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PARLIAMENTARY DEBATES
(HANSARD)

HOUSE OF LORDS

OFFICIAL REPORT

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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 8 February 2024

11 am

Prayers—read by the Lord Bishop of Bristol.

Parliamentary Estate: Traffic Marshals Question

11.06 am

Asked by **Lord Hayward**

To ask the Senior Deputy Speaker what recent consideration has been given to the costs associated with traffic marshals operating on the Parliamentary Estate.

The Senior Deputy Speaker (Lord Gardiner of Kimble):

My Lords, safety on the Parliamentary Estate is a matter for the Clerk of the Parliaments and the Clerk of the House, who delegate responsibility for the traffic management system to Strategic Estates, a bicameral team. Regular reviews have taken place since the one-way system was implemented, and marshal numbers have been reduced where possible. The most recent review took place last month. Costs were considered each time, along with the need for safety, particularly while construction is being undertaken on a working estate.

Lord Hayward (Con): My Lords, I thank my noble friend for giving me the opportunity to meet him on two occasions to discuss my frustration in trying to get to the bottom of both the need for and the costs associated with the traffic marshals. Is it possible for me to take the matter to the Finance Committee to discuss the figures I am being given? At the same time, can consideration be given urgently to reducing/removing traffic marshals, particularly on recess and non-sitting days?

The Senior Deputy Speaker: My Lords, as I said, this is a bicameral health and safety matter and is the responsibility of the two clerks, but I certainly see no difficulty if the Finance Committee wishes to look into the contract and all matters relating to that. I have not spoken to the Finance Committee, as this is an immediate question, but I see no difficulty in so doing. On the issue of recesses, I should say that, for instance, from 22 December to 2 January, when traffic was very low, there were no traffic marshals on the estate. But there are some recesses when there is heavy construction traffic, and therefore it is very important that Strategic Estates looks at each part of the year, each recess, to see what is needed to ensure health and safety on the estate.

Lord Collins of Highbury (Lab): My Lords, I welcome the comments of the noble Lord, Lord Hayward. I think it is more appropriate for a committee to look into these matters, rather than them being discussed in the House in this way. An important element of this that we often omit is that there is also a requirement to have proper risk assessments, in which not just Peers and MPs but the people who work on the estate,

particularly trade unions and their representatives, should be involved. Their health and safety is much more of a priority and there is actually a statutory duty for them, so I hope we can be reassured that there will be an inclusive approach to this and that the voice of the workers is not forgotten.

The Senior Deputy Speaker: My Lords, the Parliamentary Safety Assurance Board and the Logistics Steering Group—both boards of officials of both Houses—gave approval to this additional mitigation. This is in the context of speed bumps, zebra crossings, traffic calming signs and, wherever possible, traffic/pedestrian segregation. I should also say, perhaps for some sceptics, that in the last year there were eight reported near misses, which I think we should all be very aware of, on a busy Parliamentary Estate with not only us as Members but members of staff and visitors.

The Lord Speaker (Lord McFall of Alcluth): My Lords, the noble Baroness, Lady Brinton, is participating remotely.

Baroness Brinton (LD) [V]: My Lords, a *Telegraph* article reported that a traffic marshal working 60 hours a week on a day shift for 52 weeks is paid £65,613 a year. If that is the case, they are the best traffic marshals/security officers in the country. I wonder whether this is more an issue about each level of subcontractor adding on 20% for management, because every traffic marshal and security officer I have ever talked to has been on the minimum wage of £10.42 an hour, and they have to pay for their own training and their own DBS badges in most instances. Will the noble Lord please ask the Finance Committee to look at this and make sure that Parliament is not being charged three or four times for the management of these people, and that they are being paid an appropriate amount and not being forced to fund their own training and their own security badges?

The Senior Deputy Speaker: My Lords, contracts are let by the Parliamentary Commercial Directorate through a public sector procurement framework. Traffic marshals are paid £13 per hour during the day shift, but of course the responsibility for the marshals rests with the contractor; we are not directly paying the marshals.

Lord Robathan (Con): My Lords, I commend my noble friend Lord Hayward on his tenacity in pursuing this subject. I asked a Question on exactly this about a year ago and was told that it was costing nearly two-thirds of £1 million a year—I think it has gone up since. It is the most spectacular waste of public money on a job creation scheme. Many of us in this Chamber have been using the back road from Speaker's Court to Royal Court for 30 years. I have never encountered any danger on bicycle, on foot or in a car. What exactly did the risk assessment find that was suddenly making it more dangerous? I still use that road by bicycle, foot and car and have not encountered any danger at all, except some poor man in an orange suit looking bored and rather getting in the way.

The Senior Deputy Speaker: My Lords, risk assessments are taken very seriously. They do not come under my responsibility, but my information is that Strategic Estates has a duty, on behalf of the clerks, to look at this rigorously. This was in the context of a one-way system that was needed because of the works in New Palace Yard. As I said, there have been eight reported near misses—that is just the reported ones—in the last year. There would be no problem if the Finance Committee wished to scrutinise the financial aspect of this, but there are still legal duties that rest with not us in this House but the clerks.

Lord Foulkes of Cumnock (Lab Co-op): My Lords, this is yet another example of how this building is not fit for purpose. We are spending millions on Peers' Entrance but nothing seems to be happening there, and we will spend billions on Victoria Tower. We have already spent millions, if not billions, on R&R but nothing has started and no one seems to know what will happen or where anyone will be decanted. Is it not about time that we abandoned this building and created one fit for the 21st century, in which individual Members could have offices and people who are disabled could get around properly, and give this place the only purpose for which it is fit, as a museum?

The Senior Deputy Speaker: My Lords, the noble Lord knows that I have considerable respect for him, but we should be proud of this building and what it represents around the world. We are a very active Chamber and I see nothing but vibrancy in the work of the House of Lords. If we believe in culture and heritage, we have to make old buildings work and have a purpose. We are a living building, with a lot of people working here, and we should have a good future as that. I agree that there are frustrations, but I think it will be millions rather than billions for Victoria Tower, and Peers' Entrance will, I hope, be finished this September—

Lord Foulkes of Cumnock (Lab Co-op): Would the noble Lord bet £1,000 on it?

The Senior Deputy Speaker: This is important not only for enabling people with access difficulties to get into the building more safely but for the security of the Palace.

Baroness Hamwee (LD): My Lords, given how long this has gone on and is likely to go on, can the noble Lord urge that this rigorous consideration includes the use of not only human beings but electronic means? There are traffic lights all over London where roadworks are going on, ensuring that traffic going in both directions, and pedestrians, are kept separate.

The Senior Deputy Speaker: My Lords, I am sure that all these matters will be and are considered by Strategic Estates. I understand that there was an experiment with a traffic light that was not quite as successful as hoped. I am sure that the point the noble Baroness makes will be heard.

Education: 11 to 16 Year-olds

Question

11.16 am

Asked by **Lord Lexden**

To ask His Majesty's Government what plans they have to improve the education system for 11 to 16 year-olds.

The Parliamentary Under-Secretary of State, Department for Education (Baroness Barran) (Con): My Lords, we are raising standards and increasing the number of pupils in high-performing schools. Since 2010, we have reformed the curriculum and the organisational structure of our schools. For example, the international PIRL study of 2021 showed that our nine and 10 year-olds are the best readers in the western world, ranking fourth out of 43 comparable countries. However, we want to go further, not just for 11 to 16 year-olds but from early years through to 18 and beyond.

Lord Lexden (Con): Do the Government agree that the report of your Lordships' Education for 11-16 Year Olds Committee requires careful study by all political parties in an election year, showing as it does how an overloaded curriculum and an unduly heavy exam burden can be reduced and how declining opportunities for technical and creative subjects can be reversed? Are not such reforms essential for the future of our country?

Baroness Barran (Con): I absolutely agree with my noble friend that the committee's report requires careful study and the Government will shortly respond formally. I cannot agree with him, however, about an overloaded curriculum or exam burden. Exams remain the fairest way that we know of assessing a student's knowledge. The curriculum is critical for ensuring social justice in this country and making sure that disadvantaged children get the same opportunities as advantaged ones. Our reforms to T-levels underline our commitment to technical education.

Baroness Blower (Lab): Does not the continuing existence of EBacc and its constraining effects on the secondary curriculum for 11 to 16 year-olds, squeezing out creative subjects, as the noble Lord said, mean that the Government are not succeeding in the DfE's stated second priority of

“ensuring that young people receive the preparation they need to secure a good job and a fulfilling career, and have the resilience and moral character to overcome challenges and succeed”?

That is not done through the EBacc.

Baroness Barran (Con): I just cannot agree with the noble Baroness. I am not sure which subjects in the EBacc she would suggest dropping. In 2010, 8% of children from disadvantaged homes were doing the range of subjects in the EBacc, compared with 25% from advantaged homes. That is now 27% for disadvantaged children and 43% for children from advantaged homes. The uplift in children from disadvantaged homes doing double science has been from 61% in 2010 to 95% today. We are very proud of that.

Baroness Garden of Frognal (LD): My Lords, our committee proved that the curriculum is vastly overloaded with knowledge-based things, does not include enough digital or computing, and in a lot of schools the arts are completely neglected. Nor does it include life skills, so our young people are coming out without the skills they need for the future. So what urgent action will the Government take so that our children have a more enjoyable and much more useful school experience than they are currently having?

Baroness Barran (Con): I appreciate how alluring it is to talk about some of the wider subjects the noble Baroness mentioned. As she knows, we are developing a cultural education plan that will be launched later this year, and I accept that things such as the IT curriculum maybe do not age as well as some other elements of the curriculum. But, in terms of the way in which we all learn, and children learn, the importance of putting down in our long-term memory a really rich knowledge base from which to apply those skills is critical, and we lose that at our peril.

Lord Aberdare (CB): My Lords, this is National Apprenticeship Week, during which I have met a considerable number of young apprentices at parliamentary events. Not one of them claimed to have found out about their apprenticeship through their school. This surely reinforces the finding of the Education Committee that the balance of 11 to 16 education is unduly skewed towards academic subjects, rather than technical and practical ones. So what steps have the Government taken to ensure that schools make all 11 to 16-year olds more aware of the range of education pathways available to them, including those leading to apprenticeships?

Baroness Barran (Con): The Government are very proud of their track record on apprenticeships. I hear the noble Lord's reflections in terms of technical apprenticeships, but actually 70% of our economy is now reflected in the apprenticeship options, including our service sector as well as more traditional areas of apprenticeships. Thanks to amendments put down in your Lordships' House, we are expanding the amount of careers education in schools to six days across a child's secondary career.

Lord Baker of Dorking (Con): My Lords, is the Minister aware that the Select Committee of this House on 11 to 16 education has come up with very radical proposals, basically replacing the curriculum that she is defending with much more practical training and skills? This is welcomed by British industry; it wants school leavers at 18 to have practical skills, employability skills and data skills, and these are not effectively covered by the present curriculum. Does the Minister not realise that we need curriculum change, otherwise there will be no economic growth?

Baroness Barran (Con): I respect my noble friend enormously, but I think that the evidence overall does not support that. We need to make sure that children have a really strong grounding in mathematics, sciences, English language and English literature, particularly if we want them to follow vocational courses. We have

seen in other countries—for example, in Scotland—what has happened with a very well-intentioned policy. I have no doubt about the motivation of those who introduced the Curriculum for Excellence, which looks very like some of the elements that your Lordships are raising—but look at what has happened to our schools in Scotland.

Baroness Wilcox of Newport (Lab): Some 80% of secondary schools are not required to follow the national curriculum, which has led schools to prioritise early teaching of GCSE courses over the variety of subjects intended for key stage 3. Can the Minister tell us whether the Government will support Labour's call to reform the curriculum to deliver a better foundation in core subjects, which will ensure that children do not miss out on creative and practical ones too?

Baroness Barran (Con): There is plenty of room in the curriculum; I refer the House to the 2011 review of these matters by the noble Baroness, Lady Wolf, which made it clear that the curriculum has space within it for all the subjects which the Government value and which the noble Baroness refers to.

The Lord Bishop of St Albans: My Lords, what is not being mentioned is the massive decline in the teaching of foreign languages, at the very point when we are trying to engage worldwide with new trade deals—and, indeed, with our position in the world. What are His Majesty's Government doing to address this, and can they also look at some of the very creative language clubs and so on that can be added on after school? These are often ways of exploring languages without loading the main curriculum even further.

Baroness Barran (Con): The Government's view would be "both/and". I think it is critical, for the reasons that the right reverend Prelate sets out, that modern languages form part of our curriculum. We are developing a new language hubs programme and offering significant training bursaries for language teachers and scholarships for French, German and Spanish trainees. We share the right reverend Prelate's focus on this issue.

Lord Bichard (CB): Is the Minister not especially concerned—maybe even embarrassed—that in 2023, some 35.2% pupils in state schools left without a grade 4 or above in English and maths? Has not the time come, as the Select Committee suggests—and what an excellent report that is—to look to again at whether those subjects as currently defined are the route to ensuring that children leave school with functional literacy and numeracy?

Baroness Barran (Con): The Government absolutely share the noble Lord's concern, and one of the things we announced alongside the introduction of the advanced British standard is a review of how we can improve outcomes, particularly in mathematics but also in English, for those children who currently do not achieve the grades. The noble Lord makes an important point.

S4C Question

11.27 am

Asked by **Baroness Wilcox of Newport**

To ask His Majesty's Government what assessment they have made of the report by Capital Law into the working environment and atmosphere at S4C, the Welsh language broadcaster, and what discussions they have had with that broadcaster in response.

The Parliamentary Under-Secretary of State, Department for Culture, Media and Sport (Lord Parkinson of Whitley Bay) (Con): My Lords, His Majesty's Government are committed to supporting S4C, which plays a vital role in the UK's broadcasting sector. The recent events at the channel raise serious concerns; significant work is required to rebuild trust at S4C and to bring a fresh start. The Secretary of State has therefore written to S4C encouraging its current leadership swiftly to agree a programme of work to address the issues it has faced.

Baroness Wilcox of Newport (Lab): My Lords, we all want to see Sianel Pedwar Cymru succeed and to continue to make its vital contribution to Welsh culture and a vibrant creative economy, but recent events have raised serious concerns about governance, leadership and culture. Can the Minister be a bit more detailed about when the recruitment process for a new chair will begin? Can he tell noble Lords what conversations his department has had with Sianel Pedwar Cymru to ensure that the organisation stays on track while, inevitably, it has an interim chair and interim joint CEO for at least a short period?

Lord Parkinson of Whitley Bay (Con): The Secretary of State and the whole department are treating this issue with the utmost seriousness. The department has been in regular contact with S4C and will remain so. An interim appointment of a chairman will be announced in due course, following consultation with the board; that is consistent with the board's standing orders. We will move swiftly to launch the process to appoint a new chairman of the channel. That will be a fair and open process run in accordance with the Governance Code on Public Appointments.

Lord Storey (LD): My Lords, the Capital Law report makes quite concerning reading. Were anti-bullying and harassment policies in place, and if so, why were they not acted on? My worry is this: with the leadership of an important organisation such as S4C, to whom do the rest of the staff make their complaints? If they feel that the leadership are not acting properly, where do they go to raise their concerns? Is there a whistleblowing policy that could have been used, for example?

Lord Parkinson of Whitley Bay (Con): Serious concerns have been raised, including in the report from Capital Law, which the noble Lord mentions. It is clear that a significant amount of work is now required to rebuild trust in and at the channel. All members of the board of S4C are required to comply with the code of conduct for board members of public bodies, as well as the seven Nolan principles of public life. We are

very clear about that expectation, and on the need for the channel to act under its new leadership on the concerns which have been raised.

Baroness Humphreys (LD): My Lords, the Secretary of State for Wales has explained that he has to take an arms-length approach to HR issues at S4C, as we appointed the board. If the relationship between the chair, CEO and senior management becomes toxic again in the future, who would actually have the power to intervene?

Lord Parkinson of Whitley Bay (Con): Like all public service broadcasters, S4C is independent of the Government, but as its sponsor department, DCMS regularly engages with the channel on a range of issues, including governance, as it has done since these allegations were first made. It is right that the board has said that it intends to address the concerns which have been raised, and we expect it to do so as a matter of priority.

Baroness Bloomfield of Hinton Waldrist (Con): My Lords, this may seem quite a niche subject for some Members of your Lordships' House, but on behalf of those of us in the Welsh diaspora who use S4C as a Welsh learning instrument—*dwi dal yn dysgu Cymraeg*: I am still learning Welsh—I urge my noble friend to make every effort to expedite putting S4C back on to a good footing. I also take this opportunity to ask my noble friend to join me in congratulating the noble Baroness, Lady Wilcox, on her appointment this week as one of the four commissioners for the South Wales Fire and Rescue Service. She has a big job to do, and we wish her well in doing it.

Lord Parkinson of Whitley Bay (Con): I certainly join my noble friend in extending our congratulations to the noble Baroness. I also agree with her on the hugely important contribution that Sianel Pedwar Cymru makes to the lives and well-being of Welsh speakers and learners. We remain committed to helping it adapt to the changing media landscape. There are important provisions in the Media Bill—which will have its Second Reading in your Lordships' House later this month—which will update its public service remit and remove the current geographical broadcasting restrictions on the channel, allowing it to broaden its reach and offer its content on a range of new platforms across the UK and beyond.

Lord Lexden (Con): My Lords, will the decision to ratify the 2003 UNESCO convention on intangible cultural heritage help strengthen the traditions that mean so much to Welsh speakers?

Lord Parkinson of Whitley Bay (Con): Yes. The convention is currently before Parliament and, subject to the approval of your Lordships and Members in another place, I look forward to going to UNESCO to sign and ratify it. It will help us champion living heritage across these isles, including traditions beloved of Welsh speakers such as *eisteddfodau*, *Mari Lwyd*, male voice choirs and much more. It is very exciting to think about the living heritage we can compile in an inventory in order to share these traditions with future generations.

Lord Storey (LD): My Lords, would it not help if Welsh-speaking Members could ask questions in Welsh in this Chamber?

Lord Parkinson of Whitley Bay (Con): I am afraid I would not be able to provide much of an answer, other than to say “diolch yn fawr”.

Lord Sahota (Lab): My Lords, the Welsh language received a grant of some £250,000 from the Welsh Government. There are only half a million Welsh language speakers in the UK, so how come other languages such as Polish, Punjabi, Bengali and Gujarati never receive any grant at all, even though they have a much larger number of speakers?

Lord Parkinson of Whitley Bay (Con): My Lords, speaking in minority languages is an important contribution from our broadcasters across the UK. The Government support the Welsh Government’s ambition to reach the target of 1 million people in Wales being able to speak Welsh by 2050, and S4C clearly plays an important part in that. On the broader question of other languages, I look forward to the debates we will be having on the Media Bill about the support our public service broadcasters can give.

Lord Griffiths of Burry Port (Lab): Given that Welsh is indigenous to one of the peoples of this country and has been since time began—indeed, probably before time began—would it not be sensible to take an investment in the ambition of the Welsh Government to boost the number of Welsh speakers, which is already considerable, as a template from which the other people referred to can make their own appeal: a kind of sounding board through which other dreams may be dreamed and hopes may be nourished?

Lord Parkinson of Whitley Bay (Con): The noble Lord speaks with the poeticism and lyricism of the Welsh language, even in the English tongue. He is right about the lessons that S4C can provide to other broadcasters on promoting minority languages and the indigenous languages of this isle. As I say, there are provisions in the Media Bill which I look forward to debating, so we can make sure that those lessons are learned.

Asylum Seekers: Convictions *Question*

11.35 am

Asked by Lord Jackson of Peterborough

To ask His Majesty’s Government what steps they are taking to review the criteria for the granting by Home Office officials of asylum status for individuals with previous convictions for offences committed in the United Kingdom.

The Advocate-General for Scotland (Lord Stewart of Dirleton) (Con): My Lords, the Nationality and Borders Act 2022 strengthened existing legislation and reduced the criminality threshold. From 28 June 2022, anyone convicted of a particularly serious crime resulting in a custodial sentence of 12 months or more, who is considered a danger to the United Kingdom, will be

denied asylum and will be considered for removal from the United Kingdom. We believe this approach is the right one.

Lord Jackson of Peterborough (Con): My Lords, the public are rightly concerned at recent cases which seem to indicate that our asylum system is broken and that we are unable to deport foreign criminals and failed asylum seekers due to bureaucratic inertia, judicial intervention and incompetence. Will my noble friend therefore commit to an urgent review of the criteria used in assessing asylum claims, including alleged religious conversions to Christianity, facilitated by the Church of England? Does he agree with me that, fundamentally, this and future Governments must decide between the safety and security of their own citizens and the perverse and damaging rulings of a foreign court?

Lord Stewart of Dirleton (Con): My Lords, there are several reasons why a decision may be overturned at appeal, including new evidence that was not available to asylum caseworkers. Where a crime has been committed, it will be considered whether the person committing the crime poses a danger to the community and should be denied protection. As for the matter of Christian conversions that my noble friend raised, it is important to bear in mind that the Christian church—the Church of England—is not an arm of the Home Office, and that conversion is not a bureaucratic exercise but rather a matter of the operation of grace, such as we heard from the right reverend Prelate earlier.

Lord Blunkett (Lab): My Lords, will the Minister confirm that this is absolutely nothing to do with foreign courts? If the system, as outlined by the noble Lord, Lord Jackson, is broken, there have been 14 years for this Government to put it right. Is it not correct that, from 2004 onwards, the restriction was already in place in relation to the removal of those who had committed crimes—including sexual crimes—enhanced, yes, by the Nationality and Borders Act 2022? Is it not the process, rather than anything to do with the law, that requires examination?

