood and his wisdom and balance. You could often rely on him to say what you would not expect him to, and it really made one reflect and think again. He will be sorely missed.

I am going to focus on the subject of stalking in particular, because today it is not possible for either of the noble Baronesses, Lady Royall and Lady Bertin, to take part. The three of us are part of the National Stalking Consortium. I would like to thank the Suzy Lamplugh Trust and the victims' commissioner for London for their help in preparing for today. I will fire a series of questions at the Minister. I do not expect detailed answers at the Dispatch Box. However, I ask the Minister to feel free to respond to me in writing, preferably in great detail, after the debate.

First, the National Stalking Consortium put a super-complaint forward last November, prompted in part by the fact that only 5% of reports of stalking to police result in a charge by the Crown Prosecution Service. While it is welcome that, as a result of the super-complaint, the IOPC, the College of Policing and HMICFRS are going to investigate a series of different police forces to understand the underlying issues, we will not have any findings until some time next year. One immediate action that His Majesty's Government could take would be to urge the College of Policing to mandate that all officers who will deal with stalking complete specialist training. The Met, to its credit, has decided to do this voluntarily, but it is our contention that all forces should undertake this as soon as possible—an action that I suspect the noble Lord, Lord Patten, would approve of, given his comments about prevention, as well as the noble Baroness, Lady Jones, given her comments on the importance of training.

Secondly, I want to talk about imminent changes to the Home Office counting rules for different crimes. The National Police Chiefs' Council is looking at four changes to the way in which crimes are reported: the threshold for cancelling crimes; the principal crime value; recording malicious communications offences; and recording Section 5 public order offences. I particularly want to focus on the second of those: what is the principal crime rule? Stalking, typically, is recorded as a type 2A offence; it is rarely flagged up as a type 4A offence. If what the police chiefs wish to happen happens—which is that the incidence of reporting is reduced—it is quite possible that the large number of stalking crimes will not actually appear and be recorded as such, because they will be subsumed among other crimes that are deemed more important.

The third point is about stalking legislation itself. In 2012, stalking was created in two separate types of offence: stalking that involves fear of violence or serious alarm or distress, and a lesser charge that is simply described as "stalking". Confusion reigns as a result. The vast majority of prosecutions that are brought against stalkers are against the lesser category of stalking. A 2017 report found that stalking behaviours were present in no less than nine out of 10 homicides. Could the Minister undertake to investigate whether the time has come for this confusion to be ended? We need to establish a new stand-alone offence of stalking that adequately recognises the psychological terror it inflicts on victims. I look forward to the Minister's detailed response.

12.59 pm

Baroness Jenkin of Kennington (Con): My Lords, I welcome this debate on violence against women and girls and thank the noble Baronesses, Lady Drake and Lady Warwick. I have spoken before about my fears for girls and young women today and about how our rights and the way we are treated seem to be going backwards. Central to these fears is online pornography. I will expand on the remarks of the noble Baroness, Lady Warwick, and others.

Violent, hardcore, misogynistic, racist and utterly disturbing pornography is ubiquitous online, not on the dark web but on mainstream porn sites and all major social media platforms. Mainstream porn platforms host vast, unknown quantities of illegal content, such as videos of trafficking, rape and sexual violence, child sexual abuse material and image-based sexual abuse. I assure those who think it is still like the top-shelf magazines or videos of old that it is not. Regular porn videos include choking and strangulation of women during sex, men ejaculating on women's faces, verbal aggression and degradation, and women being penetrated by multiple men at the same time or one after another. I hesitate to encourage noble Lords to watch porn, but until you see it—I have not been able to face watching the worst—you cannot imagine how utterly violent and vile it is.

This material is freely available online to adults and children of any age. While we are hopeful of getting age verification regulation in the Online Safety Bill, it is important to note that, while we debate Bills, children as young as nine are accessing this hardcore material. Nothing blocks them watching it.

This is not a niche issue. For context, the porn industry's revenue estimates globally are as high as \$97 billion. By comparison, Netflix brings in about \$11.7 billion. Porn sites received more website traffic in 2020 than Twitter, Instagram, Netflix, Zoom, Pinterest and LinkedIn combined. In 2019, there were more than 42 billion site visits to Pornhub and, during the pandemic, Ofcom reported that Pornhub had a bigger audience than the BBC. In 2020, a study by a digital marketing company concluded that Pornhub was the technology company with the third-greatest impact on society in the 21st century.

The Children's Commissioner for England held a meeting here this week in which we heard her evidence that children are frequently exposed to violent pornography depicting coercive, degrading or pain-inducing sex acts. The impact of this is clear. Some 47% of respondents in research carried out by her office stated that girls now expect sex to involve physical aggression and a further 42% stated that girls enjoy physically aggressive sex acts. Porn is shaping sexual scripts and relationships. This is deeply alarming. No wonder girls no longer want to become women.

Another alarming issue is the "barely legal" genre of pornography. This content suggests sexual activity with children, where petite, young-looking performers are made to look underage through the use of props such as stuffed toys, lollipops and school uniform. This content is extremely harmful, promoting violence against women and girls, sexualising children and driving demand for real child sexual abuse material.

While it is illegal and prohibited offline, it remains legal online. This must be immediately rectified by the Online Safety Bill; I am grateful to the noble Baroness, Lady Benjamin, and the campaign groups leading the charge on this.

What happens on porn sets, wherever they are located, is violence against women and girls. They are trafficked into the billion-dollar porn industry, used, violated, raped and tortured, and left to live with the consequences of catastrophic physical and mental trauma—and those are the ones who escape with their lives. If we want to end the epidemic of violence against women and girls, we need to stop the violence of the porn industry, both the violence in it and the violence that it leads to.

1.03 pm

Baroness Fox of Buckley (Non-Aff): My Lords, I too welcome this debate, although with one caveat. I speak at lots of sixth-forms and universities, and I am increasingly struck by how scared young women are. They see threats everywhere and are convinced that rape, sexual assault and male violence are rampant and a real and present danger. Often, this is based less on real experience than on their being taught that headline-generating horror stories are the norm. This can be debilitating, so I am aware of our responsibility to be proportionate and avoid the unintended consequence of undermining young women's resilience. We need to be wary of reinforcing the narrative that all women are vulnerable victims and all men are a threat.

It is worth remembering that, historically, scaremongering about women's safety was society's excuse for limiting their freedom and equality. The so-called weaker sex needed constant paternalistic protection, to be chaperoned everywhere and confined to the safety of the home. The fight for women's liberation insisted that women should be free to take risks and able to live in the world autonomously, without being inhibited by fear.

However, my main focus today is when real victims are let down by our refusal to confront one fashionable policy priority that undermines efforts to tackle violence and sexual abuse: gender ideology. As the noble Baroness, Lady Stedman-Scott, has discussed, a boy has just been arrested at an Essex school over allegations of serious sexual assault in gender-neutral toilets. At a recent Westminster Hall debate on equality legislation, Jess Phillips MP explained the crucial role that women-only refuges play for victims of domestic violence. However, these are now under threat because councils and charities have embraced the elision of biological sex and gender preference. We have seen similar scandals in rape crisis provision and are all familiar with the mess that the criminal justice system is in, with convicted male predators being housed in women's prisons.

I will share a personal injustice of what happens when a male sexual abuser leaves prison as a woman. Ceri-Lee Galvin is a 24 year-old mum who was systematically raped and abused by her own father for nine years from the age of eight. In 2016, Clive Bundy was given a 15-year sentence. The first shocker was that the Parole Board recently released him after he had served only seven years in jail. The second shocker was that, before his release, his daughter Ceri-Lee got

[BARONESS FOX OF BUCKLEY]

a call from her victim liaison officer telling her that her incestuous father had been given permission to change gender. The prison provided make-up, female clothing and a wig, and Bundy was segregated to protect “her” from male prisoners. His name change by deed poll was paid for; his new name is Claire Fox—my name.

Even more shockingly, as a free Claire Fox, Clive Bundy can distance himself from his crimes. Changing his gender means that his criminal checks are compromised by a legal loophole created by gender orthodoxy closing down any challenge. A sex offender changing their name would officially show up on Home Office Disclosure and Barring Service records, a safeguarding device used to check previous convictions. However, something called a “sensitivity application clause” gives transgender job applicants the choice not to record any information that would reveal their previous identity. We are all supposed to collude with this new gender identity on pain of being accused of transphobic misgendering.

Kate Coleman, author of the Keep Prisons Single Sex report on these enhanced privacy rights of trans people, notes that the likes of Bundy can change their name and gender on official documents such as passports and driver’s licences, which can be used as proof of identity to the DBS. Bundy’s privacy rights also mean that his own daughter—the victim—was told by the authorities about her father’s name and gender change only because he gave permission. As a postscript, since his release Clive Bundy—aka Claire Fox—has been seen in Ceri-Lee’s hometown looking suspiciously like the man he is, with no wig and no pretence, but on paper the authorities tell us that we all have to pretend that he is female.

Ceri-Lee bravely broke her anonymity to speak out so that other abuse victims will not be hurt by this loophole. I hope that we as legislators can honour her courage by amending the forthcoming victims’ law to ensure that no more people like Clive Bundy can get away with gaslighting their victims or mocking all safeguarding initiatives. We must oppose gender ideology.

1.08 pm

Lord Brooke of Alverthorpe (Lab): My Lords, I am grateful to my noble friend Lady Drake for tabling this debate; I wish her well and hope that she is soon back with us. I thank my noble friend Lady Warwick for introducing it. So much has been said that I will not be able to add much, other than on alcohol and domestic violence, as noble Lords might expect.

All the statistics indicate that violence against women has been increasing since about 2008 or 2009, particularly domestic violence. In many areas, that is linked in part to alcohol, which has not been raised so far. It is high time that we had a look at the rules that my Government, the Labour Government, introduced in the 2003 Act, which greatly liberalised freedom to purchase and access to alcohol. A re-examination of what has been happening with pricing and freedom to access alcohol is long overdue, as well as of the consequential difficulties that have arisen from cheap booze being freely available and so easily accessible. In turn, it has the effect of many men attacking women, which has continued to

increase in recent years. Covid made matters even worse in that respect, so I hope the Minister might be prepared to comment on how the Government feel about the impact of alcohol and drugs on women.

Secondly, on pornography, unfortunately, I did not participate in the Online Safety Bill debates, but I have been watching carefully and I am pleased with how things are going. However, we still have not gone anything like far enough. Interestingly, the British Board of Film Classification tells us that it would never permit the stuff it sees to be shown in films. It is freely and widely available, and increasingly so across the whole of the online system. We need a broader societal debate about pornography and its impact across the board, particularly on younger children, and we need it soon if we are to believe the Met Police, which is very concerned about how the metaverse will develop. When that technology becomes more freely and cheaply available, we will see extraordinary things that will have an impact on the whole of society, particularly children. The metaverse has not been disused today, and I wonder whether the Minister can explain to us the Government’s views on it and how it may impact violence between men and women. Indeed, there is increasing violence between men and men, which is an issue that has not been raised today.

I hope the Minister will be able to give a general response to those three points.

1.11 pm

Baroness Meyer (Con): My Lords, I, too, welcome this important debate and the excellent speeches we have heard so far. I shall express my concern about the alarming increase in violence against women and girls due to gender identity ideology, as the noble Baroness, Lady Fox, highlighted so well.

At first, we took it as being inclusive and kind, but in the space of a few years, it has become a dogma which we should all accept without questioning its validity. This ideology alleges that biological sex does not exist and that males can become females and females males. As a result, women and girls, as my noble friend Lady Stedman-Scott clearly said, are no longer safe in female-only spaces as biological men who identify as women, despite having full genitalia, are allowed into them.

Even our language has been altered. We are no longer referred to as women, but as “adult persons”. We have been given new labels, such as “cis”. We are no longer breastfeeding our babies but are neutral “chest feeders”. Only biological men who identify as women seem to be allowed to use the word “women”. They are calling themselves “transwomen”. The irony is that, as Matt Walsh’s documentary, which I highly recommend, has revealed, those who have endorsed this theory that transwomen are women cannot actually define what a woman is. This is quite a conundrum. Talk about a circular argument!

Since the beginning of time, no one has dreamt of disputing the indisputable: the fact that sex is binary and immutable. Human beings cannot change their sex, yet today, anyone who dares question gender ideology is instantly labelled as a bigot or transphobic. This is not party political. It is not right wing versus

left wing. This is indoctrination of the masses by a small group of activists. It is reminiscent of oppressive regimes such as Communism and Nazism. While I shy away from drawing direct comparisons, it is disconcerting to witness a similar pattern emerging in our society and how, as happened then, our children are being indoctrinated with a single truth based on ideology rather than factual evidence. We have all read recent reports of children being taught that there are hundreds of genders and that anyone can identify as anything they want—human, animal or object. This is not only dehumanising but is pushing children towards experimental surgery that has long-term and irreversible consequences.

Of course, we must be compassionate and understand that some children's biological sex is a great source of distress for them, and of course they should be protected and helped, but it is not those children I am talking about. I am talking about children who may simply be going through the often difficult stages of puberty being told that their problems will be solved and disappear if they change sex. As many noble Lords have pointed out already, those children are being exposed to violent pornography and it is not surprising that, as a result, some of them reject the idea of womanhood and seek to escape their own bodies.

Is it not time to investigate how pharmaceutical companies are able to rack up billions while our girls are being mutilated? Is it not time to act to protect our women and girls against this form of violence? Does my noble friend not agree that it is the responsibility of our Government and legislature to make sure that children do not end up mutilating their bodies? Does he not agree that the Equality Act 2010 must be updated to clarify the definition of sex?

1.17 pm

Baroness Thornton (Lab): I think it is a shame that the noble Baroness has tried to deflect what is actually an incredibly serious debate about violence against girls and women into some kind of culture war that she talks about in the House often.

Last Sunday morning at about 7.30 am, having dropped my husband off to get to Heathrow, I stopped for a coffee on the way home. As I crossed the road back to my car, a man stopped to let me cross the road, which was nice. He then slowed down next to me and through his window asked me if I was up for something or other—I hesitate to define exactly what. I was not interested and walked swiftly to my car. Disturbingly, he pulled up around the corner and turned to look at me. I was not sure what he was about to do—a U-turn perhaps—but, having locked myself in my car, I drove away, checking that I was not followed home, which I was not.

What do we do? Sometimes you make a joke of it, which I did when I was telling one of my Front-Bench colleagues about it. A 70-year old woman at 7.30 on a Sunday morning is not safe—for goodness' sake. I admonished myself for not snapping his registration number, although quite what I would have done with it, I do not know. Actually, at the point where he pulled up around the corner, there is a bus stop with a camera, and he may end up with an £80 fine, so that

would serve him right. The truth is, of course, that he may go on to do it again and again—and who knows where it might lead?

That is the everyday, low-level occurrence that every woman here today will recognise and have some experience of. It is frightening. Why should we live our lives being afraid that some bloke might feel he has the right to grope, shout sexist remarks, comment on our appearance, get nasty or violent when told to stop his unacceptable behaviour, and sometimes do worse: attack, rape, sexual assault or murder? These are the matters at the root of violence against women and girls in our society today.

When I look at my granddaughter and her friends, I worry about the oversexualised world they are growing up in, one where many boys learn about relationships and sex from watching porn, as many noble Lords have said. I absolutely agree with the noble Baroness, Lady Benjamin, who passionately explained the damage that this does.

So the debate today is important, and I thank all who have participated, and indeed the organisations which sent us briefings: the Girl Guides, Refuge, Women's Aid and others. I am grateful to my noble friend Lady Warwick for stepping up so wonderfully as she did to take the place of my noble friend. I am also grateful for the comments of my noble friend Lady Gale; we have shared this platform on many occasions over the last 20 years or so that we have been here to talk about violence against women.

Like others, I want to start by looking at and thinking about girls' experience. I was very grateful to the Girl Guides for the research that it sent us. I am also very grateful for the work it does in supporting young women and increasing their confidence. I was never a Girl Guide—I was only ever a Brownie—but they do a brilliant job today.

As noble Lords said, girls and young women regularly experience harassment and abuse in public places, such as on the street and on public transport. Some 53% of 11 to 21 year-olds do not feel safe when they are outside on their own, and over 60% have experienced unwanted attention. As other noble Lords said, they do not feel safe at school. This is a terrible thing—a place where they should learn and thrive is instead somewhere they do not feel safe.

Girls tell us that they regularly experience online harms such as harassment and abuse, including sexist and derogatory comments, also mentioned by many noble Lords. Some 79% of 13 to 21 year-olds have experienced online harms in the last year: sexist comments, cyberflashing, sexual harassment, catfishing—I suggest your Lordships look that one up—pressure to share nude pictures, and cyberstalking. Some 94% said that they experienced negative emotions as a result of online harms. However, the thing that really disturbed me is that only 15% of girls think social media is a safe place for them. That is terrible because, in this modern world, these girls need to feel safe on social media—of course they need to feel safe.

What these girls want is really modest and simple. They want public sexual harassment to be made a crime. They want their ideas to be listened to and their voices to be heard in the design and creation of safe public spaces. They want the reporting of sexual

[BARONESS THORNTON]

harassment to be made easier. They want—as many other noble Lords have said—the Online Safety Bill to be strengthened to address the issues of online harassment and abuse, and they want the Department for Education to renew its commitment to the delivery of RSHE and to aim for 100% of people to learn about consent.

When these girls become women, they will face the epidemic of violence against women and girls that has escalated, particularly in the last 10 to 15 years. Noble Lords have referred to the record 70,000 rapes reported to the police in the year to September 2022, just 2,600 of which resulted in a charge. Some 70% of the rape complainants who go to the police give up their case. There is a lack of trauma-informed police support, and most forces have scrapped rape specialist units through funding cuts. That means that experienced police officers who know how to deal with these issues have left, and young police officers who do not know how to deal with these issues are now having to do so, because the policy has changed and there has been a recognition that this is a serious issue, but they do not know how best to deal with rape. This is a problem. It is particularly a problem for black and minoritised women who, not surprisingly in recent times, do not trust the police in so many different ways. Independent sexual violence advisers are in short supply and rape crisis centres are underfunded. There are 10,000 victims on their waiting lists for rape trauma therapy.

The same set of abysmal statistics appears when we think about domestic violence. The criminal justice system is failing women and children who have experienced domestic violence and the current system is inefficient for domestic abuse spending. Women's Aid research found that a minimum of £427 million per year is needed to fund specialist domestic abuse services in England. If domestic abuse services work and domestic abuse is reduced, that could deal with the fact that domestic abuse costs our economy £78 billion a year in England. Therefore, the economic as well as the social need is absolutely clear.

We now have what is being called the ground-breaking Victims and Prisoners Bill to address these issues. The Government may plan to attack the court backlog, increase charges for rape perpetrators and show that victims' rights are upheld and supported through the system, but the problem is that none of those things is actually in the Bill. I hope that my honourable friend Anna McMorrin and her colleagues will deal with some of those issues in the Commons, and that when the Bill comes here we will deal with it. Without an enforceable victims' code, it is nothing but words on a page, and without the legal support to guide survivors every step of the way through the system, from reporting a rape at a police station through to trial and driving up standards, the Bill is not worth it. So I hope noble Lords will join us in tackling those issues.

Labour has a mission to make our streets safe for women and girls. We have a Green Paper on *Ending Violence Against Women and Girls* which makes scores of commitments to tackle this epidemic, including specialist rape units in every police force, setting up dedicated rape courts, introducing minimum sentences

for rape and for stalking, and making misogyny a hate crime. We will put specialist domestic abuse workers in the control rooms of every police force responding to 999 calls, supporting the victims of abuse, following the excellent example of Kim McGuinness as a Labour police and crime commissioner in Northumbria. We will also make sure that we have a Victims' Commissioner. Since my friend Dame Vera Baird left, we have not had one of those—so that will be nice, too. We will lead the charge on the Human Rights Council for a global treaty to end violence against women and girls.

I thank all noble Lords for speaking in this debate. I particularly thank my noble friends Lord Winston and Lord Brooke for their distinctive and relevant contributions to tackling violence. My noble friend opened the debate with eloquence and force and asked the Minister about many issues. I am grateful for the outstanding contributions across the House. I do not envy the Minister his task, but do I know how seriously he takes these issues.

1.27 pm

The Parliamentary Under-Secretary of State, Home Office (Lord Sharpe of Epsom) (Con): My Lords, I am very grateful to all noble Lords who have participated for their valuable, thoughtful and insightful contributions. I particularly thank the noble Baroness, Lady Warwick, for opening this debate on behalf of the noble Baroness, Lady Drake—I am sure that the whole House will join me in wishing the noble Baroness, Lady Drake, well. I will do my very best to address all the points that have been raised, but there are a number, so I hope noble Lords will indulge me if I go a little over time. I join the noble Baroness, Lady Thornton, in thanking Girlguiding UK and Refuge, which supplied me with some very thoughtful briefings on this subject.

I am confident in saying that tackling violence against women and girls is a priority for all Members of the House, as we have heard, so I am glad that we have had the opportunity to discuss it today. Some Members of this House may have experienced it for themselves—such as the noble Baroness, Lady Thornton, on Sunday morning—or they may have loved ones who have experienced the horrific nature of these crimes. They have absolutely no place in our society and, again as the noble Baroness, Lady Thornton, said, why should anyone live like that? We have to change attitudes and improve how the criminal justice system supports victims and pursues perpetrators. That is why the Government are taking a whole-of-society approach to tackling this issue.

As the noble Baroness, Lady Warwick, outlined in her introduction, violence against women and girls—or VAWG—includes crimes such as rape and other sexual offences, stalking, domestic abuse, so-called honour-based abuse, including female genital mutilation, forced marriage and honour killings, as well as revenge porn and upskirting. These crimes can occur online as well as offline, and they are deeply harmful, not only because of the profound effect that they have on the victims, survivors and their loved ones but because of the harm they inflict on wider society. It is important to say that men and boys also experience abusive and violent crimes that fall under some of the umbrella here.

Domestic abuse alone is a high-volume crime, affecting 2.4 million adults every year. It is high harm. One in five homicides is a domestic homicide, and I note the comments of the noble Lord, Lord Russell, about stalking and homicide statistics.

To answer the noble Baroness, Lady Gale, I am not aware of the work that has been done in Wales to which she has referred but I commit to looking into it. I can say that the Home Office and the Ministry of Justice are investing £3 million specifically in “by and for” organisations over 2023-24 and 2024-25, which will include organisations that support victims of abuse with different protected characteristics—for example, older victims or victims living with disability. I am happy to agree to a debate, for which she asked. I am also pleased to be able to inform the House that since 2018 the Government have provided £300,000 to Hourglass, to which the noble Baroness referred, to enhance its helpline, provide casework support and so on.

This crime is also very high cost. For the year ending March 2017, the cost of domestic abuse was estimated to be £66 billion.

I turn to a couple of more general points. My noble friend Lady Helic and the noble Baroness, Lady Chakrabarti, talked about judicial training. I am also happy to join them in their comments about Lord Brown of Eaton-under-Heywood. The Government do not provide input into judicial training or have responsibility for it, for reasons of judicial independence. The Lord Chief Justice has statutory responsibility for the training of judges and magistrates, with the responsibility exercised through the Judicial College.

The noble Lord, Lord Winston, may not be surprised to know that I am not particularly up on the subject of egg freezing, but I will come back to him when I have done a bit more investigating.

I agree with my noble friend Lord Patten that tackling violence against women and girls is a long slog, but it is one to which the Government are committed. He is right that it requires ongoing diligence; it is not something we can just fix and then walk away from.

Noble Lords will be aware that in July 2021, the Government published the tackling VAWG strategy to ensure that women and girls are safe everywhere—at home, online, at work and on the streets. This was followed by the tackling abuse plan, which we published in March 2022. Through the commitments set out in these documents, the Government aim to transform society’s response to these crimes with actions to prevent abuse, support victims and pursue perpetrators, as well as to strengthen the systems to respond to VAWG.

The documents build on the Government’s work to date, including the landmark Domestic Abuse Act 2021. That Act bolsters our response to domestic abuse at every level, strengthening protections for victims while ensuring that perpetrators feel the full force of the law. The measures in the Act include the creation of a statutory definition of domestic abuse, emphasising that domestic abuse is not just physical violence but can be emotional, controlling or coercive, and can include economic abuse.

The Government have made good progress in implementing the tackling violence against women and girls strategy and the tackling domestic abuse plan. As my noble friend Lady Helic noted, we ratified the Istanbul convention on 21 July 2022, which demonstrates to women in the UK and partners overseas our commitment to tackling VAWG.

This provides a suitable opportunity to talk about migrant victims of domestic abuse. Support is provided to migrant victims in the UK through our destitute domestic violence concession, which gives victims who have entered the UK on certain partner or spousal visas access to public funds for three months, which can be used to fund safe accommodation. Migrant victims can also apply for settlement—indefinite leave to remain—under the domestic violence indefinite leave to remain rules. The intention is to safeguard victims of domestic abuse by offering them an immigration status and financial support independent of the abusive partner.

Following the Government’s review of support for migrant victims in 2020, in April 2021 we launched the support for migrant victims scheme pilot to provide a support net for migrant victims of abuse with no recourse to public funds. We are providing a further £1.4 million in 2023-24 to continue to fund the support for migrant victims scheme, ensuring that we maintain support for migrant victims of domestic abuse.

The noble Baroness, Lady Burt, asked me about the firewall between the police and immigration enforcement. When a crime is committed, our immediate priority is always the welfare of the victim, irrespective of their immigration status. All victims should be free to report crimes without fear, and it is in the interests of the general public for all crimes to be fully investigated. The protocol will provide assurance to individuals that no immigration enforcement action will be taken while criminal justice proceedings are ongoing and while support to make applications to regularise their stay is being sought.

Returning to the Istanbul convention, my noble friend Lady Helic asked why the UK made reservations on certain aspects of it. Many members that have ratified the convention have also made reservations on specific articles. We placed one on Article 59, which relates to migrant victims of domestic abuse, to avoid further delays to ratification. However, we are carefully considering the findings of the support for migrant victims scheme pilot evaluation to ensure that migrant victims are supported effectively. We will reflect on our position following that, and in the interim, as I have just said, we are providing up to £1.4 million in each year up to 2025 to continue to fund support for migrant victims of domestic abuse.

We have published the revised domestic violence disclosure scheme, allowing the police to disclose information to a victim or potential victim about their partner or ex-partner’s previous abusive or violent offending. We have doubled funding for the national domestic abuse helpline so that victims of domestic abuse are better supported, and we have launched our national communications campaign, ENOUGH. The ENOUGH campaign challenges harmful behaviours that exist within wider society, educates young people

[LORD SHARPE OF EPSOM]

about healthy relationships and consent and ensures that victims can recognise abuse and receive support. Campaign advertising has reached millions of individuals across England and Wales, resulting in tens of thousands of visits to the campaign website and thousands of clicks through to organisations offering support for victims of VAWG.

This is the right time to talk about a subject that has been raised by many noble Lords: online pornography. As my noble friend Lady Jenkin has noted, it is deeply alarming. The noble Baronesses, Lady Warwick, Lady Burt, Lady Jones and Lady Thornton, also referred to the subject so I will go into it in some detail. Offences relating to sexual images—for example, revenge pornography and extreme pornography—have been included in the Online Safety Bill as priority offences. Priority offences reflect the most serious and prevalent illegal content and activity, against which companies must take proactive measures. As such, platforms in scope of the Online Safety Bill will be required to implement systems and processes to minimise the uploading and sharing of such content. Beyond the priority offences, all services will need to ensure that they have effective systems and processes in place quickly to take down other illegal content that targets individuals, once it has been reported or they become aware of its presence.

In addition, the Bill will address children's access to all forms of published pornography, whether extreme or otherwise. However, it should be noted that publishers of extreme or illegal pornography are already liable for publishing any illegal content on their service.

The Online Safety Bill will cover all online sites that offer pornography, including commercial pornography sites, social media, video-sharing platforms, forums and search engines. These companies will also have to prevent children accessing pornography or face enforcement action. In addition, the Bill will require all in-scope providers to take preventive action to protect all users, including children and young people, from illegal content such as extreme pornography and revenge pornography. This new duty will be enforced by Ofcom, with providers being subject to the same enforcement measures as other services, including substantial fines up to the greater of £18 million or 10% of global qualifying annual revenue or, in the most serious cases, business disruption measures, including blocking.

My noble friend Lady Bertin brought up the image-abuse offences. The Government are reforming the law on the abuse of intimate images, based on the recommendations made in the Law Commission report *Taking, Making and Sharing Intimate Images without Consent*, which was published in July 2022. That includes offences of sending, sharing and threatening to share deepfake pornography as part of the new base that criminalises someone for sharing an intimate image without consent. That is in combination with the measures already in the Bill to make cyberflashing a criminal offence, which will significantly strengthen protections for women, who are, as has been powerfully stated, disproportionately affected by these activities.

On 27 June the Government announced amendments to the Online Safety Bill relating to intimate image abuse that will protect victims of revenge pornography by changing current laws that require the prosecution to prove that perpetrators shared sexual images or films in order to cause distress. Through this package of amendments, for the first time the sharing of deepfake intimate images, explicit images or videos that have been digitally manipulated to look like someone else will be criminalised.

I want to speak about children accessing pornography in a little more detail, as it was powerfully raised again by the noble Baronesses, Lady Bertin and Lady Jenkin, and the noble Lord, Lord Brooke. On 8 February 2022, the Digital Minister Chris Philp MP announced world-leading measures to protect children from accessing pornography online. As I have just stated, that is a key principle for this Government. They include the new legal duty requiring all sites that publish pornography to put robust checks in place to ensure that their users are 18 or over. I think it is worth reiterating that, if a site fails to act, Ofcom will be able to fine them substantially.

That deals with the supply side. On the demand side—I think this goes to the points the noble Baronesses, Lady Jones of Moulsecoomb and Lady Fox, made about education—relationship, sex and health education, or RSHE, is now a statutory part of the curriculum. Children will be taught about the importance of respectful relationships, as well as issues such as domestic abuse and sexual consent. The Department for Education is currently working to update the RSHE statutory guidance. In the tackling VAWG strategy, we committed £3 million in funding for what works to tackle violence against women and girls and invest in high-quality evidence-based prevention projects, including in schools.

In 2022, the Home Office and wider government committed over £230 million over the next three years as part of the domestic abuse plan. This includes over £140 million for supporting victims and survivors. One example of funding to tackle VAWG is the 2023-25 domestic abuse perpetrator intervention fund. This awards up to £39 million to local areas in support of the delivery of interventions for domestic abuse perpetrators, including behaviour change and stalking intervention programmes.

I noted the comments of the noble Lord, Lord Brooke, on alcohol and substance abuse. It is important, obviously, to break cycles of disengagement and reoffending, but there are no excuses for domestic abuse. There is a frequent coexistence of domestic abuse, mental health issues and drug and alcohol abuse, with complex interrelationships between all of them. The NHS plays a key role in providing care and support to victims through a wide range of services. It is also important that any alcohol or drugs treatment plan for perpetrators, as well as addressing the causes of the substance abuse, addresses the complex dynamics of power and control which underpin domestic abuse. I agree with the noble Lord's comments.

I think this also goes towards answering some of the remarks made by my noble friend Lord Patten about interventions regarding perpetrators. Perpetrator interventions are designed to help change or disrupt

offenders' behaviour and stop crimes being committed. That supports our aim to place the onus on the perpetrator to change and stop victims from experiencing further harm. There is promising evidence suggesting that interventions can be effective at reducing levels of abuse. For example, a perpetrator's participation in the Drive Project can result in substantial reductions in abuse and risk, with physical abuse reduced by 82% and controlling behaviours by 73%. The Drive Project works with high-harm, high-risk and serial perpetrators of domestic abuse to prevent their abusive behaviour and protect victims. Alongside this funding, the Home Office has appointed an independent evaluation partner to conduct evaluations of perpetrator interventions to help us further enhance our evidence base and better understand what works.

Clearly the police have a vital role to play. Following the 2021 HMICFRS inspection into the policing response to VAWG, we supported the introduction of a new full-time national policing lead for VAWG: DCC Maggie Blyth. She has been working closely with government to drive national co-ordination of the policing response to VAWG. DCC Blyth and her team published a strategic threat and risk assessment for VAWG last month, outlining the areas where police should prioritise their resources to tackle VAWG crimes in the coming year. In February this year, the Home Secretary added VAWG to the revised strategic police requirement. This means that VAWG is now set as a national threat for forces to respond to, alongside other threats such as terrorism, serious organised crime and sexual abuse.

In the tackling VAWG strategy we can confirm that we are looking at the case for a new law on public sexual harassment, which has been referred to by a number of noble Lords. We ran a targeted consultation on this last summer. We are grateful to those who responded to the consultation and recognise that a specific offence could deter perpetrators, encourage victims to report and make the law clearer for everyone. We think there is a case for legislative change; the Government are therefore supporting the Protection from Sex-based Harassment in Public Bill, sponsored by the right honourable Greg Clark MP and my noble friend Lord Wolfson of Tredegar. The Bill completed its passage through the House of Commons in March and received its Second Reading in the Lords on 16 June.

I say to the noble Lord, Lord Russell, that the changes to crime reporting will free up hundreds of thousands of police hours. On the subject of stalking, in January 2020, we introduced stalking protection orders, which are a new civil order to protect victims of stalking at the earliest possible opportunity and address the perpetrator's behaviours before they become entrenched or escalate in severity in the way that the noble Lord described. SPOs support existing tools to ensure robust protections are available to victims, including victims of stranger stalking, where the perpetrator is not a current or former intimate partner of the victim. The courts issued almost 1,000 SPOs between February 2020 and December 2021. I will write to the noble Lord in answer to his other questions, because I do not have much time left and I still need to talk more about the police. I hope noble Lords will indulge me if I go over my allotted span a little.

It is obvious, as the noble Baroness, Lady Warwick, and my noble friend Lady Bertin both identified, that trust issues with the police have been a problem, and it is paramount that public trust in the Met, in particular, is restored. The Government will continue to hold the commissioner and the Mayor of London to account to deliver wholesale change in the force's culture. There is much more to do, and the task of this mission is rooting out unfit officers. That will mean that further unacceptable cases will inevitably come to light.

The Government are also driving forward work to improve culture, standards and behaviour across policing, including strengthening vetting and reviewing the dismissals process. In January, we launched a review into the process of dismissals to ensure that the system is fair and effective. Among other areas, the review is considering the consistency of decision-making in cases of sexual misconduct and other forms of VAWG. We are currently considering the findings, and the next steps will be published in due course.

I have spoken a lot from the Dispatch Box about other things that the Government have done, so I move on to the subject of rape. It has been mentioned on a number of occasions: the noble Lord, Lord Loomba, and the noble Baronesses, Lady Warwick, Lady Chakrabarti and Lady Thornton, discussed the decline in prosecutions for rape. The Government's end-to-end rape review found that there had been a steep decline in the number of cases reaching court since 2016. One key reason for this was the number of victims who were withdrawing from the criminal justice process. In the rape review action plan, we took a hard and honest look at how the entire criminal justice system deals with rape, and recognised that in too many instances, it had simply not been good enough. We apologised at the time for this and will not rest until we have delivered real improvements, transforming support for victims and ensuring cases are investigated fully and pursued rigorously through the courts. We are committed to more than doubling the volume of rape cases reaching court by the end of the Parliament. The most recent rape review progress report, which was published in December 2022, showed increases in police referrals, charges and receipts at the Crown Court.

While we have made important progress, much of the work remains ahead of us and it will take time for the effects of these systemic transformations to be seen in the data, particularly due to the inherent complexity of rape investigations and prosecutions, because we are aiming to achieve genuine cultural change. To the point made by the noble Baroness, Lady Thornton, we recognise that having police officers with the right skills is critical in ensuring cases are progressed and managed effectively. Chief Constable Sarah Crew is the national policing lead for adult sexual offences, and when she gave evidence to the Home Affairs Select Committee she highlighted that she is engaging with chief constables to help ensure that this specialism is recognised across forces. Operation Soteria, which I have spoken about from the Dispatch Box before, is helping to establish an effective, evidence-based way of driving improvements across policing.

[LORD SHARPE OF EPSOM]

I shall talk a little more about Operation Soteria, because it is an ambitious joint policing and CPS programme to develop new national operating models for the investigation and prosecution of rape which will support officers and prosecutors to conduct suspect-focused, rather than victim-focused, investigations. The Home Office is investing £6.65 million in the policing aspects of Operation Soteria between 2021 and 2023. That builds on work in Avon and Somerset Police by bringing together academics and front-line police officers to develop a new national operating model for the investigation of rape.

Operation Soteria is working. We have seen improvements in a number of pathfinder forces: charge volumes in Avon and Somerset more than tripled between October and December 2022, and the Met has seen an 18% reduction in victims withdrawing, falling from 743 cases before Soteria to 611 between October and December 2022. All pathfinder forces have seen an increase in the number of cases being referred to the CPS; Durham has seen a 113% increase, more than doubling the number of cases referred. All pathfinder forces have experienced a reduction in the average number of days taken for a charge outcome to be assigned, with South Wales Police seeing a reduction of almost 300 days in the latest quarter. I am reluctant to disagree with the noble Baroness, Lady Chakrabarti, but I do not think that rape has been decriminalised—serious work is being done to fix this problem.

We will have more to say on the national operating model in due course.

On the subject raised by the noble Baroness, Lady Jones of Moulsecoomb, about children affected by domestic abuse, she is quite right. The Home Office has increased funding for the children affected by domestic abuse fund. We have allocated up to £10.3 million across three years to eight organisations across England and Wales that provide specialist support in the community to children who have been impacted by domestic abuse. That builds on the more than £12 million provided through the children affected by domestic abuse fund since 2018. This scheme has provided support to thousands of children, young people and families who have experienced abuse.

The noble Lord, Lord Patten, asked about refuges. In the Domestic Abuse Act a new duty was introduced on local authorities to provide support for victims of domestic abuse and their children in safe accommodation, including refuges.

I appreciate that I am over time, so I will try to conclude. My noble friend Lady Stedman-Scott, supported by the noble Baroness, Lady Fox, and my noble friend Lady Meyer, brought up the subject of single-sex spaces. We are committed to maintaining the safeguards that allow organisations to provide single-sex services. It is important that the principle of being able to operate spaces reserved for women and girls is maintained. The Equality Act 2010 sets out that providers have the right to restrict the use of spaces on the basis of sex and gender reassignment, where that is justified. The EHRC has published guidance on the existing legislation, which provides much-needed clarity to those who are operating single-sex spaces.

I say to the noble Baroness, Lady Fox, that we have robust legislative measures in place that require registered sex offenders to inform the police of any name change and enable courts to put restrictions on a registered sex offender's ability to change their name if they pose a specific risk in relation to name changes.

I have gone over time, so I finish by again offering my thanks to the noble Baroness, Lady Drake, for initiating the debate and the noble Baroness, Lady Warwick, for introducing it and giving us all the opportunity to talk about this critical issue. I hope I have outlined some of the vital work that is being done to tackle violence against women and girls; we are doing a great deal, but we know that there is always more to do. This is a societal concern and requires a whole-of-society response. Driving that response is a key priority for the Government and for me, because no one should have to feel unsafe or suffer abuse. We must be and we will be relentless in our efforts to help victims pursue perpetrators, and we will strengthen our systems so that all victims of these crimes have the support and protection they deserve. I hope I have answered all the questions.

1.53 pm

Baroness Warwick of Undercliffe (Lab): My Lords, I thank all noble Lords who have taken part in this debate. I also thank the Children's Commissioner, Girlguiding, Refuge and others for their very helpful briefing, which I know that we have all taken advantage of. It has been a passionate but very thoughtful debate, dealing with so many different facets of violence against women and girls and recognising how widespread it is and, indeed, how damaging.

I will not even attempt to summarise the debate, particularly given the time, but I thank the Minister for his very detailed response and his clear determination to try to approach, assess and deal with every one of the issues raised. So many proposals for action and change were put forward during the debate that I will have to read his response very carefully, as indeed I suspect we will all have to do, to judge whether it is strong enough to deal with the size of the problem. As several noble Lords have said, we have debated this many times, yet things seem to be getting worse rather than better.

In conclusion, it is vital that we recognise the need for urgency, particularly in protecting young girls from these behaviours. I again thank everybody for their contributions to the debate.

Motion agreed.

NHS Eating Disorder Services

Question for Short Debate

1.55 pm

Asked by Baroness Parminter

To ask His Majesty's Government, further to the publication of the report by the Parliamentary and Health Service Ombudsman *Ignoring the Alarms: how NHS Eating Disorder Services are failing patients*, in December 2017, what progress has been made in relation to NHS Eating Disorder Services.

Baroness Parminter (LD): My Lords, as this Question for Short Debate makes clear, in 2017 the Parliamentary and Health Service Ombudsman published its inquiry *Ignoring the Alarms*, which outlined the severe failings of National Health Service eating disorder services after its investigation into the death from anorexia of 19 year-old Averil Hart and two other young women. That was also the year when my eldest daughter was diagnosed with anorexia, so we began our journey through CAMHS and the adult eating disorder services, community care, day hospitals and in-patient settings. During our journey, in 2019, the Public Administration and Constitutional Affairs Committee down the other end of the building undertook a follow-up inquiry into the PHSO report and found that the necessary steps that the PHSO had asked for were not being undertaken.

In February this year, the *Health Service Journal* looked into the deaths of 19 people from eating disorders where the coroners had indicated concern about the level of care. Issues about care in those services were highlighted six years ago by the PHSO, the three main issues being delays in treatment to get care, shortages of beds and paucity of medical training. It is very clear that very little progress has been made in six years.

I turn to the first of those three areas, delays in treatment. We know that the number of people, particularly young people, suffering from eating disorders skyrocketed during Covid and the associated lockdown, but even back in 2016, before the pandemic, the PHSO said that there needed to be an audit of National Health Service eating disorder services, because there had not been one. Anyone in business knows that if you do not measure something, it does not matter. You cannot make management choices and management decisions unless you know what the services are.

That audit did not take place. I have been asking about it consistently. I see the noble Lord, Lord Evans, on the Front Bench. As recently as March, I asked him when this audit—which, according to the PHSO back in 2016, is urgent—would take place. That NHS audit still has not been authorised. I ask the Minister who will respond to the debate when that initial step of an audit of existing eating disorder services will be undertaken.

Equally, the PHSO said that there needed to be much clearer parity between adult and children's eating disorder services. For perfectly understandable reasons, improving children and young people's services was the priority. Children have a waiting time standard, but there is still no such standard for adults. Beat, the leading charity in this space, suggests that as little as 1% of adults with eating disorders can currently access specialist care and that the average wait time is two years. Eating disorders can be fatal, but if they are treated quickly they can be recovered from. Let us not forget that eating disorders do not start just when you are a child; they can start when you are an adult. If you are waiting for two years, that critical window of opportunity to stop you requiring further expensive hospital treatment later on will be missed.

Given that NHS England has identified an access and waiting time standard for adults with eating disorders, why have Ministers not approved it, given it the necessary

funding to implement it and committed to monitor it as we move forward? As I said, we know that if people do not get these services quickly they will get worse, which will mean they will require more costly hospital treatment. There is still a dire shortage of specialist in-patient beds for people with eating disorders.

I know this myself. When my daughter first needed a specialist bed back in 2017, there was none. As a 17 year-old, she had to spend a month in a general hospital, in a busy adult ward, while they tried to keep her alive through force-feeding, because there were no beds anywhere in the country. When one became available, it was in Birmingham, over 100 miles from where we live. She was there for six months. My husband and I were able to afford the travel, and to take the time out of attending the House of Lords to go to all the relevant meetings, but that is not feasible for a lot of people.

It is still going on. When my daughter needed a second bout of in-patient treatment last year, she was, fortunately, sent to an excellent hospital in Buckinghamshire, much nearer to Surrey. But there were people with her in that hospital from Devon. You can be sent literally anywhere because there is such a shortage. When I last asked a Question about how many NHS beds there were for adults, the Answer the Minister gave was around 400. This is when we know that the number of people suffering from eating disorders is skyrocketing, and there are times when they need that specialist care.

Let us not forget: people with severe and enduring eating disorders can recover. You still find people who recover after having eating disorders for decades, and it is the job of the state to hold those people in safety, to keep them alive until they are ready to recover. At the moment, just as the PHSO said back in 2016, we are still failing to have enough beds for those with severe and enduring eating disorders.

I am sure that the Minister will tell us about some of the really good things that the Government are rightly doing, such as investing and rolling out the FREED programme, which is about ensuring that we get to people quickly when they have initially been identified. We have rolled that out a bit, but we must not forget that we still need treatment and hospital beds for those who are severe and enduring.

The third area that the PHSO focused on was the paucity of training for medics on eating disorders. It was identified that a medic was likely to get under two hours of training on eating disorders—under two hours on an illness which, as many Members will know from people in their own families or acquaintances, is becoming something we recognise is happening everywhere.

There has been some progress. I commend the work of the GMC and others, who have put together online resources that medical students and year one foundation doctors can now be provided with, but these are voluntary, not mandatory. I commend the work of the Royal College of Psychiatrists, from whom I benefited from having a parliamentary scholar for a short while: they have initiated a credentialling scheme for training doctors to improve care for eating disorder services. In year one, it has only 30 doctors. It is a start, but we are at the foothills of what needs to be done in training.

[BARONESS PARMINTER]

There is one resource, which has been produced in the last year by the Royal College of Psychiatrists and has been endorsed by the Academy of Medical Royal Colleges, called the *Medical Emergencies in Eating Disorders* guidelines. I think that this is a superb resource. It aims to help anyone—whether you are a GP, nurse, therapist, dietician, paediatrician—who is faced with someone presenting with eating disorder symptoms with how they can risk-assess that person. There is a very straightforward risk assessment tool with a traffic light system. There is even a two-page summary, so, if you are a nurse and have not really had any training on eating disorders—or if you are in an A&E unit, where you often find people coming in with eating disorders—you can just download the two pages. These pages are a checklist of what you need to look out for. This is a really superb resource, which has been provided as a way to try to fill many of the gaps, which have been allowed to result in unnecessary deaths, which happened because people just did not know what to do.

I do not know—I do not imagine the Front Bench opposite will know—how that resource is being promoted. I do not ask but urge the Minister, when he goes back to his new department, to ask how it is promoting the MEED guidelines, because I think they could be a powerful way to stop some of the unnecessary deaths that are happening as a result of eating disorders.

I am running out of time, so I will end by saying that, despite the doom and gloom—I really am worried about the unnecessary deaths that are happening on this Government's watch—there is much that is good going on. I commend all the staff who are caring for people like Rose, in difficult circumstances, and the campaigners and the families for all that they do. However, I say to the Minister that, six years on, very little progress has been made. The people suffering from these vicious, cruel diseases deserve so much more.

2.05 pm

Baroness Wheatcroft (CB): My Lords, I thank the noble Baroness, Lady Parminter, for securing this important debate. I welcome the Minister to his position and hope that he finds this a congenial setting in which to make his maiden speech.

I start on a positive note. My daughter, like Rose, suffered from anorexia for a long time. She was in a secure unit for nearly a year, and I shall be for ever indebted to Professor Janet Treasure, who ran the unit and who recognised that Lucy was not going to recover unless she was really taken in hand—she is a strong personality—and she was absolutely right about my daughter. However, the good news is that, at the end of September, Lucy will produce her third child. So recovery is possible, but it is not easy.

Anorexia nervosa is the most pernicious of diseases. It is the psychiatric illness that produces the highest number of deaths. At the moment, the number of cases is growing, but support is not. That is why this is such an important debate. We are all now encouraged to talk about mental health issues, but the problem is that not very much is being done about them, and the two need to be equated. It is no good being open about the problems unless we can be competent in dealing with them.

The charity Beat, which does a fantastic job, tells us that around 1.25 million people are suffering from eating disorders. A growing trend is that some of them are men. Beat reckons that around a quarter of that number are men. Money is short—we all know that—but it could be spent better on dealing with mental disease generally and eating disorders in particular.

The ombudsman report that the noble Baroness referred to is a frightening document, not least because it was produced in 2017 after a death that occurred in 2012. The fact that nothing very much has occurred even since then to put things right shows just how slow progress is in this area. The coroner's report that was produced three years after the ombudsman report said that concerns raised in that report had simply not been addressed. That largely remains the case.

In the meantime, the waiting lists for treatment have got longer. The *Lancet* tells us that during the time of Covid the number of people identifying with eating disorders rose almost 50% above the levels that had been predicted. It was slightly lower than that in the older age group, but there was a huge leap in eating disorders among teenage girls aged 13 to 16—and that does not appear to have reduced.

The Government have promised more money, but a survey by Stem4, another charity dealing with teenage mental disorders, found that some youngsters were having to wait more than a year for treatment. That is after diagnosis, and we all know that getting a GP appointment is not an easy matter. Getting a GP appointment in person is even harder and, for somebody who is potentially suffering from an eating disorder but refusing—as many children do—to admit it, that GP in-person appointment is crucial for any diagnosis to be made. So the waiting time is now really dangerous, to the extent that sufferers are ending up in A&E because they are just too ill and have no option but to seek treatment.

I had hoped that by the time we met today we would be able to discuss the NHS workforce plan. On Sunday, the Prime Minister said that it would arrive this week, so time is getting short. Without that, it is hard to know exactly what plans the Government are making to deal with psychiatric illnesses. It is worth remembering that it takes 15 years to train a psychiatric consultant. It is a great shame we did not have that workforce plan a little earlier: there might have been more psychiatric consultants coming on stream rather sooner. Let us hope that tomorrow is the day the plan arrives, at long last. I look forward to the Minister enlightening us on that front—it was indeed promised.

The subject of online pornography came up in the previous debate. It is impossible to discuss eating disorders without acknowledging the pernicious effect of online sites, which definitely encourage youngsters to see it as an ideal to get thinner and thinner. I have talked to the Googles of this world and they know that those sites are there and that they are doing damage, but they are highly reluctant to take them down. Their answer is that on the top of these really dangerous pages they refer to Beat and suggest that the people who have gone out of their way to visit these sites because they want to get thin contact the charity, which will stop them doing what they want to

do. The operators of those sites know that will not work, but they continue to do it. I like to think that some of the legislation that we are working on in this House at the moment will put paid to that sort of activity, because it encourages people, particularly children, into completely crazy body images.

There are other factors that impinge on them. Some noble Lords may have visited a shop called Brandy Melville, but I doubt that many will have purchased what it sells: teenage clothing that is very popular among a certain age group. The brand prides itself on providing that clothing in only one size: small. The message is clear: if you want to have this wonderful, fashionable clothing, you have to fit into it. Brandy Melville will not change its model; it has had plenty of criticism. That is the sort of message that continues to pervade. It affects our young people and we need to do something about it. We cannot shut down a clothing chain, but we can certainly tell it what we think, and I think it is despicable that that sort of message is sent to our youngsters. Small is not good enough.

The messages are everywhere, so it is really important that we get treatment out quickly. We should not forget—I speak from experience, as does the noble Baroness, Lady Parminter—that it is not just the sufferer who is affected by an eating disorder; it is the entire family. Some wonderful work goes on. There are support groups that help, but it is extremely difficult for people with late-teenage children who are suffering from anorexia. I believe that may well have impinged on the Hart case, in which the victim, in the end, was 19 when she died.