Lord Stewart of Dirleton (Con): My Lords, any foreign national convicted of a crime and given a prison sentence is considered for deportation at the earliest opportunity. Under the legislation to which the noble Lord referred, the UK Borders Act 2007, a deportation order must be made where a foreign national has been convicted of an offence and received a custodial sentence of at least 12 months. As to the other matters raised in the question, it is important to remember that restrictions on returning persons to the countries from whence they came are also matters of our international obligations, including treaties such as the European Convention on Human Rights.

The Lord Bishop of St Albans: My Lords, both the Church of England and my most reverend friend the Archbishop of Canterbury have repeatedly said that we want the boats to stop, criminal gangs to be prosecuted and people to be held accountable if they commit offences. We note that a prominent Member in the other place recently said that the Church is “facilitating industrial-scale bogus asylum claims”,

[THE LORD BISHOP OF ST ALBANS]

which has been widely reported in the press. Administering the sacrament of baptism is one of the core duties of the clergy. Given that, what is the evidence to substantiate claims that baptism is being used systematically and extensively to support asylum claims? If the Minister cannot give me that information now—I understand that it is a big ask—can he please write to me? We would like to see the evidence.

Lord Stewart of Dirleton (Con): My Lords, I have already spoken on the nature of baptism, and I hope that what I said corresponds with the views of the right reverend Prelate on the matter. All asylum claims are considered carefully on their individual merits, including issues relating to the freedom of religion and belief and the credibility of a conversion. Indeed, on that last point, additional training is being rolled out to officials who assess matters of credibility in this context. I invite the House to reflect on the fact that the Home Office has for many years worked closely with the All-Party Parliamentary Group for International Freedom of Religion or Belief and the asylum advocacy group, and engaged with a wide range of faith groups to assist in training caseworkers.

Baroness Chakrabarti (Lab): My Lords, I am sure that I am being charitable in assuming that the Question from the noble Lord, Lord Jackson, was motivated by his deep concern about violence against women in this country. With that in mind, can the Minister say any more about the Government's strategy for dealing with the terrible acid and alkali attacks perpetrated by all sorts of people of different nationalities, including our own citizens?

Lord Stewart of Dirleton (Con): I am very grateful to the noble Baroness for her comment. It is important for us all to reflect on the fact that, wicked and despicable though this action was, it is not unprecedented. Indeed, I note that the noble and learned Lord, Lord Hope of Craighead, who is in his place today, chaired the Appeal Court of the High Court of Justiciary in Edinburgh in the case of *Modiak* in 1992, where a sentence of 20 years' imprisonment was upheld. He approved the wording of the trial judge, who described that act, of extremely similar circumstances to the one with which the House is concerned, as being of "unprecedented gravity".

Lord German (LD): My Lords, further to that point, can the Minister say what monitoring of and protection from the public can expect in relation to somebody on the sex offender register? What progress has been made with the independent review that the Government undertook last year, and produced by the former chief constable of Derbyshire, on the very serious aspects of violence against women in this matter? He made recommendations that the Government certainly need to pursue, particularly on the identification of location.

Lord Stewart of Dirleton (Con): My Lords, I undertake to write on the review to which the noble Lord adverted, not having the details of its scope and progress to

hand as yet. I should have said that I will also write to the right reverend Prelate on the matter he raised. What I can say is that all who claim asylum undergo a series of security checks against immigration and police databases. They are screened to identify individuals who have been involved in criminality, both inside and outside the United Kingdom, or are persons who engage the national security interest.

Baroness Meacher (CB): My Lords, if an asylum seeker is assessed as presenting no risk to the people of this country, even if they have committed crimes in the past, which may have been related to the persecution they faced in their own country, will they be granted asylum in this country?

Lord Stewart of Dirleton (Con): My Lords, all applications will be treated on a case-by-case basis. The situation the noble Baroness described is one in which the individual circumstances will rule.

Lord Coaker (Lab): My Lords, following my noble friend Lord Blunkett's excellent question, can the Minister comment on the following figures? There are 8,786 convicted foreign criminals with varied status living in communities. Half have been here for at least 12 months, with almost 4,000 for over five years. The inspectorate said that the Government had lost control and that this was "no way to run a government department".

As my noble friend asked, what will the Government do to look at implementing the existing process and get on with it?

Lord Stewart of Dirleton (Con): My Lords, progress is being made. In the year ending September 2023, there were 5,506 enforced returns, an increase of 54% on the previous year. In that cohort, foreign national offenders make up the majority of enforced returns, at 62%.

Lord Forsyth of Drumlean (Con): My Lords, can my noble and learned friend comment on press reports that suggest that the Home Office has been following a policy of not returning people to Afghanistan? If that is the case, the arguments about this particular case and the criteria that were applied therefore seem to be irrelevant. Can he say what proportion of the cases that have come before the Home Office have resulted in people being returned to Afghanistan?

Lord Stewart of Dirleton (Con): I am obliged to my noble friend for his question. First, I emphasise that it is not Home Office policy that dictates the return of persons to Afghanistan; rather, it is our adherence to international treaties, as I said earlier. On the specific figure my noble friend sought, in 2023 99% of Afghan applications were granted. That figure is up from 49% of applications from that country in 2020. It reflects our international obligations and the situation in that unhappy country.

Workers (Economic Affairs Committee Report)

Motion to Take Note

11.46 am

Moved by **Lord Bridges of Headley**

To move that this House takes note of the Report from the Economic Affairs Committee *Where have all the workers gone?* (2nd Report, Session 2022-23, HL Paper 115).

Lord Bridges of Headley (Con): My Lords, I am delighted to open the debate. Behind its innocuous title, the subject matter we are dealing with is enormous: the overall state of our labour force, the impact of immigration on an ageing population, and what that means for growth, inflation and debt—I could go on.

Let me start by taking a step back. Before Covid struck, labour participation was a major driver of growth, repeatedly outperforming forecasts and partially offsetting falling productivity growth. From July 2011 to February 2020, the level of inactivity fell by 1.2 million to just under 8.4 million, and the inactivity rate fell by about 3% to 20%, their lowest levels on record. During Covid, that trend reversed. As in other countries, inactivity rose by almost 650,000 between February 2020 and its peak in July 2022. Some sectors saw acute labour shortages. As the impact of Covid passed, while inactivity fell elsewhere, here it remained high, having an impact on growth, inflation, monetary policy and the public finances.

In the autumn of 2022, the Economic Affairs Committee therefore posed a simple question: where have all our workers gone? I thank the Committee's members—many of whom are here—our clerk, our policy adviser and our excellent adviser, Robert Joyce, for their input and hard work. We asked that question partly because no one seemed to know the answer, which was both odd, given the mountain of data that exists today, and extremely worrying, given that this data is critical to decisions made by the Treasury and the Bank of England.

The uncertainty around the data meant that a number of our conclusions carried caveats. That is just as well, because, since our report was published, the credibility of the Labour Force Survey has been shot, thanks in part to challenges in conducting household surveys and in measuring populations during Covid. In October, the ONS stopped its monthly publication of the key job market data altogether. On Monday, the ONS published reweighted figures, with a new classification—"official statistics in development"—which I think is Whitehall-speak for "We're not entirely sure what is happening". The document says: "The reweighted estimates suggest", and we should note that word,

"that over the last five months, though the employment rate has remained broadly flat, the unemployment rate may"—

note that too—

"have fallen, offset by an increase in the rate of economic inactivity; however, some uncertainty remains in these estimates".

Furthermore, publication of the so-called Transformed Labour Force Survey is being delayed by six months to September. It therefore seems we can be certain

only about the data's uncertainty, making the credibility of the national statistics a subject for debate in and of itself, for how are the Treasury and the Bank to make critical decisions based on dodgy statistics?

With that Big Ben-sized caveat about the data in mind, I turn to our report. It found that between 2020 and late 2022, the UK's workforce had been squeezed by four factors:

"retirement among those aged 50-64; increasing sickness; changes in the structure of migration; and the impact of an ageing UK population ... an increase in the numbers in age groups which have lower participation rates".

We concluded:

"The reduction in labour supply has been driven by an increase in economic inactivity, in particular amongst 50-64-year-olds".

The causes appeared complex. The biggest contributor to this rise in inactivity had been an increase in the number of people leaving work and considering themselves retired rather than leaving work primarily due to worsening health. Although the population was getting sicker, much of the rise in sickness-related inactivity was among people who had already been out of work rather than people who were employed becoming inactive due to sickness.

I have asked our experts whether these findings, especially those about retirement, are now invalid given what we now know about the data. I was told that they are still valid, mainly because the longitudinal version of the LFS—the one that follows the same people from one quarter to the next—is less likely to be vulnerable to the statistical issues that have dogged the rest of the LFS, especially as regards response rates.

Alongside this trend, changes to the structure of migration also had an impact on specific sectors seeking workers for lower-paid roles. Many EU workers who did these jobs left the UK. Counterbalancing their departure was the arrival of non-EU workers granted visas under the new immigration scheme, which prioritises skilled workers. This contributed to a mismatch within the labour force, accentuating labour shortages in these sectors.

Finally, our report draw attention to the impact of the ageing UK population. Before the pandemic, ageing was driving down labour supply, but this effect was masked by other trends towards higher participation. The key difference since the pandemic has been that the ageing effect was reinforced rather than offset by those other factors.

It has now been a year since our report was published; events have moved on. I will turn to the lie of the land now, and especially what we learned from Monday's ONS bulletin, so as to frame this debate. Officials now estimate that the adult population is 750,000 larger than previously thought. That is a city the size of Sheffield which has suddenly emerged. That alone I find astounding. More worrying still is how this has contributed to inactivity, which has risen to 9.25 million, 414,000 more than previously estimated and back to near its Covid peak. While inactivity in the UK is still below that of the other EU countries and below 2010 levels, the fact that more than one in five 16 to 64 year-olds are economically inactive poses an enormous challenge for our society and our economy.

[LORD BRIDGES OF HEADLEY]

The largest reason for this is what I and our report touched on: long-term sickness. Monday's bulletin revised this figure up to 2.8 million people: 200,000 more than previously forecast. We bandy figures around but let us just pause here. On my estimates, 2.8 million people is roughly equivalent to the populations of Stoke-on-Trent, Middlesbrough, Coventry, Cardiff, Bournemouth and Edinburgh combined. It is an astoundingly large figure. These people are typically older; they are suffering from poor mental health—I very much look forward to the noble Lord, Lord Layard, talking about this—or other specified conditions, and it is worth noting that the rapid rise among 16 to 24 year-olds appears driven by mental health; they are relatively low skilled; and previously they worked in lower-paid jobs. As our report found, the vast majority who are inactive for health reasons have been inactive since before the pandemic. Roughly 1.5 million have been out of work for three years or more, and half a million have never had a job.

The OBR's fiscal risk report, which also came out after our report, cited three factors that may be causing this: a slowdown, and in some cases partial reversal, in the rate of improvement in many health conditions that predated the pandemic; the impact of the pandemic on the health of the working-age population; and “the degree of ongoing assessment, conditionality, and return-to-work support for those on health-related benefits versus other out-of-work benefits”.

It is worth noting that the OBR says that the “numbers on incapacity benefits have increased sharply over the past three years”, and that:

“The expansion of conditionality and rising rates of sanctioning in the non-incapacity parts of the means-tested, working-age welfare system may have made applying for (largely unconditional and often-more-generous) incapacity benefits more attractive”.

We must stress “may”, and remember that this is only one factor. Longer NHS waiting lists and the strikes may also have contributed to inactivity due to long-term sickness rising, although it is worth noting that the OBR states that halving the waiting lists would reduce inactivity only by 25,000.

All this underlines a core point in our report. We need to understand much more about the causes of this trend and what can be done, to help these people not just to become healthy but to find a job. This is key, because the OBR said that these numbers “remain on an upward trajectory”.

No one here wants to see ever-growing swathes of our communities trapped in a terrible, vicious cycle of ill health and inactivity. Nor can we afford this to happen. Inactivity puts pressure on welfare spending: 80% of those inactive receive incapacity benefits. It results in lost revenue: £9 billion this year. It pushes up health spending: each person who becomes inactive due to ill health costs the NHS between £900 and £1,800 a year. Consequently, inactivity due to ill health adds to borrowing: almost £16 billion since the pandemic. According to the OBR, if the working-age population falls for another year and remains there, and half a million more people are out of work for health reasons, that could add £21 billion to borrowing by 2027-28, which is more than we will spend on policing in England and Wales this year.

This is happening against the backdrop of two other trends. The first is migration. We know that net migration hit a record high of 740,000 in 2022 and is forecast under latest estimates to average 315,000 a year in the long run. The second trend, coming back to our report, is our ageing population. The demographic shift, as we said, comes through quite abruptly right now, and will put yet further pressure on our public finances, accentuating the need for growth to pay for this.

This highlights another question we need to ask ourselves. Is it right that growth is to be powered in part by immigration of 315,000 a year while hundreds of thousands of people are off sick and too ill to work? Are we doing enough to help them get back into the workforce?

Therefore, coming back to our report and what we ask the Government to do, I will be most grateful if my noble friend the Minister can shed light on three things. The first, as I have alluded to, is the ONS. It is absolutely critical that it addresses the failings of the statistics. I would like him to tell the House what the ONS is doing to ensure that our statistics, and those core statistics, are fit for purpose. Secondly, as our report asks, what is being done to encourage older people back into work? We made a series of proposals here, including those looking at pensions and other things, but also suggested practical measures. I will be grateful if he can highlight that. Thirdly, the most worrying thing for me is the rise in long-term sickness. What is being done specifically to address inactivity in that group and help that group also find work?

Inactivity combined with an ageing population, low growth, low productivity and high levels of debt makes for a dangerous cocktail. If we do not have a fit, dynamic workforce, how will we get the growth that we so badly need? We urgently need to understand the reasons behind the rise in activity and we need to do much more to address it.

Noon

Lord Layard (Lab): My Lords, I am delighted to follow our chairman, who does such a wonderful job in leading our work.

This report is timely because everybody wants to see more economic growth. The most obvious way to achieve that is to increase employment. The central issue is how we can raise employment in the most cost-effective way. As our chairman hinted at, the most obvious way is to help the long-term sick back into work. I want to take in particular about those who have mental health problems.

Mental illness is by far the biggest illness among working-age people. People with mental health problems comprise at least half of all those on disability benefits who are unable to work. Yet mental health is treated by the NHS quite differently from physical health. Most people with physical health problems are in treatment while most people with mental health problems are not; only 40% of them get any form of help from the NHS. What is even more shocking is that, although NICE recommends that all mentally ill people should receive psychological therapy based on evidence-based methods, only 13% actually receive it.

Yet there is overwhelming evidence that these therapies more than pay for themselves in terms of the public finances. They are exceptionally cost effective; of course, this is because people with depression or anxiety disorders are often unable to work so relieving their problems helps them back into work, off benefits and into paying taxes. The evidence is clear: psychological therapy is the cheapest policy that we have for economic growth in this country. That is my central point.

For anxiety disorders or depression, a typical course of treatment costs around £1,000. If such a programme is offered to a clientele, some of whom work and some of whom do not, it needs only 5% of all those treated to move into work from not working to pay for the whole programme for the 100%, through the reduced benefits that they claim and the increased taxes that they pay. The evidence is clear: the existing programme produces at least that effect. It has now been copied in five other countries. Extraordinary evidence from Norway about a randomised trial shows that people who are treated earn four times more than the extra cost of treating them.

I want to talk about a programme that we have, NHS Talking Therapies, with which I have been associated. It now treats 700,000 people a year; half of them recover within a course of treatment, which averages eight sessions. The Chancellor has wisely given the programme another £600 million to expand over the next Parliament but this programme covers only people suffering from depression and anxiety disorders. There is another large group of people who are unable to work because they suffer from addiction to alcohol, drugs or gambling, as well as people who suffer from personality disorders that either make them anti-social or make them self-harm. Hardly any of these people receive any form of psychological therapy from the NHS yet they have very low employment rates—lower than for people with depression or anxiety disorders. They suffer and cause others to suffer, and they cost the country a lot of money. We need a programme parallel to NHS Talking Therapies to provide psychological therapy to this group too; I would like to see this as a commitment in every party's election manifesto.

How does the programme for addiction compare with the case for other types of expenditure? Our group at the London School of Economics is analysing the relationship between benefits and costs across a whole range of public expenditures. For example, in road building, the average ratio of benefit to cost is about three to one; it is less than that for many rail projects. However, as I said, the benefits obtained by psychological therapy for anxiety and depression are zero costs, so surely the case for expansion there is absolutely overwhelming. Our calculations also suggest a cost-benefit ratio that could go up to 25 to 1 with psychological therapy for addiction and personality disorders.

Our policies for economic growth are too centred on things and not centred enough on people; that is the fundamental point I want to make. For example, we shamefully neglect the skills of people who do not go to university, although even the Department for Education estimates a cost-benefit ratio of seven to

one for apprenticeship—double that in road building—because of, again, the effects on employment and earnings. We should, within five years, be guaranteeing an apprenticeship to every qualified person who wants one; in my view, this is another election pledge that every party should be considering.

When one looks at the pattern of public expenditure, the tragedy is this: the small sums needed to transform people's lives are so difficult to raise while we splash out on physical infrastructure, which makes much less of a difference to people's lives. Going back to mental illness, according to the OECD, it reduced GDP by at least 4%. It is mainly a disease among people of working age whereas, as we know, physical illness is mainly a disease among retired people. Yet, despite all the rhetoric over the past 20 years, the share of mental health spending in the NHS budget has not increased at all. It is time for that to change. The economics are clear: mental health should be the number one component of a strategy for growth.

12.07 pm

Lord Londesborough (CB): My Lords, first, I congratulate members of the Economic Affairs Committee on producing such a topical and insightful report on one of the key constraints on our economic growth. I should declare that, although I now sit on this committee, I sadly cannot claim any credit for this report as it came out a month before I joined.

My experience as an entrepreneur, employer and SME adviser tells me that labour supply remains a huge issue—both qualitatively and quantitatively—and continues to depress both our GDP and our productivity. I will focus on just two connected areas today: the health and fitness of our workforce, and its productivity. The committee's report highlighted back in 2022 that ill health was rising and was one of the key factors contributing to increased inactivity. However, as the noble Lord, Lord Bridges, pointed out, much of the rise in sickness-related inactivity was apparently among those who were already inactive.

The multiple intersecting reasons for inactivity make statistical analysis particularly challenging. On top of that, the new data from the Labour Force Survey carries its own health warning: it is experimental so we have no historical trends based on this new mode of data collection. As we have heard, the latest survey suggests that an already dire situation has got much worse. The 2.5 million figure for long-term sick among working-age people, reported in 2022, has grown by another 300,000. How much of this increase is down to historical underreporting? How much of it is due to a continued deterioration in our health? This distinction is important.

While the long-term sickness figures are shocking, they should not come as a surprise, as NHS waiting lists for treatment have doubled, from 4 million to almost 8 million, in the space of just five years, and this factor alone was bound to impact on our workforce. In addition, employers report that NHS waiting lists are also impacting the productivity of those who are in employment but waiting for treatment. Can I therefore ask the Minister: do we have any reliable updated data on how many economically active have been taken out

[LORD LONDESBOROUGH]

of the workforce due to ill health in each of the years 2020 to 2023 and how many long-term sick were able to rejoin the workforce in each of those years? Breaking down those numbers by health condition or disability would be very helpful. These numbers are crucial to help the NHS apply its resources in a more targeted way, to help more of the sick to return to work, whether full-time or part-time, but without joined-up health and employment data, such a strategy will misfire.

Let me provide one example—the condition of migraine, which I raised in a Question to the Minister last year. The cost to the economy through working days lost due to migraine is estimated at between £5 billion and £10 billion per annum, yet the NHS spends just £150 million per annum on treating a condition that impacts 10 million people across the UK, the majority of whom are of working age. That is a mismatch—an economic as well as a health own goal.

Numerous studies have also shown that economic inactivity is bad for your health—none more so than for the hundreds of thousands of those who are off work suffering from poor mental health, where inactivity hits them not just financially but in terms of anxiety, self-esteem and general well-being, as the noble Lord, Lord Layard, so eloquently explained. Studies have shown that, for the 64 to 75 age group, working part-time or full-time is better for your health than retirement, in terms of mental and physical health. That is even more relevant to an ageing population such as the UK's, as we need some of this cohort to return to the workplace. Perhaps I could hold up this House's workforce, with your Lordships' average age of 72, as a shining example of the benefits of an extended working life.

I was tempted to amend the report's title to "Where Has All the Workers' Productivity Gone?", because demographic and health trends tell us that it will be very difficult to grow a workforce beyond the current 33 million who are active other than through immigration. The only sustainable way to grow out of economic stagnation is by addressing worker productivity. Output per hour lags Germany and France by 12% to 15% and the US by 18% to 20%. The UK's productivity has been a long-standing problem ever since the financial crisis of 2008, since which an historic average of 2.3% annual improvement has slowed to a miserly 0.5%. That remains the economy's qualitative problem. I do not have time to address the so-called productivity puzzle other than to point out that the declining health of our nation is strongly correlated to our poor productivity rates. While it is true that we do not have enough people in work, it is also true that those who are economically active are not active enough.

12.13 pm

Lord Willetts (Con): My Lords, I congratulate my noble friend Lord Bridges on an excellent opening to this debate and all members of the committee on a really topical and important review—made even more topical by Monday's ONS announcements, revealing how little we understand what is happening to the labour market and making his call for better data

particularly important. I would like to draw on my position as president of the Resolution Foundation to make four practical proposals as to how we might tackle this problem by intervening at different ages of the life cycle.