We have to respect, of course, that adulthood brings a degree of privacy. Doctors are often very reluctant to talk to parents of 18 or 19 year-olds about the medical problems that their youngsters may be suffering from, even though we know that that 18 or 19 year-old is simply not functioning like an adult because they are ill. But the doctors are worried about personal privacy and, in many cases, will not talk to the parents. The department could and should address that. I would very much appreciate it if the Minister could take that away and see whether there is a way of finessing it, because I know it has caused agony in some families. We were very lucky; others, not so much.

One of the things that came up in the coroner's report and was first flagged up by the ombudsman was the need for co-ordination between the various bodies that help to address these issues. That is another issue which I would be grateful if the Minister could address, because organisations need to talk to each other if people are going to be healed.

2.16 pm

Baroness Janke (LD): My Lords, I too thank my noble friend Lady Parminter for securing a debate on an area that is of huge importance yet receives little public attention. I too welcome the Minister to his post.

In looking at the lack of progress on the parliamentary ombudsman's report, I will highlight the importance of eating disorders in the lives of individuals and families. As the noble Baroness, Lady Wheatcroft, and my noble friend have said, eating disorders can be

devastating not just for the individuals themselves but for the families and carers. My own knowledge is also of anorexia and I recognise many of the experiences that they mentioned.

Given the relentless responsibility that it places on families of trying to keep their loved one alive as the disease becomes embedded, parents and carers can feel like prison guards as they rigorously police the behaviour and everyday life of the person for whom they are responsible while trying to negotiate specialist treatment, often where little is available. As my noble friend Lady Parminter said, many families end up travelling huge distances to get specialist treatment for their child. Worse still, that devotion and care may be for someone who has become completely unrecognisable: transformed into a poor, suffering victim who will stop at no subterfuge or deception to achieve their compulsive desire to not eat. As their weight diminishes, the desire to reject food becomes ever stronger and rational argument has no effect whatever.

Treating anorexia early is essential to have any chance of recovery, as has been said, yet the availability of treatment is widely disparate across the country. The Government recognised the increasing number of referrals by allocating £11 million nationwide in 2018-19 yet, despite this, total spending rose by just £1.1 million. Only 15% of CCGs increased their spending in line with the increase in funding. Spending per capita on children's and young persons' community eating disorder services continues to vary widely across the country. Median spend was £4 per capita, with seven CCGs reporting a spend of less than £2 per capita. All this is despite the fact that 2019-20 marked the fourth year of the implementation of the access and waiting time standards for children and young people with an eating disorder, with the express object of ending the postcode lottery in services for those disorders. I hope the Minister will tell us what action he is going to take on this.

As has been said, post-pandemic hospital referrals of children and young people under 20 have massively increased. The lack of specialist services available has meant that young people diagnosed have been put into general wards, as has already been said. This is not just poor treatment; it is actually damaging and makes the condition worse.

Even worse, it is being reported that in the light of inadequate specialist services a new definition has been created, SEED, meaning severe and enduring eating disorders. This is reported now as providing grounds for rationing and, in some cases, withdrawing treatment because the patient is not getting well quickly enough. This shows a devastating lack of understanding on the part of medical staff and health providers of how these illnesses progress and factors such as weight loss and starvation affect the patient's ability to think rationally and be motivated. It is, in effect, blaming the patients for the illness.

As we heard, the recommendations in the ombudsman's reports have made little progress and in the latest report there is a particular emphasis on the need for political leadership from the Government to ensure that recommendations are taken forward in terms of staff training, improving leadership from the NHS

[BARONESS JANKE]

and NHS England, and using the forthcoming serious incident framework to review learning from serious incident investigations. The report highlights that these do not appear to form the basis of learning for future action.

I, too, underline the need for political leadership from the Government. We particularly need a nationwide strategy to include medical and community services working together to provide a co-ordinated specialist approach for the growing numbers of sufferers and to end the postcode lottery. I would also like to see a public health campaign to spread public knowledge and awareness—not just for children and young people's services but for schools, parents and families—to ensure early recognition and referral to specialist and medical services for sufferers before the disease becomes embedded, intractable and often, tragically, lethal.

There needs to be realistic investment of resources to provide the specialist care needed but also to further develop the understanding of the causes and the potential solutions to this growing, complex area of mental health. People should not be dependent on the devotion and specialism of certain practitioners who have devoted their lives to this; it should be part of training for general medical staff and providers of medical services and not a Cinderella service as far as research is concerned.

The failure to address these issues amounts to negligence, as we have seen from the ombudsman's reports and the follow-up. It cannot be allowed to continue. I look forward to the Minister's response.

2.22 pm

Baroness Merron (Lab): My Lords, I am very grateful to the noble Baroness, Lady Parminter, and congratulate her on securing what is, as we all acknowledge, a very important debate. As I am sure everybody did, I appreciated her openness in speaking about her experiences and those of her daughter, Rose. Her thorough introduction set up the debate strongly, particularly the emphasis on the need for auditing. Where are we in order that we should know where we need to go? I am sure the Minister will refer to that.

I very much welcome the Minister's response to this debate, because he will be making his maiden speech, which I am sure we are all looking forward to. From these Benches, I welcome him to your Lordships' House and to the Front Bench. I am sure we all look forward to many interesting and fruitful exchanges across the House.

This has been an enlightening debate not least because we have heard personal experiences, including from the noble Baroness, Lady Wheatcroft, who spoke about her daughter Lucy, and the noble Baroness, Lady Janke, who drew on her personal experience. She made the very good point—that has been made many times and she is right to make again—that it is not just the sufferer; their friends, their family and communities are also deeply affected.

I say to the Minister that that does not require a joined-up response across government because, again as the noble Baroness, Lady Wheatcroft, said, this is an assault, in so many ways; it is all around

us, including online and through clothing stores. We have to bear that in mind and take the necessary action.

What is the backdrop to this debate? It is that we have some 1.25 million people in this country living with an eating disorder. As we have heard, eating disorders have high mortality rates, with anorexia claiming the most lives of any mental illness. Yet, with timely and appropriate treatment, people can live healthy and fulfilling lives. This important debate calls on the Government to up their game in both the prevention and treatment of eating disorders. Sadly, however, the pace of change has not been what it needs to be or what is called for by experts and by the evidence before us. It has been called for by sufferers and campaigners, yet the response has been somewhat wanting. The reality is that the number of people waiting for treatment following an urgent referral for a suspected eating disorder has increased considerably over recent years—not just for children and young people but for adults, and not just for women but for men. All are being affected; all are waiting.

NHS England data published for the first quarter of 2022-23 shows that, of the 229 children and young people currently on the waiting list for urgent treatment for eating disorders, 45% have been waiting for more than 12 weeks. This figure has risen substantially from 11% in the first quarter of 2021-22, and from 5% in the first quarter of 2020-21. That is the trajectory before us.

Since 2020, the NHS has had a national waiting time target for children and young people with an eating disorder—that 95% of urgent cases should receive treatment within one week and 95% of routine cases should receive treatment within four weeks—but the target has never been met. As the noble Baroness, Lady Parminter, asked, why is it that we only have a waiting time target for children and young people, important though that is? Why do we not have waiting time targets for adults? Perhaps the Minister could refer to that.

It is very likely that your Lordships' House will hear from the Minister that the pandemic is at the root of this. Undoubtedly, the pandemic has had an impact, not least as eating disorders increased during that time—understandably, given the conditions created by the pandemic. However, despite us being way past the pandemic, the trajectory is only one way: waiting times for these treatments are on the up. Perhaps the Minister could tell your Lordships' House why that is so.

We heard a very good introduction to the report of the Parliamentary and Health Service Ombudsman entitled *Ignoring the Alarms*. As we heard, it focused on the very sad case of Averil, who died having had a history of anorexia nervosa at 19 years old. She died in 2012 because of the failures of four NHS organisations that should have cared for her. The fact is that her death and other deaths were avoidable, because there had been multiple missed opportunities in the months before those deaths.

I was very struck by the briefing from the ombudsman, to which I paid great attention in preparation for this debate. The ombudsman says upfront that almost six

years on, little progress has been made on children and young adults with eating disorders, who are still experiencing avoidable harms. The ombudsman says there was a problem before lockdown and that that, combined with the additional pressure on National Health Service mental health services, has meant there is a continuing struggle with demand. The ombudsman called for lessons to be learned to improve the necessary services, including a cultural shift and work across government to ensure that people are listened to, that services are joined up and that care plans are properly constructed. I hope your Lordships' House will hear from the Minister today what assessment there has been of the progress on these points. Perhaps there could be an audit, as the noble Baroness referred to earlier, of what is in place to deliver the necessary improvements.

The workforce plan has one working day in which to arrive. I shall be positive and say that I look forward to it, after many years of anticipating it. Medical students get only two hours of training on eating disorders in their whole career, and this is wholly inadequate. I hope that, when we see the workforce plan, it identifies the whole team that is necessary to deal with eating disorders, deals with their recruitment, retention and remuneration, and ensures that we have the right mix and the right numbers as soon as possible.

Today, the ombudsman published a new report, which Members of this House have just received, entitled *Broken Trust: Making Patient Safety More Than Just a Promise*. The report is not specific to eating disorders, but its themes are crucial to reducing the risks faced by people with such disorders. Will the Minister confirm that the Government will respond to this report and, if so, how and when?

In closing, I ask noble Lords to think about where we are. In 2019, the Public Administration and Constitutional Affairs Committee found that insufficient action had been taken on every one of the recommendations made. It is true that there has been some progress—that has been acknowledged today and I too wish to acknowledge it—but I ask the Minister to tell us how progress and its impact will be assessed, and how we will ensure that the right changes and improvements are made and that they save the lives, and improve the quality of life, of many. With that, I very much look forward to the noble Lord's maiden speech and welcome him once again.

2.33 pm

Lord Mott (Con) (Maiden Speech): My Lords, I thank the noble Baroness, Lady Parminter, for bringing forward a debate on this important topic. I know she has been a long-standing champion of those living with eating disorders. I also thank the noble Baroness, Lady Merron, for her kind welcome today and for her reassuring words in the Lobby earlier this week.

As this is my maiden speech, I believe it is customary to start with a few personal remarks, and I beg the indulgence of your Lordships to do this before I respond to the debate. I thank my fellow Peers, particularly those who do not sit on the Government Benches, who have been generous with their welcome and advice. I thank Black Rod and the officers and staff who have made me feel so welcome. In particular, I thank the

doorkeepers, who have helped guide me so far; I am sure that will be required for some time to come. On a personal note, I have a supportive family who proudly watched my introduction last week. My parents and my sister gave me the most loving home life growing up and continue to support me, together with my two daughters, Olivia and Phoebe.

My hometown of Chatteris in Cambridgeshire is situated in the Fens, between Huntingdon, March and Ely. As a youngster, I enjoyed playing cricket with my local team—although not that well—and I was a member of our local swimming club. I would like to mention two businesses which still exist in my hometown: Stainless Metalcraft, which runs an incredibly successful apprenticeship scheme and has existed for many years; and Petrou Brothers, which is our local fish and chip shop. I mention it because growing up, my mum and my nan often worked there. It was always a good way to see them on a Friday evening.

I attended my local comprehensive school, Cromwell Community College, in Chatteris, then studied A-levels at Neale-Wade Community College, in March. My journey through school was a challenging one as I have dyslexia, but the challenges I faced, the determination and resilience that I needed to get through those school years, set me up incredibly well for a future career in politics.

I am humbled that a lad from the Fens who wanted to follow his father and become a bricklayer is now here in this historic Chamber. It was an accident that I started my career in politics. I began working as an apprentice in the Conservative Party over three decades ago. I am immensely proud to have started in that role and to have gone on to become the director of campaigning and then CEO, my last role. After deciding against the building site, my ambition was to become a pastry chef but, as you can tell from today, that failed as well. I ended up working in politics, being inspired, guided and motivated by my first boss, Geoffrey Harper, and later in my career by Alan Mabbutt.

On my political journey I had the pleasure of working with several of your Lordships, including my noble friend Lord Patten of Barnes, who was the candidate in my first election campaign, and my noble friend Lord Clarke of Nottingham, in 2001. While working in Rushcliffe I witnessed how politicians can debate robustly in the council chamber, as it was then; I now look forward to sitting opposite and listening once again to the noble Lord, Lord Coaker.

The next generation is so important to politics and democracy. I am immensely proud to have worked closely with the Patchwork Foundation, a UK-based charity committed to strengthening democracy. It focuses on communities and individuals who are traditionally under-represented and seeks to engage young people from those communities. It is our responsibility to support the next generation in order for our democracy to thrive.

Turning to the debate, I assure noble Lords that improving eating disorder services is a key priority for this Government and a vital part of our work to improve mental health services. Having an eating disorder can often be utterly devastating, and not just for those suffering with the condition but for family and friends,

[LORD MOTT]

as has been mentioned in this debate. That is why we want to ensure that people have access to the right support at the right time.

I thank the noble Baronesses, Lady Parminter and Lady Wheatcroft, for giving us their very personal stories; I am very grateful. My noble friend Lord Markham, the Health Minister, is committed to continuing to make progress, and we had extensive conversations on the steps being taken when preparing for this debate. On the audit point that was raised very early on, not only when I first met the noble Baroness but again today, financial arrangements and timescales for delivery of the audit are being discussed. NHS England is awaiting details and expects to have clarity this summer. The noble Baroness asked me for a response when we met, and while it might not be quite what she was looking for, hopefully we can continue to monitor this and work together.

Noble Lords asked about progress on NHS eating disorder services, and about the report by the Parliamentary and Health Service Ombudsman, which described the service failings that led to the avoidable and tragic death in 2012 of 19 year-old Averil Hart. I express my sincerest sympathies to Averil's family and thank her father, Nic Hart, for his campaign to help prevent those with eating disorders and their families suffering a similar tragedy.

In response to the report, NHS England has convened a working group with the department and other partners to address the recommendations. Progress is reported to the NHS England board throughout the year. The report highlighted a number of areas of focus to improve services. The first was improvements to workforce and training, informed by research conducted by the Faculty of Eating Disorders Psychiatry at the Royal College of Psychiatrists. The PHSO delivery group has worked to procure training courses that will increase the capacity of the existing workforce. The NHS England long-term workforce plan is due to be published very soon. It will set out the NHS's workforce demand and supply requirements over the next 15 years and the actions to address, support and grow the workforce accordingly. The Royal College of Psychiatrists has also published comprehensive guidance on the management and identification of medical emergencies in eating disorders. This provides an overview of the latest evidence associated with eating disorders, including highlighting the important role of healthcare professionals.

Secondly, the PHSO report recommended that the department and NHS England work together to ensure that adult eating disorder services achieve parity with child and young people services. The noble Baroness, Lady Parminter, talked about FREED. In 2019-20, the NHS piloted specialised early intervention and treatment for young adults, referred to as the FREED model. This model, which has been shown to reduce waiting times and lead to better outcomes, is now being adopted more widely. We are working to increase capacity for eating disorder services through increased funding. Under the NHS long-term plan, we will invest almost £1 billion extra in expanding community mental health care by 2023-24. This will give an additional 370,000 adults with severe mental illnesses, including eating disorders, greater choice and control over their

care, and support allowing them to live well in their communities. Since 2016, investment in children and young people's community eating disorder services has risen every year, with an extra £54 million per year from 2022-23. This extra funding will increase capacity across the country, although I have made a note to take back to the department the point that the noble Baroness, Lady Janke, raised about whether funding is getting through to make a difference. I will discuss that with my noble friend Lord Markham.

As a number of noble Lords mentioned, we know that the pandemic has resulted in a large increase in demand for eating disorder services. The number of children and young people requiring urgent eating disorder treatment more than doubled from 2019-20 to 2021-22. As part of the £500 million Covid funding for the mental health recovery action plan provided in 2021-22, we invested an extra £79 million to significantly expand young people's mental health services, including allowing 2,000 more children and young people to access eating disorder services. I am pleased to say that this target was achieved, with more than 4,000 additional young people entering treatment compared to the previous year.

We have set up the first waiting times standard to improve access to eating disorder services for children and young people, with the aim that 95% of children with an eating disorder will receive treatment within one week for urgent cases and within four weeks for routine cases. Prior to the pandemic, significant progress had been made towards achieving this ambitious target. While the increase in demand since the pandemic, as mentioned by the noble Baroness, Lady Wheatcroft, has affected performance against the waiting time standard, we remain committed to delivering it, with local areas asked to prioritise service delivery and investment to meet the needs of these vulnerable young people. We are also working with NHS England on the potential introduction of a four-week waiting time standard for adults presenting to community-based mental health services, including eating disorder services. This was something that the noble Baroness, Lady Merron, raised in her contribution to this debate.

In closing, I extend my thanks once again to the noble Baroness, Lady Parminter, for securing this debate, and to all noble Lords for their thoughtful comments and questions. I will go back to the department and raise all the issues that they have brought to my attention. The department, NHS England and other partners will continue to work to implement the recommendations from the PHSO report with the aim of preventing further tragedies. We are well aware that eating disorders are serious, life-threatening conditions. That is why we remain committed to improving services to support those affected and their families.

Lord Harlech (Con): My Lords, I am aware that some noble Lords wishing to speak in the next debate might not have been able to enter the Chamber due to my noble friend's maiden speech—a very fine one it was too, and I welcome him to his place. Therefore, I suggest we adjourn for two minutes.

2.45 pm

Sitting suspended.

UK Economy: Growth, Inflation and Productivity

Motion to Take Note

2.47 pm

Moved by Lord Eatwell

That this House takes note of the low rate of growth of the United Kingdom's economy, and the rate of core inflation and its differential effects; and of the necessity of increasing productivity.

Lord Eatwell (Lab): My Lords, a few days ago there was an historic event: an inflation-busting 9.5% pay demand was submitted by that hotbed of union militancy, the clergy of the Church of England. This is just one further indication of the economic desperation suffered by most of Britain, including the clergy, as average real pay has fallen lower and lower. It is now down to the same level as 2007—and that is even before the impending rise in the cost of mortgages.

The only sustainable way to recover real incomes, and hence cut inflation, is to increase productivity—output per head. Increasing productivity requires investment that expands productive capacity and incorporates innovation. Investment requires the confident prospect of future growth. Achieving that nexus between investment, productivity and growth is the fundamental challenge that we face.

The past 15 years have been tough for the world economy. Every country has endured the shocks of the global financial crisis, the global pandemic, and the devastating impact of the war in Ukraine on energy and food prices. Yet since 2010, in the crucial variables of investment and productivity, Britain has done consistently worse than comparable countries. Since 2010, year on year, investment as a share of UK GDP has been the lowest in the G7 every year. On productivity, the National Institute of Economic and Social Research argued in a comprehensive study:

“In the years leading to the global financial crisis, the UK was closing the gap on its international competitors; UK productivity was growing at a faster pace than the United States in the pre-2007 period. This has changed since 2007, with productivity growth rates collapsing in the UK, more so than in most advanced economies”.

The result of this succession of low productivity and low investment is that, in 2009, typical household incomes in Britain were roughly the same as in France and Germany, whereas 10 years later they are 16% lower than in Germany and 9% lower than in France. The persistent economic underperformance of the past decade is the key to why Britain is today locked into low growth and high inflation, with ever-rising taxes and interest rates, and why the public realm is in an advanced state of breakdown as despairing public sector workers suffer even severer cuts in real income.

Why has this happened? The explanation is not hard to find. In the face of every major shock suffered by the economy over the past 13 years, the Government have time after time taken the wrong decision. In every case, misguided government policies damaged investment, growth and productivity. In the first half of 2010, the UK economy was recovering strongly from the shock of the global financial crisis, but the cost of rescuing

the banks and supporting the economy in the downturn had left the UK with a high level of debt relative to GDP.

Any serious study of economic history demonstrates beyond doubt that the only enduring way to reduce the debt to GDP ratio is to grow GDP. Accordingly, in the first half of 2010, the Chancellor, Alistair Darling, had steered the economy on to a steady growth path, approaching an annual growth rate of 3%. In May of that year, the new Chancellor, George Osborne, reversed Darling's policy and austerity killed the growth rate stone-dead. Austerity was supposed to cut the debt; the trouble was that it cut GDP too. To the Chancellor's continuing puzzlement, despite his having eviscerated public spending, the debt to GDP ratio did not fall as predicted. He had chosen the wrong policy. The damage that Osborne's austerity did to the foundations of growth and productivity lives on to this day.

The next major economic shock to the UK was the vote to leave the European Union just seven years ago. Following the referendum result, the Conservative Government took the wrong decision once again. Instead of negotiating a close relationship with our largest trading partner post Brexit, they decided on a so-called hard Brexit, raising trade barriers and exiting supply chains. The result has been that, since the referendum, while the value of French exports has grown by 16% and that of German exports by 23%, demand for UK exports has grown by just 6%. The growth of business investment in Britain, which had shown a sharp recovery in the three years before 2016, stopped dead and has never fully recovered to this day. That is what happens when you make the wrong decision and give up the supreme trading advantages of close proximity to the world's largest free trade area.

Next came the double whammy of the pandemic and the war in Ukraine. The new Government, led by Liz Truss, correctly identified Britain's fundamental economic weakness—the slow rate of growth. But once again, the Conservative Government chose the wrong policy—in this case, fiscal incontinence. Instead of tackling directly the low-investment, low-growth problem, they sprayed—or planned to spray—tax cuts on the better-off. They ignored the fact that similar tax cuts for the wealthy by Donald Trump had had no lasting impact on US growth. The result of that Conservative mini-Budget has been soaring interest rates and a collapse in confidence, hammering investment and growth yet again.

The 7 million-plus NHS waiting list, the 2 million-plus fall in the labour force, the world-beating rate of inflation and spiralling mortgage rates are all the result of a succession of bad policy choices made by Conservative Ministers at crucial times in the past 13 years. And now the Chancellor is at it again. He tells us:

“We have to do everything we can as a government ... to squeeze inflation out of the system”.

Yet while the Government tighten their hands around the throat of the British economy, has the Chancellor not noticed that the inflation rate in France is just over 5% and falling and in Spain just over 3% and falling? What did they do? Both the French and Spanish Governments have deliberately targeted support notably

[LORD EATWELL]

on food prices and on the lowest wage earners. In doing so, they weakened the damaging link between the first round of food and energy inflation and the second round of wage inflation. Core inflation has been driven by desperate attempts to protect the standard of living. So, by contrast with the French and the Spaniards, Jeremy Hunt is determined to squeeze working people into accepting a lower standard of living, whatever damage may be done to investment in growth. This string of bad decisions, from austerity to EU trade, to fiscal incontinence, to squeezing the economy, has undermined investment and growth for the past 13 years.

That raises another issue. Why has Conservative economic decision-making been so bad? After all, everybody can make the occasional mistake. But to make decisions that damage investment and growth over and over again is more than just careless. Perhaps the answer lies in the Conservative characterisation of the state as a burden on the wealth-creating private sector, allied with an overarching faith in market-driven private sector efficiency.

All evidence from modern successful economies points to the foundation of investment and productivity growth being the essential complementarity of public and private investment. If we are to build a competitive economy with a high rate of productivity growth underpinning rising living standards for all, Britain needs a new relationship between government and industry, to be consummated in the pursuit of a single dominant objective: investment, public and private.

Public-private complementarity is vital, and not just in the oft-cited examples of education, law and infrastructure. Life sciences, as we know, are the jewel in Britain's crown, yet the UK's share of global pharmaceutical research and development has halved since 2012. Why? Quite simply, an overwhelmed, demoralised health service has struggled to prioritise the clinical trials that are a crucial component of pharmaceutical development—a vital complementarity between public and private sectors.

For years, Britain has not had the level of investment it needs because our economic institutions, public and private, have not been up to the job. We have proved unable to capitalise on Britain's undoubted strengths in artificial intelligence, the life sciences and our research universities. What is needed is a long-term government mission to create a new institutional environment, financial and corporate, that sustains the needed investment with ideas, skills and finance and, crucially, is supported by the confident prospect of future demand. Without the prospect of future demand, including export demand, there will be no investment, however good the projects and however abundant the finance or tax incentives might be.

Britain needs not just to catch up but to use our technological and research expertise to leap-frog our competitors in a world economy that has changed fundamentally since the pandemic. We knew already that the successful economies of the future will be those that secure the lead in green technologies. We also learned that national security will require safe supply chains and strong, home-based industries and services. The globalisation free-for-all is over.

The United States has got the message. President Biden's Inflation Reduction Act and the CHIPS and Science Act chart a green and secure future. We start from so far behind that we need to do more than the US. At the moment we spend 1.2% of our GDP addressing the demands of climate change; the US spends 1.9%, France 2.5% and Germany more than 5%. Nothing could illustrate more that Britain needs a public/private industrial policy to build the green industries of the future.

I accept—it is well known—that defining a credible industrial policy is much more difficult than focusing on the broad sweep of macroeconomic objectives. Industrial policy consists of a broad range of diverse initiatives: an enhanced British Business Bank, reform of the energy sector, rejoining the Horizon programme, funds for further education colleges, new financial institutions to support SMEs, university industrial parks, a substantially revised trade policy and so on. It even includes investment in the NHS to maintain a fit labour force and support pharmaceutical trials. Crucially, we need a stable macroframework that provides a sustained growth of demand.

The necessary coherence of all this is achieved by focusing all these policies on the common investment objective, bound together by a sustained commitment to the common mission. We have not had that sort of policy for 13 years. I hope that when she sums up the Minister will tell us what the Government have learned from their litany of grievous economic errors. Britain cannot take any more economic blunders. I assure the House that just “holding our nerve” will not do the job. Our future economy needs new management, and it needs it now.

3.02 pm

Lord Lamont of Lerwick (Con): My Lords, I thank the noble Lord, Lord Eatwell, for initiating this debate. It is always very interesting to listen to him; he always makes very thoughtful contributions.

I hope he will forgive me if I do not follow him on the long-term issues he outlined. This is because I want to concentrate on one part of what he talked about: inflation. The immediate problem this country faces is extremely serious. This is not because I want to ignore growth, but because I believe we cannot have sustained growth without first getting on top of inflation. Stability, sound finance and low inflation are preconditions of growth.

It is possible to be too downbeat about the UK's economic growth. In 2020 and 2021, the UK had the highest economic growth of any G7 country. The eurozone is in recession, as is Germany. It is true that the UK has not recovered to its pre-Covid level, unlike several major European countries, but these are tiny differences in very small numbers. Some people talk about economic growth as though they are the first people ever to have thought of the idea—“With one bound, Jack will be free”. Of course, growth must be the ultimate objective of economic policy, but it cannot just be conjured into existence by politicians snapping their fingers.

Sadly, I do not believe that we can return from the present situation to inflation at 2% without a contraction—not a recession, but some contraction in

activity—to realign demand with weaker supply. Of course, we have also to do what we can to increase supply. We need to bear in mind that, in this situation, the UK has a very tight labour market, with unemployment at 3.8%, 1 million vacancies and rising wages. We have a level of wage demands and wage increases that is incompatible with the 2% target set by the Bank of England.

Largely as a result of Covid and Ukraine, we have taxes that are far too high—and borrowing, for the same reasons, is also far too high and leaves little fiscal room for manoeuvre. Some suggest that the alternative to present policy is to seek a return to higher real incomes through economic growth and targeted tax cuts—again, with one bound Jack would be free. The hope that tax cuts and growth, if it materialised, would moderate demands for higher pay in the tight British labour market seems to me plainly illusory. If such an approach could ever have been on the cards, it plainly now cannot be after last year's mini-Budget. Challenging the current approach risks upsetting market confidence.

As the noble Lord, Lord Eatwell, said, the latest inflation figures were extremely disappointing and, not to put a fine word on it, bad. Not only did inflation stop falling but core inflation actually increased, as did services inflation and the increase in wages. The UK is now an outlier in inflation, as the noble Lord said. We have a domestically generated element in our inflation. The Bank of England has responded by putting up rates by half a percentage point, and mortgage rates had anticipated that development and already risen in line with the market.

The changes in the mortgage market to more fixed-rate mortgages means that the impact of interest rate changes takes much longer today. The Resolution Foundation calculates that two-thirds of the impact of rising rates since 2021 still has to come through. Some 1.3 million people have fixed-rate mortgages expiring in the 12 months from 1 July. These figures have led to talk of a mortgage catastrophe impacting on the economy but, with a little flexibility and help from the banks, it need not be so. So far, mortgage holders have been remarkably resilient. This generation of mortgages were lent out far more cautiously than in previous cycles; the mortgage affordability tests imposed by the Bank of England mean that many borrowers already have a decent margin to cope with shocks.

Some voices have called for a government mortgage rescue package, but it makes no sense for the Bank of England to bear down on inflation by raising interest rates if, at the same time, the Government are to subsidise rising interest rates. Nor is it equitable to ask those not owning houses to subsidise those already on the ladder. Many renters pay a higher percentage of their income on rent than home owners do on mortgage payments. Regaining control is urgent, the best way to support home owners and essential for getting back growth.

Obviously, I support the independence of the Bank of England, and I supported it when Gordon Brown made that move, but the credibility of the Bank of England is on the line today. In the recent past, it has not sounded or acted as though it was determined to

defeat inflation. In the summer of 2021, the Bank refused to halt the quantitative easing programme unleashed during Covid, even when it became inappropriate as prices accelerated and distortions in asset prices were obvious. In November that year, with inflation three times its target, the Bank was content to leave the base rate at 0.1%. If the Bank is to regain the confidence of investors, it needs to focus hard on this one core objective.

In recent years we have been through an extraordinary series of exceptional events. It is hardly surprising that growth, not just in this country but in many countries, has been slower than in the past. Some want to peddle illusory easy answers but, as the Prime Minister said, people know that if something is too good to be true, it is not true. Difficult as it is, I believe that the Government are on the right track, and I urge them not to be diverted.

3.09 pm

Lord Wood of Anfield (Lab): My Lords, I thank my noble friend Lord Eatwell for this debate and for his excellent opening speech, which I agree with almost every word of. It is also a privilege to follow the noble Lord, Lord Lamont, from whom I always learn a lot, as I did again today on inflation.

I will make a few remarks about investment: how poor our record is, how fuzzy our thinking around it often is, and what we need to do to improve it. I fear that, historically, the left and the right have not served the cause of investment that well. The right tends to assume that investment will flow from lower taxes and a small state, when it does not, and my side of politics is often more enthused by state intervention in the cause of greater social justice than the cause of boosting business investment.

But our economy is in fundamental trouble. We have a strong record on employment, but it is no longer true for millions of families that working hard can keep their heads above water: 15 years of wage stagnation have left households £11,000 worse off each year on average. Productivity remains shockingly poor: the average of all other G7 nations is currently 16% higher. On the eve of Covid, levels of investment were the lowest in the G7, and they have been low for decades. The promise of liberalisation and deregulation has not brought the promised revolution in investment and productivity. Instead, it has brought the expected side-effects of lower wages and higher inequality.

An indicator of the depth of the problems that we face comes from just one statistic: the UK's year-on-year inflation rate is currently 8.7%, with core inflation rising. This is the highest in western Europe and the highest in the UK since 1990. You would expect the growth rate that goes along with that to be middling to high; instead, UK growth is barely above 0%—we have an economy that is overheating at 0% growth. This tells us that something is fundamentally wrong with our supply side, with the way that the real economy works. Of course, Brexit is a huge part of that. That is the shock we chose to have, rather than the shocks like Covid and Ukraine, which we had to have. I will leave others to debate the Brexit issue, because I want to talk about investment.

[LORD WOOD OF ANFIELD]

In my view, the UK political debate around investment and growth suffers from considerable fuzzy thinking. Take the disaster of the mini-Budget last year, which the noble Lord, Lord Lamont, mentioned. It has left us with a national paranoia about the reaction of bond markets to policy changes but also with a misunderstanding about what alarms markets so much. The Liz Truss episode showed not that markets punish Governments who want to tax less or, indeed, borrow more but that, if you do so without setting out the fiscal plans that should accompany these decisions for the medium term, the uncertainty that that creates, for demand and for the anticipated reaction of the bank in interest rate setting, raises the risk premium on UK assets. Investment requires borrowing, of course—for people, families, firms and countries. Borrowing to invest makes sense. Sensibly planned borrowing does not spook markets, only badly planned borrowing.

The fuzzy thinking goes wider. The Government's fiscal rules make no distinction between investment spending and current spending, which makes no economic sense. I am pleased to say that Labour's pledge on eliminating the deficit in its own fiscal rules excludes investment spending, as it should, but there is a long way to go in the debate on both sides about a commensurate treatment of debt and targets on debt reduction.

The fuzzy thinking extends also to the relationship between investment and welfare. The health of our welfare state is crucially about the health of citizens, of course, but it also has huge implications for labour supply, as we have discovered with the link between rising sickness leave and labour shortages since Covid. Welfare policies in the UK are also far too little designed to help workers retain the skills that they have acquired when they become unemployed, because, in our country, we prefer instead the philosophy of getting people who are unemployed into any job as soon as possible. Thereby, we contribute hugely to significant skill scrapping over time.

Then there is the fuzzy thinking around how our public utilities work. The experiment of turning public utilities into privatised utilities with independent regulation has many problems, as we can see from today's news. Chief among them is that the regulatory arrangements for utilities to have investment stimulated have not worked and the investment that has been generated is not consistent with their viability or the public purpose that they are supposed to serve. We need a mindset change, and a long hard look at the way we fail to put investment first: we use rules with contradictory approaches, and we fail to make connections between different policy areas and the drivers of productivity and investment.

So what can we do? I do not think that business investment will be transformed by tax cuts. For much of the last two decades, the UK has combined some of the lowest corporation tax rates in the G7 and the advanced world with one of the worst records in business investment in the advanced world. We need to look at the range of capital allowances; there is much more room to secure long-term expensing arrangements so that companies have certainty in the future. We should strengthen the R&D tax credits

system, looking at better incentives for green and digital investment. We should be more courageous about speeding up planning laws and timeframes, especially for infrastructure projects. We also need to work on how to channel the trillions of pounds available in UK pension and insurance assets into UK companies. Currently, only just under 1% of that money goes to UK equities.

Mostly, we need a Government who use their fiscal, regulatory and procurement leverage to take a lead in public investment. Every major competitor around the world—from China to South Korea and Taiwan, from the EU to the USA—is using active state intervention on a large scale to promote investment, productivity and growth. The laissez-fairists, I am afraid, have lost the argument. The question is: what form should state leadership on investment take? I am happy that this territory is the area that my party's shadow Chancellor is occupying at the moment. Whoever wins the next election is going to face very tough times. If Labour is in power, I hope to see a step change in the way that we as a country prioritise the stimulation of investment.

3.16 pm

Lord Howell of Guildford (Con): My Lords, we heard just now a very authoritative speech by my noble friend Lord Lamont about inflation, which, obviously, is much too high and is a real disease. I think personally that it will take more than one weapon—monetary policy from the Bank of England, right or wrong—to curb the present inflation. Falling global energy prices, as oil and gas are falling fast, will obviously help.

I will concentrate on something slightly different which is mentioned in the Motion and in the speech made by the noble Lord, Lord Eatwell: namely, the productivity puzzle. To my mind, the answer to it is rather simpler than some of the economists and experts would have us believe. Productivity comes from capital investment in machinery and technology. Louis Kelso, the pioneer of thinking in this area, 60 years ago destroyed the Marxian theory of labour value, making it completely redundant. However, he rightly pointed out that, although productivity and rewards come from capital and machinery, the rewards should go much more to workers and wage earners than they have and do now. That is a major problem we should all be facing.

I know the noble Lord, Lord Eatwell, rightly emphasised the investment element, but, with respect, he was looking slightly in the wrong direction. The state can obviously help and underpin, but it is pretty well short of money. Every state is short of money now. The famous phrase,

"I'm afraid there is no money"

came through to us 12 or 13 years ago, and it is not very different now. There is a shortage of state money for various obvious reasons we can talk about; they have heavy political context.

In our case, we should be thinking more about foreign investment funds and the way in which we can reattract those in a way we are not doing now. In the 1970s and 1980s, we achieved huge Japanese investment from the world's second largest industrial power, as it

was then; it is now third. That had a very definite effect on boosting productivity, not least because the Japanese insisted on firmly ending many of the trade union restrictive and demarcation practices which were holding back productivity drastically. In their new plants, they said, “We’re simply not going to have it. We must talk with one union leader, not dozens”, and they sorted all that out. We backed up that growing relationship with all sorts of innovative linkages, including the UK-Japan 20th century group, which our colleague Richard Needham persuaded Mrs Thatcher and Yasuhiro Nakasone to set up. I had the privilege of chairing it for 10 years, and that certainly helped the mood.

Japanese interest tailed off a bit after that as we entered this century, and it tailed off further after 2010 with the Cameron-Osborne pivot to China. The Japanese were enormously upset; there were almost tearful occasions when they felt that they had been virtually betrayed. That was bad enough but, when we got to Brexit, Japanese interest disappeared almost entirely. They simply could not understand why we had made that decision. They had invested here because it was a launching place to Europe but now suddenly we were going in the opposite direction.

Now, however, Japanese interest is returning. One example of that is the colossal defence project, the Tempest combat fighter, which I see helpfully promoted in advertisements in Westminster Underground station. With that come all sorts of Japanese links and ideas, developing a new relationship. Incidentally, I should declare an interest that I advise two large Japanese firms, Mitsubishi Electric and the Central Japan Railway Company, which runs the best and fastest Shinkansen system in the world.

I ask the Minister what we are doing to deepen relationships with Japan in an innovative way. They go well beyond trade links and beyond even investment incentives. Japan is our best friend in Asia, and Asia is where all the growth is going to be in the next 30 years. We need to be in on that, and Japan is going to be a great help.

How did we get that relationship in the first place? It was always claimed that the huge investment by Sony at Bridgend, which really started the flood of Japanese investment that came in in the 1970s and 1980s, was because Akio Marita had a son at Swansea University. Small things lead to big things. That is an example of all sorts of links, and universities are a part of that.

There is no scarcity of resources outside in the world. With respect, the noble Lord, Lord Eatwell, was looking in the wrong direction. There are billions, indeed trillions, waiting to invest in sovereign funds, pension funds and especially electricity infrastructure. That is the fact that we should now be dealing with.

There are many lessons to be learned from attracting FDI—or not attracting it now. When it returns, productivity will rise again. When other policies across the whole spectrum are regeared to attract FDI—from safe sources, of course—productivity will rise again, real wages will rise, trade deficits will shrink and real growth will resume, but not before we act in the ways that I have indicated.

3.22 pm

Baroness O’Grady of Upper Holloway (Lab): My Lords, I declare my interests as set out in the register.

I have three questions for the Minister. First, why does the UK have the highest inflation in the G7? Ministers cannot explain that away with the war in Ukraine and Covid recovery; many other countries face exactly the same challenges but Britain has been much more exposed to high costs of imported energy, and there are domestic policy failings that help to explain it. Secondly, why is investment and growth in the UK so low and our balance of trade so poor? Thirdly, why are real wages still no better than they were before the financial crisis? According to the ILO, only Italy, Japan, Mexico and the UK have real pay below 2008 levels.

The UK economy is not working for working people. From austerity cuts to public services that left us so poorly prepared for the pandemic to Liz Truss’s mini-Budget that caused maximum damage, the Government, as my noble friend Lord Eatwell said, keep making the wrong policy choices. At the start of the pandemic, when the TUC proposed a furlough scheme, the then Chancellor grabbed the idea, but when the TUC then called for a national recovery council, involving business and unions as well as Ministers, to plan and prepare for reconstruction after the pandemic, the same Minister said no. Many had hoped that the Government would build on people’s sacrifice and solidarity throughout Covid to create a stronger society and a fairer economy—surely we could not go back to business as usual. However, it now seems that the Government have given up on growth, on an industrial strategy and on the aspirations of the working people of Britain.

We have an economy that rewards wealth, not work. Of the 15 million people in the UK in poverty, more than half have a job. In contrast, TUC analysis shows that since the global financial crisis financial wealth has more than doubled and shareholder payouts are rising three times faster than nominal pay. Think about what that inequality means for demand in an economy that is now dominated by the service sector. Working families cannot afford to spend on the high street and the growing ranks of the super-rich do not. As economist Matthew Klein put it:

“You can only throw so many million-dollar birthday parties”.

Our economy does well only when working people do well. Without demand, we cannot grow our economy. Without growth, we cannot repair our public services. Without investment in health, skills and education, productivity suffers. We have to break this doom loop. It is high time that we had a plan for economic security and sustainable growth. AI alone offers the potential of multibillion-pound productivity benefits that if shared fairly—I recognise it is a big if—could turbocharge our economy. An ambitious green industrial strategy with a practical job transition plan would cut carbon and help the parts of the country that need it most.

We desperately need investment in apprenticeships, skills, affordable homes and public services. Instead of making it harder for workers to defend themselves against real pay cuts by attacking their trade unions, let us have a plan to get living standards rising again.

[BARONESS O'GRADY OF UPPER HOLLOWAY]

Let us be honest about the economic price of a hard Brexit. We need to roll up our sleeves and improve the trade deal that matters most to our economy, the one with our nearest and most important trading partner, the EU. Britain has many strengths that can lift us up the G7 league, not least the ingenuity and talent of our workforce. There is hope in the future, but we need a Government that will make the right policy choices and put the people of this country first.

3.27 pm

Baroness Thornhill (LD): My Lords, I add my thanks to the noble Lord, Lord Eatwell, for securing this important and timely debate. Although I am not an economist nor a financial expert—but feel very much that I am surrounded by them today—I do know housing and am going to focus on the contribution that housing and construction bring to our economy and the housing impact of the current financial crisis on millions of households.

In the longer term, the construction industry can and should be part of the solution to the economic crisis and low levels of productivity. We know we need more homes, though it seems that the nimbys have gone bananas—“build absolutely nothing anywhere near anybody”—and the yimbys' voice is not being heard loudly enough. It is devastating that progress made in recent years, though still short of the much mentioned 300,000 homes a year, has been slammed into reverse by recent ministerial announcements and proposed changes to the planning framework and the National Planning Policy Framework.

Building homes supports local jobs and apprenticeships, generates billions in economic activity, provides investment for much-needed affordable homes and improvements to local infrastructure, not to mention billions in tax and millions in council tax. More employment means more money cycling through local communities, as well as opportunities for regional growth. The real need is for homes for social rent. Last year, 29,000 were demolished or lost under right-to-buy sales, yet fewer than 7,000 were built as replacements. A nationwide programme would surely kick-start the economy—if only.

In the meantime, millions of people are forced to live in poor-quality, prohibitively expensive private rentals, or are stuck in temporary accommodation or sleeping on the streets. All of these are increasing. Private rents are up; the latest figures from Zoopla see rental inflation running in double digits for the 15th consecutive month. Rents are growing faster than average earnings; rental costs as a proportion of earnings have reached their highest for a decade. Of course, it is the lowest paid, as ever, who are the worst off. Crisis reports from its findings that the poorest 10% of households are spending more than they earn on just rent, food and energy. That is clearly unsustainable.

After the low-waged, who is hurting the most? According to the Institute for Fiscal Studies it is the under-40s and those in London who have been bashed hardest by the mortgage-rise tsunami that is hitting Britain. It estimates that some 1.4 million mortgage holders will see their payments rise by at least 20%. Given

that many have borrowed to their maximum, due to an unprecedented period of low interest rates which lulled everyone, especially the mortgage lenders, into lending and therefore borrowing much more, that could mean increases of several hundred pounds a month. Very few people have that kind of headroom in their disposable income simply to absorb these costs.

As a further blow to the economy, the latest figures on GDP growth from the ONS show that monthly construction output is falling. The greatest decrease is in private house repair and maintenance and in new build work, such as extensions and conservatories. That seems to be the first inkling that home owners are putting on hold any repairs or home improvements while times are uncertain. This will surely create a domino effect on employment and jobs and productivity in the sector.

We have not heard much about those in shared ownership agreements, who are seeing both their rents and mortgage payments simultaneously go up by 10%—that is not uncommon. It is worth noting that one person's rent is another person's mortgage—usually the landlord's. They too face the same cost of living and mortgage rises, and are choosing either to sell up or to pass them on to their tenants, so those in the private rented sector are suffering considerably.

The average rent in the UK has risen by 11% across all tenures, with rent in the private rented sector rising much higher. Would the Government consider at least unfreezing the local housing allowance, which leaves renters facing an increasing gap between housing benefit and their actual rent? Given that we have yet to see the much-promised end of no-fault evictions, would the Government consider an eviction freeze under certain circumstances, as was seen during the pandemic? The Government have ruled out—rightly, in my view—a rent freeze for the private rented sector, but they have felt happy to impose one on the affordable housing providers. That helps tenants a little, as theirs is a much lower rent anyway, but not the associations whose finances are already challenging.

Perhaps the Minister can assure us that the Prime Minister, in his talks with mortgage lenders, will seek reassurances from them that the stress and affordability tests introduced after the 2008 crash will be stuck to, so that those in arrears will not have their homes repossessed. That would prevent the domino effect that that would then have on an already stretched system, with cash-strapped councils picking up the evicted and the homeless.

For now, the message from the Bank of England—and possibly from the Government—is clear: it is prepared to sacrifice the housing market to bring down inflation. However, there is a very fine line between tackling inflation and pushing people into the red and out of their homes. That has a cost too. What are the Government's short-term plans for those in immediate crisis? What is the longer-term game plan to get us building, at scale and volume, those much-needed homes?

3.34 pm

Lord Griffiths of Fforestfach (Con): My Lords, I thank the noble Lord, Lord Eatwell, for securing this debate. I will focus on one item: inflation. When I saw the

breadth of this debate, I suspected that we would discuss different things at different times, which we are.

The noble Lord, Lord Eatwell, made some very good points about the relationship between investment, productivity and growth, but the one word I never heard in his speech was “money”. Perhaps that reflects Cambridge economics. There was no mention of it, and yet, as we just heard, we have a central bank that has a target for inflation and uses the instruments at its disposal to control the stock of money, among other things. Inflation is very important to growth because it invariably creates changes in interest rates, tax rates, spending rates and so on, and because of the turbulence that it provides, which is a disincentive to investment—and that business investment is key to growth.

If we do not tackle inflation, I am afraid that we will live with the current stagflation that we are experiencing of high inflation and very low growth. The Bank of England is responsible for a 2% inflation target and, as we just heard, inflation is between 7% and 8%. The Bank has not had an easy task over the last few years. We have had Covid, Ukraine, and half a million people aged between 50 and 65 leaving the labour force as inactive. In addition, like the Bank of England, other central banks forecast that inflation would be transient, and independent forecasters predicted the same thing. But the one equally great shock that the Bank failed to mention was the increase in the stock of money.

Until 2020, the increase in the stock of money—broad money—had been 2% for a number of years. In 2021 it jumped to over 10% and in 2022 it gradually came down, although it was still very high. The shock we have had from this has been enormous. The same effect was felt in the US, Germany and other countries, as we have seen. There was a monetary expansion on the back of Covid in particular—a tremendous increase in public spending to deal with Covid in 2020-21, which was at the heart of money supply creation.

You do not have to be a monetarist or an ideologue to believe that money matters. One problem we have with the Bank of England at present is that the Monetary Policy Committee seems to feel that it can analyse the problems we have without reference to money.

What should we now do to bring down inflation? It is not something I like saying but, first, interest rates must be raised to a level which reduces overall spending so that inflation will come down. Since December 2021, the Bank has consistently raised rates. However, the Bank rate is only 5%, and the rate of inflation is 7%. That means that real interest rates are minus 2%.

I bring your Lordships’ attention to the following. When Roy Jenkins in the late 1960s had to deal with relatively modest inflation, he raised the interest rate to 8%. When Tony Barber in 1973 raised the interest rate in order to deal with excess money, he raised it to 13%. Healey in 1976 raised it to 15%, Geoffrey Howe in 1979 to 17% and John Major in 1989 to 10%. Therefore, the terrible news is that every other inflation we have had in the post-Second World War years in this country saw interest rates go into double figures, except for under Roy Jenkins.

Secondly, although I sincerely hope that we do not have to go into double figures, 5% is certainly not enough. I think the Governor of the Bank of England said that yesterday in a meeting in Switzerland, and certainly the Bank for International Settlements has said something very similar.

Thirdly, the Chancellor should stick to a 2% price inflation target; fourthly, if the Treasury wants to help borrowers, it should really deal with it through fiscal policy; and fifthly, reflating the economy is at present out of the question. The Government have taken very tough measures, and we should be supporting them in a very difficult economic climate.

3.41 pm

Lord Leong (Lab): My Lords, I thank my noble friend Lord Eatwell and congratulate him on securing this debate.

Many of us will remember the phrase “broken Britain” being used frequently by the Conservatives in the 2010 election campaign. Few of us welcome the fact that 13 years later, it is one of the very few Tory slogans which we can say they have actually delivered.

Last week’s inflation figures showed that not only is CPI falling less quickly than was hoped but core inflation has risen to 6.5%, as several noble Lords have already mentioned. Economic forecasts for the medium term are being revised down, as interest rates are going up. Growth remains anaemic: almost two years after the pandemic lockdown ended, our national economy is virtually flatlining, and the spectre of recession still looms.

My noble friend Lord Wood of Anfield has already mentioned investment. The UK’s level of investment as a proportion of GDP fell below the median G7 level in 1990 and has been declining in real terms since then. A recent IPPR report, which I recommend noble Lords read, noted that:

“The UK fell to the bottom of the”

G7

“ranking in 2019, but other countries increased their levels of investment after the pandemic faster than the UK, further widening the gap. In 2021, the UK ranked 27th on business investment among the 30 OECD countries”.

These most recent figures show that the only developed countries with proportionately less private investment were Luxembourg, Poland and Greece. We absolutely must address this.

However, no matter how difficult the situation, I do not intend to advocate despair. My noble friend Lord Eatwell so clearly set out the dire set of figures. Therefore, having honestly assessed where we are, let us consider what we need to do to get where we want to be. We want to see a country where all regions and communities have access to the same opportunities and can benefit from economic growth. Part of the problem in the United Kingdom is the dominance of certain sectors, such as financial and professional services, which has led to a disproportionate concentration in London and the south-east.

With targeted investment and research and development support, coupled with policies that encourage investment, innovation and entrepreneurship, we can create a more diversified and resilient economy. We can

[LORD LEONG]

unleash innovation and growth in industries such as manufacturing, clean energy, technology and the creative sectors by encouraging economic clusters of interconnected businesses in various geographic locations outside London.

Our devolved nations and metro mayors are bursting with ideas. They have a deep local understanding of the industries and skills in which their areas excel. By fostering collaborative regional partnerships, improving local infrastructure, attracting private investment to emerging centres of excellence and international excellence, we could transform the economy.

Alongside this, we must develop our skills agenda, especially in STEM subjects, which have to be embedded in the school curriculum and extended into lifelong learning. To face the fast changes of the 21st century, workers will need to think about skills for life, rather than jobs for life, to remain resilient and adaptable throughout their working lives in a climate of increasing technological disruption. We need a targeted plan of investment which supports people to return to and remain part of the workforce, which enables them to learn and develop skills leading to well-paid jobs and which reinforces local and regional networks, which deliver the much-needed sustainable long-term growth that we all want.

The people of this country are, and have always been, our greatest asset. Let us invest in them, unleash their potential and hear the British lion roar again.