First, among young people aged 18 to 24, we seem to have an increasing problem of inactivity, particularly due to ill health, which has doubled, and within that mental ill-health. There is clearly a complex link with low skills because, by and large, more educated young people, even if they report mental health problems, appear to be more likely to remain in work and in the workforce, so low skills and inactivity are linked to ill health, particularly mental ill-health. It is very tricky to challenge this, but I am increasingly concerned by the Government's proposal to defund 200,000 BTECs—the 200,000 young people studying BTECs, a vocational qualification introduced back in the 1980s—in the expectation that they will instead do T-levels, which are currently taken up by 5,000 people and are a far more academic qualification. There is a real risk that the defunding of BTECs over the next two years will contribute to a rise in inactivity and worklessness among young people, as they find that there is no suitable educational alteration which justifies their remaining in study until the age of 18. I hope that the Minister will give us assurances that the effects of this phasing out of the funding of BTECs will not lead to an increase in worklessness.

Secondly, for women—it is preponderantly women—with children, especially less well-paid women working relatively small hours for low pay and unemployed mothers with young children, the Government have an excellent initiative to increase access to formal childcare. However, low-paid and less educated mothers are least likely to be accessing formal childcare; their childcare arrangements tend to be less formal and, therefore, they are least likely to be helped by the Government's initiative, however welcome it is. There are two specific things that could be done to help them. First, they are very likely to be using childminders, but the regulations about childminding that is accessible and will be publicly funded are very strict, so a more liberal regime on funding childminding might help a group whom it would be particularly beneficial to get into the workforce. Secondly, although universal credit also helps with childcare costs, the processes are very bureaucratic. There is no specifically identified line of universal credit for your childcare and, if you increase your hours, there will be an unpredictable reduction in your total universal credit entitlement, even if you are using childcare to reduce your hours. Therefore, the free childcare option that the Government are currently pursuing is not sufficient to tackle inactivity among less-educated low-paid mothers with children.

Thirdly, on sickness and the links between sickness and inactivity, the committee draws attention to the fact that, sadly, being long-term sick seems to lead to people disengaging from the labour market. We on these Benches are always very wary of more labour market regulation—our labour market is already very heavily regulated—but, at the moment, when you cease receiving sick pay from your employer and go on to sickness benefit, you lose all rights to remain in contact with, and have the potential to return to, your employer.

There is an argument for a right to return for the long-term sick, in order to keep them in touch with their employer. Such an initiative that is worth considering.

Fourthly, on older people, as the committee explains, the British model, with a higher rate of pension income from funded savings and less dependence on state benefits means that the benefit regime is less shaping behaviour—you keep on working until you get your benefit—and behaviour is more influenced by private pension savings. The Government already have some proposals in place for increasing the age at which you can access your private pension savings without tax penalty to 57. There is a strong case for raising that age further, so that if you wish to access your pension savings, you have to remain in work—you are not able to do so without a significant tax penalty—until you are even older than 57. I have always been rather a hardliner on raising the pension age. I personally think that the obvious way to help offset the enormous costs of the triple lock is to carry on raising the pension age as rapidly as possible. At least the proposal is to link the tax relief—the tax benefits—to pension age minus 10, but I think pension age minus 10 is too generous; we should have a more ambitious goal so that people are able to access their funded savings only at a later age.

Finally, I very much agree with the points in the committee's report that, although there is frustration about what has happened to the stock of economically inactive people, we should focus in particular on the flow of people into economic activity; there is more we can do there and that should be the policy priority. Although it is rather a cliché at the end of every piece of policy research to say that more data is needed, on this occasion it really is very important. As my noble friend explained in his powerful opening contribution, the labour market statistics, particularly the Labour Force Survey, are now in a total mess. Nobody can make sense of what is happening, the ONS has confessed it cannot really understand it, and this is an area where more data and research are certainly needed.

12.20 pm

Viscount Chandos (Lab): My Lords, I am delighted to follow the noble Lord, Lord Willetts, even if his incisive analysis is an extremely hard act to follow—as was the introduction by the noble Lord, Lord Bridges. Like my noble friend Lord Layard, I was privileged to be a member of the committee under the chairmanship of the noble Lord, Lord Bridges, and his introduction was as excellent as his leadership of the committee, which benefited hugely from the work and intellectual rigour of the staff who supported and guided us.

Although seasonally adjusted economic activity fell in the period following the completion of the report, from 565,000 above pre-pandemic levels to a low point of 281,000 in March to May 2023, it rose again to the most recent public figure of 410,000. There remains, therefore, the worrying adverse divergence from the experience of most of our peers, who have returned to a position as good as, or better than, pre-pandemic levels. Despite the length of time that has passed since the committee published its report, let alone since it began to take evidence, the analysis and conclusions

remain valid and speak for themselves. I propose therefore to comment briefly on only a couple of points.

The committee came to recognise just how complex the various factors were that lay behind the change in the level of economic activity. “It’s complicated”, as the Alec Baldwin/Meryl Streep movie is titled, albeit in relation to personal relationships rather than labour market dynamics. The committee started work on its inquiry only months after the end of Covid-related restrictions. This can be taken, perhaps, as a proxy for the pandemic becoming endemic, rather than disappearing.

It is not surprising, therefore, that many of us started with the suspicion that long Covid and other health-related issues lay predominantly behind the increase in economic inactivity. But, as we received evidence, it became clear that this was no more than one contributory factor. Four years on from the start of the pandemic, its impact on long-term health is still hard to measure with accuracy and confidence. But it is none the less clear that—as previous speakers have highlighted—chronic health conditions of all sorts, mental as well as physical, pose a significant macroeconomic problem, as well as an even more devastating one for the individuals unfortunate enough to be affected. The desperate state of the NHS exacerbates this problem. I have no doubt that economic inactivity will remain higher than it should until the investment in, and careful reform of, the NHS are implemented—which, to be party-political for a moment, a Labour Government will do.

Early retirement emerged as arguably the most significant factor behind the economic inactivity changes, as the noble Lord, Lord Bridges, highlighted. The committee questioned whether this would, at least to some extent, reverse itself as the cost of living pressures then emerging pushed early retirees back into the labour market. I think the caution expressed in the committee's conclusions is being borne out, but, if there is little likelihood of many of that cohort of early retirees returning to work, whatever measures might be introduced, it is highly likely that this is essentially a one-off phenomenon.

There were a number of factors that appeared to encourage early retirement with no significant adverse health issues in this cohort. Arguably, the experience of lockdown during the pandemic and, in many cases, support through the furlough schemes, offered individuals a trial period of a changed lifestyle—a number of witnesses concurred with this. Less well explored, and a subject I hope for future work, is the possible effect of a long period of low interest rates that will have enabled mortgages to be paid off earlier, facilitating early retirement, even if occupational and state pension entitlements on their own, as described by the noble Lord, Lord Willetts, might not have made this so financially feasible.

Even if the early retirement trends in recent years have contributed to the labour market issues on which we are focused, I suspect that this is an ephemeral issue and that future generations are more likely to need to continue working beyond their preferred date of retirement, rather than being able to anticipate it.

[VISCOUNT CHANDOS]

Migration trends were the subject of a particularly interesting evidence session with Madeleine Sumption of Oxford University's Migration Observatory and Professor Jonathan Portes. Though they argued that the move from EU to non-EU driven immigration, resulting from Brexit, was not itself a major factor in overall labour market changes, it posed a significant problem for certain sectors such as hospitality and agriculture, where shorter-term flexibility in migration is so important; Professor Portes warned against becoming dependent on migration in the care sector in particular.

It is hard not to feel that Mel Stride's announcement last year that the measures announced in the spring Budget represent the conclusion of the DWP review of workforce participation is a signal that the Government do not really get the severity of the problem and the need for the improvements in data from the ONS that the noble Lord, Lord Bridges, referred to.

12.28 pm

Lord Skidelsky (CB): My Lords, I add my thanks to the noble Lord, Lord Bridges, for his consummate chairmanship of the committee that produced this report, and on which I had the privilege of serving.

We are faced with a great British mystery: The Case of the Missing Workers. It is an especially British mystery. In all developed countries, workers were furloughed during 2020-21 as industry was locked down, and when it reopened, they went back to work—except in the UK. There were 560,000 people who stayed at home—"excess retirees". There is a striking table on page 13 of our report which shows how the UK was simply out of line with what happened in similar countries. Today, the excess inactivity number is still over 400,000, and is mainly people in their 50s.

Why is this a problem? A reduction in labour supply limits growth and produces inflation through higher unit costs. It puts us in the slow lane for economic recovery. However, there is a sub-mystery within the mystery: a shortage of labour is normally associated with a booming economy. You can hardly call our economy in the last couple of years a booming one. It has not exactly been shrinking, but it has certainly been stagnant. That is another issue that needs attention; I will come back to it.

The inquiry was about why the inactivity rate shot up post Covid. I cannot say that we made decisive progress in unravelling this mystery, and there are a couple of reasons why. The first, as the noble Lord, Lord Bridges, pointed out, is the inadequacy of the statistics. The statistical basis to come to firm conclusions was simply not there. More important was the complexity of the causes—what doctors call the comorbidities. There are so many comorbidities here that it is very difficult to say what causes what.

We learned a number of distressing facts, chief of which is that Britain is the sickest nation in Europe, with life expectancy now falling and with the worst access to healthcare of any European country. Deteriorating health and health provision pre-dated Covid and could not have been the main driver of the spurt in inactivity rates that we experienced after the lockdown ended.

We also have more flexible pension provision than other developed countries, allowing earlier retirement, but until the pandemic we had a lower inactivity rate than countries like us; we worked more hours, days and weeks of our lives than our European counterparts. So better pensions cannot be the explanation for the spurt in inactivity. Similarly, population ageing cannot explain short-run effects and Brexit has not reduced the net flow of immigrants, so it cannot explain overall labour shortage, although it can explain shortages in particular sectors such as hospitality and agriculture.

So we are left with unexplained lifestyle choices. I quote from paragraph 81 of the report:

"It is possible that people got used to different habits and ways of working during the COVID-19 pandemic, which prompted them to reflect on their careers".

Indeed that is possible, but the unanswered question is why we should have been so much more reflective than the Germans, French or Americans.

There is also the question that we skirted around: how many premature retirees would like to return to work if they could? Our report took the view that retirement was a positive, not reluctant, choice and would not be reversed by increasing the aggregate demand for labour, but I am quite sceptical about this. It is plausible that people choose not to work because they are discouraged by persistent insufficient demand for their services and just leave the labour market. Retirement, for those who can afford it, is an alternative to unemployment benefit. Labour supply cannot be separated from labour demand; in other words, it is a macroeconomic and not just a microeconomic problem.

To start in another place, why should the rising inactivity rate pose a challenge for the economy? We are talking about the human activity rate. The challenge to the economy is not that there is a shortage of labour but that there is a shortage of machines to replace the jobs being evacuated. The report hints at this when it says that some sectors are destined to shrink unless they are "replacing labour through automation". So one can say that the problem with the economy is that inactivity is growing faster than innovation or, to put it another way, people are leaving the workforce faster than they are being rebranded. This is a long-term problem, which Covid-19 might have speeded up. But one has to dig deeper.

The report cites a survey by Phoenix Insights, which suggests that British workers aged 50 to 64 dislike their jobs more than the same cohort in Germany and the United States: 58% in the UK like their jobs, compared with 74% in America and 73% in Germany. In other words, people retire early or work less not just because they are financially able to but because they do not like their jobs. This brings out a fundamental truth: we work not just because we have to but because it gives meaning to our lives. This is something that economists, who treat work as a disutility, have never understood.

The case of doctors is one of the most popular. There is an acute shortage of GPs—doctors of working age are leaving the profession faster than new doctors are entering it—because they have lost their sense of vocation. Doctors tell you this all the time.

The revelation that so many people dislike their jobs has opened up a field of inquiry beyond the scope of our short report. The question we asked was: where

have all the workers gone? I suggest that the subject of a subsequent committee report should be: where have all the decent jobs gone?

12.36 pm

Baroness Noakes (Con): My Lords, I was a member of your Lordships' Economic Affairs Committee when this report was produced, and I pay tribute to my noble friend Lord Bridges of Headley's leadership of that committee.

We produced our report in December 2022. It then took about four months for the Government to respond and another nine months for us to get this slot to debate the report. As I have said before in your Lordships' House, our reports really must be debated on a timely basis. The delay is a particular problem for this debate, not only because the data on which our report was based are out of date but because it is difficult to work out exactly what has happened subsequently, as my noble friend Lord Bridges and others referred to. The Office for National Statistics has paused its Labour Force Survey and is using new, experimental workforce data. We simply do not have a complete picture of what is happening at present.

In October 2022, there were 8.9 million economically inactive 16 to 64 year-olds, some 565,000 more than the pre-Covid era, which had been characterised by falling inactivity numbers. The latest figures published by the ONS, which my noble friend Lord Bridges of Headley referred to, show 9.3 million, reflecting a reweighting by the ONS. Other factors mean that the percentage inactivity increase is somewhat less. Whatever the precise number or percentage, there is clearly a problem and the trend is out of line with international experience.

As other noble Lords have said, the workforce participation rate is key to the growth of our country's economy. The Office for Budget Responsibility's 2023 *Fiscal Risks and Sustainability* report tested scenarios that increased or decreased health-related inactivity by 0.5 million. This moved the participation rate by a little more than 1 percentage point up or down, but the debt to GDP ratio moved by around 3 percentage points by 2027-28. Understanding what drives participation and inactivity rates is one of the most important issues facing economic management.

Behind the headline increases of economic inactivity, we found two key contributors: long-term sickness and inactivity among 51 to 64 year-olds. Most commentators, including the OBR, describe this in terms of the 50-plus age group getting sick and therefore leaving the workforce. Our examination found a different explanation, in that the over-50s became sick after they had decided to leave the workforce.

We really do not know much about the drivers of long-term sickness or early retirement. We were much encouraged during our evidence sessions that the Government were carrying out a workforce participation review. Several of our recommendations were aimed at ensuring that the review addressed many of the grey areas that we had identified. We thought that more work should be done on long Covid and the impact of NHS waiting lists. We wanted the review to focus on whether there had been a secular change in attitudes to work in the 50-plus demographic, and what could

encourage them to stay in or return to work. We also recommended further work on the impact of savings and the furlough scheme on inactivity.

It was disappointing that the Government's response to our report made no reference to the workforce participation review. My noble friend Lord Bridges of Headley then wrote to the Secretary of State for Work and Pensions, who replied saying that the review had resulted in a number of changes in the 2023 Budget. However, there was no sign of the further work that we had suggested. I find it curious that the Government do not want to get to the bottom of the issues impacting workforce participation and inactivity.

The government response, as is typical of government responses, listed lots of initiatives of varying degrees of significance. I do not doubt the Government's desire to reduce economic inactivity. What I cannot see is a forensic approach to the problem. The initiatives might well produce results, but it is not clear that they are underpinned by a clear understanding of the underlying issues. This does not appear to be the best way to proceed.

I will highlight just one other area dealt with in the report, namely the impact of ageing on the UK's workforce. This is not a new phenomenon, but in the past the reduction in the workforce due to retirement was masked by other factors, in particular the increased participation in the workforce of women. A simulation by the Bank of England shows that population ageing is increasing, knocking about five percentage points off the workforce each year by about 2032. Other factors are thought to be broadly static, so ageing will start to be a really big factor in the size of the workforce. The implications of this for economic growth are clearly significant.

In addition, successive reports from the OBR have shown how demographic changes contribute to a dramatic increase in the growth of debt as a percentage of GDP. The Government must face some difficult decisions, including about pensions and taxation, pretty soon if a longer-term financial crisis is to be avoided.

The response to our report was described as "the Government's formal response", but it came from the Department for Work and Pensions and ignored the broader economic issues of an ageing population. I hope my noble friend the Minister will be able to respond on behalf of the whole of government, including the Treasury, when he winds up.

12.43 pm

Lord Hendy (Lab): My Lords, I too congratulate the noble Lord, Lord Bridges, on securing this debate and on his speech, and the Economic Affairs Committee on its report. A number of factors were identified for the remarkable and increasing exodus from work. One was long-term sickness. Among other things, the report cited an ONS survey that found that 10% of those who were economically inactive gave as a reason mental ill-health and stress, about which my noble friend Lord Layard has spoken. A trade union general secretary pointed to the "intensification of work demands". The report cites a survey that found that only 58% of UK workers aged 50 to 64 liked their job, compared with 74% in the USA and 73% in Germany.

[LORD HENDY]

I suggest that one critical factor in the “Great British mystery” cited by the noble Lord, Lord Skidelsky, and amplified in his question, “Where have all the good jobs gone?”, is that pay, terms and conditions in the United Kingdom have become so bad that those who can are opting out or being invalidated out. Taking pay alone, according to the ONS, median pay in November 2023 was £2,299 per calendar month, or £27,588 per annum. By definition, half the UK’s workforce earns even less. True, half the workforce earns more—the pay of FTSE 100 CEOs is about 116 times that of the median worker, up from 11 times in 1980—but the well paid are few in number. The fact is that only 25% of our wage earners earn more than £42,300 a year, and one-quarter of the workforce earns less than £16,068 per annum. The real value of average weekly earnings, including bonus, was the same in November last year as it was in March 2007.

Consider, as an example, the food sector. The workers who grew or caught our food, processed it, sold it in shops and supermarkets, and transported and delivered it were hailed as heroes during the pandemic, but that praise did not enhance their living standards. The Bakers, Food and Allied Workers Union recently published a report, *Foodworkers on the Breadline*, which showed that over 60% of its members did not have wages high enough to cover their basic needs, 88% had reduced their heating, and 60% had reduced their food consumption to cope. The other side of that equation is captured by the UN *Trade and Development Report* at the end of last year, which stated:

“The last few years of commodity price volatility have coincided with a period of record profit growth by global energy and food traders. In the area of food trading, the four companies that conservatively account for about 70 per cent of the global food market share registered a dramatic rise in profits during 2021-2022”.

Nearly half the population of the United Kingdom are workers: 32 million out of 67 million. In its report *UK Poverty 2024* from a couple of weeks ago, the Joseph Rowntree Foundation tells us that 14.4 million people were living in poverty in 2021-22, and that nearly 3.8 million people experienced destitution—a 148% increase in just over five years. That included 1 million children—nearly three times as many as in 2017. Low pay is a principal contributor. Two-thirds of working-age adults in poverty lived in a household where someone was in work. More people in work are reliant on benefits than those who are not in work.

The consequences of inequality are well documented, in terms of misery, hopelessness, mental and physical ill-health, homelessness, diminished life expectancy, increased perinatal mortality, damage to children’s education, increase in crime, and anti-social behaviour—see the brilliant work of Professor Sir Michael Marmot and that of Professors Wilkinson and Pickett.

I suggest that the major factor behind this state of affairs is the collapse of collective bargaining in the United Kingdom. From the Second World War until the 1980s, the terms and conditions of around 85% of British workers were negotiated between unions and employers. Since then, collective bargaining coverage has been driven down to less than 25% today, so three-quarters of our workers—some 24 million of

them—have no collective say over their terms and conditions, and next to none are in a position to negotiate individually. This lack of voice leads to both low pay and alienation.

International law, including the International Labour Organization, mandates the promotion of collective bargaining. The OECD annually recommends it in its employment outlook. Even the EU has now finally recognised the importance of collective bargaining. Its directive on national adequate wages requires member states to have an action plan to ensure that at least 80% of workers are covered by a collective agreement. I commend the course adopted by Sir Winston Churchill, who, as President of the Board of Trade in 1909, introduced a legislative scheme of compulsory sectoral collective bargaining to combat low pay, which became wages councils. The Labour Party is committed to a similar model in the form of fair pay agreements. Will the Minister say whether the present Government will fulfil their duty to promote collective bargaining and low pay?

12.51 pm

The Lord Bishop of Bristol: My Lords, it is a pleasure to speak in this important debate about the nature of the UK workforce in a challenging economic climate. I pay tribute to the noble Lord, Lord Bridges, as have others, and all the members of the Economic Affairs Committee who worked to produce this report and have stimulated our thinking today.

On a personal note, having recently found it hard to recruit lay staff to my office in Bristol, I am very grateful for being informed by the report we are debating today. At the heart of my diocese, you can find the New Room, the chapel where John Wesley led the first Methodist congregation from 1739. As part of his pioneering ministry, he offered “Rules of a Helper” to ordained Ministers, the first of which is:

“Never be unemployed a moment, never be triflingly employed, never while away time”.

While the word “unemployed” might have pricked the ears of your Lordships in the context of this debate, the final clause may be the significant one here. In effect, we are reminded about the importance of using our time on earth well. There is work to be done, good news to share and disciples to be made. Wesley was on to something. There is great purpose and fulfilment to be found in using our time well, maximising our skills and ensuring we fulfil our potential. It enriches our lives and the lives of our community, and that is central to my remarks today.

I pay tribute to the work of the charity Livability as I begin by considering the area of disability. Livability seeks to improve the quality of life for people with disabilities and to create a life that adds up for them. Five of Livability’s 10 residents in Eastbourne—Stacey, Debbie, Bob, Linda and Shaun—are in in work, well above the national average for disabled people, finding independence and fulfilment in jobs that enable them to serve others. Several of the residents in Eastbourne engaged with the Archbishops’ Commission on Reimagining Care, helping to guide the commission’s thinking and the articulation of a vision in which everyone can be supported to flourish, regardless of age or ability.

Good employers play an important role in developing every employee's skills. There are many good employers, including, I have no doubt, the employers of our friends at Livability, but we need to ensure that employers are doing everything they can to meet their obligations under the Equality Act and to make reasonable adjustments for disabled employees, making them feel welcome in practice as well as in their procedures. In the last Autumn Statement, the Government made significant efforts to encourage disabled people back into work. A Government Minister noted that disabled people should do their duty and work if they could. An emphasis was made on encouraging disabled people therefore to work from home, yet the sectors with the most significant shortages—social care, hospitality and retail—provide few jobs which can be done effectively from home.