3.46 pm

Lord Whitty (Lab): My Lords, I thank my noble friend Lord Eatwell for his masterly introduction to the debate, which means that I am scrapping half my speech, and my noble friend Lord Leong, particularly for his last point: that we need to invest in our workforce, in our people, in this country as part of solving the productivity problem.

Productivity is part of the intent of this debate, but it is of course simply a statistical calculation: it is output over the labour force. To that extent, I suppose I could say facetiously that the fact that we have cut the workforce by older workers being deterred from staying at work and by cutting off the flow of migrants post-Brexit means that the Government have at least inadvertently managed to achieve part of keeping productivity up, but, as other noble Lords have said, we are behind on productivity and growth of output compared with almost all our competitors.

In order for productivity to be raised, we need three things: we need increased quality of input, both capital and workforce, increased quality and dimension of output but also general macroeconomic stability and context in which those things work. As other noble Lords have said, we have seen a serious relative decline in investment in the UK. As the noble Lord, Lord Howell, said, we are losing our share of international corporate direct investment. We are also failing in domestically generated investment. There is quite a lot of money around, and quite a lot of foreign money around, but it is coming in by slightly shady methods and is not, by and large, being invested in productive industry but in property, land and housing, distorting the housing

market and worsening problems in it as a result of investment in what is basically a dead asset, making it impossible for families and landlords to operate efficiently in the housing context.

One of the difficulties of an overall debate is that the Government blame everybody. They blame the greedy workers going on strike. They blame, as I see the Chancellor did this week, “greedflation” in the supermarkets. They blame President Putin, maybe rightly, and they blame world economic conditions. But those world economic conditions apply to every one of our competitors. What is so unique about this country is that economic policy has been seriously incoherent for most of the past 13 years, as we move from austerity to quantitative easing to the Kwarteng/Truss debacle to the present incoherence and lack of direction. That is what the Government need to address at this stage. They even, of course, blame the previous Labour Government, but I will not go there.

We need to provide the context in which the owners of money—capital, or whatever we like to call it—put it into productive investment. In order for that to happen, we need to ensure that we have workers trained to operate that capital and the management to manage it. According to statistics published last week, one in four British workers is a manager but very few get any training in management, and the lack of organisation and incoherence of many of the decisions—in both the public and private sectors—is caused by the failures of our management class. It is not a result of their own failings, but of our failure to put enough into management training.

It also means that the regulators have to operate effectively. By the regulators, I do not just mean the Treasury and the Bank of England—although it would be handy if they had the same policy and were not pulling in opposite directions—but the rest of the regulators. I understand that the Chancellor, who has been quite busy, met the economic regulators this week. We have seen the failures of Ofgem and the incoherence of the energy market in recent years, moving from an oligopolistic system with six companies to one of nearly 70 companies, and then back again, as many of those companies went bankrupt. We have seen the failure of Ofwat in the water industry. There is not only sewage in our rivers but now, apparently, a complete overgearing of several companies within that sector. The economic regulators, the Treasury and the Bank of England need to get their act together, and it is only really the Government and the Chancellor that can get them to do so.

One other aspect is our own savings. It is ridiculous that the recent high interest rates are not being passed on to savers. The reality of the broader role of the Bank of England is to ensure that the financial sector operates to encourage saving in this country. If we encourage saving, even by 2% or 3% more, we will have additional investment moneys to go into our industries. I accept that that is a failing of successive Governments—we have always had a relatively low savings rate—but we cannot continue in the way we are.

There is real incoherence in government. Let us get some coherence. Abandoning the industrial strategy was daft but there is an industrial strategy—it is called

the net zero strategy. However, just yesterday, the Climate Change Committee produced a chart which shows that most of the objectives of that strategy are at red or amber. In other words, it is failing so far. Let us get back to a clear strategy for the medium to long term, but one that is coherent and through which all aspects of government work together.

3.53 pm

Lord Hannan of Kingsclere (Con): My Lords, when the Government announced a windfall tax on energy companies, the Treasury said it would bring in £42 billion. That sounded great. In March this year, the OBR revised that figure down to £26 billion, and now the first independent study, by Wood Mackenzie, says it will be £16 billion. These are not small figures, but it is a small example of what I think is going wrong with our economy. There is a repeated readiness to do something that is popular in the short term rather than something that is in the interests of our long-term prosperity.

To some degree, this is, if you like, the institutional view of a lot of our economic bodies. I have spoken many times here about the reluctance of the Treasury to take into account the secondary or dynamic effects of tax: in other words, how cutting tax rates can generate more economic activity. We saw it with the 45p rate and with corporation tax. One reads that the plan the Chancellor has for a big bang 2.0 in the City is being held up by the Financial Conduct Authority, which is now against reversing the EU ban on short selling and all the rest of it. One reads that proposed tax cuts would fall short of the OBR, although I have a feeling that if the Government change at the next election, the OBR will suddenly have no problem at all with borrowing the £28 billion for green investment. We will see whether that comes about; but that, of course, is under a different sort of moral category.

The real point is that we are reluctant to do things that challenge people's intuitions and this leads us into bad policy decisions. People are always in favour of windfall taxes because they think that somebody else is going to pay. They do not really understand that, as Ronald Reagan said, businesses cannot pay taxes; they can only collect them. In other words, all taxes are passed on to consumers, customers, shareholders and so on. They are always a popular idea, in the same way that a wealth tax is: people think somebody else will pay it. The idea that the wealthy will not sit around waiting to pay tax but may move jurisdictions or retire earlier is a counter-intuitive and difficult one.

The real problem of our modern economy is the failure to take on some of the false intuitions caused by our maladaptations. Brian Caplan of George Mason University did a survey in which he looked at stuff that is consensual among all economists, left and right, and at how that diverges from the general view of things. He found that there were three particular areas of widespread public bias, the first of which is a general reluctance to understand how prices and competition work. Most people intuitively think that prices go up because of what the seller feels like charging. The noble Lord, Lord Whitty, just referred to that as greedflation, but of course, that is not the reality of how markets work. I am struck that the

people who blame inflation on excess profits never make the converse argument: that when prices fall it is presumably, by their own logic, because of the generosity of these big corporations. That is a huge rift between how things work and how most people see them working.

The second area is what Caplan calls the make-work fallacy. Most people insist on seeing jobs as a benefit rather than a cost, or rather, they do not understand that jobs are a means to an end, the end being greater prosperity, hence the constant pressure on Governments to create jobs, as though that is a good thing in itself. We could create jobs if we banned mechanical diggers and had hundreds of men with shovels taking their places. That would create jobs in one sense but it would make everybody poor. It is a very difficult argument to get across that if we are able to exploit technology, we should be able to work shorter hours while living better, and that that is not a bad thing.

Then there is what Caplan calls the anti-foreign bias. People are irrationally suspicious of imports and always tempted into the argument that security depends on producing everything yourself, when of course real security depends on sourcing from as wide a variety of producers as possible, so that you are not subject to a local shock which might as easily happen on your own territory as anywhere else. All these things are counterintuitive and have to be learned. That is why economists are ahead of the people who have not looked at them.

One of the oddities in this whole debate is people talking about free-market dogma. Free markets are the least dogmatic thing because they run up against all these intuitions. It seems completely plausible that a planned economy would work much better than one where things are left higgledy-piggledy to arrange themselves, or that if you have two factories doing the same thing, a wise and disinterested committee of government experts would say, "Why don't you carry on with factory A, but factory B can be reclassified to something else?" All these things sound plausible. It is just that they lead to absolutely catastrophic outcomes.

The understanding of how markets work is the opposite of a dogma; it is a pragma—an application of observed experience against intuitions. But most people will stick with their gut and then reason backwards, which is why rent, price and wage controls and all the rest of it are perennially popular. The challenge for a Government in the age of instant media is to be able to have the patience to look beyond the immediate headline and do what is right in the long run. My noble friend Lord Griffiths quoted all those old Chancellors—Barber, Healey, Howe and so on—but none of them was in an age of Twitter. They were able to think in terms of an electoral cycle and say, "Judge us at the end of four or five years on the overall package". Every one of Margaret Thatcher's privatisations was unpopular when it happened. Even the lifting of exchange controls was unpopular when it was polled in advance. However, she understood that the important thing was to look not at the popularity of a policy when polled in isolation, but rather at its overall effect.

[LORD HANNAN OF KINGSCLERE]

I hope that, if indeed there is a change of Government, there may be some longer-term thinking. The Labour Party could get away with things where it would be a little more trusted than this Government—on NHS reform, building more houses, and maybe on allowing the pension age to rise in line with longevity—but only if it is prepared to look beyond the immediate headlines. Is that possible in this day and age? Well, as the poet said:

“An’ forward, tho’ I cannot see,
I guess an’ fear!”

4 pm

Lord Londesborough (CB): My Lords, I too thank the noble Lord, Lord Eatwell, for bringing such a timely debate to this House. It is timely because the twin evils of stagflation—rising prices and low growth—sharpen the need for higher productivity while presenting formidable challenges.

Many businesses in the UK are currently financing wage inflation of 7% to 8% but seeing no growth in output or sales. When that happens, profitability heads south, resulting in diminished appetite for businesses to invest. Chronic underinvestment, both public and private, has become a constant drag on our productivity.

As we have heard, low productivity growth has been with us since the 2008 financial crisis. In fact, over the decade leading to the pandemic, GDP grew on average by an underwhelming 1.8%. But look under the bonnet and we see that 1.2% of that growth came from working longer hours, only 0.5% from capital investment and just 0.1% from innovation and better working practices.

I find that last figure extraordinary when we reflect on the innovation we have all witnessed as consumers and in our professional lives since 2010: the digital revolution, e-commerce, online payments, videoconferencing, automation, online education and, of course, working from home. Although many of these innovations appeared to be transformative, the productivity needle has barely moved. Now the great hope is AI, but the danger is that we witness a new era of automation but, like before, see no net growth in aggregate terms.

I will focus on human capital—the workforce. During the last decade, the UK created over 3 million new jobs and, with the help of immigration, we were able to fill those roles and generate modest economic growth. The problem was that growth came from employing more people, often in low-skill jobs, and making people work longer hours. As an example, in 2019, the average German worked 1,380 hours a year, but the UK average was 1,537 hours. Yet Germany’s output per hour was 10% higher than here. Over the border in France, it was a staggering 18% higher.

We need a qualitative approach to growing the economy. Frankly, there is no choice: we now have a shrinking workforce alongside an ageing population, with record numbers of long-term sick. The demographic and health trends alone tell us that we are running out of road in terms of capacity for working longer hours and adding yet more workers. That model is no longer sustainable.

Let us focus for a moment on the term “working smarter”. Here, I fall back on my own experience as an entrepreneur and employer of 300 staff, with

40 nationalities working across five different continents in the area of online media. Over 30 years, we learned that the most important factors behind our growth were: recruiting and retaining high-calibre staff; skills and training; management, in particular; and proper incentivisation—working smarter, not harder, in a competitive environment, and competition is good.

The Chartered Management Institute makes a telling point. It estimates that there are 8 million managers across the UK’s 32 million workforce, yet 70% of them are “accidental managers”—managers who have received no proper training from their employer to develop the skills required to lead in an effective, productive manner.

Let me quote the recent survey from CIMA, whose members stated that the top three blockers of productivity all related to lack of skills both within their organisations and nationally. It sounds obvious that recruiting the right people to the right job is crucial, but currently 30% of the workforce is overqualified for their job, while barely one-third of jobs in the UK require higher education qualifications, which is one of the lowest rates in the OECD. This is not consistent with the oft-stated aim of achieving a high-wage, high-growth economy.

All of this, to me and many others, provides further evidence of the need for the Government to set up a productivity commission with the private sector to produce a future workforce strategy and ensure that our immigration policy is aligned with that strategy. We need to raise our game in terms of recruitment, training, managing and incentivising performance—in other words, in developing a stakeholder and entrepreneurial culture in both the public sector and the private sector.

4.06 pm

The Earl of Effingham (Con): My Lords, I thank the noble Lord, Lord Eatwell, for raising this important debate. Although sentiment was buoyed slightly on Tuesday by the news that shop price inflation fell to 8.4% in June, core inflation remains stubbornly high, suggesting that higher interest rates are here to stay. If the tool of low interest rates will not be available to us for some time to stimulate growth and the outlook is weak, we have to focus on alternative means by which economic growth and productivity can be increased and improved.

I refer to the comment made by Andy Haldane, the former chief economist at the Bank of England, that economic growth improves health, wealth and happiness. I would say that health is wealth. If we have a fully functioning, healthy workforce, our economic growth and productivity numbers will rise dramatically. The number of working days lost in the UK to sickness or injury was an estimated 185 million in 2022, which represents a new record high. We know that the six best doctors in the world are sunshine, air, water, exercise, diet and sleep. We should be placing a huge focus on educating people on this and encouraging them to follow a nationwide gold standard which can only lead to enhanced performance and productivity at work. Education is key. We have all been told to drink lots of water and to sleep well, but the facts are that if an individual drinks two litres of water a day and achieves

eight hours of sleep, their cognitive performance can increase by between 10% and 30%. That 10% to 30% improvement in performance will feed into economic growth and productivity.

As for exercise, sport and physical activity can change lives and, most importantly for this debate, sport and physical activity benefit both national and local economies. People will feel good, they will work harder and faster, consumer confidence will be higher and they will spend money. That will result in economic growth and increased productivity. When it comes to diet, having a fit and healthy population is essential to reducing pressure on the NHS and supporting the economy. It is a concerning statistic that obesity currently costs the NHS £6 billion per year, which is set to rise to £10 billion per year by 2050. By trying to solve obesity, we secure a two-pronged attack on reducing the NHS funding requirement and getting people back into the workforce.

None of these problems is easily solved, but they should be achievable with increased levels of local authority participation, education and funding. The House of Lords National Plan for Sport and Recreation Committee's report recommended the establishment of a new ministerial post with a responsibility for sport, health and well-being. I hope this is something the Government will reconsider.

Department for Transport investment into walking and cycling has huge benefits for public health and the economy, but the active travel budget was recently cut. I ask the Government to consider ring-fencing a certain amount of funding for this investment.

The Government recently introduced new calorie labelling laws under which it is now a legal requirement for large businesses—those with more than 250 employees—to display calorie information on non-prepacked food and soft drinks. It would be helpful if the Government could encourage and help businesses with fewer than 250 employees to do the same, so that we have the full picture wherever we are eating. We need to do more to help people understand healthy eating. At schools, we need more parent communication and cooking demonstrations—whatever we can do to send the message to children and adults alike. This will form the base for their future and the economy's future growth and productivity.

These are a small number of the ways in which we can tackle this issue. On the basis that we currently do not have the ability to pull the traditional economic levers, we must look for alternatives. I truly believe that improving the health of the nation is a key solution not just for the short term but for the long term and for future generations. Health is wealth. Through it, we will achieve economic growth and increased productivity.

4.11 pm

Lord Monks (Lab): My Lords, I add my congratulations to my noble friend Lord Eatwell for launching this debate in such a stimulating way. It has produced a lot of interesting contributions so far. While I am passing out congratulations, I also congratulate those British businesses, and their workforces, which are world-class and have excellent productivity. They are often based

on respect and on working closely with employees and their trade unions. These companies have one thing in common: they take a long-term view of their operations and do not swim in the short-term waters that infect so many British companies.

We are in this mess mainly because we do not have enough companies which take this long-term view and can sustain their position in that world. We do not have enough that invest in skills, innovation and technology. Those that we do have are concentrated in the south-eastern corner of this country, our only region which matches up to the most productive regions on our near continent.

We have been aware of this problem for a long time, with the earliest echoes way back in the 1870s. There have been many initiatives by successive Governments and others over the years to see whether we can improve matters. Some useful improvements have been made, but no real game-changers have resulted in Britain being promoted into the premier league of economies. We may have been up there for very short periods of time but not in any sustained way.

The problem is that things are not getting better—they are getting worse. As has been said by others in this debate, the gap between our productivity and that of the French and Germans is widening. There has been no Brexit dividend, as was claimed by the campaigns during the referendum. The only result has been self-harm, with more to come, I fear, when EU and UK standards inevitably diverge—and they will—as people develop new products and so on in different contexts.

As reports issued this week by the Resolution Foundation and the Midlands Engine trade body highlight, this convergence carries the risk that the UK could be squeezed out of supply chains in the advanced manufacturing markets. By the way, manufacturing is sometimes written off by many economic commentators, but nearly half of UK exports are manufactures and nearly half of them go to the EU. Manufacturing really matters to this country.

What can we do to handle the divergence? First, it is important that we recognise it and that government, industry and trade unions start to think strongly about how we can avoid it. Will we copy the EU as much as we can to minimise divergence or do we have exciting new avenues to go down that will lead us to a better situation than we are in at the moment?

Would the Minister perhaps agree with me that the UK's unique economic model might deserve some urgent attention? There are different models of capitalism: American, Nordic, German and, as we heard from the noble Lord, Lord Howell, Japanese. Ours, compared to theirs, is exhibiting some alarming, glaring weaknesses.

How is it that a private equity outfit such as Macquarie can acquire public assets using debt-laden finance, and then borrow further against those assets and the stable income streams that infrastructure companies generally have, and then pay out generous dividends and executive bonuses unrelated to the service levels that are being provided? Look at Thames Water. It has been in the news recently for its appalling performance in managing the biggest water catchment area in the country. Now we know that, financially, it is in big trouble and a possible candidate for nationalisation,

[LORD MONKS]

because nobody else is likely to take it on. That is because of being initially laden with debt by Macquarie. Other British companies are labouring with the weight of debt not borrowed for investment in technology or for improving the skills of their workforce but to pay out dividends and executive bonuses related to shareholder value.

What can be done to make our model more long-term? Maybe we should look at how others are handling matters like this and aim for those kinds of cultures, encouraging social partnership and worker participation to grow companies' world market share—get everybody involved in it. As my noble friend said earlier, there are many lessons to learn from other countries. We should not, by the way, be afraid of intelligent protectionism. I would like us to look closely at what President Biden and his team are doing.

Finally, what are British business schools doing to rectify some of the problems we have been talking about? I think there are too many financial engineers being turned out and not enough real engineers.

4.17 pm

Baroness Fox of Buckley (Non-Afl): My Lords, I too appreciate that the noble Lord, Lord Eatwell, has tabled this debate. It feels like at last the productivity problem and the lack of business investment is being discussed. For too long, many economic policies have amounted to financial tinkering or rows over distribution. Meanwhile, growth has been demonised as either bad for well-being or destructive of the planet. Even those espousing growth rhetoric have often neglected productivity. However, it is only in raising productivity that we have the basis for improving living standards and a vehicle for new skilled, well-paid employment opportunities, rather than low-paid, insecure, unskilled jobs. Productivity increases are the only way we will escape our high-debt, low-growth economic trap.

Until recently, we have been in denial. Productivity started flatlining before the 2008 financial crisis, and indeed before Brexit. However, throughout the last decade and a half, politicians of all stripes have repeatedly claimed that the British economy was fundamentally sound and robust, and arguments instead concentrated on how it was managed. It took the triple whammy of lockdown, the post-lockdown disruption of the global supply chain and the war in Ukraine to finally force the political class to admit we have a problem and put growth on the agenda.

However, whether lockdown or war, these recent global events are not to blame for the state we are in. The UK was affected badly precisely because our internal productive capacities have been hollowed-out by decades-old deindustrialisation and our dependence on imported goods, which means much less domestic scope to compensate for foreign supply shortages. The contrast with Asia illustrates this point, where they have been better able to offset supply bottlenecks. As developing countries, they are building up, rather than eroding, their domestic productiveness. That gives them more adaptability in the face of global disruptions. As a result, consumer prices in lots of Asian countries have not risen as much as they have in the west. There is a lesson there.

I have a nagging question: could narrowly focusing on inflation levels become a distraction from deeper, protracted problems? Surely, tweaks to monetary policy cannot fix the productivity slump—quite the opposite. After all, central banks' monetary policies and cheap borrowing from 2008 camouflaged and extended productive decay. The Bank of England pumped masses of liquidity into the economy, created all sorts of price bubbles, printed money to fund the Government's huge pandemic shutdown and never uttered a word of opposition to the wholesale closure of the economy.

But, despite the temptation, indulging in bank bashing lets culpable politicians off the hook. Ever since Gordon Brown made the Bank of England independent in 1997, successive Governments have wilfully outsourced their responsibility for economic decisions and have distanced themselves from, for example, interest rates. Worse, this has turned national economic policy-making into a seemingly technocratic exercise, far removed from democratic accountability or voters' influence. This must change. It is time that the state assumes transparent responsibility by taking back control of the Bank of England. I want more of the state there, running the economy.

However, I think we need less state intervention on productivity. I get nervous when, in different ways, the Tories and Labour seem to think that government should take an active role in business, whatever form that takes, whether industrial subsidies, tax incentives or public investment. My fear is that this will hinder the very innovation that it is meant to promote. State aid damagingly sustains a business status quo that can keep inefficient, low-productivity firms afloat. This zombified economy is the antithesis of dynamic, future-orientated innovation. These state policies—state aid, and monetary, fiscal and regulatory policies—tend to favour larger legacy companies at the expense of smaller start-ups, which would usually be more inventive and experimental, and likely to drive productivity higher.

In other words, state handouts encourage corporate dependence and reduce pressure on businesses to become competitive, blunting the incentive to experiment and develop better technologies. They often come with political strings, which are usually prescriptive and distort business investment activities. My pet hates are those brought on by infernal net-zero targets, let alone the dreaded mandated ESG reporting and so on.

There is plenty that the state can do to create conditions that will allow investment to flourish. It can invest heavily in public research and science R&D, as so well described by the noble Lord, Lord Eatwell. That is essential for new ideas and technological breakthroughs to occur. It can end the fixation on decarbonisation, which narrows the horizons of economic development, as well as costing working people a fortune. It can prioritise cheap, efficient and reliable energy sources, from nuclear to North Sea oil. It can focus on infrastructure deficits—for God's sake, let us build some more reservoirs; we might even get some hydropower out of them. It needs to tackle with urgency the broken and expensive transport system and drop the ideological war on cars, vans, lorries and flights—by the way, if that means nationalising the railways, I am all good with that. It means that we drop support for the nimbyist antagonism to housebuilding

and ambitiously build new towns, cities, and sites for newly emerging productive industries, as was so brilliantly motivated by the noble Baroness, Lady Thornhill.

Perhaps we also need a productivity cost-benefit analysis on legislation and regulation. Sitting through the levelling-up Bill and listening to the plethora of amendments suggesting barriers to construction, I think that it will be a miracle if anything ever gets built in the future. We need to remove the blocks to construction. Finally, we must stop relying on cheap migrant labour as a solution. We need widespread and long-term training of domestic workers at home, especially the young.

4.24 pm

Lord Sikka (Lab): My Lords, I thank my noble friend Lord Eatwell for facilitating this debate. I will say a few words about investment and productivity. Between 1974 and 2008, the UK's productivity grew at an average rate of 2.3% a year, and it has really stagnated ever since. It is not the workers' fault. UK workers work for longer hours than many of their European counterparts. In 2022, average annual hours worked by a German worker were 1,341, compared with 1,532 for a British worker. Yet, productivity of a German worker is up to 19% higher.

The reason for that is higher investment into productive assets and skills. With 17.3% of GDP going into productive assets in 2021, the UK is ranked 27th out of 30 OECD countries. This is despite a period of low inflation, low interest rates and low corporate taxes, with high tax incentives and negative real wage growth. None of those managed to address the block to investment—what I call the investment strike.

Private sector investment is some £354 billion less in real terms compared to the G7 median position from 2005 to 2021. The major reason for that is that British workers' spending power has been depleted. Why would somebody invest when people just do not have the money to buy goods and services? The UK is a major financial centre, but the City of London is hooked on short-term returns, which is aided by a shareholder-centric model of corporate governance. The Bank of England chief economist, Andy Haldane, noted that in 1970 major companies paid out £10 in dividends out of every £100 of profits, but by 2015 that became between £60 to £70. I have been looking at the accounts of water companies, and they have been paying up to 80% and even more of their earnings in dividends, which is accompanied by a squeeze on labour and investment.

The private sector has little appetite for long-term risks. The state traditionally filled that void in a mixed economy. After the Second World War, the entrepreneurial state built ships, railways, steel, water, gas, electricity, mining and many other industries. It directly invested in emerging technologies and emerging industries such as biotechnology, information technology and telecommunications industries. As a result, by 1976 the proceeds of prosperity reduced the national debt from 270% to 49% of GDP.

But now the state has basically been sidelined—the mantra of the neoliberal coup that has plagued this country from the late 1970s. The state has been restructured and become a guarantor of corporate

profits, as evidenced by PFIs, privatisations and outsourcing. Privatised industries have rarely provided the promised investment—just look at the water industry. Since its privatisation in England in 1989, no new water reservoirs have been built, while the population has increased. It just does not respond. If the UK public sector had emulated the G7 median practices over the period 2006-21, an additional £208 billion in real terms would have been invested, but the Government basically opted out of that.

UK productivity is damaged by what I call dead weights. One good example of that is the City of London and the finance industry. We all need bank accounts, insurance, pensions, debit and credit cards and so on; what we do not need are the destructive practices of the City, such as frauds, mis-selling, rigging interest and foreign exchange rates, money laundering, tax abuse and unrestrained gambling. None of that generates any productivity. One study at the University of Sheffield estimated that between 1995 and 2015 the finance industry made a negative contribution of £4,500 billion to the UK economy—and it sucks up a lot of graduates, which denies other industries skilled labour.

Accountancy is another dead weight. We have nearly 400,000 professionally qualified accountants in the UK, the highest number per capita in the world. About 100,000 of these are devoted to tax abuse, although they call it tax planning—a euphemism. It does not generate any productivity; it actually takes money away from the public purse and ensures that the state cannot invest in social infrastructure or other industries. The Government do absolutely nothing, and have not investigated any of the accounting firms involved in this—they have not prosecuted any or fined any. It is business as usual.

I hope the Minister can tell us whether the Government are willing to change their economic and political model and address the systemic problems that are plaguing this country. That will include reforming the shareholder-centric model of corporate governance, which will mean addressing issues about equitable distribution of income and wealth, dealing with the dead weight and, above all, giving the state a direct role in the economy. If the state will not take long-term risks, nobody else will.

4.30 pm

Baroness Lea of Lymm (Con): I welcome the opportunity to participate in this very important debate today. It is of course a wide-ranging debate and, rather than trying to cover all the points, I shall just make some observations that I trust are relevant.

First, I would like to put our recent growth performance into some sort of context. Between 1997 and 2010, GDP grew by an average annual rate of nearly 2%, although this was depressed by the sharp recession in 2008-09, associated with the 2008 financial crisis. Between 2010 and 2019, GDP grew again by an average annual rate of nearly 2%, despite the coalition's restrained fiscal policies, introduced to regularise public sector borrowing, which had ballooned in the 2008-09 recession. Note that the economy did not go into recession after the Brexit referendum, despite the blood-curdling warnings by the Bank and the Treasury.

[BARONESS LEA OF LYMM]

However, GDP slumped by 11% in 2020, during lockdown. This appears to be much more severe than other major economies experienced, although, as the ONS has pointed out, this partly reflects methodological differences. Believe me, international comparisons are fraught with statistical problems. GDP has just about reached its pre-pandemic level now, but it has been a hard and cruel path. Given the severity of the lockdown, any impact on the economy from Brexit is incredibly difficult to assess. It is reasonable to suggest that the introduction of various trade frictions would dampen trade, but the data show that the goods trade picked up strongly in 2022 after weakness in 2020 and 2021, which was more connected with the lockdowns.

Looking ahead, growth prospects are not encouraging. Granted, the IMF, the OECD, the Bank of England—Uncle Tom Cobley and all—have all revised up the exceptionally gloomy forecasts they made earlier this year and so far the UK has avoided recession, unlike Germany. Even so, the forecasts remain disappointing. For example, in May the Bank projected growth of just 0.25% for this year, followed by 0.75% next year and in 2025. Moreover, given possible further monetary tightening to tame inflation, I still do not rule out a possible recession.

Secondly, it cannot be exaggerated how profound the economic hangover from lockdown has been. Three things stand out for me. The first is the huge cost to the Exchequer, which the National Audit Office estimates to have been nearly £380 billion. The second is the continuing hit to output, and hence to productivity, of public services, including education and health. I welcomed the Chancellor's recent announcement of a public sector productivity review

“with the Treasury acting as an enabler of reform”.

Well, come on, Treasury—enable. The third thing is the decline in the workforce, which the Chancellor sought to address in the March Budget with his “back to work” measures. According to the ONS, in the three months to April the number of “economically inactive” people, those aged between 16 and 64 who are not in work and not looking for work, was still 350,000 higher than in the three months to February 2020. This helps to explain the tightness of the labour market, which is a major supply problem.

Thirdly, I agree that inflation has to be a major concern. The CPI inflation rate was 8.7% in May, unchanged from April. The core rate picked up to 7.1%. As we know, inflation started picking up in mid-2021, reflecting supply-side constraints and disruptions after lockdown. I remember the Bank's then chief economist Andy Haldane warning about inflation; he was very clear. Incidentally, he voted to curtail QE in May 2021. The rest of the Bank, unfortunately, was not listening.

This was followed by the specific energy price shock following the Russian invasion of Ukraine in February 2022, which gave another kick to price inflation, and an understandable pick-up in wages enabled by the tight labour market. Now, even though producer price inflation abates, these higher labour costs are feeding into consumer prices—the wage-price spiral of old. Rather late in the day, the Bank began tightening policy.

Despite voices urging a pause—after all, monetary policy acts with long lags—more interest rate rises seem likely. As I have already implied, this risks recession.

Finally, and briefly, I come to productivity, which is usually taken to mean labour productivity as calculated by output divided by a measure of labour inputs—whether hours, jobs or workers. At one level this is just a statistical calculation and not an end in itself. Any policies that increase output growth, excluding policies specifically geared towards increasing labour market inputs, will increase productivity growth. But we all know that productivity growth is not just a matter of statistics. If we are to improve our growth prospects, we must raise our productivity game, especially given the tightness of the labour market. This includes encouraging capital investment and, of course, investment in people and skills.

4.37 pm

Viscount Hanworth (Lab): Britain has a lower rate of economic growth than—and its per capita income compares poorly with—many of its European neighbours and others further afield. Questions must be asked about the causes of these deficiencies and what can be done to overcome them. People of different political persuasions give quite different answers.

Prime Minister Liz Truss and her close colleagues had answers to these questions. They proposed that our low rate of growth was attributable to the laziness of the British workers and a lack of sufficient incentives to activate managers and entrepreneurs. In their opinion, the economy was entrained by bureaucracy and burdened by a Civil Service and a public sector that were required to be drastically reduced. These aspersions paid little attention to economic reality. The programme of tax cutting and job cutting met with an adverse reaction from financial markets, and Truss was expelled from office.

An indication of the unreality and carelessness of Truss's programme was her proposal to cut £11 billion in Whitehall waste, to be accompanied by reductions in the salaries of public servants not working in the metropolis. It was quickly revealed that the entire annual salary bill of the Civil Service amounts to some £8 billion. That is significantly less than the size of the proposed cuts. It seemed that there had been an error of categories. Truss was mistaking the size of the public sector for the size of the Civil Service. The idea that the economy is entrained in bureaucracy and regulation that needs to be swept away is an enduring, atavistic notion of the Conservative Party that continues to inspire its policies.

The proponents of Brexit assert that we have been suffering from an oppression of regulation imposed by the EU. The falsity of that opinion has been demonstrated during our consideration of the Retained EU Law (Revocation and Reform) Bill. The complaints of bureaucracy tend to be loudest when bureaucratic agencies are understaffed and when, as a result, they are forced to make decisions in a summary and inflexible way. Some of the loudest complaints nowadays are aimed at local authorities, which lack sufficient resources and manpower adequately to fulfil their many bureaucratic functions.

An explanation for Britain's low economic growth is easy to come by: there is little in the economy on which to base that growth. Britain's industrial sector, which is where one would expect to find the growth, has been severely diminished; nowadays it accounts for a bare 10% of our gross domestic product. What may not be so evident to many observers is that the hypertrophy of our financial sector has been both an accompaniment to and a cause of our industrial decline. The financial sector has been mediating the sale of our national infrastructure and of our industrial assets to foreign owners. That has maintained demand for the pound and inflated its value, and the overvalue of the pound has made Britain's exports uncompetitive while lowering the costs of imports. That has been a major cause of our industrial decline.

Among the dogmas that have prejudiced our economic prospects is the belief, which has been central to Conservative economic policy, that the private sector must be relied on to undertake investments that maintain our industrial infrastructure. According to this doctrine, the Government should minimise their involvement and any initiatives that the Government might propose should be assessed on strictly commercial criteria.

The dogma has been maintained in the face of undeniable evidence to the contrary. It has been responsible for a failure to develop our energy infrastructure and for the collapse of the crucial programme for nuclear power, which cannot be sustained by private finance. An industrial transformation is required in order to staunch the global emissions of carbon dioxide. The British Government have been prominent in declaring the need for that transformation but have failed to take the necessary actions. Our targets for the electrification of road transport have been the most ambitious among the European nations, but our support for our automotive industry has been the very weakest. We have failed to promote the manufacture of batteries and hydrogen fuel cells, and the inevitable consequence will be the loss of our automotive industry.

An industrial transformation aimed at achieving net-zero carbon emissions requires strategic economic planning organised by central government. It requires a major expansion of the supply of carbon-neutral energy, which is bound to come preponderantly from nuclear energy. The experience of the present Government indicates that we cannot expect the necessary investment to come from the private sector.

As in the immediate post-war era, we must look to the Government to provide the necessary finance via taxation and government borrowing from the financial sector. Indeed, the taxes should be imposed on those who can afford to pay them, including the large corporations, which have proved adept at avoiding taxation while reaping exorbitant profits. In the absence of major government initiatives to support the necessary industrial transformation, our economic decline will continue. The consequence will be widespread economic and social misery, which may be accompanied by increasing political instability. Further opportunities will be created for populist movements proposing spurious panaceas, such as we have witnessed in the Brexit movement.

4.44 pm

Lord Desai (CB): My Lords, I thank my friend, the noble Lord, Lord Eatwell, for introducing this debate. I recall that in June 2022—almost exactly a year ago—we had a similar debate on this question. My friend, the noble Lord, Lord Griffiths, was also there. I said then that we were about to enter an era of stagflation. My idea was that we are going through a repetition of what the British economy went through between 1970 and 1990; I think the noble Lord, Lord Griffiths, made reference to that.

I think we are in a very bad situation and likely to remain so for another 10 years or so, I am sorry to say. Although we are not in recession yet, we are going to be in a recession because, as some noble Lords have said, the Bank of England is failing right now to tackle inflation. It has lost the habit of tackling inflation because, between 2000 and 2020, we had such low rates of inflation that central banks around the world attempted to increase the rate of inflation slightly, to get nearer their target rate. It sounds cruel to say it, but the rate that the Bank of England has fixed right now is not enough to tackle this inflation. I am sorry to say that. I think we are going to get a recession, and it is very hard to say when we will get out of it.

I am now old enough to have cranky views. I believe in something called Kondratiev cycles of 50 years, and I think we are now going to a new phase of a Kondratiev cycle, between 2020 and 2070, as we went through between 1970 and 2020. I am not just making this up. The problem with the British economy is that we deliberately deindustrialised in the 1970s and 1980s as a way of tackling inflation. I cannot give the numbers, but for example the share of industrial trade unionists in the total membership of trade unions was much higher than it is now. We have become a service economy, but our services sector is not as productive as it used to be.

If we look at other economies which are relatively industrialised, such as the US, the US transitioned to a very productive service sector economy, with digitisation and all that, much faster than we did. We tried to substitute our financial sector for our industries, and our financial sector right now is going through a recession. The City of London is losing business both to the US and to the EU. We have to think of this issue in a slightly longer view than we have been thinking. My guess is that, given where we are in this cycle, if we are going to invest, we will have to invest in higher education, research, fintech, AI and things like that, because that is the only way we will grow.

We are not going to re-establish a steel industry, a car industry or anything like that: those things have gone to Asia. They went to Asia during the 1970 to 1990 cycle. Indeed, very few people know that we conquered inflation not so much by central banks being very efficient, but by our losing industry and that industry moving to the low-tax, low-wage region of Asia. Our imports became cheaper and therefore inflation went down. All the central bank chiefs claim credit for that, but I think it had nothing whatever to do with central banks; it was the transformation of the economy. Basically, the capitalists decided to abandon the West and went to Asia, and that brought inflation down.

[LORD DESAI]

We have not actually understood that process: we still think that we are in the old world and we still talk in terms of productivity growth. Productivity growth is very much more difficult to measure or to target in a service industry. One thing we ought to do, if nothing else, is have a commission, or some such thing, to re-examine the notion of productivity. Productivity is a very different thing in a service economy.

Finally, we need a thorough reform of our education system, so that more of our young people get a proper education, including higher education, and can then contribute properly to the service economy.

4.50 pm

Lord Sahota (Lab): My Lords, it is a pleasure to follow my friend the noble Lord, Lord Desai. Earlier, the noble Lord, Lord Griffiths, listed the interest rates for the past 50 years. I may stand corrected, but I think he missed out the one for Black Wednesday.

I thank my noble friend Lord Eatwell for bringing this debate on economy, inflation and productivity to our Chamber. One thing, if anything, that unites all the countries of the world is the economy. Every Government want their citizens to be happy and prosperous and to enjoy the fruits of their labour. Before the Brexit vote, our economy was chugging along reasonably. Growth wise, we were up there with Germany and the US. Our pound had been steady against the dollar for many years. Our exports to the EU were well over 40%. EU migration kept our agriculture and other industries going. EU nurses, care workers and doctors kept our hospitals going. We were never short of a labour force for our economy. Inflation was reasonably under control, and the housing market was doing well on a low interest rate.

Then we had the bombshell of Brexit in 2016. Look at where we are now. Our pound was devalued by 15% from day one of Brexit, and it has never recovered. Our economy is performing well below those of the US and Germany. Our migration and inflation policies are out of control, like some spacecraft out of control in space. Our interest rate is going through the roof, and it will not be long before some house owners start to hand their keys back to their lenders, as they did in the 1980s.

The IMF forecasts that, of the leading G7 economies, ours is the only one that has shrunk. Business investment in the UK is 31% below the pre-referendum trend. The red tape has increased, as has bureaucracy. The UK economy is 5.5% poorer now than it would have been had we stayed in the EU, and our tax revenue would have been £40 billion higher, so do not tell me that all those slogans on the sides of buses were correct.

What is worse is that we sat at the top table of the world's biggest economic club, and other countries were always trying to catch our eyes to do them a favour. Now, we are the ones trying to catch their eyes, so that we can do a trade deal with them. Our status in the world is not what it used to be, however hard we pretend it is.

However, we are where we are, even though some politicians during the EU referendum were less than honest with our people. I hope people will remember

them for their lack of honesty and integrity. As I said, we are where we are, and we have to make the best of Brexit and make sure that it works for the best of our country.

A recent poll shows that people would prefer some sort of closer economic ties with the EU. I hope people will remember that. Next year, I hope there will be a new dawn of a Labour Government, with vigour and energy, to deal with our new challenges, make the best of Brexit and once more restore our status in the world to where it should be: at the top table.

4.55 pm

Lord Liddle (Lab): My Lords, I congratulate my noble friend Lord Eatwell on the brilliant clarity of his introduction to this debate. I also congratulate the noble Lord, Lord Sahota, who is a relatively new noble friend. I am not going to talk about Brexit, but I agree with virtually everything he said.

If we have a change of Government, which I am sure we will, it is clear that a Labour Government are going to inherit a situation of great economic difficulty, if not crisis. How do we deal with that? Robert Shrimmsley had a very good column in the *FT* this morning about how to offer hope in this situation. One thing we have to do is to listen to a former Chancellor like the noble Lord, Lord Lamont. Inflation is a big problem, and a Labour Government will have to tackle it. I did not agree with everything he said, but on that fundamental point I think he is right. So how do we tackle inflation and do something to offer people hope as well?

I do not think there are any quick fixes. My life in politics started off with the Maudling boom, which led to the balance of payments difficulties that Harold Wilson had such difficulty grappling with. We then had the Barber boom, the second Wilson Government and the problems of very high inflation and all that. We had the Lawson boom at the end of the 1980s, which contributed to some of the difficulties that the noble Lord, Lord Lamont, had to grapple with. In a way, the Truss experiment was a repeat of that. The only thing is that in the intervening decades, the financial markets have got much quicker at reacting to problems.

It is very important that the Government do not think that they can break their own fiscal rules. They have to maintain the confidence of the financial markets if they are going to succeed. I am not an advocate of austerity—I think mistakes were made in the post-2010 period—but I am an advocate of stability. We have to prioritise stability.

If there is a parallel, it is when I first started working as an adviser for Tony Blair and Gordon Brown. It was in the 1992 Parliament, when the noble Lord, Lord Lamont, was Chancellor, and there was tremendous pressure from Back-Bench Labour MPs for us to support a great Keynesian expansion. Gordon stood out against that with absolute firmness and determination because he knew that that was not the way forward. I expect the same of Rachel Reeves, and I am very hopeful about that.

We have to somehow find a means of prioritising investment. In public services, the focus has to be on investing money now to save money in the medium to long term so that we reduce the pressure for further

public spending increases. I can cite lots of examples where you could make a case: adult social care, the MacAlister report on children's social care, education catch-up and making the NHS more community-focused and less hospital-focused. If we come up with those kinds of proposals, we have to have rigorous independent monitoring of them to ensure that their objectives are achieved and the targets met. We have to bring into government people with fresh ideas about how to run public services.

More importantly, we have to invest to grow. If we can find projects that produce a higher return than the borrowing we have to secure, it is logical to go ahead with them. However, at the same time, we have to find a way of meeting our debt rule in the medium to longer term. I support a modern industrial policy. We have to have policies that focus on competition; getting better access to the European single market; skills; R&D; and infrastructure. We also have to have a modern industrial policy that looks at sectors, such as the car industry, and sees what can be done to save them. Production has halved in the past three years; what are we going to do to save it? There seems to be a lack of urgency on the part of the present Government.

My final point is also on industrial policy. Again, it has to be rigorous. We have to have independent assessment of the investments we make; it cannot be done on the basis of ministerial favours and handouts. The next Labour Government should prioritise the policy of investing prudently in our future. That is how they will make a difference.

5.02 pm

Baroness Bowles of Berkhamsted (LD): My Lords, we have had an interesting and important debate and I thank the noble Lord, Lord Eatwell, for putting it on the agenda. We have had wide-ranging speeches about the macroeconomics of inflation, higher interest rates and the woes of productivity and growth. As a business owner in the 1980s, I remember all too well having a commercial mortgage rate around 17%, and inflation being rampant.

While people are hurting again now in a similar way, the remedy exercising my mind is at the more microeconomic level of getting investment into the real economy—for that is the way to growth, productivity and prosperity. My focus is founded on my experience as a patent attorney working with scientists, engineers and management in start-ups and big business alike, because innovation and how to fund development must march together for growth.

An irritation frequently voiced is that the UK's capital markets have not served UK innovators all that well. Headlines about tech listings going to the US rather than the London Stock Exchange have featured recently, but my heart was breaking long before I became a non-executive director of the exchange—which, by way of a declaration of interests, is a position I still hold, along with other interests as set out in the register. But in this place, I speak for myself.

I am glad that there is now a focus on how to get more investment into productive parts of the UK economy, including from pension funds. That is the

right direction of travel, despite the complexities that exist around trustee fiduciary duties and regulator priorities. Pension contributions and investments are so tax-advantaged that looking for public good in the economy from these investments is justified. However, we need to look at the way in which we manage to shoot ourselves in the foot at the microeconomic level, seemingly at the first opportunity.

On Tuesday, we completed the Financial Services and Markets Bill, which includes a secondary competitiveness objective—albeit this was controversial for some, given the misguided approach of the old FSA to its competitiveness objective. However, now that it is there, it is important that it is used to enhance the competitiveness and soundness of the UK's economy as a whole, and is not just inwardly focused on financial services.

However, all this will be meaningless if the FCA continues to sit on the obvious and unnecessary regulatory damage to the real economy happening now through the decimation of the listed closed-end investment fund regime, also known as investment trusts. These were once a jewel in the London funding ecosystem and a major route for investment in strategic industries and infrastructure, including by pension funds—a jewel of vital importance in the green sector for renewable energy and battery storage, where over £30 billion has been raised and invested in recent years. That is, until July last year, when the FCA and the Investment Association switched off investment funding through new guidance on cost disclosures.

It boils down to ticks in wrong boxes, as I have previously elaborated in detail and recorded in *Hansard* for 6 June at column 1348. The new guidance came from the Investment Association, on the request and/or instruction of the FCA, even though the FCA website said in January 2022 that, following the extension of the UCITS exemption in the UK's PRIIPs regulation to 2026, there would just be end-date changes relating to the supply of investor information documents. There was no mention of other changes, implying that the situation would remain as it was until 2026. But, despite a suggested status quo, other changes were initiated, seemingly by this instruction from the FCA to the IA on new guidance.

The guidance has its inspiration in the PRIIPs directive, which is just about to be revoked as unsuitable for purpose in the UK. I can personally attest that the investment trust structure was not properly understood in Brussels when PRIIPs was negotiated, but it has taken this latest UK initiative for guidelines to bring havoc that PRIIPs never did before, nor has in other countries. This is not just a trivial, irritating matter; it is huge, because of the important place that investment trusts have had in the market as a route to collective investment in less liquid instruments, with the holding being made liquid through the listing.

There are various consultations around, to which industry associations and industry participants have made submissions that the new guidance should be revoked. The IA itself has responded to a Treasury consultation, asking if it can revoke the guidance, and letters have been written to the FCA by industry participants. Yet, somewhere in the FCA this is being

[BARONESS BOWLES OF BERKHAMSTED]

sat on, instead of rapid corrective action being taken, with the IA saying that it needs amended guidance from the FCA for it to be able to make any changes.

So, while the IA and the FCA each point to the other for updates, new money has been all but shut off since last July because ticks have been put in the wrong boxes. These are multibillion-pound levels of lost investment if you consider the more than £30 billion raised in well under a decade just for the renewable energy and battery storage sector. If we wait much longer, still more enterprises will be starved of funds or, as is already happening, investment will go to Dublin, which, of course, has all the same PRIIPs and MiFID legislation but just has not put ticks in the wrong boxes.

My challenge to the FCA is this: show that you are up to the job and fix this before the end of the summer holidays so that IPOs and fundraising can start again in September. It takes but a word—"stop"—to flick the switch to where it was, doing nobody any harm over a great number of years, and to where the public pronouncements of the FCA seem to indicate it should have remained. We had investment trusts that worked and were lauded for years. We need them back. Every day of delay equates to around £12 million of lost investment to the strategically important clean energy sector. Twelve months, already gone, means over £4 billion and counting since the switch was flicked.

This is not competitive and it is not consumer protection. It is destroying markets, not protecting them, and it is damaging existing funds, blocking both investor opportunity and economic growth. It is setting us behind in meeting environmental targets and it is wrecking the closest thing we have in this country to a sovereign wealth fund.

What is expected of the regulator is continuous monitoring of the impact and outcomes of any guidance or rule, a keen interest in feedback of the market participants, and swift intervention where necessary. The industry body should be equally swift in delivering the decision-useful inputs to the regulator. Heads must be knocked together now for a quick solution, or heads should roll for the billions in lost investment.

I cannot understand why the Government stand by helpless when this disaster is contributing to missed growth and productivity targets, and slipped aspirations to be a global leader in clean energy, as just reported by the Climate Change Committee. The FCA stands in the way of capital queueing to invest in net-zero commitments, and for which the new FiSMA gives an obligation to contribute. Let us do something real for the economy and just get this done. This is a big dent in green finance, for which the Minister has responsibility. I am happy to meet her, or anyone, to help progress this matter. I am again grateful for the opportunity to make this important issue of public and ongoing record.

5.13 pm

Baroness Chapman of Darlington (Lab): My Lords, it is a pleasure, as ever, to follow the noble Baroness, Lady Bowles, who brings such knowledge, experience and specificity to our debate this afternoon. She made a clear pitch to the Minister and I await the Minister's response—I am interested to know what she will say.

This has been a wide-ranging and thought-provoking debate. There have been too many quality contributions to mention them all. However, I assure my noble friend Lord Liddle that Rachel Reeves rules the Parliamentary Labour Party with an iron grip, and I am one of many hopeful Labour parliamentarians to have gone to see her to ask her to invest in something of absolute importance without which we will never win another election, only to be given a very hard no. Obviously she was right and I was wrong, and I am sure that is where it will remain.

We have shared some disagreement this afternoon on the issues of inflation, productivity, investment and the role of government. To generalise and perhaps simplify, we on these Benches favour an active, engaged state with a mission. We do not agree that it is good enough for a Government to leave the pitch—to deregulate and then allow our citizens to sink or swim in all but the most extreme of circumstances.

In his introduction, which I agree was delivered with absolute clarity, my noble friend Lord Eatwell said that investment requires confidence in the prospect of future growth. For this we need the foundation of a stable Government with a plan that is shared and understood by the country.

My noble friend Lady O'Grady talked about AI and its potential to increase productivity. I think most of us would wholeheartedly agree with that, but we need it to happen as part of a modern industrial strategy. How do we think our life sciences have done so well? It is because the then Labour Government made it a priority and created the framework and support in higher education and investment in research to enable it to happen.

The truth is that economic growth in the UK has been weak since the global financial crisis. Had the pre-crisis trend continued, our economy today would be 26% bigger than it is. In 2010, growth had begun to return but austerity sucked demand away, and we know what has happened since. We have heard various judgments today about the relative significance of different factors, including Brexit, Covid and austerity, and how they have affected productivity growth and stagnating business investment, and more recently labour market inactivity. The points from the noble Lord, Lord Londesborough, about leading a productive workforce were very well made. We agree with him on the need for strategy.

The arguments from my noble friends Lord Leong and Lord Wood about investment are important. I observe that skills degradation over time is undermining what should be one of our strongest suits as a nation. The graduate salary premium outside the south-east is declining, which tells us that too many graduates do not leave university with the skills that businesses are prepared to pay more for.

That is not all. A report published just this morning by the Sutton Trust showed that highly able disadvantaged pupils achieve, on average, a whole grade lower per subject at GCSE than the most affluent highly able children. Some 62% of better-off high-potential pupils got five or more 7 to 9 grades at GCSE in 2021, compared to 40% of disadvantaged high-potential children. Over 28,000 disadvantaged young people

who would have been expected to achieve top grades at GCSE between 2017 and 2021 did not do so. It is impacting their future life chances. Despite their high potential, disadvantaged highly able pupils are twice as likely as their better-off peers to say that people like them do not have much of a chance in life. This is a criminal waste of potential and it is holding the UK back.

It is not just educational inequalities; regional inequalities are important too. The IMF says that regional disparities are harmful for economic efficiency, as limited opportunities for those stuck in the wrong place lead to the underutilisation of potential and constrain overall growth. More broadly, regional disparities, including urban and rural differences, can fuel social tensions, promote political polarisation, and threaten the social fabric and national cohesion. Free markets cannot fix these things. It takes leadership from both national and, probably more importantly, regional government.

My noble friend Lord Whitty mentioned international productivity comparisons, and well he might. Twenty years ago, the average Briton was wealthier than their European neighbour but today the average French family is 10% richer than their British peers, and in Germany that figure rises to 19%.