There are wider societal implications from the absence of workers in our economic environment. The report we are discussing today demonstrates that the shortages in the labour market are particularly acute because people are retiring earlier. We have heard that laid out extensively. At the same time, just this week, the International Longevity Centre has released a report saying that the state pension age might need to increase to keep in line the proportion of workers per state pensioner. Without more careful consideration about the nature, attractiveness and meaning of work itself, we risk becoming an ever more unequal society in which people work longer than they probably should to maintain services for people well enough to work but with the means to retire early.

The report of the Archbishops' Commission on Families and Households noted that the pandemic changed much about how we think about our work, relationships and well-being. I note that the committee's report reflected on early retirements triggered by the pandemic as being a lifestyle choice for many, which undoubtedly is true for some with the means to do so. I add that a contributing factor must also be the weight of the loss we have shared together with our families and communities. As the Covid inquiry continues, the extent of the loss and bereavement we faced is something with which we may only be beginning to come to terms.

Finally, this report quite reasonably focuses on the employment picture in the immediate aftermath of the pandemic. The pandemic showed us just how quickly circumstances can change. The development of artificial intelligence and the rapid pace of change we are seeing as a result of generative AI leave us with profound moral questions as we consider the future of work. Technology is not neutral. We need a set of principles which underpin our engagement with this fourth industrial revolution. It is not clear where we are heading. The Church of England will be exploring this in the coming weeks as we seek to engage with the Rome call for an ethical approach to AI and deeper reflection on the crucial elements of fair and fulfilling work in the face of AI and technologies to come. In the meantime, the committee's report is excellent and gives us much to think about in terms of understanding employment trends. I am grateful for it and for this debate.

12.58 pm

Lord Turnbull (CB): My Lords, in the seven or so years since I joined the Economic Affairs Committee, it has produced a number of excellent reports such as those on education, training and skills for the half of the school leavers who do not go to university, building more homes, the operation of the Bank of England and the subject of today's debate, *Where Have All the Workers Gone?* This was produced when I was not a member, but I am happy to praise it highly.

I wondered whether there was a thread connecting these subjects. I found an answer from the excellent testimony we received recently from Dr El-Erian, the president of Queens' College, Cambridge. The connecting thread, he argued, was the supply side of the economy, which has been neglected over the past decade, including much of the labour market, while too much attention has been paid to managing demand in the economy. He argued that there was a dominant view in the decade 2010 to 2020 that there was a surplus of savings and insufficient demand in the global economy and in the UK, which was seen as constantly teetering on the verge of recession, meaning that interest rates needed to be kept low. It also meant that you could flood the system with fiscal and monetary stimulus and not pay the cost in terms of inflation. Dr El-Erian's conclusion was that we live no longer in a world of insufficient demand but in a world of insufficiently flexible supply. The supply side is governing the outcomes for growth.

A number of events have damaged supply here in the UK, some coming from outside the country and some from faulty domestic policy decisions. In the decade between 2010 and 2020, the Bank of England and the Government tried to boost demand by stuffing the banks with liquidity through QE, while boosting household incomes by increasing public spending faster than taxes. But this failed to produce growth; it was described as "pushing on a string".

Looking through the past reports of the EAC, one can see where opportunities to improve the supply side of the economy are being missed. In the area of skills, we have funded universities generously but, as the noble Lord, Lord Willetts, noted, the provision for school leavers not going to universities but taking courses such as HNCs or BTECs, or going to apprenticeships and FE colleges, has been trashed. As a result, we do not have enough skills to build the number of houses we need. Priority has been given to helping first-time buyers but we have not increased the supply of homes for them to buy, with the result that house prices have risen.

The report we are discussing reveals a major anomaly in the British economy, as the noble Lord, Lord Skidelsky, pointed out. During the pandemic the level of inactivity in labour markets around the world rose, but in almost every other major country the level of inactivity has returned close to pre-pandemic levels. The UK stands out as the one where inactivity levels have gone up and remained high. The ONS published revised figures on the labour market earlier this week and, although there are some doubts as to how much confidence we should place in them, they show a picture even worse than we expected when the report was written. The

[LORD TURNBULL]

inactivity rate has been revised upwards and the numbers who are long-term sick have been revised up from 2.4 million to 2.8 million. Something has gone seriously wrong when the numbers who are long-term sick are this high while there are serious labour shortages in key parts of our economy. Because we are failing to get enough of the people already living here into work, we have resorted to bringing in more workers from abroad, with all the tensions that brings.

As the report indicates, the reasons for the inactivity rate rising and staying high are complex: the ageing population, changing preferences about early retirement, access to disability benefits and a deterioration in health, physical and mental, are all contributing. The report rightly urges the Government to study this more intensively. I think paragraphs 58 and 59 of the report rather downplay the role of sickness in raising inactivity. In the light of the new figures, we should possibly revisit that conclusion.

What does all this mean for policy going forward? The emphasis should be on measures that improve the supply side of the economy and productivity, rather than simply pushing more money into the banks or giving short-term, pre-election tax cuts. We should certainly aim to improve health, which is acting as a major drag on our performance.

Other evidence we have heard from the committee recently is that, despite the huge quantity of government debt that needs to be sold each year, there has been no significant difficulty apart from the Truss crisis. This indicates that we may have some time in which we could prioritise measures to improve supply and productivity over further increases in demand: by changes to in-work benefit rules, improvements in healthcare and boosting investment, public and private. That is pretty much the approach recommended by the National Institute of Economic and Social Research in its latest report on the economy.

I have one final observation: we should reorganise our thinking and our statistics around the way we characterise age 65 as a watershed. Below that age, people are described as “of working age”, implying that those above that age are not. Many in that age group could be brought back into the workforce with the right incentives and support. That is something we should certainly work on.

1.04 pm

Lord Balfre (Con): My Lords, I too begin by thanking my noble friend Lord Bridges for the report. It is an incisive report and is good at defining problems, but we are still left looking for the solutions. I also welcome back my friend the noble Lord, Lord Skidelsky. I applaud his contribution and am very pleased that he is now back with us in this House.

As I said, this report is a good definition of the problems, but the last thing we are going to get in an election year is any solution to them. I see the problems as falling into three separate parts: what you might call the voluntary part, the sickness part and the structural part. The voluntary part is quite simply that people have decided that it is a very good idea to retire. I was very fortunate that, thanks to the pension reforms for MEPs passed by Margaret Thatcher—I will not

hear a bad word said against her—I was able to retire on a full pension at 60. I have always been very grateful to that good lady for that.

The big thing about retiring is that you no longer have anyone telling you what to do. It is not that I stopped doing any work—in fact, I probably work just as hard—but no longer was there any compulsion. No longer was the diary out saying that I had to do this or that, so I can well understand the attraction of early retirement. Of course, thanks to George Osborne, if you have private means you can now retire at around 55 with a SIPP and a lot of people have decided to do just that.

I know one or two in my city of Cambridge who have decided that they had better retire. A number of them work in the medical profession, then go back as locums to do part-time work so that they can supplement their income but be retired. There is nothing wrong with that and nothing we can do about it. It is a free choice in a free society. The Government could look at upping the age at which you can acquire a pension from your SIPP, but they cannot and really should not do much about people using their voluntary idea of retiring and leaving the labour force. In the experience of my friends who have retired, they are often doing something pretty useful afterwards.

We then get to the next category, which is where all the money is going. The claims for PIPs have doubled recently, so I am told, and the costs are going to go up because 2.8 million people are now unable to work. It is going to be a challenge for this Government and the next Government, whoever they may be, to sort out how to bring under control social security payments. However much we may think that they are under control, they are clearly not. Not only does the ONS have great problems with the statistics but there seems to be an eternal moving up.

The noble Lord, Lord Layard, who is not in his place, made a very good point about the costs of mental illness. He reminded me of another noble Member of this House, my noble friend Lord Hammond. When he was Chancellor of the Exchequer, I met him on a number of occasions. I recall that on one of them he said to me, “You know, Richard, the trouble is quite simple. There is lots of ‘invest’ but I never see any of the ‘save’”, and this is a problem. We can always say that if we put more money in we will get a dividend out, but I am afraid that we have to tackle the issue of depression in society because if people are too depressed to work, that is a problem. My colleague—I am not sure I am entitled to call him my friend—the noble Lord, Lord Hendy, had a point when he talked about the way in which the working people of this country have gradually had their rights pushed backwards.

Noble Lords will know that I have often stood here and said that we need a much better working relationship with the Trades Union Congress and the labour movement. This is not a left-wing policy. In the European Parliament, where I spent most of my political life, what were known as the “Christian unions”—the right-wing unions—played an important part in the development of policy. Indeed, we had a trade union group in the Christian Democrats when I sat with them in the European Parliament.

We have to look at the conditions of work, and we have to stop regarding workers as latter-day slaves to be pushed around. We have to realise, as Winston Churchill did, that they need to be treated with dignity, compassion and respect. That is the way to get the best out of the workforce. You do not get it through brutalism. If it is the policy of one of the parties in this Chamber to let people carry interest on their ill-gotten gains in private equity, and then not be able to afford to look after working people, that is very sad. One of the lessons in the report, for me, is the need to treat people better and to be better in the way we approach our industrial relations.

1.11 pm

Lord Sikka (Lab): My Lords, I thank the Economic Affairs Committee for its report. The title, *Where Have All the Workers Gone?*, is intriguing. Neoliberal economists would argue that markets do not have shortages if buyers are willing to pay the appropriate price. However, the report does not advocate higher real wages to address market failures, even though that reduces staff turnover and training costs. The report seems to hanker for an expanded reserve army of labour at low wages, and it associates higher wages with inflation. This logic is at odds with the current bout of inflation, which is caused by profiteering. The real average wage has not changed since 2007. The Government themselves do not associate inflation with higher executive pay and bankers' bonuses, so it is surprising that they are not advocating the same for workers in order to relieve worker shortages. Perhaps the Minister would like to comment on that.

Government policies have caused labour shortages in this country. With never-ending austerity, millions are struggling to get access to good food, housing, education, clothing, upgrading of skills and healthcare. Deprived people cannot work long hours or fulfil their potential. More workers are reporting being sick and have mental health problems, as has been said by other speakers. So higher disposable income and good public services are key requirements for maintaining and expanding the labour supply.

But the Government have done the opposite, cutting real wages and access to healthcare. Some 6.3 million people in England are waiting for 7.6 million hospital appointments—that is 1 in 9 people. Around 2.8 million people are chronically ill and unable to work, and more than 500,000 under-35s in the UK are out of work due to long-term illness. An August 2023 study by the *Times* reported that, in the five years to 2022, some 1.5 million people in England died while waiting for a hospital appointment—that is 300,000 a year. A 2022 study published in the *Journal of Epidemiology and Community Health* reported that, between 2012 and 2019, government-imposed austerity caused 335,000 excess deaths in England and Scotland—nearly 48,000 a year. One-third of these deaths were among people under 65. The Government's obsession with austerity, wage cuts and defunct economic theories has turned the state into a debilitating killing machine, and this is a major cause of the labour shortages we are experiencing.

Reskilling should be a major issue. Apprenticeships have more or less vanished, or are scarce, and fewer people in England are now going to universities. They

are burdened by student debt of £206 billion. Unlike other European countries, England charges university fees, which is now deterring people. The Government seem to have little by way of a strategy to address these issues. I hope that the Minister will announce that the Government will write off student debt, because it will have to be written off sooner or later.

The labour shortages are deepened by having too much dead weight in the economy. For example, the UK has nearly 400,000 professionally qualified accountants, which is the highest number per capita in the world. Nearly a quarter are engaged in what is called "tax planning", which is really a euphemism for tax dodging—there is no other word for it. They are well paid to plunder the public purse, but this adds little to the productive capacity of the economy. The higher rewards from tax abuse persuade graduates to shun other sectors of the economy. Just think about the huge social cost associated with producing one tax-dodging accountant. There is a huge misallocation of resources, which exacerbates labour shortages in other industries. The Minister will, I hope, tell us how he will rebalance the economy.

Labour shortages can be alleviated by new technology, but there is chronic underinvestment in the UK economy. Investment has fallen from 23% of GDP in the late 1980s to around 17% from 2000 onwards, compared to 20% to 25% in other major industrial economies. In the OECD league table of investment, the UK occupies the 35th spot out of 38 countries. The private sector does not invest enough because people do not have enough purchasing power to buy the goods and services it might actually produce. These days, the public sector is more about handing cash to footloose corporations, rather than directly investing in industries. There was a time when we had an entrepreneurial state that directly invested in new industries and created information technology, aerospace, biotechnology and other industries. But these days, we just give cash away and nothing is created.

To sum up, government policies are a key reason for labour shortages. We cannot alleviate them with further doses of neoliberal policies that oppose higher wages, better public services and the creation of new industries. I hope the Minister will tell us that the Government will change all their policies.

1.18 pm

Lord Bilimoria (CB): My Lords, my first public appointment was 25 years ago, when I joined the New Deal taskforce in what was then the Department of Employment. It then became the national employment panel in the Department for Work and Pensions. Our sole purpose was getting people from welfare to work. Right up front, I ask the Minister: is there such an initiative now in government, with the pure objective of helping people get from welfare to work? Work is good not only in enabling people to earn money, but for well-being, health and mental health, which the noble Lord, Lord Layard, spoke about.

I thank the noble Lord, Lord Bridges, and his Economic Affairs Committee for its report, *Where Have All the Workers Gone?*, published in December 2022, as the noble Baroness, Lady Noakes, said. As the noble Lord said in his excellent opening speech,

[LORD BILIMORIA]

the answer is that the UK's workforce has been squeezed by four factors: retirement among those aged 50 to 64, increasing sickness, changes in the structure of migration, and the impact of an ageing UK population.

We have had the latest labour market statistics, hot off the press on 5 February, and we know that unemployment is now at 3.9%. That is fantastic; it is a really low rate—it is back to where it was before the pandemic. However, we have this figure of 9.25 million aged 16 to 64 who are economically inactive, revised up from 8.68 million. The report says that the Learning and Work Institute said that

“since the pandemic if the UK had matched the economic activity rate growth of Australia, France or Netherlands, there would be an additional one million people in the UK workforce”.

The noble Lord, Lord Skidelsky, in his excellent speech, pointed to page 13 of the report, which has graph after graph of country after country showing that other countries have recovered, while we are still up there, with our graph very high, showing economically inactive people. So we have not done as well as other countries have done.

My friend Andy Haldane, the chief executive of the Royal Society of Arts, of which I am a fellow, has said:

“Having been a strong tailwind for two centuries, health is now a strengthening headwind to UK economic growth, for perhaps the first time since the Industrial Revolution”.

The noble Lord, Lord Skidelsky, said in his speech that Britain is the sickest country in Europe.

Every day now in the press we hear about the crisis in dentistry. The UK spends barely £3 billion of the NHS budget on dentistry. That is shocking. In real terms, it has fallen by 33%, because it is at the same level as it was in 2010, when the current Government came to power. The overall national health budget is £170 billion. Why are teeth less important, given the agony that every one of us has experienced with teeth? Dentistry is not free at the point of delivery; you have to pay for it, and it is expensive to go privately. The NHS is meant to provide a service for everyone on demand, but the reality is different. The latest is that nine out of 10 practices are not accepting new adult patients.

As the chancellor of the University of Birmingham, one of the proudest moments of my tenure was when we opened our brand-new dentistry school on the old Pebble Mill BBC site, and Her Majesty Queen Elizabeth and Prince Philip, the then Duke of Edinburgh, came to open that school. Do you know that we have now only 1,000 dentistry school places available each year? If we do not put health first, we will be the sickest nation in Europe.

The report refers to the furlough scheme and the effect of lockdown on early retirement. As president of the CBI—the Confederation of British Industry—I was one of the first people during the pandemic, as early as August 2020, to ask the Government to provide free lateral flow tests to everyone, at home and in the workforce, therefore preventing lockdowns. I am convinced that we could have avoided the second and third lockdowns if we had used those lateral flow tests earlier. Noble Lords may remember that, by the time we started to use them, in December 2021 and January

2022, we ran out of them, because we were using them so much. Oxford University conducted a test with schools in the summer of 2021—it was published in July—proving very clearly that effective use of lateral flow tests could control the spread of the disease. We did not do it early enough—and, to my knowledge, the Covid inquiry, which is costing so much money and taking so much time, is not even looking into that aspect. So many operations could have taken place, and so many children could have not missed out on school and university, and we would not have a 30 million waiting list at the moment.

On immigration, the committee noted that the end of EU free movement and the introduction of the UK's points-based visa scheme changed the structure of UK immigration. The committee said that many lower-paid roles in the economy, such as in agriculture, hospitality and care, had previously been filled by EU workers, while the new immigration system prioritises skilled workers. The report said that this had

“contributed to a mismatch within the labour force, accentuating labour shortages in these sectors”.

In my own business of Cobra Beer, in the hospitality industry, we supply 7,000 restaurants—a £54 billion industry in terms of tax receipts alone, employing 3.5 million. The changes to the immigration system, set to be implemented in April, mean that the minimum salary needed to get a skilled worker visa will rise from £26,200 to £38,700. That will further shrink the talent of good people that the hospitality business needs. The reality is that 75% of hospitality jobs are domestic, but we still need to recruit from abroad. How is our economy meant to grow without access to labour?

The noble Lord, Lord Bridges, spoke about the record 740,000 net migration figure. However, as chancellor of Birmingham University, president of UKCISA and co-chair of the All-Party Parliamentary Group for International Students, I ask why the Government keep including international students in the net migration figure. Other countries treat them as temporary migrants; we should exclude international students from the net migration figure.

We have a low-growth economy, high debt at 100% of GDP, high government spending and low productivity, as the noble Lord, Lord Londesborough, said, and what nobody else has mentioned is that we have the highest tax burden in 70 years. High taxes and freezing the thresholds affects everybody: it is a disincentive to work. We need to reduce our taxes, which will help people to get back to work as well. I hope that I have now answered the mystery posed by the noble Lord, Lord Skidelsky, of where all the workers have gone.

1.25 pm

Lord Griffiths of Fforestfach (Con): My Lords, as a member of the committee that produced this report, I, too, thank our chairman, the noble Lord, Lord Bridges, who did an outstanding job, as well as fellow members of the committee. It was a very lively committee, as with other times when I have served on that committee—it has always been lively.

At this stage of the debate, much of what I might have liked to say has been said, but there are some points that I would like to draw noble Lords' attention

to. The noble Lord, Lord Skidelsky, is right in saying that the title, *Where Have All the Workers Gone?*, sounds a bit like a whodunnit. However, when you open the report, you are immediately thrown into the detail of statistics about the economics of the labour market, and you get down to the minutiae.

The first point that I make is that this is really a debate about economic growth, which matters enormously. It matters for the quality of the public services that we have and for the welfare state, as well as for defence and for future tax cuts. It matters for managing our national debt. Among economists, a lot of emphasis is given to public and private investment and labour productivity, but much less to the size and health of the labour force. The size and health of the labour force are crucial to growth. I very much agree with the noble Lord, Lord Layard, my colleague, that mental health is absolutely central to what we are discussing today.

The second point that I want to make is that I believe that this is a crisis. Having been on the committee that wrote the report and having taken an interest in this area, I was astonished to find the figures published by the ONS on Monday. Nearly 3 million people in this country are economically inactive because of long-term sickness. It is a very grim picture. In the section of the publication on economic inactivity, the ONS posed the question: “Do you want a job?” That might seem an odd question to pose, given that it has produced statistics on economic inactivity, with regard to people who are not looking for work. It says that 1.8 million people responded to that question very positively, which may be entirely made up of students—but I cannot help feeling that those who are suffering from long-term sickness are people who would really aspire to having a job, and they are actually quite disappointed because they do not have one.

The third point that I would like to make is that we started our report under the shadow of Covid. It is not clear to me that, as a society, we really understand what the longer-term effects of Covid really are. You see it in small ways. When you talk to schoolteachers, they tell you that Covid had such an impact that children today are much more casual about attending school. For example, we know that people coming to an office only two or three days a week has now become a norm.

The statistics seem to hide things, and we really need more data from the ONS on this subject. We do not have nearly enough data explaining the relevance of economic inactivity, and particularly mental illness, to growth. The question arises of what needs to be done. I would say the first thing is: do no harm. The last thing we should do is to get on a bandwagon that says, “Pull up your socks, start walking, find a job—any job you possibly can”. There is great temptation to do that when the public finances are in the difficult state that they are. Secondly, more immigration is not the answer. While it might be a net benefit initially to the public finances, there is the problem of social housing and that the people who come have partners, get married, have children, and need education and health services. There is therefore likely to be a cost later.

We must recognise the work done, not least by the LSE, emphasising that economic inactivity is not something new. We experienced it in the late 1970s and early 1980s, and at the start of Covid. Because sickness rates have been much higher among older and less skilled workers, especially those in manual occupations, policy—particularly for the over-55s—should be encouraging or creating apprenticeships, focusing on workers with fewer skills.

This really leads to the issue of mental illness. Recently, the *Economist* had a very interesting series of articles on this subject. One question it raised was, with so many campaigns on mental illness—which I think are a good thing—might it not lead people to conflate normal responses to life’s problems with mental health disorders? Clearly, mental illness is a serious problem in our society, and it is important that it has resources and research. However, on the other hand, it is important to find out why mental illness is as prevalent as it is at present.

I say to the Minister, in conclusion, that if we are to do something about people employing more people, we need to have business on side. The department was very complimentary about the report. What does he think the department can do now to make sure that work will prove a source of well-being for those with long-term illness?

1.33 pm

Lord Davies of Brixton (Lab): My Lords, it is an honour and a pleasure to take part in this debate, with its stellar cast of speakers. The report was introduced extremely well by the noble Lord, Lord Bridges of Headley. I should mention that I am currently a member of the Economic Affairs Committee, but I was not when it produced this report. Indeed, when I saw that this was down for debate, I thought that I was going to have to stand up and make a whole series of criticisms, but then I took the precaution of reading the report, rather than just the press.