Austerity trashed our public services—everything from Sure Start to social care, community policing to cancer. Life expectancy gaps are growing and regional inequalities are more entrenched than ever. We have hammered public services, and now we can see it: austerity has hammered our growth as well. Ed Balls was right. He said that George Osborne was going too far, too fast. He said that austerity would fundamentally undermine the ability of our population to thrive and would threaten productivity.

Brexit without a plan, followed by a bad deal, increased the administrative burden on business, left us out of Horizon, does not allow for mutual recognition of professional qualifications, left the institutions of Northern Ireland paralysed and sucked every ounce of political energy away from where it needs to be—focused relentlessly on delivering a stable and secure economy. We are paying the price for all those things today. The Covid inquiry is just beginning to reveal how ill-equipped the UK was for the pandemic in terms of our planning but also our health service and our supply chain resilience.

Where we make things and who owns them matters. We need to develop new partnerships between an active state and a free market with countries across the world which share our values. We believe that leadership of the economy does not start and end with management of interest rates.

The noble Lord, Lord Effingham, rightly focused on public health: this is about good jobs, decent pay and fair working conditions so that working people can contribute to our national success and their financial security will underpin our economic strength. Rachel Reeves talks about “securonomics”—I can sometimes barely say that without really focusing, but that is the word we are using to describe it. What she means is that she wants to build the kind of economic security that provides hope: that our best days are ahead and knowing that we can get on, not just get by.

I again thank my noble friend Lord Eatwell for providing the opportunity for this timely debate. As we all know, he brings enormous experience. The name Andy Haldane has come up a few times today and, coincidentally, I was talking to Andy last night and I mentioned that this debate was going to be led by my noble friend, and he said, “Ah, yes, John Eatwell. He wears his learning lightly”. I think I know what he means. His introductory speech was as coherent and comprehensive an explanation of our current predicament as I have heard. I look forward to reading it back later, but for now, I look forward to hearing the Minister’s response.

5.23 pm

The Parliamentary Secretary, HM Treasury (Baroness Penn) (Con): My Lords, I thank all noble Lords for their contributions to this timely debate, in particular the noble Lord, Lord Eatwell, who has brought us here today. In the face of rising inflation, we continue to take the action necessary to shelter the most vulnerable, get inflation under control and set our country up for long-term, sustainable economic growth.

Before I turn to some of those matters, I shall address some of the gaps in the review of the noble Lord, Lord Eatwell, of this Government’s record. He noted that the previous Labour Government left government debt too high as a result of intervention in the banking sector and their response to the accompanying recession. He neglected to say that Labour inherited a surplus of £66 million in its first full financial year in government and that, when it left office, the deficit was almost £160 billion, the largest since the war.

The noble Lord, Lord Eatwell, also neglected to mention employment. I do not know whether that is because all Labour Governments have left office with unemployment higher than when they entered it or because this Government’s record on employment and jobs does not accord with his narrative on our economic decision-making.

Two of the biggest gaps in the noble Lord’s assessment of this Government’s record were our responses to the crises of Covid and Russia’s war on Ukraine. The response to Covid was, in fact, a massive public effort to protect lives and livelihoods. The noble Lord did not mention the provision of more than £400 billion of support during the pandemic, including paying 11 million people’s wages, and that we had one of the fastest and most successful vaccine rollouts in the world.

Our response to Ukraine has not just been to be their most steadfast ally, providing equipment, training and financial support; we have also taken action to protect people at home from the price shocks that we have experienced in the invasion’s aftermath. We have put in place the energy price guarantee to protect people from the worst of the energy cost increases, we have increased benefits by over 10% this year and we have put in place extensive cost of living support payments for those least able to cope. In total, this year and last, our support has been worth £94 billion. This support will help the most vulnerable weather the current storm, but the real answer to the current economic challenge must be to bring down inflation.

[BARONESS PENN]

The UK is not alone in facing high inflation. UK inflation was lower than in nine EU countries in May, and over half of the EU had higher core inflation in the same month. The primary drivers of high inflation are international: the supply chain shocks in the wake of Covid, followed by food and energy price shocks as a result of Russia's invasion of Ukraine.

However, it is right to say that domestic inflationary pressures have also risen in recent months. To address one of the questions from the noble Baroness, Lady O'Grady, the UK is in a position of having a very tight labour market—as they face in the US, but with less pressure on the energy bills—with pressure on energy bills that is more akin to that which we see in our European partners. That means that we need to be even more determined than ever to get inflation down.

Let me reassure my noble friend Lord Griffiths of Fforestfach that, to do this, first and foremost, the Government remain steadfast in our support for the independent Monetary Policy Committee at the Bank of England and its target to return inflation to 2%. I agree with the noble Lord, Lord Whitty, that it is vital that monetary and fiscal policy work together in this respect. That is why we are making difficult but responsible decisions on tax and spending, to manage our borrowing and get debt falling. Increasing borrowing at this time would simply be adding fuel to the fire. Thirdly, we are taking long-term action to address some of the underlying drivers of inflation, investing in our long-term energy security and energy efficiency, and working to boost labour supply, with interventions to support people back into the workforce and remove barriers to returning to work, such as through the extension of free childcare to parents with children from nine months and upwards.

We know that, as the Bank of England increases interest rates to bear down on inflation, this puts upwards pressure on mortgages. While mortgage arrears and defaults remain at historically low levels, with just under 1% of residential mortgages in arrears in 2023, and at a lower level just before the pandemic, we want to support those who find themselves in a challenging position—but, again, as my right honourable friend the Chancellor has made clear, without adding further fuel to the inflation fire. That is why my noble friend Lord Lamont is right that we cannot take action such as providing tax relief on mortgage interest payments, or other support of that nature. We can work with lenders, as we have, to provide more support for people through flexibility in how they manage these costs. That is what the mortgage charter, negotiated last week, will do: it will help give people peace of mind about extending an existing mortgage or moving to an interest-only mortgage for six months.

Let me reassure the noble Baroness, Lady Thornhill, that there will now be a minimum 12-month period from the first missed payment before there is repossession without consent. The noble Baroness also touched on renters, and we recognise the need for more support there. The recently introduced Renters (Reform) Bill includes a ban on Section 21 no-fault evictions. There is an extensive package of measures there to improve security and quality in the private rented sector.

I agree entirely with my noble friend Lord Lamont that tackling inflation must be the immediate priority. It is also the essential precondition for sustainable economic growth. High growth needs businesses, investors and consumers to all have confidence, which is not possible with high levels of inflation. In January, the IMF said that the UK was taking “the right approach” and, in its recent visit to the UK, said that the UK authorities had taken “decisive and responsible steps” which have had a “favourable impact” on the economy. The measures announced in the Spring Budget deliver the largest permanent increase in potential GDP that the OBR has ever scored in a medium-term forecast.

I must disagree with some noble Lords on this Government's record on growth. The UK had the fastest growing economy in the G7 last year, growing by 4.1%, following a 7.6% increase in 2021. Since 2010, we have grown more than major countries such as France, Italy and Japan, and about the same as Germany. Where we find more common ground—as we have in past debates on similar subjects—is that, in our economy, we have a need for greater productivity and investment. My right honourable friend the Chancellor at the start of the year set out his approach to the four pillars that we need to support to increase productivity in our economy.

The first focuses on enterprise, which means supporting innovation and investment. That is why direct funding for R&D will reach £20 billion a year. Indeed, OECD data shows that, as a percentage of GDP, the UK provides more support for business research and development through tax and spend than any other OECD country. Part of the challenge now is to match that investment from the public sector with investment from the private sector. To support that, we are refocusing R&D tax credits and have introduced full expensing. To the noble Lord, Lord Woods, and the noble Baroness, Lady Bowles, I say that we are looking at how we can further unlock pension fund capital to invest in our future businesses, while of course ensuring that pension funds continue to act in the best interests of their members.

On education, the Government are implementing a significant skills programme, including an expansion of apprenticeships and T-levels and crucially delivering a commitment to lifelong loan entitlements that will allow people to access support for their continued education throughout their lives and careers, not just as a young person leaving school and going on to university. This builds on the sustained success that we have had in improving educational outcomes in our schools since 2010.

On employment, as I have already said, the Spring Budget included a comprehensive plan to address labour shortages, including cutting the cost of childcare by up to 60% and abolishing the lifetime allowance on pensions. The OBR expects that these measures will result by 2027-28 in the labour market directly increasing employment by 0.3% and GDP by 0.2%.

Finally, as the noble Lord, Lord Monks, noted, this growth needs to be felt everywhere across the UK, not concentrated in London and the south-east. I assure the noble Lord, Lord Leong, that we will continue to devolve powers to local areas and to invest in places through our levelling up fund. My right honourable

friend the Chancellor has also announced 12 investment zones which will catalyse high-potential, knowledge-intensive growth clusters across the UK, including four across Scotland, Wales and Northern Ireland, bringing investment into areas that have traditionally underperformed economically.

We have also heard from noble Lords about the importance of backing strategic sectors where the UK has a competitive or comparative advantage, and the Government absolutely agree on that. Over the past 13 years, we have become the world's third trillion-dollar tech economy after the US and China. We have built the largest life sciences sector in Europe, producing a Covid vaccine that saved 6 million lives and a treatment that saved 1 million more.

Our film and tv industry has become Europe's largest, and our creative industries have grown at twice the rate of our economy. Our advanced manufacturing industries produce half the world's large aircraft wings. Our green industries mean not only that we are a world-leader in offshore wind but that we have managed to decarbonise our economy further and faster than other major economies.

We are committed to backing these sectors, creating forward-facing policy and regulatory initiatives and providing strategic public investment to ensure that they continue to build on the strengths I have just outlined. To take one example cited by the noble Lord, Lord Eatwell, when it comes to clinical trials, to maximise opportunities in this area, we have commissioned a review by my noble friend Lord O'Shaughnessy into the current clinical trials environment. As a first step after that review, we have made five headline commitments, backed by £121 million, to, among other things, substantially reduce the time taken for approvals of commercial clinical trials, deliver a national approach to contracting commercial clinical trials and deliver real-time data on commercial clinical trials activity in the UK. Our commitment in these areas continues.

The noble Lord, Lord Eatwell, and the noble Baroness, Lady Chapman, touched on the importance of our supply chains and our broader economic security in a changing global environment. That is a picture that the Government absolutely recognise. As announced in the integrated review refresh, the Government will publish a new supply chains and import strategy to support specific government and business action to strengthen our resilience in critical sectors.

That takes me nicely on to the question from my noble friend Lord Howell. I know that economic security and supply chains were a subject of great interest at the G7 recently hosted by Japan. He is absolutely right that Japan is a like-minded partner, and we value our relationship deeply. That is why the Prime Minister Rishi Sunak and Japan's Prime Minister Fumio Kishida recently signed the Hiroshima accord on 18 May, which includes new agreements on defence, trade and investment and science and technology collaboration. We continue to want to work with our close partners.

My noble friend Lord Effingham is absolutely right that well-being is essential to supporting economic growth and productivity, and we are committed to supporting individuals to live healthier lives. At the heart of this is improving access to and levelling up

healthcare across the country. In January, we announced that we will be publishing a major conditions strategy, and an interim report will be published this summer. Interventions set out in that strategy will aim to alleviate pressure on the health system as well as support the Government's objective to increase healthy life expectancy and reduce ill health-related labour market activity.

To the noble Baroness, Lady Bowles, we had this debate on the Financial Services and Markets Bill, as she noted today. Can I suggest to her that perhaps the best way forward is that we sit down together in the Treasury and go through in detail the points that she has made in this debate?

Today's debate has been wide-ranging, and it has been impossible to address all the points noble Lords have so thoughtfully made. The noble Lord, Lord Desai, recalled that we have had similar debates before, and I very much hope that we will have more in the future so that I am able to explore further areas that were beyond my reach today.

I think it is right, in closing, to return to the greatest economic challenge before us—inflation—and the Government's steadfast commitment to bringing inflation down. Without inflation under control, we will not see the growth and productivity improvements that I think all noble Lords in this debate have agreed are needed.

5.39 pm

Lord Eatwell (Lab): My Lords, I am grateful to all noble Lords who have taken part in this interesting debate and for the many interesting ideas and views expressed. I will make a closing remark on the topic of inflation.

I am very nervous that the Bank of England's policy will not work. The increase in interest rates has a much smaller base to operate on than it used to, given that fewer mortgage holders in this country have variable-rate or fixed-rate mortgages that will mature very shortly. Moreover, it is extraordinary that we are relying in our attack on inflation on worsening the economic circumstances of a small group of mortgage holders in this country.

Moreover, the other way in which the Bank of England's policy can work is by raising the exchange rate and thereby reducing costs. We have seen some increase in the exchange rate as interest rates have risen, but that policy is very frail and insecure. Capital movements around the world, especially short-term ones, can move interest rates in various directions in quite different ways from those that might be expected by policymakers.

I am very concerned, and my concern is shared by the Bank for International Settlements, which argued last week that monetary policy will not be enough. Therefore, we must look to other ways of taking the pressure off the labour market by supporting basic well-being in the labour force in particular, so that there is not the same pressure to bid for higher money wages.

I will not go on. There is much more for all of us to debate on this. I very much thank all noble Lords who have taken part and the noble Baroness, Lady Penn, for her summing up. I beg to move.

Motion agreed.

Childcare Reform Package

Statement

5.42 pm

The Parliamentary Under-Secretary of State, Department for Education (Baroness Barran) (Con): My Lords, I shall now repeat a Statement made in another place. The Statement is as follows:

“With permission, Madam Deputy Speaker, I would like to make a Statement about the progress we have made towards delivering the genuinely radical childcare reforms announced in the Chancellor’s Spring Statement.

The Chancellor announced that from September 2025, working parents will be able to access 30 hours a week of childcare, for 38 weeks a year, from the term after their child turns nine months to when they start school. I am pleased to announce that from today, the Department for Work and Pensions has raised the amount working parents on universal credit can claim for their childcare to £951 a month for one child and £1,630 for two or more children. That is an increase of roughly 50% from the previous limits, which were £646 for one child or £1,108 for two or more children.

The Government are also helping eligible parents to cover the costs for the first month of childcare when they enter work or increase their working hours. Those parents will now receive up to 85% of the first month’s childcare costs back before next month’s bills are due, meaning that from then on they should have the money to pay for childcare one month in advance.

When I have spoken to families on universal credit, many have told me that they have struggled with up-front childcare bills, making it harder for them to get back into work. These childcare reforms support one of the Prime Minister’s five key priorities, to grow the economy, by giving families on universal credit up to £522 extra each month to cover childcare costs. This is a transformational package that is designed to remove as many barriers to work as possible.

The evidence is clear: the earliest years, before a child goes to school, are the most critical stage of a young child’s development. That is when they are learning most rapidly, and when the foundations are being laid for future success.

We are also committed to improving the availability of wraparound childcare. Reliable wraparound childcare, before and after school, helps parents to work and can offer children great activities around the school day. The education and care provided in childcare settings up and down the country is pivotal for children. Visiting and talking to nurseries, childminders and other providers is one of the best parts of my job. I wish to put on record my thanks for the hard work and dedication of the talented people who work in the sector.

I have travelled across the country visiting providers: from Chestnuts Childcare in Shirebrook to Kids Inc in Crowthorne; from Little Stars in Peterborough to Imagination Childcare in Moredon; from Curious Caterpillars in Stroud to Playsteps Day Nursery in Swindon; and from Bright Horizons in Didcot to Acorn Day Nursery in Emberton. I thank my honourable friends the Member for Peterborough, for Bolsover, for Bracknell, for North Swindon, for Stroud, for

Milton Keynes North, for Cities of London and Westminster and others for hosting me on those visits. They all share my determination to get this right for parents and providers.

When I am out on those visits, I often hear how much of a lifeline the settings are for parents, allowing them to work and develop their own careers while providing the high-quality early education that gives our youngest children the best start in life.

I support the ambitious expansion of childcare support for working parents that the Chancellor announced in his Spring Statement. It represents the single biggest investment in childcare this country has ever seen. It will make sure that parents are able to access the high-quality, affordable childcare that they need.

Today’s changes are just one part of our genuinely radical plans. By 2028, we expect to be spending more than £8 billion per year on early years education, which is double what we spend now. This will build on the 30 hours of funded childcare for three to four year-olds that this Government introduced in 2017, extending the entitlement to eligible working parents of children aged from nine months old to when they start primary school. It will remove one of the largest hurdles that working parents face, and it will save parents £6,500 per year on average.

We have heard it loud and clear from the sector that getting the funding right is crucial. From this September, we will provide £204 million of extra funding for local authorities to increase the hourly rates that they pay providers, and we will make sure that rates continue to go up each year. That means that, from September, the average hourly rate for two year-olds will go from £6 per hour to around £8 per hour, and the average rate for three to four year-olds will be more than £5.50 per hour. From 2024-25, the average rate for under-twos will be around £11 per hour. We will confirm the September rates for each local authority before the summer break. We will also ask the sector for its views on how we should distribute the funding for the new entitlements from April 2024, including the rules that local authorities will have to follow when distributing the funding to providers.

Of course, money is not everything. We also want to boost the early years workforce, who are so crucial to the success of nurseries across the country. There are multiple ways that we are doing that. I have heard from many people who manage nurseries that the way we regulate staffing in settings is stopping providers from making the most effective use of their staff and giving their best people responsibilities that match their abilities. Likewise, childminders and nurseries have been telling us about barriers to delivering the education and care that they want for children. That is why we have launched a consultation on proposed changes to the early years foundation stage requirements.

Every single one of our proposals has come from conversations with people working in the sector. They will give settings more flexibility and help address some of those barriers, while maintaining high-quality provision and keeping our youngest children safe. Indeed, 96% of childcare providers in England were

judged good or outstanding at their most recent inspection, which should give parents huge confidence in the standards of provision.

Some of the new measures will help free up staff to pursue professional development opportunities. We are investing up to £180 million in the early years education recovery programme, which offers a package of training, qualifications, expert guidance and targeted support for everyone working in the sector. To train people up, we need to get more people in, so we are also going full steam ahead with a new national campaign early next year to promote the sector and support the recruitment and retention of talented staff. We will also consider how to introduce new accelerated apprenticeship and degree apprenticeship routes, so that new entrants can build careers at all levels of the sector.

I wish to reassure Members that we will work closely with the sector to deliver these historic reforms, just as we did on previous successful rollouts of the 30 hours entitlement for three to four year-olds, the 15 hours entitlement for two year-olds from disadvantaged backgrounds, and the holiday activities and food programme. We cannot do this without early years providers, childminders and local authorities. We have a strong track record of working together to deliver childcare for parents, and I will be listening closely to them when considering our next steps. I commend this Statement to the House.”

5.52 pm

Baroness Thornton (Lab): I thank the Minister for repeating the Statement today. We need to congratulate the Government on arriving at the childcare party—possibly 10 years late but, as they say, better late than never. For many of us—for me, after 25 or 26 years—this recognition of the vital importance of childcare is very welcome. I realise that, for this Government, this is actually quite a radical Statement.

The reforms outlined reflect some of the changes to universal credit that the shadow Secretary of State, my honourable friend Jonathan Ashworth, has repeatedly called for, so of course we welcome them. But, as he has also warned Ministers, they do not go far enough in giving people the chances and choices to go back to work at the scale necessary to tackle the challenges.

On childcare, the Government’s fixation on a broken hours model leaves them, I believe, blind to the wider challenges around supply and demand for childcare and what might happen to the extraordinary structure of the market for extra hours as a result of this. We have to ask whether the announcement addresses the extra staff who will be needed to deliver the extra entitlement for parents that the Minister has announced. We have to wonder about the retention and upskilling of existing staff in the sector who, we have to say, are leaving in droves for work that is clearly more valued. We also have to wonder how to enrich childcare to drive up quality, make it part of our education system and deliver a foundation for achievement and success right through school and life. We have to ask whether it delivers the flexibility that parents need not merely to work but to get into work—to get the training and skills they need and that our companies, communities and country need.

My honourable friend Stephen Morgan MP, who spoke in the Commons on this, said:

“It is a promise of jam tomorrow”.—[*Official Report, Commons, 28/6/23; col. 310.*]

I think he might be a trifle harsh, but I certainly think it is a promise that brings with it some questions. When the 30 hours childcare entitlement is spread over a year, it is equivalent to 22 hours per week. The cliff edge in costs between government-funded hours and hours that parents have to pay full costs for therefore may create a barrier for parents wanting to work more hours. What is the Minister’s department doing to tackle the issue of the cliff edge?

What modelling has the department undertaken to estimate the number of additional staff required to deliver the increase in childcare hours entitlement announced in the Budget? There are currently two children for every Ofsted-registered early years childcare place in England, rising to 11 children in some areas. Does the Minister understand that parents simply cannot find the childcare they need, even if the funding is there? How will the Government help move people into work if those undertaking training, for example in nursing or health services, are excluded from accessing childcare hours entitlement?

Early years childcare is essential, not just for working parents but for children for their learning and development. What assessment have the Minister and her department undertaken on the impact of their changes to staffing ratios and qualifications required on the quality of early education that children will receive? How does the department intend to increase the uptake of the universal credit childcare entitlement among the thousands of eligible families missing out on this support due to the complexity and bureaucracy of the system?

As we approach the summer holidays, parents across the country are making plans for coping with summer childcare costs. In the case of those who are grandparents, we are working out how we will fit in the childcare we will need to do with the holidays we might want to take. This announcement will do nothing for thousands of families who cannot afford to pay childcare costs up front, so I would like some more detail from the Minister about how the Government intend to ensure that these parents are able to stay in work over the summer.

Research from the National Day Nurseries Association shows that nursery closures are up 50% in the last year, with poorer neighbourhoods seeing more closures. That is not going to help working parents. What steps are the Minister’s department going to take to retain staff within the childcare sector, using their experience and expertise and not simply focusing on getting more staff through the door?

The Minister’s press release yesterday highlighted the hourly funding the Government are giving providers caring for two year-olds, yet most children in childcare are aged three to four. The Minister mentioned them. Could the noble Baroness explain how the funding rate for three to four year-olds compares with the cost to providers of delivering an hour of childcare? This is definitely a start, and definitely more needs to be done.

Baroness Thornhill (LD): I absolutely agree with every word the noble Baroness, Lady Thornton, has just said. As a grandmother of three grandchildren, from six months to six years-old, I say that this is a very pertinent issue for us and very much a topic of discussion within our household. It really takes me back, having always been a working mum myself, to how very different it is now from how it was then.

My daughter really does struggle with this, particularly with the cost. She and her husband are both modest-income earners, with wraparound care for the oldest grandchild—those hours at the beginning and end of school. It would be churlish not to say that this is very radical and very welcome. But, for her, it could not come soon enough. The questions were “When’s that happening, Mum? I’ve heard about this, when’s it actually going to be?”

I am sure that the Minister accepts that we have a childcare sector that is buckling under the pressure of inadequate funding for many years, and that many early years providers are being forced to close permanently, with the number of registered providers falling steadily since 2015.

I would like to know whether the Government have a proper picture of where the gaps are in childcare. The noble Baroness, Lady Thornton, talked about availability, and anecdotally I can certainly bear that out because I know some women are having to travel quite complicated distances to put one child in one provision and another child in another provision before going to work. There are definitely geographical gaps in the system. Do the Government have an overall picture of how many providers are teetering on the brink at the moment? That is certainly an issue.

On the existing entitlements for two, three and four year-olds, the Early Years Alliance and the Women’s Budget Group estimate that the current budget offer, however generous it seems when we hear the figures bandied about, is actually underfunded by £1.8 billion a year. I believe that the Government are providing only an extra £280 million this year and an extra £288 million next year. As I say, those sound like huge numbers but, in the light of the deficit, do we really feel that it is enough? Do we have any notion of how many providers we might lose by then?

The number of parents taking up the childcare element of universal credit concerns me; it appears very low, with only 13% of households getting the childcare element. Does the Minister agree that the department should perhaps explore why take-up is not higher and commit to publishing statistics so that progress in this area can be measured? Does she accept that, as this particular element has been frozen for seven years, and therefore obviously has failed to keep pace with inflation, we have in effect wasted seven years in getting a cohort of parents back into work?

I commend the plans for having a real career structure for nursery, but I echo what the noble Baroness, Lady Thornton, said about plans that the Government might have to restore childminding as a valuable part of the early years system. Perhaps they could look at replacing the current three different registration processes with a single childcare register and commissioning a

practitioner-led review to simplify that regulation and reduce administrative burdens. That should attract new childminders, who love looking after children but are, I know, daunted by the paperwork. It need not mean lowering standards.

The question of summer childcare costs is crucial. Not everyone has grandparents who are willing or available—or indeed the money to pay for these courses, which, certainly in the area of Hertfordshire where I live, seem disproportionately expensive.

Baroness Barran (Con): I thank both noble Baronesses for their generosity in welcoming our announcement. I am grateful for the reflection from the noble Baroness opposite that perhaps her colleague in the other place was a little harsh; I welcome her tone.

The noble Baroness, Lady Thornhill, suggested that the measure was radical for this Government. I would say it was radical for any Government. We are putting an extra £4 billion into the childcare system, raising it to a total of £8 billion. I think the House will agree with me that that is a radical move.

I contest the assertion that this Government have been late to the party. We introduced 30 hours of free childcare for three and four year-olds and 15 hours for disadvantaged two year-olds, so we have made tremendous progress. I do not recognise her assertion that people are leaving the sector in droves. There were 331,000 employees in the sector in 2018 and 334,000 in 2022, which by my maths is roughly unchanged.

The noble Baroness, Lady Thornton, commented that most children in childcare are aged three to four, but that is obviously a reflection of the free provision, and we very much expect that there will be a significant increase thanks to the new free offers. She asked how we have done our modelling. Part of that has come from the regular surveys that we do with about 10,000 providers and 6,000 parents, which have helped to inform both the levels of funding per hour that we are offering to providers and the nature of provision.

The noble Baroness, Lady Thornhill, mentioned the very important issue of wraparound childcare. The Government have already announced a £289 million investment to support local authorities, primary schools and private providers to improve the availability of wraparound childcare before and after school during term time. That funding will be available from January 2024, with access from September 2024. The noble Baroness looks a little unhappy at that, but I hope she would agree that it is important that we allow the sector to put in the capacity ahead of demand, rather than the other way around—otherwise, we will not be thanked for it.

The noble Baroness, Lady Thornhill, referred to the comments of the Early Years Alliance. As I said in relation to the point made by the noble Baroness, Lady Thornton, we consult very regularly with about 10,000 providers, and that has informed the levels of funding that we have set. I would counter the criticism from the Early Years Alliance with the comments of the chief executive of Pregnant Then Screwed, who said:

“Just 3 years ago, we would talk to Ministers about childcare and they would look at us like we were speaking Klingon. It was of no interest to those in power. To go from there to childcare

being the main event in the Spring budget shows the power of collective action and we are elated to hear that the childcare sector will now receive a significant investment”.

I guess there is more than one view on our initiatives.

I turn now to the specific questions that the noble Baroness, Lady Thornton, raised. She asked what steps the Government are taking to address the cliff edge in costs between government-funded hours and hours for which parents have to pay. The context for this is that we are putting an additional £4 billion into the system. As I said in the repeat of the Statement, this will save households £6,500 a year, and they will get free childcare for younger children, as well as three and four year-olds. Childcare is a predictable cost; it is something that people can plan for. I am not saying that there is no pressure on households during the holidays; I am saying that the net pressure, given how much we are putting into the system, is reduced.

I also remind the House of the holiday activities and food programme, which 600,000 children accessed in the last year. The report back from those children was that 70% had experiences that they had never had otherwise—I am taking that in a positive way. It was a very valuable programme, and it is obviously part of this.

Both noble Baronesses questioned whether there would be enough capacity in the sector to deliver the increase that will be required. The Government do not underestimate, at all, the scale of the challenge in this area.

I referred to the accelerated apprenticeships and degree apprenticeships. We are obviously consulting on the early years and foundation stage framework, looking at different flexibilities for staff—not in any way diluting the quality of staff but allowing more flexibility in appropriate qualifications. For example, do you need a level 3 in maths to be a childminder of very young children? There might be other skills we should look for.

The noble Baroness, Lady Thornton, talked about difficulties in uptake, as did the noble Baroness, Lady Thornhill, specifically in relation to universal credit. I remind the House that the uptake for free childcare for three year-olds is 90%, and for disadvantaged two year-olds it is 72%. So there has been a big increase in uptake, including in the last year. Tax-free childcare was up by 14% in the last year. We are planning for the 2023-24 childcare choices campaign, and we want to continue to improve people’s understanding of the government childcare offer, including the measures announced in the Spring Budget.

I hope that I have addressed most of the points that both noble Baronesses raised.

6.11 pm

Baroness Bottomley of Nettlestone (Con): My Lords, I add my warmest congratulations on this Statement. I pay particular tribute to the Parliamentary Under-Secretary of State—the Minister reading it out—who made clear her enormous work programme in visiting all sorts of facilities. We know that my noble friend has also been closely involved. Behind that is our genuinely benign Chancellor, whom we ought to thank for his generous £4 billion package.

I am pleased that my noble friend mentioned the possibility of easing the requirement for a maths qualification at that level. I want to take up from the noble Baroness opposite the question of childminders. I have long believed that childminding is the most natural, personal, intimate and flexible form of childcare, but they have much less clout than the nurseries and others. The Select Committee heard from childminders that they were often paid only intermittently. I do not know what further guidance or steps can be taken to make sure that childminders are really valued and that the resources available get through to them, because they provide excellent, value-for-money childcare.

Baroness Barran (Con): My noble friend makes, as ever, very good points. I am not sure what my right honourable friend the Chancellor would think of being described as “benign”, but I leave that to her to take a risk on. I apologise to the noble Baroness, Lady Thornhill; I do not think I addressed the points she raised about childminders. I echo the sentiments of both noble Baronesses about the important role that childminders play. We know that they have reduced in number in recent years, and I am aware of the issues about payment terms to which my noble friend refers. We are working with all local authorities and with the Local Government Association. Part of our consultation, which will start shortly, is looking exactly at our funding arrangements with local authorities—how much of the funding they retain, how much is passed on and, importantly, how quickly it is passed on, especially to small providers.

The Lord Bishop of St Albans: My Lords, I join others in congratulating His Majesty’s Government for what is a very forward-looking and exciting series of announcements. The research we have on the first 1,000 years and many other pieces of research show just how vital this is, and it absolutely plays into the last debate about our economy in the long run.

Will the Minister comment a little more on how we are going to recruit the people we will need? Anecdotally, as I go round, I hear that people are already trying to recruit and that it is not proving easy. There is a lot of competition. To touch on the issue of the maths qualification that the Minister mentioned, I wonder whether, as well as accelerated and degree-level apprenticeships, there will be quite a wide variety of ways into this, including training on the job, being paid while you are doing it and so on, so that we attract people who may have a set of skills that is absolutely ideal for this but who might otherwise be put off by what might feel like high hurdles for them to enter this important area of work.

Baroness Barran (Con): I think the right reverend Prelate meant to mention the first 1,000 days, but I heard “the first 1,000 years”, which sounded very biblical.

A noble Lord: He takes a long view.

Baroness Barran (Con): It is a very long view. Recruitment is extremely important and absolutely critical to the delivery of this programme. Obviously, apprenticeships offer an important way to learn and earn at the same time, whether they are degree apprenticeship

[BARONESS BARRAN]

or not. We will also start a major recruitment campaign early next year, working with local authorities all around the country. However, the right reverend Prelate touched on how we show that we really value this as a profession and how critical it is for the future of our children and the economy.

Baroness Bennett of Manor Castle (GP): My Lords, like the Opposition Front Benches, I begin by commending the Government on significantly increasing spending in this area. I see that it is heading in the direction of Green Party policy, which is the provision of free early years education and childcare from age one to starting school.

The Minister may be aware of the excellent report published in March by the Women's Budget Group, working with the Joseph Rowntree Foundation, which looked at the nature of the provision and what kind of organisations the money is going to. The report strongly recommended a move away from a market-based model towards a shared vision of public services for public good. We have just been talking about the importance of staff and attracting more staff into this sector. The report noted that 44% of early years professionals are reliant on state benefits to top up their salary or wages so that they are enough to meet their basic subsistence levels. That is 44% of people who work in the sector who are not paid enough to live.

I also note that, at the same time, many of those people are increasingly employed by—in fact the whole sector is dominated by—financialised large companies with highly complex financial structures that are thoroughly untransparent. It is reminiscent of the water sector that has been in the headlines so much this week. Will the Government take a serious look at where the money is going and how they can make sure that it is not for private profit but delivers real social value?

Baroness Barran (Con): Unlike the noble Baroness, this Government do not feel that private profit is inherently evil. We cannot live in a world where, on the one hand, we say that the sector is underfunded so we give it enough money and, on the other, we are critical because we are worried that people operating in it, who might be small childminders running their own businesses from home, are able to move off benefits and live independently, as the noble Baroness suggested. I think we absolutely want to live in a country where we give local small entrepreneurs—which many people are who run nurseries and offer childminding services—the ability to pay their staff properly, make a decent return and provide an excellent service for children.

Lord Young of Cookham (Con): My Lords, like other noble Lords, I very much welcome this Statement, which I see as rebalancing investment in education away from further and higher education and into early years—which is the best investment for both the child and society as a whole. Has my noble friend made any estimate of the number of people who will be able to return to work as a result of this welcome reform and what benefits the Treasury will recoup from that to offset some of the costs that she referred to?

Further to the questions asked by my noble friend Lady Bottomley and the right reverend Prelate on skills, does the Minister recognise the tension between on the one hand keeping costs down, both for families and for the taxpayer, and on the other hand the need to reward childminders appropriately, to attract more people into the workforce, to have a career structure and to ensure that people with appropriate qualifications are in early years so that children get the full benefit of the investment?

Baroness Barran (Con): As ever, my noble friend speaks with great wisdom. The two parts of his question are linked. He is absolutely right that we cannot in any way compromise on quality, but we also need, as always, to ensure value for money for the taxpayer. One of the things that makes this policy affordable is the estimates from the Office for Budget Responsibility about the additional people joining the workforce as a result of this offer. The OBR has estimated that 65,000 people will go into the workforce as a result of this and a further 1.5 million will increase their hours by a small amount, which, aggregated, equates to a further 65,000 people. That is a really important boost to the country's workforce, at a time when we need it very much. On how we ensure that we keep quality but also assure value for money, in addition to some of the issues around qualifications—I mentioned maths and whether that is needed—and giving additional routes into the sector, we are also changing the ratios of staff to children to mirror those in Scotland, so that that allows more flexibility, more capacity and better value for money.

Migration and Economic Development Partnership *Statement*

6.22 pm

The Parliamentary Under-Secretary of State for Migration and Borders (Lord Murray of Blidworth) (Con): My Lords, I shall now repeat a Statement made in another place. The Statement is as follows:

“With permission, Mr Speaker, I would like to make a Statement about the UK's migration and economic development partnership with Rwanda.

This Government fundamentally believe that it is only by removing the incentive for people to take dangerous and unnecessary journeys that we will stop the boats and end the vicious cycle of people smuggling on to UK shores. That is why my right honourable friend the Member for Witham signed our ground-breaking migration and economic development partnership with Rwanda in April last year. That agreement allows individuals who arrive in the UK through dangerous, unnecessary and illegal routes to be relocated to Rwanda for the consideration of their asylum claims and to build a new life there.

I visited Kigali in March, meeting with Rwanda's President and Foreign Minister and signing an update to our memorandum of understanding that would bring it in line with our Illegal Migration Bill. Rwanda has reiterated its commitment and capacity to receive thousands of individuals, process their claims and

provide them with excellent care before they are transitioned to longer-term accommodation, with all the necessary support and services.

That is why, under the terms of that agreement, we attempted our first relocation flight to Rwanda—to demonstrate that if you come here illegally, you will be removed to a safe third country for your claim to be processed. We did so under a far-reaching and innovative agreement with Rwanda, a country where the UNHCR itself operates an emergency transit scheme for migrants from Libya and with which we have a robust agreement to protect asylum seekers from risk of harm. That first relocation flight was unfortunately frustrated by last-minute measures from the European Court of Human Rights in Strasbourg, which had the effect of pausing flights while our domestic legal proceedings are ongoing.

In December, the High Court comprehensively upheld the lawfulness of the partnership, confirming that Rwanda was a safe country. That judgment was appealed to the Court of Appeal, which heard the appeal in April and handed down its judgment earlier today. I respect the court and welcome the fact that it unanimously found in the Government's favour on the vast majority of the appeals brought against the policy.

Unanimously, the Court of Appeal confirmed that removing asylum seekers to a safe country is entirely consistent with the refugee convention, including Article 31. Indeed, the court found that it is lawful in principle for the Government to relocate people who come to the UK illegally to a safe third country; that the Government can designate countries as safe; and that our processes for determining eligibility for relocation were fair.

Unfortunately, two of the judges were of the view that there were deficiencies in the Rwandan asylum system that risked there being a breach of Article 3 of the ECHR. Importantly, their concerns were not that conditions for individuals while in Rwanda would be unsafe but that there was a possibility that they could be returned to other countries from Rwanda where they may suffer ill-treatment. It is therefore simply incorrect to say that the court has found that conditions in Rwanda make it unsafe for individuals there. The Court of Appeal has merely ruled that there is a risk of refoulement from Rwanda to other countries.

The Lord Chief Justice took a different view. Agreeing with the High Court, he held that there was no real risk of individuals being sent to unsafe countries. He cited the strong assurances given by the Rwandan Government, the fact that Rwanda does not have returns agreements with those countries and the powerful protections provided by monitoring arrangements that would be in place.

The result is that the High Court's decision that Rwanda was a safe third country for the purposes of asylum relocation is reversed. We have a strong relationship with Rwanda and both sides remain committed to the policy. Rwanda is a signatory to the United Nations conventions and has a strong track record of supporting refugees—including for the UNHCR.

This is a disappointing judgment, and we will seek permission to appeal it. We hope that the process can be swift. I am glad that the Court of Appeal has recognised, in paragraph 16 of its summary of the

judgment, that it is important that consideration of this should be timely. It is a disappointing judgment for the majority of the British public that has repeatedly voted for controlled migration; and for all those who want to see us deliver on our moral and democratic imperative to stop the boats.

I am sure that all Members of this House would agree that the British public are compassionate, reasonable and fair minded. Since 2015, they have welcomed half a million people in need from all over the world via our global safe and legal routes, as well as via our country-specific routes encompassing Ukraine, Hong Kong, Afghanistan and Syria.

But they are not naive. While our compassion to help people may be infinite, the public understand that our capacity to do so is finite and therefore precious. The British people will no longer indulge the polite fiction that we have a duty or infinite capacity to support everyone in the world who is fleeing persecution, nor anyone who would simply like to come here to improve their lot and succeeds in making it to our shores.

That abuse is unfair on local communities forced to absorb thousands of illegal arrivals and the pressure on public services and social cohesion that this entails. It is unfair on taxpayers who foot the hotel bill currently running to £6 million a day—that could rise to £32 million a day by 2026—for people who have broken into this country. It is unfair on those who play by the rules and who want to see an asylum system that is fit for purpose that our current system is exploited and turned against us by those with no right to be in the UK to thwart their removal. It is unfair on those most in need of protection—in particular women, children and those without the money to pay people smugglers—that our asylum system is overwhelmed by fit young men who have paid criminals thousands of pounds to smuggle them into the UK. It is unfair on people and our partners in the developing world that we in the West continue to maintain an asylum system so open to abuse that it incentivises mass flows of economic migration into Europe, lining the pockets of people smugglers and turning our seas into graveyards, all in the name of a phony humanitarianism.

This is madness. It must end. That is why we on this side of the House are committed to doing whatever it takes to stop the boats. The Government remain resolute that we will do exactly that, in partnership with Rwanda, and through changes to our law. That is the only way we will break the business model of the people smugglers, save lives and stop the boats. I commend this Statement to the House.”

6.31 pm

Lord Coaker (Lab): My Lords, I thank the Minister for repeating the Secretary of State's Statement made earlier today.

We have said throughout the discussions on the Illegal Migration Bill that the Government need to accept reality. The Bill ignores many of our international obligations, abandons many of our long-held traditions and principles, and is unworkable. The costs are enormous and growing, stretching into the billions of pounds, and are based on a theory of deterrence that even its own impact statement, published at last on Monday this week, says may not work.

[LORD COAKER]

Of course there is a problem that needs dealing with. We have said that should be done by speeding up decision-making, clearing the asylum backlog, getting proper international agreements, including returns agreements, and tackling the problem at source and cracking down on the criminal gangs. But the Government seem to say that we just have to carry on—an “It will be all right on the night” approach, flying in the face of reality, the evidence and the facts.

The number of people crossing the channel in small boats in June 2023 is already more than crossed in June 2022, despite the fact that measures in the Bill apply to them because of its retrospective start date. Then we have today’s Court of Appeal judgment, which shows that the Government’s Rwanda policy regarding small boats is unravelling before our own eyes. There is chaos regarding small boats, and one of its main policy planks is falling apart.

What are the Government going to do? What are the implications of the Court of Appeal judgment for the Illegal Migration Bill? What are the Government going to do in light of that decision that the Rwanda policy is unlawful? It cannot just be wished away, can it? Will they bring forward amendments? What does it actually mean for those to be detained under the Bill? Is it not now even more unworkable, as detained asylum seekers are supposed to be sent to Rwanda or to other safe countries but, as I say, will be left in limbo. Ministers were forced to admit this week that it will cost up to £169,000 to send each person to Rwanda, on top of the £140 million already spent. Now this judgment has said that Ministers did not even do the basic work to make sure that the scheme was either legal or safe. Why not?

As we have learned, the Government are to appeal, and the Home Secretary has said that we need to deal with the challenge of small boats. I repeat that we all agree with that, but it has to be done lawfully. Does the Minister agree with that statement? If he does, are the Government still prepared to deliver their policy based on the assumption that they will be able to do so? In other words, if they receive permission to appeal to the Supreme Court and the decision of the Court of Appeal is upheld, what then? Is there a plan B, and what changes are the Government proposing to take account of today’s ruling? As one of the judges said:

“Our conclusion on the safety of Rwanda issue means that the Rwanda policy must be declared unlawful”.

How on earth has it come to this? Appeal and carry on regardless—is that the Minister’s policy?

Is it not the stark reality that carrying on regardless will mean a huge backlog of people on top of those we have already, as I said, left in limbo? Thousands upon thousands will be waiting to be deported in detention centres or other government accommodation, such as military camps, barges, ex-liners or even, as we have read this week, big marquees. Time and again Ministers have chased headlines and slogans instead of getting a grip in the way that I outlined earlier.

The Court of Appeal judgment today is just the latest blow. The Rwanda scheme is unworkable, unethical and extortionate. It is a costly diversion from the urgent action the Government should be taking to deal with

this issue. As my noble friend Lady Hayter’s International Agreements Committee said, much of this could have been avoided if it had been done by a treaty not a memorandum of understanding.

Finally, does the Minister, as a barrister, agree with me that we must have no talk—as I expect we are bound to hear—that judges are the enemies of the people or that the Government are being thwarted by trendy lawyers or tofu-eaters? We all want the challenge of the boats dealt with, but done so practically and lawfully. That is not too much to ask, is it?

Lord Murray of Blidworth (Con): I am afraid that however eloquent the address and questions of the noble Lord, Lord Coaker, the reality is that the Labour Party still has no answer to the difficulty of the boats crossing the channel. The five-point plan that the Labour Party propose would not stop people crossing the channel.

The programme set out in the Illegal Migration Bill will continue—I reassure the noble Lord that we are 100% behind the Bill. The decision of the Court of Appeal was not that the procedure in the Bill was unlawful; the very opposite is the case. The Court of Appeal has endorsed the key principle of the scheme: that a signatory of the refugee convention can remove people to a safe third country for the determination of their asylum claims.

The only point on which the Court of Appeal found against the Government was on whether Rwanda would be a safe country. Even that, of itself, was not a finding that Rwanda was unsafe for refugees; it was a finding that there was a potential risk that Rwanda would allow those refugees to be returned to their original country, and even that decision was disagreed with by the Lord Chief Justice himself. I suggest that this is no indication that this scheme is unlawful in itself. I reassure the noble Lord that the Government will very much be continuing with the Bill.

6.38 pm

Lord Lilley (Con): My Lords, does not the fact that the Appeal Court has disagreed with the High Court, and within the Appeal Court the Chief Justice has disagreed with two of his colleagues, illustrate that essentially we have handed over to the judiciary subjective political decisions? I submit that that is bad for the judiciary and a derogation of the obligations of this Parliament. I appreciate that the Minister cannot suggest any change in that legal status from his position at the Dispatch Box, but will he recognise that there will be growing calls, not just from me, for Parliament to take back the right to make these decisions and relieve the judiciary of an unwelcome role which politicises it?

Lord Murray of Blidworth (Con): I thank my noble friend. As the Lord Chief Justice made clear in his summary of the judgment which he gave earlier today, the decision taken by the court was founded on a perception of a possible breach of Article 3 of the European convention. Under the effect of the Human Rights Act 1998, that meant that the decision was unlawful. It is unquestionably right that that was the basis for the Court of Appeal’s decision today. Be that as it may, the point remains that even that thin basis

for the decision was made by only two of the three judges. For that reason, it is entirely appropriate that the Government appeal the decision.

Baroness Chakrabarti (Lab): My Lords, I have no desire to relitigate the Court of Appeal here today, not least because of the late night that the Minister had again last night, and there are no doubt more to come. I am grateful to him for repeating the Statement, and I am relieved that it is relatively mild and respectful of the court, which I think is appropriate. The words “respect the court” are even used in the Statement. However, we then have the Home Secretary taking to the airwaves and suggesting that our judicial system is somehow rigged against the British people. Is that really helpful to the rule of law in our country? How can any youngster on any council estate learn to respect the local magistrate if senior Cabinet Ministers will not respect the Court of Appeal?

I agree with the noble Lord that you win some and you lose some. Welcome to being a Home Office Minister. The Government have won in the High Court and lost in a majority decision in the Court of Appeal. No doubt, the Government will appeal to the Supreme Court, but no doubt, the appellants will cross-appeal on the matters that the Minister is happy with. In the meantime, shall we leave the referees alone and maintain respect, at least in this House? I suggest this to the noble Lord, Lord Lilley. Shall we still maintain a modicum of respect for the rule of law that is a precursor even to democracy, let alone civilisation itself?

Lord Murray of Blidworth (Con): I am afraid I disagree with the noble Baroness. The Home Secretary certainly has the greatest respect for the judicial system, as you would expect of a former Attorney-General. All she observed is that the legislation under which the decision was made is a topic of legitimate comment and she is entitled to reach a different view. Just because the Government appeal against a decision does not mean there is an attack on what the noble Baroness calls the rule of law. In this case, as the noble Baroness rightly observes, you win some and you lose some. The Government are confident that at the end of the day the correct decision will be reached.

Baroness Bennett of Manor Castle (GP): My Lords, the Statement refers to public opinion, and I am sure the Minister is aware that polls show that the public is very strongly of the view that the Government will never send any refugees to Rwanda. More than that, a YouGov poll found that 58% of the public believe that Ministers should arrange safe and orderly routes for refugees to be able to come to the UK. Should the Government not stop pursuing this obviously failed and unworkable policy and follow public opinion by arranging those safe and orderly routes? Is that not the way to stop the boats?

Lord Murray of Blidworth (Con): This Government already have a very considerable number of safe and legal routes. I need only remind the noble Baroness that we have had more than half a million people arriving on safe and legal routes in the past five years. We are one of the most generous countries in the world. The noble Baroness and those who sit on the

Benches opposite never adequately explain why it is said that more safe and legal routes would stop people crossing the channel. The point is, as even the most reverend Primate the Archbishop of Canterbury accepted, that if you impose a cap, the people who want to come here who are not accepted via a safe and legal route will simply take to the boats. It is no answer to say that safe and legal routes will stop the dangerous channel crossings. Our imperative is to save lives.

Lord Hannan of Kingsclere (Con): My Lords, I am very grateful to the Minister for taking the time. I cannot imagine that anyone in this House likes the Rwanda scheme from first principles. It is cumbersome, it is expensive. I have listened to a lot of the criticism from various Benches, and a lot of it hit home, but what I have not heard is a credible alternative. We are in this situation because there has been this steady policy of overturning every deportation order from the Bench. We have therefore run out of alternatives. Will the Minister tell me what kind of legal changes might be necessary in order to ensure that we get the policy that was promised and whether those changes will include looking again at some of the international associations and agreements into which we have entered?

Lord Murray of Blidworth (Con): I thank my noble friend. He is absolutely right: we realised that, unfortunately, institutional changes were required. That is why we brought forward the innovative scheme set out in the Illegal Migration Bill. The changes brought forward by that Bill will ensure that a removal system that acts as an effective deterrent to illegal entrants will be fully operational and stop the dangerous channel crossings. My noble friend is entirely right to highlight that, to date, it has been all too easy for removals of those who should not be in our country to be thwarted—not least, I regret to say, by the activities of representations at the last minute relating to foreign national offenders, for example, from Members of the other place sitting on the Opposition Benches.

Baroness Chakrabarti (Lab): My Lords, I will speak as there is still time. The Minister mentioned foreign national offenders. Was today really the appropriate day to slip out the really rather damning report from the Chief Inspector of Borders and Immigration into the handling—or non-handling—of the removal of foreign national offenders, who can in law be removed from United Kingdom? It seems that that has been slipped out on Rwanda day. It is a pretty damning report. I have not had time to read it properly yet. Can the Minister promise that it was just a total coincidence that the report was slipped out today? Will he and his colleagues make sure that noble Lords have the opportunity to debate that report into the failure on data and casework and this being no way to run a department? We should remember that these people that the Home Office is not getting a grip on are not asylum seekers and refugees but foreign national offenders. Can we have the opportunity in due course to debate that matter?

Lord Murray of Blidworth (Con): The noble Baroness amply demonstrates the problem identified by my noble friend a moment ago: the difficulty with removing people is the overenthusiasm of our overdefensive

[LORD MURRAY OF BLIDWORTH]

decision-making, which frustrates removal in all too many cases. It is not helped by the fact that regular representations have been made to prevent the deportation of foreign national offenders by Members of the opposition parties. The Bill will address the problems that surround the removal of those who should not be in our country. I should add that among that cohort of foreign national offenders are those who have entered the country illegally and those who have claimed asylum. So, the noble Baroness cannot draw a clear distinction between foreign national offenders, asylum seekers and those who enter the country illegally.

Baroness Bennett of Manor Castle (GP): My Lords, I follow on from the noble Baroness's question. Like her, I am afraid that I have not had time to read the full report, but some reports around it stress that there are huge problems with the management and reporting

of data, the Home Office's inability to provide reliable and consistent data, and management of information of particular concern. Can the Minister say that there are plans in place in the Home Office to improve the clear problem with its procedures?

Lord Murray of Blidworth (Con): Obviously, this is a Statement on the Rwanda judgment, but I reassure the noble Baroness that, in general principle, the Home Office is always evolving and studying its processes in relation to removals—needless to say, all the more so because preparations to operationalise the scheme in the Bill will involve consideration of these issues, as the noble Baroness would expect. I reassure her that all recommendations made by the independent inspector are taken very seriously, and the vast majority are in fact adopted by the department.

House adjourned at 6.49 pm.