The report itself is measured in what it says. It does not attempt to make moral judgments about the situation, but identifies that we need to know more and that there is a shortage of data—the intervening period since its publication has strongly reinforced that point. I agree with the remarks of the noble Baroness, Lady Noakes. The Government’s failure to get to grips with understanding the situation is the most concerning point that we need to discuss today.

I will direct my remarks, not surprisingly, to what the report says about pensions and retirement, but I think that the most important part is where it talks about sickness and ill health. I strongly endorse the remarks of my noble friend Lord Layard in relation to mental health.

We should recognise that economic inactivity is quite a difficult concept to pin down. It appears in some official statistics, so we are very much subject to the way in which those statistics are drawn up. One issue that has not been addressed in this debate is how useful people classified as economically inactive are to the overall standard of living and quality of life: how they are contributing. It is doubtless that many are making a massive contribution that is simply not

[LORD DAVIES OF BRIXTON]
reflected in the economic statistics. Having said that, it is clearly a matter of importance that we take an interest in the reduction that we have seen in the size of the workforce, as measured by the statistics.

It is important to understand that the report does not provide us with policy solutions, and it certainly does not tell us what the long-term implications are, how significant the reduction of the workforce is, or even whether it is a good or bad thing. Certain speakers have claimed generally that it is a bad thing that we have seen this reduction in the workforce, but the report itself does not do that—unlike, as I suggested earlier, much of the commentary on the report.

Chapter 1 identifies the impacts of the reduction of the workforce. It identified inflation, but went on to say that inflation was because of the implications that the reduction in the workforce has for people's wages. I want to be absolutely clear that I think that pressure to increase wages is a good thing, both economically and for the individuals concerned. Business needs people to spend money, and they will spend money only if they have good wages. The report also said that it limited economic growth and, as an associated point, would worsen public finances. As we know, GDP is a pretty bad measure; it is the only one we have, which is why we use it, but, as a measure of quality of life it is a pretty poor proxy. I suggest that—I need to say this the right way round—men and women were not made for the GDP. You cannot assess the quality of people's lives by the level of GDP, because they are doing other things that are not reflected in the GDP figures themselves.

It is right that the report focuses on retirement and the changes that have taken place in retirement. We should try to understand figure 16, and what it tells us about the reasons people are taking retirement. The report is a bit thin on this; it raises lots of questions and provides some speculation, but it does not really tell us why people are taking retirement.

Looking at figure 16, what it suggests to me—and here I am entering into speculation, along with everyone else—is a considerable class divide. People on higher incomes are not retiring as much; people on very low incomes are not retiring as much; but people in the middle are. At the risk of making very broad generalisations, people on higher incomes have the resources to retire but they probably also have more fulfilling, more interesting, more rewarding jobs—by definition they are more rewarding—so they keep working. People on low incomes cannot afford to retire, so they stay at work. It is people in the middle income bands who have some agency here and who actually take retirement. That is obviously influenced by factors such as home ownership and what the report describes as financial resilience, which I assume means a bit of money in the bank. The report suggests that people who retire are the well-resourced group. Well, yes, I am sure that is true.

Amazingly, I have gone well over my time. I shall finish, skipping a lot of what I wanted to say, with a remark about retirement age. I always worry when people who are well off, in well-paid, interesting jobs, say that other people should be retiring later than they want to. The whole issue of the retirement age is going

to come back to us, I am sure, but I want to add a dissenting note: you cannot solve the productivity problem by forcing people to stay at work.

1.41 pm

Lord de Clifford (CB): I congratulate the noble Lord, Lord Bridges, and the committee on this excellent report in an area where I want to learn more and of which I want to widen my knowledge. The veterinary industry, in which I work, has faced a recruitment challenge for the past few years. Brexit and the pandemic had a significant effect on the availability of qualified veterinary surgeons. If you speak to many veterinary practices and businesses and ask them what their most significant challenge has been this year and in the past few years, it has been the retention and recruitment of veterinary nurses and veterinary surgeons. The demand for these qualified individuals has increased, due to the significant rise in pet ownership and the additional vets needed to facilitate the export trade in meat and live animals.

The industry has identified three areas which have caused this shortage of labour. The supply of new vets has changed significantly. Back in 2018, the number of vets being registered by the RCVS, the governing body, was 810 new graduates from universities, while the majority of new registrations, 1,158, came from the EU. These numbers changed significantly over the next four years, with 970 new grads being registered from universities and only 329 vets coming from the EU. The reduction in the number of EU vets coming to work in the UK is due to the increasing burden of applying for visas and requiring sponsorship from practices, which causes them increased costs. Also, the RCVS now applies a proficiency in English test, due to the loss of free movement of people.

The second reason, which is more appropriate to today's debate, is the retention of staff. We are registering significantly more new veterinary surgeons, but the dropout rate from the industry is significant, with the average time of registration for a veterinary surgeon now at seven years. In 2021, the industry looked into what was causing vets to leave the industry. There are varied reasons but some recurring themes: a lack of flexible working; unsatisfactory pay; a poor work/life balance; cultural issues; and a lack of support in a high-stress environment. Since 2021, we have seen an increase in veterinary surgeons' and nurses' salaries, but other issues persist. According to the latest BVA Voice of the Veterinary Profession survey, 47% of people questioned said their work/life balance was either not good or terrible, and 25% said that job-related stress was extremely high.

The number of vets registered has started to increase since 2021, but the make-up of the workforce is changing too. Back in 2018, 70% of veterinary nurses and vets worked over 36 hours per week; now, it is just 52%. Part-time and flexible working was 28% in 2018; the latest data shows it is now 36%. Only 50% of the profession work full time. Without doubt, the veterinary industry needs to improve its HR and the management of its staff. These skills are being highlighted and pushed by many organisations, and the industry has started to embrace these skills: other industries should consider this too.

The retirement of long-serving vets within the industry has also increased. The last 10 years have seen notable changes in the ownership structure of practices, with large, established companies purchasing practices throughout the country. A number of veterinary practice owners have sold their practices and, now that they are financially secure, have left the industry, possibly becoming economically inactive, as others have mentioned in the debate.

The sector I work in, and other sectors that have a vocational skills bias, such as doctors, nurses, teachers and the care professions, all meet the demands of their customers to the best of their abilities, but the workload often overwhelms the available workforce and creates stressful and demanding workplaces, resulting in poor morale, increased sickness, increased mental health issues and, ultimately, poor retention. With changes in society's attitude to work and with many seeking a good work/life balance, I encourage the Minister to invest in research and improved data, echoing the points made by the noble Lords, Lord Bridges and Lord Willetts, that will help us address the issues facing these vocational professions.

1.46 pm

Baroness Kramer (LD): My Lords, I was privileged to be part of the committee that delivered this report, serving under the noble Lord, Lord Bridges, who has so effectively presented the conclusions in our report and given an update based on the additional data that has become available. I am probably rather redundant in this debate, but that has never stopped me before and I am afraid it will not do so today.

Economic activity matters to economic growth—the noble Lord, Lord Griffiths, rehearsed this issue well—so it was not great news when on Monday the ONS revised its figures for the three months to November 2023, showing economic inactivity at 21.9% rather than 20.8%. I accept, as the noble Lords, Lord Bridges and Lord Willetts, the noble Baroness, Lady Noakes, and others have pointed out, that the ONS is finding it extremely difficult to get sound survey statistics in this changing labour market. On its behalf, I point out that it is not alone; the *FT* ran an article last week entitled “Guess the US job numbers”. This is really difficult, and we must accept that we will never get pure statistics, but our goal must be to get enough to drive us in the right direction.

It is clear from all the numbers we have that Covid left a different impact in the UK from other developed countries, as the noble Lords, Lord Skidelsky, Lord Turnbull and Lord Bilimoria, pointed out. Other countries found that economic inactivity during the Covid period recovered post Covid, but we have found the reverse. If anything, it has intensified. It is important to say that, when we began our report, we honestly did not expect to find that early retirement among the 50 to 64 year-old cohort would be such a powerful factor in economic inactivity. If anything, we assumed when we began that a post-Covid rise in sickness and long NHS waiting lists would be the cause. They are important parts of the problem, but our report clearly demonstrates that increased ill health, as others have said, typically came after retirement rather than causing it.

The noble Lord, Lord Skidelsky, caught this rather well. The scale of the significant lifestyle change that we identified, which caught me unawares, is still in many ways a mystery. We have heard a number of potential answers to that question today. The noble Lord, Lord Hendy, talked about terms and conditions and the noble Lord, Lord Skidelsky, about people just not finding their work enjoyable. The noble Viscount, Lord Chandos, and others also addressed this and the noble Lord, Lord de Clifford, gave us an example from veterinary services of why it is so hard to retain people in work, which must be part of their choosing early retirement. We almost have a vicious circle; as people fall out of the workforce, the stress that falls on those who remain is higher than ever. I very much hope the Minister will explore this and that the Government will do significantly more work in this area. I know that the OBR is treating this cohort of 50 to 64 year-olds retiring early as a temporary change; I am less sure, but that is another reason why we need to explore this.

However, I do not think that recognising early retirement negates the urgency of dealing with the NHS backlog. Virtually every speaker made the point that this is a critical area on which we must focus. If people in the 50 to 64 retired cohort become and remain ill, any chance that they will rejoin the workforce is pretty much lost, no matter what support and incentives are on offer. Yesterday's ONS figures suggesting that some 2 million people in work are underperforming because of sickness underscore the issue. There was a further warning in more recent evidence given to the Economic Affairs Committee, on a different issue, by Richard Hughes, chair of the OBR:

“People used to be getting healthier as they aged, but the data has been more disappointing recently, in the sense that you are getting more years of unhealthy life rather than more years of healthy life”.

We have to find a way to change that, for many reasons, including the workforce. I see no way other than a significant investment in reform to increase services and deal with both prevention and treatment. The noble Lord, Lord Layard, underscored the importance of ensuring that mental health is not neglected in that focus on reforming health and investing in improved health.

In undertaking this report, we were beginning to focus on a much more fundamental problem which may not have been as fully discussed in this debate: the changing ratio between our working-age population in the UK and our dependant population. Richard Hughes said:

“The underlying demographics remain pretty stark, in the sense that, in the 1970s, we had about two people in work for every one person in retirement. At the moment, we have about one and a half people in work for every one person in retirement. By the time we get out to 2070, we have only one person in work for every one person in retirement”.

This is despite expected future increases in the state pension age. The noble Lord, Lord Davies, has a point: for some jobs it is easy to think of asking people to work longer, but for many it would not be appropriate.

There was a time, perhaps until 2018 or 2019—and the noble Baroness, Lady Noakes, made this point—that bringing women into the workforce and raising the

[BARONESS KRAMER]

state pension age and free movement sustained our working-age population. The first two have largely run their course, and, as we know, free movement has ended. This is not a debate on immigration or Brexit, but I am quite taken with the fact that, according to the OBR, historic data showed EU migrants as having higher employment rates and making fewer demands on public services than the general population, while migrants under the current system are now forecast to mirror the population. This highlights that we need a proper immigration debate in which workforce issues are properly included, and the noble Lord, Lord Bilimoria, underscored that point.

This is also not a debate on productivity, but obviously increases in productivity can substitute for workforce. The noble Lord, Lord Willetts, talked about technical and educational qualifications, and indeed childcare, as playing an important part in releasing people into the workforce. Better training, better use of the apprenticeship levy and return to work schemes are all important, but we should not fool ourselves that these will provide us with a sufficient number of people to make up the workforce shortfall in the demographics we are looking at.

Like a lot of people, I very much hope that AI will give us a productivity revolution and, essentially, resolve our demographic shortfall. One hears this spoken of widely. The right reverend Prelate the Bishop of Bristol made the point that AI comes with many issues, complications and moral questions. I would add another word of caution around the simple assumption that AI will drive forward this kind of change in productivity. The House will remember that, many years ago, we discussed the notion that first came the agricultural revolution, which drove up productivity, and then the Industrial Revolution drove it up, and then in the 1990s we expected that the digital revolution would follow the same pattern. But in the UK at least—quite a number of noble Lords have talked about our weak productivity performance—the digital revolution changed the way we work but led to no rise in our productivity.

I am desperately concerned that, in looking at this issue—the noble Lord, Lord Londesborough, gave us the statistics on how productivity has been scraping along, barely above zero—we recognise that, if we are going to use AI as the offset, we need a proper strategy in place to be able to do so. It has got to be comprehensive and challenging, and not the bitty and scattered arrangements or pieces of policy that we have today.

I close by picking up the point made by the noble Baroness, Lady Noakes, and the noble Lord, Lord Davies. Frankly, the Government's reply to the report is pretty complacent and largely misses the point. It does not recognise the scale of the issue that we are dealing with. Yes, we need better data, but we also need the Government to understand that there are real and fundamental issues around the size of the workforce and our demographic profile. These issues have to be thought through and encompassed in every plan that we have for the economy, or else we will not see the economic growth that we want to see to sustain our population and our quality of life.

1.57 pm

Baroness Sherlock (Lab): My Lords, I thank the noble Lord, Lord Bridges of Headley, for introducing this debate and all members of the committee for their hard work. Having heard many of them in action, I think the noble Lord's chairing skills must be fine indeed. I imagine it was a lively committee, as the noble Lord, Lord Griffiths, described it—I would have liked to have been a fly on the wall at times.

I found the report fascinating. It had that combination of focus and sheer intellectual curiosity that characterises the best of the reports that come from this House. I hope it will prod the Government to take the opportunity to consider some of these things in a way and to a depth that they might not otherwise have done. It is a shame, as the noble Baroness, Lady Noakes, pointed out, it has taken us so long to discuss the report, because there is so much in it and it would have been even more helpful had we discussed it at the time.

“Where have all the workers gone?” is still a great question, and clearly still relevant. After all, employment levels in the UK have still not reached their pre-pandemic rates, unlike those in other countries—a point made by my noble friend Lord Chandos. Vacancies are still above pre-pandemic levels and so is economic inactivity. We will maybe get a better sense of things when the Labour Force Survey's reweighted data come out, and I take the points made about the difficulties in getting good data. However, the noble Baroness, Lady Kramer, is right that the report is at least pointing us in the right direction. If we look at what the ONS said this week about the likely impact of the reweighting, it is clearly pointing us towards the fact that we have a bigger, sicker workforce, and that our employment rate is even lower than previously thought. It also looks as though there are at least another 100,000 more people out of work due to long-term sickness than previously thought—and previously it was at a record high.

The committee's report answers its own exam question by pointing to four drivers, each of which I will pick up briefly. First, I will pick up the point made mainly by the noble Baroness, Lady Noakes, about the DWP review into workforce participation. This was announced in the 2022 Autumn Statement and never mentioned again. It simply did not appear in the government response to the committee. I pay tribute to the noble Lord, Lord Bridges, who did his best to track it down, having written to the Secretary of State to ask for an update and a publication date. The response from the Secretary of State, in his letter of May 2023 to the noble Lord, Lord Bridges, was frankly extraordinary. Simply to point to a bunch of measures in the spring budget and declare that that

“represents the conclusion of my review”

is just astonishing.

Does the Minister not think it a touch unorthodox for a document such as the Autumn Statement to announce a review but for Ministers to then refuse to give any information about its terms of reference, its work or its findings, even to a committee of this House? When pressed on the matter, they simply pointed to a list of Budget measures and said, “Oh, that's it”. Really? It ended up making a mockery of the committee's

recommendations, because, not unreasonably, it thought this was an ongoing piece of work. The committee made lots of recommendations pointing to a review, only to find that apparently it had happened and we had not noticed it. Can the Minister please explain to the House what is going on?

Having got that off my chest, I will come back now to the content of the report. On the issues around early retirement, there have been some very interesting comments both here and in the report. As we heard from my noble friend Lord Chandos, the committee seems to have gathered evidence around two broad explanations: that the Covid years gave people a taste for life beyond work, and that our flexible pension access arrangements, turbocharged by the recent pension freedoms, made this possible. In other words, Covid made people think they would like to retire and the pension situation meant that they could—or at least some of them could.

I take the points given for colour by the right reverend Prelate the Bishop of Bristol that Covid had more complex relationships than we yet properly know. I suspect quite a lot of people were traumatised in ways that are only beginning to surface down the line. That may be having effects that we have not properly begun to understand. I also take the point made by the noble Lord, Lord Balfe, that one of the things that defines work and separates it from activities we choose is choice. That is pretty important to making such choices, and there is not a lot that the Government can do about that; nor, as the noble Lord said, can the Government stop people using their savings in general. However, the state has a legitimate interest in savings to which the taxpayer has contributed, by giving tax relief on pension contributions, so I am interested to hear what the Government have to say about that.

The Government response sounded as though they felt that the retirement issue was not that big of a deal. Certainly, the most recent September stats show a drop of 2.5% in those giving “retired” as the reason for leaving the labour market, but that still leaves almost a third of all those who are leaving. It is not insignificant, so I hope that is being thought about in some depth in DWP. I take the point of the noble Baroness, Lady Noakes, that, above anything else, there is an apparent lack of curiosity on the part of the Government as to what is going on, and I find that disappointing. I hope the Minister can tell us where their thinking is on that.

Sickness as a cause of economic inactivity has been raised by many noble Lords. It is worrying that the number out of work due to long-term sickness is now either at an all-time high of 2.6 million or at an all-time high of 2.8 million, depending on which figure is picked. But it is big, and it is more than twice what it was in 2010-11. We also now have more people who cannot work fully. The Health Foundation reports that 3.7 million people in work have a health condition that limits either what they can do or how much work they can do. That is also up by 1.4 million over the last decade.

As my noble friend Lord Sikka said, we also have a healthcare problem, with waiting lists for hospital appointments spiking since the pandemic. We do not yet have clear data on causal relationships. However,

when the ONS figures show that almost a fifth of those aged 50 to 64 who left work since the start of the pandemic reported that they were on a waiting list for NHS medical treatment—which is noticeably higher than the average—we ignore that at our peril.

There is also the question of disability, raised by the right reverend Prelate the Bishop of Bristol. Disabled people are almost twice as likely to be unemployed and three times as likely to be economically inactive as non-disabled people, and yet they are more likely to want a job. What are we doing to make that possible? The Access to Work programme is key to this, but the waiting list quadrupled in two years, and, by last September, over 22,000 people were waiting for their applications to be heard. Can the Minister tell us what is happening with that?

The final driver was changes in the structure of migration. I do not have time to discuss them in any detail, but they were addressed by the noble Lord, Lord Bilimoria, and a number of other noble Lords. The noble Baroness, Lady Kramer, is right: we need a bigger debate on that as a matter by itself. Like others, I have received clear briefings about the impact on particular sectors, such as hospitality and agriculture, and it has been interesting today to listen to noble Lords describe the sectors they know. This issue is not just about the economy: most of us would like to drink the beer of the noble Lord, Lord Bilimoria; many of us will have pets that we would like to be treated by the colleagues of the noble Lord, Lord de Clifford; many people want to buy products from the SMEs described by the noble Lord, Lord Londesborough; and, as a Church of England priest, I certainly want to know that my bishops are properly supported and that the right reverend Prelate can get the staff she needs in her diocese. Although this issue hits certain sectors, it is not just about economic growth but about the quality of life in our country.

This is so complicated; everything is connected to everything else. What you think is wrong depends on where you stand: the macroeconomists will tell us that we are not going macro enough, while people like me, the shadow DWP person, will inevitably focus on what is happening to employment. We have heard some interesting contributions—the noble Lord, Lord Turnbull, made an interesting point on the supply side measures that need drilling down into more—but we need to know more. The noble Lord, Lord Griffiths, made a strong point: this is in essence a debate about economic growth. My noble friend Lord Layard said, interestingly, that when we talk about growth, we talk too often about things and not enough about people. While we are trying to work out what is going on, we should at least try to do what we can about that.

One of the questions is about making sure there are good enough jobs, a theme that has emerged repeatedly during today’s debate. Labour is committed to creating jobs that provide security, treat workers fairly and pay decent wages. I loved the little kick from the noble Lord, Lord Skidelsky, to the economists—which I would not dare to do—in saying that they always view work as a disutility, whereas in fact, for most people, work is much more than that. We are all looking for meaning and we find it in different ways, but we find it very much in connection and relationship with other people,

[BARONESS SHERLOCK]

as well as in wanting to be needed and in making a difference to our society—and work is a key part of that. But, as my noble friend Lord Davies, the noble Lord, Lord Balfe, and others have commented, it has to be work that makes us feel valued and fulfilled to want to carry on doing it.

This may all sound a bit bleak, and perhaps it is. I am sure the Minister will have come armed with a list of things that the Government will do—he has a big folder, and I can see that it is full of such ideas—but one of the questions is: is what has been done working? Despite the Government pouring money into their plans, the OBR is forecasting that the employment rate will stay static over the next five years at just over 60%, and that there will be 600,000 more people on health and disability benefits by 2028-29, with costs going up to somewhere around £33 billion.

I accept that it is complicated, but Labour has tried to set out what we would do, and I offer these ideas to the Minister in a spirit of co-operation, because we should be curious and look at everything going on here. We want to overhaul jobcentres so that they focus on tackling barriers to good jobs, to devolve new powers over employment support and to get collaborating with the NHS and other agencies. We want to give full-time employment support in young futures hubs and to change the benefit rules to help more sick and disabled people risk a new job without worrying about losing money or getting reassessed. We will provide money for an extra 2 million operations, scans and appointments a year to try to get people back to work. We will expand mental health support by recruiting 8,500 more staff and providing specialists in schools, because that is crucial, as many noble Lords have pointed out. I could go on for a long time, but I will not.

This important debate has focused attention in a very helpful way on one of the biggest challenges facing not just our economy but our country and who we are as a people. If nothing changes, things will carry on getting worse. But we can choose to try to get to the bottom of it and to take steps to restore hope and opportunity to millions of people who have been written off—and, in the process, give a much-needed injection to our labour market and economy. I urge the Government to seize the day.

2.08 pm

The Parliamentary Under-Secretary of State, Department for Work and Pensions (Viscount Younger of Leckie) (Con): My Lords, I am very pleased to close this debate on the Lords Economic Affairs Committee report *Where Have All the Workers Gone?*. I thank all noble Lords for their valuable contributions, particularly my noble friend Lord Bridges of Headley for initiating the debate. I also thank his committee for the work undertaken in producing its report. This topic is one close to my heart, following my long career in human resources in industry and the City. I really do know how important it is that businesses are able to get the right people with the right skills in a competitive labour market.

Where have all the workers gone? I start by echoing the views of the noble Baroness, Lady Sherlock, also picked up by the noble Lords, Lord Sikka and

Lord Hendy, and my noble friend Lord Balfe, about the importance and value of the workforce. The noble Lord, Lord Hendy, spoke—quite rightly, too—about the importance of the unions, and my noble friend Lord Balfe mentioned looking after the workers and their dignity, giving them compassion and respect from the employer's point of view, and of course he is quite right.

My messages today are the following. Workers must feel that they want to go to work. They should feel that they are paid properly—indeed they should be paid properly—and that they have a stake in the business. That does not have to be a financial stake, but they should at least feel that their views are heard and their skills respected, nurtured and optimally utilised.

To pick up an important point about pay raised by the noble Lord, Lord Hendy, he will know that we expect the increases to the national living wage and the national minimum wage to give a pay rise to around 3 million workers. My noble friend Lord Griffiths and the noble Baroness, Lady Kramer, made some good points about the spirit of this debate. The working population, their health and the numbers in employment really matter, with all the knock-on effects on the economy, particularly of inactivity. Those are my opening points.

This is an appropriate moment to take a step back and reflect on just how much the labour market has changed over time. Just over 50 years ago, four in 10 women were economically inactive, largely due to caring responsibilities. Today, I am pleased to say that the figure is down to 25%, with more women choosing to enter and remain in the workplace to build a career. To address a question raised by my noble friend Lord Griffiths, expanding the opportunities for people to do work that they find fulfilling and rewarding is very much at the heart of what we are trying to do in government.

This report focuses on the rise in both vacancies and economic inactivity following the pandemic. However, the House will note, as pointed out by my noble friend Lord Bridges himself, that the publication goes back to December 2022. To reassure the noble Lord, Lord Bilimoria, I am keen to emphasise that the Government understand the scale of this challenge and have since announced an additional £6 billion of investment in additional support aimed at increasing workforce participation—I will expand on that.

The UK is also not alone in the challenges we face, as most countries for which we have data have higher vacancies than before the pandemic. This issue was raised by my noble friends Lord Bridges and Lord Griffiths, and the key question was: are the statistics fit for purpose? Getting the data on the labour market right is vital. My noble friends will know that the ONS is an independent organisation that decides for itself the best way to produce labour market statistics. However, we engage regularly with it and understand that it has taken a number of steps to improve the quality of the Labour Force Survey, and that survey data is being reintroduced from next week. We review and monitor a wide range of labour market statistics to inform our view, not just the LFS.

The noble Lords, Lord Skidelsky and Lord Bilimoria, expanded on this and stated that we are worse than other countries. That is not entirely true. The UK still has economic inactivity rates that are well below the average for the European Union and the OECD, as well as being the fourth lowest in the G7—but I acknowledge the higher levels of inactivity, which of course is the theme of this debate.

The report makes a number of recommendations, which centre on three main themes: the rise in economic inactivity due to long-term sickness and disability; those choosing to retire and leave the labour market early; and the impact that migration changes may have on certain sectors. I will address each of these in turn. They largely mirror the main points raised in the speech of my noble friend Lord Bridges; I appreciate the detailed analyses of the reasons behind the inactivity from the noble Lord, Lord Skidelsky.

First, on the important issue of long-term sickness and disability, which is now the most common reason stated for economic inactivity, the Government share the concern of noble Lords here today regarding increased economic inactivity levels for those who are disabled or long-term sick. I share the comments of my noble friend Lord Bridges on the statistic that one in five in the 16 to 64 group are inactive. The 2.8 million long-term sick figure is certainly one for great concern.

As the noble Lords, Lord Londesborough and Lord Layard, and the right reverend Prelate the Bishop of Bristol mentioned, we know that rewarding work is hugely beneficial for mental health and well-being, which is why this Government have an ambitious programme of initiatives to support disabled people and people with health conditions, including mental health conditions, into employment. They include increased work coach support and disability employment advisers in jobcentres; the Work and Health Programme and intensive personalised employment support; Access to Work grants—I reassure the noble Baroness, Lady Sherlock, that the backlog is reducing; I will follow up with her on that and give some figures proving that that is correct—the Disability Confident scheme; the information and advice service; and employment advice in NHS Talking Therapies, which was raised by the noble Lord, Lord Layard.

The noble Lord, Lord Layard, made a point about support for addiction. We are investing £39 million to expand our individual placement support programme for drug and alcohol dependency across England by 2025. This programme provides employment support alongside clinical treatment, making employment a key aim of recovery. The NHS is also expanding the mental health aim of this important programme and we are testing a peer mentoring programme in selected jobcentre areas; peer mentors use their lived experience of addiction and recovery to inspire, motivate and support others to manage their dependency, access appropriate support and move towards employment.

My noble friend Lord Griffiths asked about the knowingly economically inactive and their wish to work. He is right: the ONS figures indicate that more than 600,000 people who are inactive due to long-term sickness would very much like a job.

The right reverend Prelate the Bishop of Bristol spoke about disabled people. Let me say a few words about them. The Government are determined to do more to help close the disability employment gap and help more disabled and long-term sick people into work. That is why we have announced even more support targeted at this group over the past year. I will quickly reel some examples off: expanding the existing additional Work Coach support programme; introducing universal support, a new supported employment programme for disabled people; launching WorkWell, which will bring together the NHS, local authorities and other partners in collaboration with jobcentres; introducing employment advisers to musculoskeletal conditions services in England; and, importantly, consulting on occupational health provision in the workplace, as well as expanding the funding for the forthcoming small and medium-sized enterprise subsidy pilot for occupational health services. This week, we also published the Disability Action Plan, setting out 32 practical actions that the Government will take forward over the next 12 months to improve disabled people's daily lives; noble Lords will be aware that I updated the House on this on Tuesday evening.

The noble Lord, Lord Londesborough, asked whether the Government have up-to-date statistics on those taken out of the workforce for each year between 2020 and 2023 because of sickness, as well as on how many were able to rejoin in each of those years. It was a precise question, and I hope I can give a precise answer. The ONS data suggests that, between those years, almost half a million more people were inactive due to long-term sickness. The most common conditions among this group were depression, anxiety and nervous dispositions, which also had the largest increase. Once people become economically inactive and the main reason for doing so is long-term sickness, relatively few of them move back into employment; that is rather sobering. Between 2019 and 2021, only around 3% of those who were long-term sick inactive moved into employment, so the noble Lord makes an important point.

I turn to the next issue raised in by the report. When we are talking about early retirement, I say to the noble Baroness, Lady Sherlock, “Yes, we take this matter extremely seriously”. I am pleased to note that data from the ONS shows that the number of those who state they are economically inactive due to early retirement has been decreasing. I think it was mentioned that the average age of Members of this House is 72; perhaps we are a good example, as we should be, of a cohort—a very distinguished one—working past retirement age.

Picking up on the remark by the noble Lord, Lord Skidelsky, I believe that our role in this Chamber at least is a decent job. To pick up another point, raised by the noble Lord, Lord Turnbull, perhaps we should be defined as being of working age. We can mull that over after this debate. However, we know that those over 50 seeking employment may face additional barriers, which is why the Government are committed to continuing to deliver a comprehensive package of support to help older workers remain in and return to work. I think that answers the second question from my noble friend Lord Bridges. This includes the additional

[VISCOUNT YOUNGER OF LECKIE]

work coach time for eligible jobseekers aged 50-plus on UC, dedicated 50-plus champions working out of every job centre across the UK, and the midlife MOT, which I am sure the House has heard of. It is a review for workers in their 40s, 50s and 60s that helps them take stock of their finances, skills and health.

The report also questions whether pensions freedoms in the UK are driving more people aged over 55 to become inactive. I took careful note of the remarks made on this subject by my noble friend Lord Willetts and the right reverend Prelate the Bishop of Bristol. Where individuals do access their pension using pension freedoms, this does not necessarily mean they have become economically inactive, and the evidence supports this conclusion. The DWP's research shows that people use pension income to supplement other activities such as childcare and helping to support younger generations in work. Importantly, accessing pension income can help significant numbers of individuals to change vocation, work flexibly or go part-time, which allows them to stay in employment where they may otherwise have left the workforce.

I will now turn to the last main theme of the report—migration. On 4 December 2023 the Government announced a new package of measures to curb immigration abuse and further reduce net migration. The Government have been mindful of the need to balance the impacts on the labour market against the need to reduce net migration. These reforms are the right package to support reducing net migration to sustainable levels while enabling the UK economy to access the skills and talent we need. We understand that some sectors may be concerned about their ability to fill certain roles. I strongly encourage any employer, of whatever size, sector or place, to engage with their local jobcentre or the DWP nationally if they are looking to recruit. Our jobcentres have a fantastic offer for employers, including help with job adverts and recruitment opportunities to connect directly with jobseekers at job fairs and other events, and access to government-funded training.

The hospitality sector, which is very close to the heart of the noble Lord, Lord Bilimoria, is mentioned in the report. This is a fantastic example of the DWP supporting vital sectors. Working with UK hospitality and employers such as Greene King, Hilton and Premier Inn Limited—and, I am sure, Cobra Beer—we recently launched a new destination hospitality pilot. These are innovative new schemes which combine training, work experience and a guaranteed job interview, and demonstrate the availability of motivated jobseekers for firms that are looking to recruit.

Turning to the theme of childminders and universal credit, my noble friend Lord Willetts and the noble Baroness, Lady Kramer, alluded to the relevant issue of parents entering the workplace. The Government very much know that the cost of childcare remains a critical barrier preventing many people re-entering the workforce. This is why we are delivering the biggest expansion in childcare support in England's history—to help parents on universal credit who are moving into work or increasing their hours. Since last June, the Government have been providing additional support with upfront childcare costs. Last June, we also increased

the childcare costs that parents on UC can claim back by nearly 50%, to up to £951 per month for one child and £1,630 for two or more children. Also, the Government are aware of the demand/supply issue in childcare and the increased demand for nurseries, and we are working very closely with the DfE to address this very point.

The noble Baroness, Lady Kramer, mentioned apprenticeships, and as you can see from the badge with the big capital A that I am wearing, this is National Apprenticeship Week. It would be remiss of me not to take this opportunity to promote apprenticeships as a further example of how firms can secure the staff that they need and support them to build their skills. My noble friend Lady Noakes, the noble Viscount, Lord Chandos, and the noble Baroness, Lady Sherlock, spoke about the workforce participation review, and the gist of their question was: is this the end of it all? Since last year's Spring Budget, we have announced our back to work plan, investing another £2.5 billion to boost workforce participation. We continue to work across government to tackle barriers to work and decreases in activity. This is not the end of the story, as the announcements made at the Autumn Statement show. However, the Government will continue to consider how we can increase workforce participation. The best thing to do would be to write further on this because it is an important point.

We know that the labour market is complex; as the noble Viscount, Lord Chandos, put it succinctly, it is rather complicated. It is an oversimplification to think that, because we have nearly a million vacancies and many more millions of inactive people, it is straightforward to match the two to ease labour shortages. The Lords Economic Affairs Committee's report skilfully set out many of the challenges in filling vacancies amid a changing labour market. As such, the DWP is continually analysing what skills are required to ensure that there is a plethora of support for our customers in this ever-changing landscape and to take the steps to tackle whatever barriers they face. For the avoidance of doubt, and for the benefit of the noble Viscount, I say that we certainly get the importance of this subject, but I hope I have given a flavour of the huge number of initiatives that my department is taking and how it is working across government on this important area.

I opened by reflecting on the significant progress we have made as a country over the last 50 years on female labour market participation. I will turn to the future of the labour market and the role that technology will play but, before I do, I will pick up a few more brief points. The noble Lord, Lord Bilimoria, mentioned that he was on the New Deal task force and asked if such a thing still exists. It does not, but the Government work with a wide range of stakeholders when developing and evaluating our policy interventions. He also spoke passionately about dentistry. As part of the NHS long-term workforce plan, we will build a pipeline of new dentists for the future by expanding dental undergraduate training places by 40% to more than 1,100 per year by 2031 up to 2032, with an additional 24% increase to 1,000 places by 2028-29. The Government will also consult this spring on the tie-ins for dentist graduates to the NHS and increase the number of dental therapists and other dental care professionals

through a 40% increase to more than 500 training places per year by 2031-32. Lastly, the Government will make it easier for NHS practices to recruit overseas dentists who meet the UK's highest regulatory standards.

My noble friend Lord Balfe raised a point that I alluded to at the beginning of my remarks about treating workers better, and he is right. The 2019 manifesto pledged changes to enhance workers' rights and support people to stay in work. The Government have delivered on these commitments by supporting a package of six Private Members' Bills, helping new parents, unpaid carers and hospitality workers, and giving all employees easier access to flexible working and giving all workers a right to request a more predictable working pattern.

Just before I conclude, I will address a couple more points that were raised by the right reverend Prelate the Bishop of Bristol and alluded to by the noble Baroness, Lady Kramer, on AI—a very important subject generally. The priority of the Department for Work and Pensions in the labour market is to ensure that people continue to have access to good and meaningful work. This involves adapting to structural changes in the labour market now and in the longer term. There is a lot going on in my department on AI, and I will add that to the letter I am writing, and I will copy in all Peers.

I conclude by reflecting on the fact that, this month 40 years ago, this House was debating the degree of emphasis on new technologies in youth training schemes. We have seen the positive impact that computers have had on the workplace since then. As new technologies such as AI emerge, the DWP's key focus will be to understand their impacts on the labour market and harness their potential to better support people to work. I hope that, in another 40 years, this House will reflect on the contribution that these new technologies have made to similar improvements in the labour market participation of other groups.

2.30 pm

Lord Bridges of Headley (Con): My Lords, I thank all noble Lords who have spoken so eloquently and powerfully in this debate. In particular, I thank past and present members of the Economic Affairs Committee for their contributions. I wish only that we could continue to expand the committee's membership, so that people did not have to leave and we did not have to ask "Where have all the workers gone?" when they do.

Our report poses the simple question, "Where have all the workers gone?" and tries to answer it. The noble Lord, Lord Davies, thinks that we may not have done that, and I will come on to why in a moment, but the debate has shown that we have provoked even more questions than there are answers. From listening to these speeches, those questions fall into three buckets in my mind.

The first is data. We cannot tackle the problem if we are trying to do so on shoddy data. My noble friend Lady Noakes, in a typically forensic and excellent speech, made this point very powerfully, as did the noble Lord, Lord Londesborough, and the noble Baroness, Lady Kramer. I hear what the Minister is

saying, but I still do not feel that we have clear answers to the simple questions. Here are just three. Who is becoming inactive and why? Who among the inactive are suffering from long-term sickness and why? Who is leaving the pool of inactive workers and why? As long as we have this uncertainty, it will be difficult for us to tackle the problem.

Far worse, I still do not understand how the Chancellor and the Monetary Policy Committee are meant to make decisions when drawing up the forthcoming Budget and thinking about what to do about interest rates. They are sitting in the cockpit of the economy, yet the instruments on the dashboard in front of them are all flashing and whirring around. How are they meant to make sense of this? I do not understand it. This is not a peripheral matter that we can leave just to statisticians to think about; it matters to all here and to the entire country, because of the decisions that those institutions are taking. This is mission critical.

We are told that we will get a new Transformed Labour Force Survey in six months. We face some dire problems right now; can we really wait as long as six months? We will have to, but this is not a satisfactory state of affairs. That is my first point.

The second area of questions is about what we will do to stop the flow into inactivity. I thank all those who have spoken. I cannot summarise all their points now, and it would be invidious for me to do so, but I will pick up on what my noble friend Lord Willetts and the noble Lord, Lord Layard, said on this in particular. As the noble Baroness, Lady Sherlock, highlighted, we face a very complex knot of problems; training, childcare and pensions are just three areas. We need a joined-up approach. I pay tribute to the Minister for summarising all this but, as my noble friend Lady Noakes said, it speaks volumes that this is coming from the DWP alone. I do not really like the phrase "joined-up government" but, now more than ever, we need a joined-up government approach to this.

This brings me to my third area—what we are doing to help those who are already inactive. The right reverend Prelate the Bishop of Bristol spoke very movingly and properly about the communities that are being hit, and we again must ask ourselves if we are focusing our attention properly. Just one fact: more than a third of working-age people in Liverpool, Manchester and Nottingham are economically inactive. I hang my head in shame about that; it is an appalling statistic. What are we doing? Is our approach here joined up too?

We have to do this, and urgently. I heard Mel Stride, the Secretary of State for the DWP, say on the radio the other day, "We have a lot of work to do". He is absolutely right. I pick up on what the noble Baroness, Lady Sherlock, said: we were informed via his letter that he had done this review and set out his programme of action. On Monday, the ONS showed in its statistics what that is doing and the indicators are going in the wrong direction. So he is quite right: there is a lot of work to do here.

We must do this if we want to stop the inactivity levels in this country getting worse. We can debate how best to do that and we should have that debate, but we should not lose sight of the social cost of

[LORD BRIDGES OF HEADLEY]

inactivity, as well as the economic cost. My noble friend Lord Griffiths was quite right to highlight this. It is a driver and determinant of our levels of growth. We can all agree and disagree on what to do, but I end by quoting a written piece of evidence that David Miles of the OBR sent the Economic Affairs Committee just a few days ago:

“Faster growth in the labour supply would boost GDP ... A greater supply of labour from the population in the UK, particularly if it reflected fewer people not participating because of health issues and fewer people under-employed (or not employed at all), is fiscally highly advantageous. Not only do these sorts of rising employment generate more incomes and tax revenues, they can also reduce the welfare payments bill”.

He went on to say, and here I refer to what the noble Lord, Lord Bilimoria, and my noble friend Lord Willetts said:

“It is much less clear that persistently high levels of net immigration to boost the labour force can generate sustained fiscal improvements. New immigrants, particularly if they come on work visas”—

work visas, not student visas—

“may generate a favourable balance of extra tax revenue relative to extra public spending for some years. But immigrants who stay grow older and have children so the favourable tax to spending balance does not persist”.

This is a very important matter. It merits much more debate. If there is anything we can surely agree on, it is that we have keep the issue of labour force inactivity at the very top of the political agenda in the weeks and months ahead.

Motion agreed.

Gaza: Humanitarian Situation

Question for Short Debate

2.37 pm

Asked by Baroness Hussein-Ece

To ask His Majesty's Government what assessment they have made of the current humanitarian situation in Gaza.

Baroness Williams of Trafford (Con): My Lords, we are about to go into a Question for Short Debate with 27 speakers, which means a necessary time limit of one minute for Back-Bench contributions to ensure that there is enough time for the Minister to respond to the very important points that will no doubt be raised. I am acutely aware of the importance of this topic and I well understand the interest from noble Lords across the House. That is why I am pleased to say that we have separately arranged a general debate on foreign affairs, with the Foreign Secretary closing the debate, on Tuesday 5 March. Members can sign up to speak in the usual way. This will provide a further opportunity for longer contributions on this matter should noble Lords wish to make them then.

2.38 pm

Baroness Hussein-Ece (LD): I very much welcome the statement from the Government Chief Whip.

I declare that I am the honorary president of Liberal Democrat Friends of Palestine and remind the House of my interests in the register. I am pleased that this

debate has received so much interest. It is a conflict that matters to millions of people here in the UK and around the world.

The scale of the Hamas attack and the number of killings in a single day were truly shocking. There has been global condemnation of and revulsion at the events of 7 October, when more than 1,200 Israelis and foreign nationals in Israel were killed. An estimated 240 people were taken prisoner. To date, at least 105 of those hostages have been released by Hamas during a six-day ceasefire.

Since that day, Israel has killed at least 20 times that number and more than 200 times as many children. The latest figures show that Israeli attacks have killed approximately 27,500 Gazans in 17 weeks. That is 15 times the rate of killing of civilians in Ukraine over 18 months.

The UN says that, since the start of the war, about 100,000 people in Gaza have been killed, injured or are missing as Israel continues to press what has become one of the most destructive military campaigns in modern history. Some 70% of those killed have been women and children. Although Israel says it avoids civilian casualties, 12,000 children have been killed—that is 136 children killed per day. Nearly 85% of the total population of Gaza have been forced to leave their homes. Many of these people have been forced to move to seek new shelter several times. Exhausted men, women and children have walked for many miles past dead bodies lying in the street. Shocking photos of starving dogs and cats scavenging dead bodies have gone around the world. Since 7 October, more than 10 children per day on average have lost one or more of their limbs, according to Save The Children, and more than 1,000 children have had one or both legs amputated. Many of these operations on children were done without anaesthetic.

The healthcare system is crippled, there are severe shortages of doctors and nurses and there is a blockade on vital medical supplies such as anaesthesia and antibiotics. The healthcare infrastructure has been all but destroyed. Almost all the hospitals in northern Gaza have been shelled, besieged or occupied by Israeli forces, who are also cutting off supplies of fuel, water, electricity and food. The UN's assessment is that one-quarter of the total population is suffering catastrophic famine—I would appreciate not being heckled.

Eighty per cent of people worldwide currently in that category are from Gaza. This is a man-made famine. The Israeli Government are using the starvation of civilians as a weapon of war, which is a war crime, as Human Rights Watch has documented. The naval blockade could easily be lifted to allow aid to be shipped in. Hundreds of trucks of aid and food wait in Egypt but are prevented from entering while people nearby are starving.

Children and babies make up half of Gaza's population. Some 26,000 children have lost one or both parents. Dr Tanya Haj-Hassan, who works with Doctors Without Borders, told BBC News:

“There's an acronym that's unique to the Gaza Strip, it's WCNSF—wounded child no surviving family—and it's not used infrequently”.

Yesterday, we saw reports and footage of snipers positioned outside Nasser Hospital, which thousands of starving and thirsty people sheltering in a nearby school are trying to reach to get water. A young woman was shot dead yesterday trying to get water. These are truly sadistic crimes. Not one person can ever justify them, and they are nothing to do with eliminating Hamas.

Israel, recognised as the occupying power, has a legal obligation to provide for the well-being of those under its occupation. Some have disputed the State of Israel's occupation prior to 7 October, but nowhere could be more occupied than Gaza right now. Will the Minister make clear that Gaza is not Israeli sovereign territory, that Israel is the occupying power and that, under the Fourth Geneva Convention, as the occupying power, it has clear, explicit, legal obligations that it is legally bound to meet for the welfare of 2.3 million Palestinians in Gaza? This means it has to provide essential services, including food, water and healthcare. Will the Minister say whether the UK Government accept this and whether that has been conveyed to the Israeli Government recently? Will the UK Government increase pressure on Israel to comply with international humanitarian law in terms of the provision of humanitarian assistance and the conduct of hostilities? Will they publicly support the work of the International Criminal Court across all situations under its jurisdiction, including the ongoing investigation into serious crimes committed by all parties in and from Palestine?

On the allegations around UNRWA, have the UK Government been given Israel's dossier of allegations? Have the Government requested what evidence Israel has, as opposed to allegations? Will the Government reverse their decision to temporarily pause funding to UNRWA and state clearly that they will continue to fund the agency as it investigates the serious allegations brought by the Israeli Government? Will they also state their support for UNRWA's essential role in delivering life-saving humanitarian assistance to the people of Gaza?

The noble Lord, Lord Cameron, was quoted as saying:

"We are trying to separate the Palestinian people from the terrorists that have been running their government in Gaza and the way to do that is to say there is a better"

way if they choose it. He has also stated his intent on recognising a Palestinian state. I agree, as many do. There is clearly no military solution; indeed, it is clear that this catastrophic war will not bring peace or security to either Israel or the Palestinian people.

Mr Netanyahu has reportedly just rejected a ceasefire deal that would have seen the release of hostages. He claims he wants to go for full victory, which is within reach—apparently, within months. He, along with his far-right coalition Government and his ambassador to the United Kingdom, have made it clear they do not support a two-state solution, making Israel at complete odds with the United States, the UK and the United Nations, as well as Saudi Arabia and all the key players in the region.

This war is destabilising the whole Middle East region, and the non-western world sees things very differently than we do here, in relative safety. They are

seeing that the apparent international human rights we in the West have universally advocated do not appear to be universal.

What we now need, from the United Kingdom perspective, is an immediate ceasefire, with mutual exchange of hostages and a staggered Israeli withdrawal from Gaza. A massive international effort would be needed to rebuild Gaza, which now resembles closely the zone of the earthquake in Turkey, which we have just seen the anniversary of. There should be full accountability under international humanitarian law for all violators.

Will the UK increase its diplomatic pressure on Israel, and publicly and privately call on it to end the unlawful attacks on hospitals and ambulances? We should also condemn Israel's cutting-off of essential items as collective punishment and use of starvation as a weapon of war.

The Hamas leaders of today were once children in refugee camps. What do we think the thousands of children and young people who have just seen their entire families wiped out—their mothers and siblings blown to pieces—will become without some hope of a future? I believe that the majority of people in this country want a ceasefire and peace, as do the people in the region. The Palestinian people in Gaza do not have months left to survive this brutal conflict. The Israeli people deserve and need peace and security, along with the Palestinians.

2.47 pm

Lord Pickles (Con): My Lords, I draw your Lordships' attention to my entry in the register of interests. There is consensus about the urgent need to increase the flow of aid into Gaza. Equally, there is a need to ensure that the aid goes to Gazans and is not stolen at gunpoint by Hamas and its kleptocratic leadership in Qatar. Aid cannot be used to prop up Hamas's failing leadership, nor to facilitate a future that permits Hamas to play any role in the rebuilding of Gaza. The road to peace is straightforward. Hamas must cease using civilians as human shields, surrender its arms and release the hostages. Does my noble friend the Minister agree that there can be no peace without the hostages going home? Bring them home; bring them home now.

2.48 pm

Lord Turnberg (Lab): My Lords, the citizens of Gaza are suffering terribly, as we have heard, and deserve all our sympathy and support, but let us look at who is to blame for their disastrous situation. I have no doubt that it sits squarely with Hamas. Those who have any doubt that Hamas are a terrorist group need just to look at their own bodycam recordings of their atrocities on 7 October. If that is not terrorism, I do not know what is. They are not simply militants, as some in the media suggest, and it is they who stand behind their citizens as they fire their missiles; it is they who use their schools, hospitals and mosques as their military bases; it is they who are holding over 100 Israeli hostages. Let us certainly provide more aid, but remember how Hamas have always purloined supplies intended for their people and used them for themselves—they are doing so now. Let them release

[LORD TURNBERG]

the hostages and aid would undoubtedly follow, which is desperately needed. Meanwhile, let the blame be put where it belongs: on terrorist Hamas.

2.49 pm

Lord Lee of Trafford (LD): My Lords, Netanyahu's vengeful bombardment after the barbaric events of 7 October has been disastrous for Israel, for the hostages, for the region and for world Jewry, and it has been catastrophic for the Palestinians. The scale of destruction and human suffering has been appalling. Destroying Hamas and freeing the hostages were obvious incompatible objectives, but Netanyahu is uncompromising. What plans have the United Kingdom and the allies to provide medical help for Gaza, perhaps including teams on the ground and hospital ships, if and when a ceasefire—which I called for in last November's King's Speech debate—is agreed?

2.50 pm

Lord Pannick (CB): My Lords, the plight of the Palestinian people in Gaza is tragic indeed, but the House needs to focus on the causes of this tragedy. Gaza has received billions of dollars, pounds and euros in aid over the past decades, but this has not been used to improve education, health or the economy of Gaza. Much of it has gone into the Swiss bank accounts of Hamas leaders, and most of it has been used to build tunnels and attack Israel. If Hamas were now to release the hostages, and if Gaza were no longer used as a military base for attacking Israel, there would be no war in Gaza.

2.50 pm

The Lord Bishop of Norwich: My Lords, I visited Gaza on 4 October, just three days before Hamas's evil attacks, to see the Anglican-run 80-bed al-Ahli hospital. The World Health Organization reported on Tuesday that there are 150 patients there—all are critically ill. Everyone is fearful, stressed and exhausted. Medical staff have been detained, shackled and blindfolded by the IDF, and, on release, they are deposited in Rafah and not allowed to return to the hospital. There is an urgent need for medical staff, fuel, food and critical medical supplies, such as bone stabilisers, antibiotics and anaesthetics, across Gaza's hospitals. Will His Majesty's Government hear the cries of medics in Gaza and press the State of Israel for the WHO to have sustained access to resupply hospitals across the Gaza Strip so that they can continue to function?

2.51 pm

Baroness Warsi (Con): My Lords, I start by thanking my noble friends the Foreign Secretary and the Minister for their personal hard work in ensuring that they are doing everything they can to get aid into Gaza. But we still have a population being starved, a people on the brink of famine, pregnant women undergoing C-sections without anaesthetic, newborns with starving mothers and babies orphaned at birth, with no access to baby formula. There are no period products, basic medication or clean drinking water. Despite miles and miles of aid trucks on the Israeli border, can my noble friend say on the record what barriers are being created by the

Netanyahu Government to getting aid in? Why are more than 50% of trucks cleared and allowed into the north of Gaza still being stopped by the Israeli army inside Gaza? Why is the northern Gaza water pipeline—the only source of clean water for the most desperate civilians—still switched off by Israel, in direct breach of the ICJ ruling, in breach of a Security Council resolution on the use of hunger as a weapon of war, and in breach of international humanitarian law?

2.53 pm

Lord Wood of Anfield (Lab): My Lords, I will specifically ask about the Government's decision to suspend funding for UNRWA after the very serious allegations of involvement by UNRWA staff in the horrific attacks on 7 October. I have four questions for the Minister. First, did the UK Government see any direct evidence provided by the Israeli Government, and was that the basis of their decision to suspend funding? Secondly, at the time, the Government said they were temporarily pausing funding of UNRWA "whilst we review these concerning allegations".

Can the Minister update us on what the review has shown? Thirdly, why did the UK suspend funding in advance of the investigation or its conclusions, rather than deciding, as France, Switzerland, the EU, Denmark and lots of others have done, to wait for its findings? Fourthly, is it right to axe funding for UNRWA when the catastrophic humanitarian situation in Gaza relies so heavily not just on the aid it provides but on the physical infrastructure and logistical services that it provides for almost all other aid agencies?

2.54 pm

Lord Austin of Dudley (Non-Affl): My Lords, it is not Israel that is responsible for the terrible situation in Gaza but Hamas terrorists who hide in densely populated civilian areas, hospitals and schools, and who deliberately started a war with the atrocities on 7 October.

When Israel pulled out of Gaza in 2005, it had a successful economy, control over imports and exports, open borders and plans for a seaport. Hamas staged a vicious coup, murdered moderate Palestinians and launched a wave of terror acts against Israel—and that is why Israel had to build a fence, not as a blockade but as a defence. Instead of building hospitals and schools, the murderers steal funds to make rockets and tunnels to attack Israeli civilians. Instead of improving the lives of people in Gaza, the corrupt gangsters stole billions and live in luxury in Doha. Now they steal fuel, food and aid meant for starving civilians. The only way to improve the situation in Gaza is for Hamas to stop the terror attacks, stop the war and accept Israel's right to exist.

2.55 pm

Lord Frost (Con): My Lords, I will make one simple suggestion—that everyone should read the excellent article by Stephen Daisley in the *Spectator* yesterday, in which he wrote:

"Time and again, Israel was urged to make concessions ... In each case, the promise from foreign capitals was the same: do this and, if the Palestinians exploit these concessions to attack you,

we will back your right to self-defence. Well, Israel made the concessions, the Palestinians exploited them, and, with some honourable exceptions, the international community went wobbly whenever Israel mounted a military operation”.

That is why Israelis feel as they do now.

After 7 October, Israel has an absolute right to act to remove the threat of terrorism from its borders and topple Hamas. In doing so, it goes out of its way to prevent civilian casualties and takes precautions that no other military in the world takes. Can my noble friend the Minister confirm that this country will continue to support Israel in finishing that job?

2.56 pm

The Lord Bishop of Bristol: My Lords, I am grateful to the noble Baroness for securing this debate. Today the future seems bleak after Prime Minister Netanyahu, perhaps understandably, rejected a ceasefire because, as reported, total victory may be achieved in months. In my city of Bristol, women from Jewish and Muslim communities stand silently together in public vigil, and those of all faiths and none march each week campaigning for a cessation of violence on all sides.

Total victory within months—what does that mean for the hostages held in tunnels, for the women who are pregnant without medical support, for babies whose mothers have no breast milk? What we see is a horrible inversion of the word of the prophet Joel: the dreams of old men are shattered and the visions of young men are betrayed. The hopes of so many Jews, Muslims and Christians are destroyed. May God and our political leaders have mercy, source aid and work unrelentingly for peace.

2.57 pm

Baroness Helic (Con): My Lords, Gaza’s children are innocent. They are the future of the Palestinian state, which must become a reality. I welcome my noble friend the Foreign Secretary’s comments in that direction. Their lives are being shattered, more than 10,000 have been killed, and every day in Gaza more than 10 children on average have one or both of their legs amputated, often due to being injured by heavy weaponry and often in procedures carried out without anaesthetic due to the blockade. Children’s bodies are particularly vulnerable to blast injuries and burns inflicted by explosive weapons. Their need for medical aid is overwhelming, and their right to it is recognised under international law. A Palestinian child’s life is as precious as that of any British or Israeli child.

We have the expertise and ability to help in demanding a ceasefire and helping the most vulnerable civilians. Will my noble friend therefore commit to supporting efforts to provide specialist medical treatment on a temporary basis to a limited number of children from the region in the United Kingdom?

2.58 pm

Lord Hussain (LD): My Lords, according to reports, around 30,000 people have been killed and around 70,000 injured in Gaza since 7 October. Some 1.9 million are displaced, with little or no health facilities, and are in dire need of medicine and food.

Loss of innocent lives is condemnable, regardless of their faith, ethnicity or origin, and those responsible need to be brought to justice. It is regretful to note that the British Government are falling short of asking for an immediate ceasefire and have stopped supporting the UN Relief and Works Agency for Palestine. I urge the British Government to do everything to stop the war in Gaza and help to get maximum humanitarian aid to the war victims. I urge an immediate release of all Hamas-held hostages, and all the Palestinian prisoners held by Israel.

Finally, I welcome the statement from the British Foreign Secretary to recognise the state of Palestine, as this would be a milestone—to achieve a two-state solution where Israelis and Palestinians may live side by side in peace.

2.59 pm

Lord Young of Norwood Green (Lab): My Lords, we need to remind ourselves again that there are still 136 hostages with no access to the Red Cross. The appalling discovery that UNRWA participated in the Hamas massacre has meant that not only the UK but most countries around the world have suspended aid. That is just a reminder to my noble friend Lord Wood. Aid has been diverted by Hamas, which is using civilians; it does not care about the price that the civilian population pay.

There has to be a two-state solution, following the release of hostages and exchange of prisoners. There was an interesting article recently about a Palestinian prisoner, Marwan Barghouti, who has been involved in very serious crimes. The comment made about whether he can play a part was that he was undoubtedly a terrorist. The comment made in response to that was, “So was Mandela”, and yet he formed a key part of peace negotiations. I would welcome a comment from the Minister in relation to a two-state solution and exchange of prisoners.

3.01 pm

Lord Polak (Con): My Lords, I refer the House to my registered interests. It is not difficult: Hamas started this and Hamas can bring it to an end. The 7 October massacre and the holding and mistreatment of hostages by Hamas has caused the terrible humanitarian situation in Gaza. Does my noble friend agree that its double standards know no bounds? The sister of Hamas chief Haniyeh and her premature baby are still receiving life-saving treatment in Soroka Medical Center in Be’er Sheva, Israel, while the hostages in his hands are starving, being raped and dying in brutal conditions.

3.01 pm

Baroness Uddin (Non-Aff): My Lords, history will rightly seek justification for the actions and words of our appointed leaders as they continue to show callous disregard, allowing the inhuman brutalisation of the Palestinian people for 75 years. Generations have been mercilessly wiped out with weapons of our gift, allegedly including phosphorous in Gaza. A free Palestine will emerge. A paradigm shift and a global citizen movement are afoot, led by every child, woman and man of Gaza and the courageous leadership of South Africa.

[BARONESS UDDIN]

In honour of the tens of thousands of innocents slaughtered and maimed in the hands of the IDF's allegedly genocidal regime, witnessed by loud advocates of penholders of universal morality and justice now speaking another tongue, when will the UK Government say "Stop now" and cease their complicity for the incomprehensible cruelty, rape, torture and detention in the killing fields of Palestine, which has indeed set an ugly precedent for our world, and abide by the ruling of the ICJ provisional order?

3.03 pm

Lord Roberts of Belgravia (Con): My Lords, even if we were to take as accurate Hamas's statistics and the 27,500 figure—there is no reason why we should; we do not do that with Putin or ISIS—if one subtracts the number of Gazans who have been killed by the quarter or so of the Islamic Jihad and Hamas rockets that fall short, one is left with a less than 2:1 ratio of civilians to Hamas terrorists killed, of whom there have been more than 9,000 so far. War is hell, and every individual civilian death is a tragedy, but—I speak as a military historian—less than 2:1 is an astonishingly low ratio for modern urban warfare where the terrorists routinely use civilians as human shields. It is a testament to the professionalism, ethics and values of the Israel Defense Forces.

3.04 pm

Lord Stone of Blackheath (Non-Aff): My Lords, many noble Lords taking part in this debate have said that in this war, one side is right and the other side is wrong and there should be no compromise. Both Israel and Palestine have right on their side, yet they cannot see the right on the other side. At heart, their actions come from a place of humanity, but only from one side. So, to try to help them move to a consciousness of shared understanding and love, and to help them decide to collaborate with the opposing people and together, find the right way to proceed, I have invited to the House of Lords 40 individuals who lead organisations on the ground in both Palestine and Israel and who are ready to work in union across the divide, supporting each other. They will come here for three days at the beginning of June to discuss how they would use their experience, compassion and friendships to work out which way to go to find a way of living together that benefits us all. When we have summarised their combined wisdom, I will wish to share it with the Minister and the whole House.

3.05 pm

Baroness Gohir (CB): My Lords, war affects women and men differently. With no access to menstrual products, Palestinian women and girls are using dirty rags. Palestinian women are having caesareans without anaesthetic and dying during childbirth. If Palestinian women survive bombs, childbirth, disease and hunger, they are witnessing their babies and children dying. Will the Minister confirm if an assessment will be made of whether the assaults on the reproductive rights, health and dignity of Palestinian women have breached international laws? The Government have

not only abandoned Palestinians; they are contributing to their collective punishment by suspending aid to UNRWA. The agency is the only lifeline for the majority for food, shelter and medicine. Suspending aid will be catastrophic. I urge the Government to reverse the decision. If not, what is their alternative plan?

3.06 pm

Lord Mitchell (Lab): My Lords, five weeks ago I was at Kibbutz Kfar Aza on the Israel-Gaza border. Hamas had ransacked the place. It did not take much to imagine the carnage and depravity that took place. I then turned to my left and faced Gaza, no more than a mile away. There were explosions. It also did not take much to imagine the thousands of innocent Palestinians who were dying and whose lives were being wrecked. But it was Hamas that spent billions building subterranean fortresses when it could have built thriving communities. It was Hamas that located military command centres under hospitals and schools; and now it is Hamas that is commandeering the distribution of food and water to the Gazan people.

3.07 pm

Baroness Bennett of Manor Castle (GP): My Lords I thank the noble Baroness, Lady Hussein-Ece. A stock-take: more than 27,000 Palestinians have been killed in Gaza. Many hundreds of those have been killed since the International Court of Justice ordered Israel to take all possible measures to prevent genocidal acts. Around 1 million children are in need of homes, basic sustenance and medical care, and almost an entire population has been displaced. Scores of Israelis remain hostage in Gaza and hundreds of Palestinians are being held in Israel. What can and should the UK do? First, it should call for an immediate and permanent ceasefire now, as the Green Party has long been doing. Secondly, it should resume the funding for UNRWA, the largest aid agency, that is so crucial to people's survival. Thirdly, it should suspend all arms sales to Israel, particularly parts for the F35 joint strike fighter. This is particularly crucial: these sales could soon see us taken before the ICJ.

3.08 pm

Baroness Noakes (Con): My Lords, the people of Gaza have been failed by Hamas and by UNRWA. Hamas killed, raped and mutilated Israelis on 7 October. It killed 1,200 and wounded many more, and it took more than 200 hostages. It knew exactly what it was doing and what the consequences would be for the people of Gaza. UNRWA is rotten to its core and has been a willing accomplice to Hamas. Its schools taught hatred of Israel. UNRWA staff have allowed weapons and rockets to be stored in aid centres. Most shockingly, some of them willingly joined the murderous gangs on 7 October. I pray that one day, the innocent victims in Gaza will recognise their true oppressors.

3.09 pm

Baroness Janke (LD): My Lords, we have heard of the horrific events in Gaza and the suffering of the Palestinian people. The declared objectives of the war in Gaza were to destroy Hamas and secure the release of the hostages, yet after 17 weeks, neither has been

achieved. There is therefore no credible justification for further killing and laying waste in Gaza. In the meantime, Ministers Ben-Gvir and Smotrich have called for Jewish settlements in Gaza and for the migration of the Palestinian people, while health and aid facilities are being systematically destroyed. What action will the UK Government take to insist on compliance with international law and the rulings of the ICJ, condemn these declarations and fully support the Palestinian people's right to reclaim their territories?

3.09 pm

Lord Leigh of Hurley (Con): My Lords, the current situation in Gaza is of course horrific, but it could be resolved within hours, if Hamas wanted to, by releasing the hostages. Hamas does not want that and should be held liable for the terrible deaths, destruction and injury, as Israel has no choice but to try to protect and rescue its citizens. Gaza was a tragedy before 7 October, when Israel totally withdrew; it could have flourished, like Tel Aviv, but was prevented from so doing by Hamas and Hamas alone.

His Majesty's Government have called for an independent state of Palestine. Can my noble friend confirm now or in writing: is it to be a democracy or an autocracy? Will a Palestinian state be required to ban Hamas and other terrorists? Will it have a military army, and will this mean the end of the discredited and corrupt UNRWA? Will it allow regular inspections to ensure there are no more tunnels? These difficult questions highlight why now may not be the right time to seek a two-state solution. The objective now must be to focus on peace and security for both Palestinians and Israelis.

3.10 pm

Lord Alderdice (LD): My Lords, how should one wind up a debate of such passion and complexity? Jesus summed up the whole of the law and the prophets by saying:

"Love God with all your heart ... Love your neighbour as yourself".

When you next look into the eyes of one of your own children or grandchildren, you will see the miracle of a wonderful human being. You do not want them to suffer, be beaten, shot or blown up, have their limbs amputated without anaesthetic, live in misery or die in agony. That is too awful to contemplate. When you next look at a picture of a child—a Jewish child, a Palestinian child, Muslim or Christian or any other child—are you reminded of your own children, or have you lost that sense of our common humanity? With the killing of innocent children, much less the killing of thousands and thousands of them, there can be no excuses, no exceptions, no caveats and no shifting of the blame to someone else for their deaths. Does the Minister agree that it is not just "the other" who is being killed? Our common humanity is being destroyed.

3.12 pm

Lord Collins of Highbury (Lab): My Lords, I have three quick questions to which I hope the Minister will respond. The dire situation in Gaza must stop now. We need a humanitarian truce to allow aid in and the

release of the hostages, so can he update us on his and the Foreign Secretary's efforts to support the international community? Can he also update us on increased access to Gaza, particularly land routes through Kerem Shalom and Rafah, and air drops and maritime routes? How can we get access quickly? Finally, to pick up my noble friend's point about UNRWA, we need to ensure that that organisation can continue, so will the Minister set out a clear and fast pathway to returning to funding it? When will we get the report and be able to get aid back into Gaza?

3.13 pm

The Minister of State, Foreign, Commonwealth and Development Office (Lord Ahmad of Wimbledon) (Con): My Lords, I thank the noble Baroness, Lady Hussein-Ece, for initiating this vital, timely and extremely important debate, and all noble Lords for their insightful contributions. The debate has been sombre in tone, and emotions are high. Equally, the quality of those 60-second contributions has shown the insight that your Lordships' House provides.

I was very touched by and agree with the speech of the noble Lord, Lord Alderdice. I thank him for his insights, and thank many others across the House for providing me, as a Minister at this most challenging time, with their own valuable experience and insights into the British Government's position. I share in his call for our common humanity. As a Muslim, I am reminded of the verse of the Holy Koran which says: "That person who saves the life of a single soul is akin to the person saving all humanity. That person who takes the life of an innocent soul is akin to the person taking the life of all humanity". For those who claim to act in religion, as Hamas does, we must look at the fundamentals. Not just the Muslim world but any like-minded thinking person with humanity at their core should reject its activities outright.

I thank all noble Lords for the poise and detail they have provided. My noble friend Lord Frost was correct. He mentioned the article about other countries. I remember watching a hockey match at my son's school when the Israeli ambassador called me, as those events unfolded. The United Kingdom's friendship with Israel means that we have been able to make representations at the highest level.

Many noble Lords, including my noble friend Lady Noakes and the noble Lords, Lord Turnberg and Lord Mitchell, reminded us of what started this crisis. Four months since Hamas carried out the worst terror attack in Israel's history, Hamas continues to hold more than 130 hostages. I noted what my dear noble friend Lord Pickles said about the hostages; I echo his call. I met with my right honourable friend the Prime Minister once again some of the hostages' families. I know all noble Lords across the House share their call for peace and security, but more importantly the return of their loved ones.

As we look across the situation in the Middle East, in Israel, Gaza and the West Bank, it is clear that ordinary people are suffering. Palestinian civilians are facing a devastating and growing humanitarian crisis; indeed, it is unfolding before our very eyes. In relation to the diplomatic engagements that the noble Lord, Lord Collins, raised, I know my noble friend the

[LORD AHMAD OF WIMBLEDON]

Foreign Secretary has visited 12 countries in the last seven weeks. I have been with him on some of those visits; I was at the UN and have just returned from the UAE, and I am embarking again on a visit to the region very shortly. This underlines the focus and priorities, and I thank my noble friend Lady Warsi for recognising that we are trying to ensure that our diplomatic energies are fully focused.

The number of people killed in Gaza runs, as we have heard, into their thousands. It is a real recognition that the people suffer most, as was referred to by several noble Lords. The noble Baroness, Lady Gohir, pointed out that it is often women and children—the tragedy in Gaza is no different.

The noble Baroness, Lady Hussein-Ece, asked about Britain's position on Gaza. We remain focused and have been consistently clear; I have made a Statement to that effect, about the status of the Occupied Palestinian Territories, including Gaza. Yes, Israel is a state, and it has obligations in this respect, and we make that point consistently. Indeed, my noble friend the Foreign Secretary did so on his recent visit to Israel, where he met the Prime Minister and a number of people within the Israeli war cabinet.

Several noble Lords, including the noble Lords, Lord Wood and Lord Hussain, and the noble Baroness, Lady Bennett, rightly raised the issue of UNRWA. Let me be very clear: it was not from Israel—the first call I received when I was here in the debate on Ukraine was from the head of UNRWA himself, telling me that the organisation had received the report and taken actions. Noble Lords asked about the suspension of funding; of course, we want to ensure any resumption of funding is based on the satisfaction that such individuals cannot be employed by UNRWA again. It damages not just the organisation but the UN as a whole, and that is why the Secretary-General has initiated this review. We are working closely with the United Nations in this respect.

In addition to the rising death toll, there are of course many injured people, as the noble Baroness, Lady Bennett, reminded us. An estimated 1.7 million people are now internally displaced; more than 1 million people—over half of Gaza's population—are packed into the southern region of Rafah, which previously had a population of just 280,000. Meanwhile, the World Food Programme has stated that nine out of 10 people in Gaza may be living on less than one meal a day, and only 14 of 36 hospitals are partially functioning, without enough medicines or specialised staff, with many working to 300% of their capacity. The UN reports that since 11 October, the Gaza Strip has been under an electricity blackout after the Israeli authorities cut off the supply, and fuel reserves for Gaza's sole power plant were depleted. Let me assure all noble Lords that of course we raise these issues directly with Israel and ask them to turn back on the water supplies and the electricity so that vital hospitals and humanitarian efforts can be supported.

My noble friend Lord Roberts talked of Israel and the proportionality and numbers, but I think he would also agree that we are seeing the loss of life. Irrespective of where we stand on this conflict, the loss of any innocent life is something we should collectively condemn.

The communications and industrial fuel shutdown continues to hinder the aid community's efforts—I pay tribute to them—to assess the full extent of needs in Gaza. Of course, once this war comes to an end, assessments will be made. The Foreign Secretary and I have met a number of medics; the point was raised—I know that Action Against Hunger joins us today in this debate. However, equally important is ensuring that we get first-hand accounts of what is needed, by whom. Widespread destruction of roads and other infrastructure further hampers their ability to respond to the deepening humanitarian crisis.

There is a desperate need for increased humanitarian support; we recognise that. I assure the noble Lord, Lord Collins, that we are focusing on practical solutions to save lives. We have trebled our aid commitments, so I do not agree with the noble Baroness, Lady Gohir, that we have abandoned the Palestinians—far from it. We have trebled our aid commitment this financial year and continue to support further uplift on humanitarian response, up to £60 million.

During our visit in December to al-Arish in Egypt, the Foreign Secretary and I met representatives from the Egyptian Red Crescent Society who are co-ordinating the relief effort. As a number of noble Lords, including my noble friend Lady Warsi, mentioned, there is a backlog, there are checks and there are rejections of goods which should not be rejected. We heard how shelter blankets and other vital equipment provided by the UK have been giving much-needed relief to the people of Gaza. However, we also equally heard, if not to a greater extent, about how many constraints the humanitarian operation faces. The noble Lord, Lord Lee, and the right reverend Prelate the Bishop of Norwich reminded us of the vital support, as did my noble friend Lady Helic, and I thank her for her active engagement, along with others. We are looking at issues of hospitals; we are also looking at key partners. There are projects, and the one she mentioned is being looked at actively, but in my conversations in the UAE recently, we also asked in its field hospitals how the UK could assist in the supply of medics.

The Foreign Secretary discussed directly with Prime Minister Netanyahu on 24 January the urgency of getting significantly more aid into Gaza to alleviate the desperate situation there. I assure the noble Baroness, Lady Hussein-Ece, and others, that he reiterated the need for Israel to open more crossing points into Gaza, a point made by the noble Lord, Lord Collins, and for Nitzana and Kerem Shalom. Indeed, the UK was the first country to advocate for the re-opening of Kerem Shalom, for it to be open for longer, and for Israel to support the efforts to distribute and effectively get aid across the whole of Gaza.

My noble friend also announced work with Qatar. Again, we had the Qatari Deputy Foreign Minister in London this week, who has been involved in the hostage negotiations. I met him yesterday. We are working with Qatar to get joint consignment containing 17 tonnes of tents, which were flown into Gaza last Thursday. I assure noble Lords that we will continue to support the United Nations World Food Programme to deliver a new humanitarian land corridor from Jordan into Gaza. Again, the Foreign Secretary and

I have visited that very spot. Some 750 tonnes of lifesaving food and aid arrived in the first delivery in December, and there have been a number of further deliveries since. Noble Lords may also recall that RFA “Lyme Bay” delivered 87 tonnes into Port Said.

The right reverend Prelate the Bishop of Bristol reflected on the terrible suffering. I agree, and that is why we have asked the Israelis again to protect civilian lives. Many Israelis understand, and their Government understand in certain respects, the importance of the international requirement—not just to comply with international humanitarian law—which means that aid and humanitarian support get into Gaza.

In addition to the Foreign Secretary’s Representative for Humanitarian Affairs in the Occupied Palestinian Territories, along with Ministers, we are all working intensively to address the blockages preventing more aid getting into Gaza. I assure my noble friend Lord Polak, we have been very clear on those who have taken and seek to divert aid: we will prevent that from happening as best as we can, but Israel must also take steps, working with partners—particularly Egypt—to significantly influence the flow of trade.

I assure the noble Baroness, Lady Uddin, that we too want to see the end of fighting. We have called for an immediate pause now to get more aid in and hostages out. We want to turn this pause into a specific, sustainable and permanent ceasefire. That means no return to fighting. The Foreign Secretary was in the region last week to do exactly that.

To conclude, my noble friend Lord Leigh, the noble Lords, Lord Pannick, Lord Austin and Lord Young, among others, all talked about what comes next. First and foremost, as my noble friend Lord Pickles said, there must be the release of all hostages held in Gaza. Equally, that means removing Hamas’s capacity to launch rockets against Israel, as it has done before; it means Hamas no longer being in charge of Gaza, and the formation of a new Palestinian Government for the West Bank and Gaza, accompanied by an international, comprehensive support package. We also need a political horizon, which is incredibly important and which my noble friend the Foreign Secretary has homed in on, that provides a credible and irreversible pathway towards a two-state solution.

We need genuine momentum towards permanent peace. That is why we are pressing for a contact group; my noble friend the Foreign Secretary will do so at the Munich conference. The noble Lord, Lord Stone, as ever, reminded us of the organisations he will bring with him; I will be pleased to meet them, as I am sure will other noble Lords. Alongside this peace plan, the international community will also need to make a massive effort to deliver security and peace for the people of the region.

Finally, I thank noble Lords once again for their very thoughtful contributions to this very short but important debate. I know that emotions are high and there are differing perspectives, but I very much value the insights provided. I am reminded of my most favourite poem, “If” by Kipling, in which he said:

“If you can fill the unforgiving minute
With sixty seconds’ worth of distance run”.

We have seen that today.

Digital Exclusion (Communications and Digital Committee Report)

Motion to Take Note

3.27 pm

Moved by **Baroness Stowell of Beeston**

To move that this House takes note of the Report from the Communications and Digital Committee *Digital exclusion* (3rd Report, Session 2022-23, HL Paper 219).

Baroness Stowell of Beeston (Con): My Lords, it is a great privilege to open this debate, just as it is a privilege to chair the Communications and Digital Committee of your Lordships’ House. I am hugely grateful to all members of the committee who contribute so much through their expertise and dedication to our work. I know that they would all want me to pay the greatest tribute to the team who support us and deserve so much credit for the quality of our output: Dan Schlappa, Rita Cohen, Owen Williams and, until last autumn, Emily Bailey Page, who left us on promotion and has recently been replaced by Anna Herzog. They are all brilliant and work so hard. On behalf of all members of the committee, I put on record our sincere thanks to them.

It has been a busy week for tech policy. On Friday, the committee published our report on large language models and generative AI, looking at what needs to happen to ensure that these new technologies benefit people and our society. On Monday, the Government published their AI White Paper response, and, on Tuesday, we took evidence from the Secretary of State for DSIT about AI digital exclusion and skills. On Wednesday, I spoke at a conference emphasising the importance of ensuring that technology benefits us all, not just the big tech firms. Today, we are debating my committee’s report on digital exclusion. Some of us, including the Minister, have also been busy on the Digital Markets, Competition and Consumers Bill.

I say all that not to complain—I love my work and I am privileged to have the opportunity—but to illustrate how quickly developments in technology are happening, how wide-ranging the impacts are for all sectors of society, how closely they are all connected and how difficult it is for us all to keep pace with the vast array of issues. The pace of change, and the huge social and economic implications, underscore the need for more action on digital exclusion. Technology policy, particularly on AI, is a major government priority; the consequences of those changes must be, too. Digital divides are deepening, and basic skills gaps persist, yet our inquiry found that the Government are not paying nearly enough attention.

It is important to see the big picture here. Digital exclusion is not just about old people, although many of them are seriously affected. It can affect people from all age groups and all walks of life. Some 2.5 million people in the UK cannot do a basic digital task. Digital exclusion is not about asking for government handouts or about giving everyone free internet. It is about making sure that everyone benefits from technological change and ensuring that people are not left behind. It is about ensuring we do not create

[BARONESS STOWELL OF BEESTON]

second-class citizens who cannot use online banking, NHS services such as making a GP appointment, or any public service such as submitting tax returns, applying for benefits, a new passport or a blue badge parking permit. It is also about making sure that there are not some people who cannot apply for jobs, 90% of which are now only advertised online.

Digital inclusion is about ensuring that we do not exclude people from things that most people take for granted but which require basic digital skills, a working device and a decent internet connection. It is also about economic prosperity and efficiency. We cannot hope to become a science and tech superpower if 5 million employed adults are unable to complete all the main digital tasks expected at work, and the same number are expected to be acutely underskilled by 2030. It is worth pausing to reflect that the shortage of digital skills is costing the UK economy £63 billion a year.

We cannot hope to achieve public sector efficiencies by digitising services without simultaneously addressing digital divides. Otherwise, we will end up creating a two-tier system where digitally engaged citizens get increasingly better service than those who struggle.

The main recommendation from our report was for the Government to acknowledge the challenge by updating their digital exclusion strategy, last published a decade ago. The strategy's delivery partners have not existed for years, and updates to it now sit in the National Archives, none of which inspires much confidence.

On Tuesday, the Secretary of State for DSIT told us she was not a fan of updating strategies, saying that they consume government time which could be better employed delivering progress. That would be fine if there had been a lot of progress. However, the Government's response to our report declined to give a structured update or set out clearly defined targets. I can sympathise with the Secretary of State if officials spend time writing strategies, believing a document is an end in itself. However, I do not agree that they are a waste of time if the point of the strategy is to bring together all the disparate parts of government and to make sure they are delivering valuable work.

DSIT has plenty of strategies for other things, so I am afraid that we suspect its reluctance to publish one for digital exclusion is because there is not much to put in it and it is not a priority. This is odd, because digital exclusion is linked to deep-seated structural challenges and is holding back progress on key government pledges, on levelling up, education inequality, digitised healthcare and productivity. Having a joined-up plan to get to grips with this would be helpful. We heard that there is now an interministerial group to consider digital exclusion across government, which is good, but we were not entirely clear what outcomes this had achieved, and without high-level political attention and clear objectives, it will not achieve very much.

If the Government are averse to strategies, perhaps we could push for a public action plan instead, which could start by covering the recommendations we made in our report. I will go through the headlines. First, it

should tackle basic skills gaps. Schemes offering certificates and qualifications get lots of the attention, but these are often poorly suited to the target demographic. Instead, there should be more focus on long-term support for community organisations.

Secondly, more effort is needed to create place-based local digital inclusion hubs, with basic facilities and people on hand to help. Libraries are bearing the brunt of this expectation but they cannot solve everything. Demanding that high-street banks accelerate the long-promised banking hubs, which are becoming increasingly urgent in towns losing bank branches, and working with the banks to make them digital hubs would be my personal suggestion. I raised this idea with the Minister, my noble friend Lady Neville-Rolfe, during an Oral Question in December; I would be interested to know from the Minister today, my noble friend Lord Camrose, what discussions there have been in government on this topic since then.

Thirdly, the Government should be much more proactive in ensuring that public services are not excluding people. Often, it is the people who need help the most who struggle to get it; helping them early on saves on costs later down the line. The same is true for the private sector. Of course, offline alternatives remain essential—I will come back to this later.

Fourthly, the Government should cut VAT on social tariffs to make them more affordable. Too many people struggle to afford internet in the first place; cutting VAT would help. The Government could also do more to ensure that telecoms firms are advertising their social tariffs prominently.

Fifthly, the Government should do much more to help scale up existing good ideas. The public sector has vast numbers of devices that, with a bit of imagination and security work, could be donated. Internet voucher schemes are a great way to help people, in particular jobseekers, get a temporary boost if they are struggling. There are plenty of other good ideas out there, including something called wifi in a box.

Sixthly, the Government should keep paying close attention to the value of alternative network providers. These are smaller, local internet providers that deliver huge value to poorly connected communities, including plenty of doorstep support to people who need it most. They are a good demonstration of what can be achieved when companies put people first. They must not be forgotten as Openreach continues to build out its network.

Lastly, I emphasise that the whole point of new technologies is supposed to be making life better. Making services digital is not an end in itself; it should be about improving the experience for users, not a cost-saving exercise that benefits bosses but leaves everyone else dissatisfied. I recently read an article by Jamie Bartlett on the website *UnHerd* about something that he calls techno-admin. He coined the phrase; it captures this issue well. He said that it is

“a pervasive phenomenon, whereby we customers are forced into infuriating, confusing, absurdly time-consuming and bleakly unrewarding tasks by a machine”.

I am sure that we all have experienced the same more often than we should. Moreover, the Post Office scandal shows how important it is for new technologies to be

designed and used in ways that benefit people, and to have humans in the loop rather than putting blind faith in automated processes. To avoid becoming strategically reliant on a small number of tech firms, with no alternative providers, we must prioritise open-market competition and diversify our service providers. I am optimistic about new tech but we need to ask companies and government to ensure that their systems put people first.

I would like to conclude by emphasising the need for joined-up thinking across government, particularly on AI policy and digital exclusion. AI is introducing major changes to our society. Large language models, such as ChatGPT in particular, will drive ground-breaking scientific advances, provide huge boosts to productivity and fundamentally reshape our relationship with machines. Widespread AI-related unemployment is not likely. That said, some industries and sectors will inevitably be disrupted and some people will lose out, but new jobs will also be created. The problem is where those new jobs will be. Unless we invest much more effort in supporting disrupted sectors to transition and upskilling those who are losing out from the AI boom, we will create a whole set of people who see technology as a threat rather than an opportunity.

If they lack the skills to get one of the new jobs which the economic experts promise are coming, or to use the fancy new chatbot services, then why would they feel positive about technological change? Digital exclusion is the flip side of all the good things about technological progress. Being included is a constantly moving target. People who have the skills to get by today may struggle in the future.

I hope that the Minister can provide reassurance today on these matters. In particular, I would like to know why the Government are so averse to having a coherent public plan about what they are going to do. The sad fact is that we are not confident that the Government are taking this seriously, and that is unlikely to change until we see an updated plan or strategy. I would also welcome reassurance about how the Minister is ensuring that the teams working on AI policy and digital exclusion are working together and engaging other departments to ensure a properly joined-up approach to this challenge. I look forward to not only my noble friend's response but all the contributions from noble Lords participating in today's debate. I beg to move.

3.41 pm

Lord Foster of Bath (LD): My Lords, it is a great pleasure to follow the noble Baroness. Until very recently, I served on the committee. I pay tribute to her and all the other members, from whom I learned a great deal. I also join in her praise for the excellent staff who supported the committee. Today, I want to underscore the urgent need for more government action in this area.

The committee produced some excellent reports, including the one that we are debating today. However, highlighting the importance of today's topic, I point out that the report that preceded it on the creative industry and the one that followed on AI also stressed the importance of addressing digital exclusion. In the

AI report, for example, we reference a large language model that was supporting computer vision programmes for people with visual impairment, but the ability to benefit from these would be far less for those with low or no digital skills. Indeed, the digitally excluded miss out on so many things, such as online banking, which 40% of over-65 year-olds do not use. Yet as more bank branches close, unless people can arrange long-distance round trips to the nearest bank, online banking becomes the only viable solution. I avoid the problem of a 50-mile round trip to my nearest bank as I am online, but that is not an option for those without digital skills.

Nor can such people connect with family and friends through video calls, access health information or apply for jobs online. Digital exclusion increases social isolation, hindering community participation and civic engagement. As technology permeates every aspect of our lives, the inability to access and use digital resources creates a significant divide in our society. It exacerbates existing inequalities, disproportionately affecting older adults, people with disabilities and those on low incomes but, as the noble Baroness said, it is not just an old-people problem. It affects people from all walks of life and of all ages—far too many people. Even when people have affordable access to the internet—still not enough do—2.4 million cannot do a single basic digital task, while 5 million employed adults cannot do all the basic digital work tasks. More starkly, three years ago the Good Things Foundation talked of over 10 million people lacking the digital foundation needed to function in today's digital world.

As well as exacerbating inequalities, the lack of digital skills holds back the ambitions we all have to make our country a tech superpower, level up the country, boost economic growth and make public services more effective. A digital skills shortage means those ambitions will not be realised. Addressing digital exclusion is both a social and an economic imperative. We cannot become a tech superpower when basic digital skills are projected to become the UK's largest skills gap by 2030. Failing to bridge this gap will hinder productivity and economic growth, yet tackling the problem would have significant economic value. The CEBR estimates that it would cost £1.4 billion to upskill excluded groups by 2032, but the return, in the same timeframe, would be around £12.2 billion gross value added—a great return on investment.

Despite a few random measures, such as £8 million for digital skills boot camps during the pandemic, there are social and economic imperatives to do far more. The committee came to the clear view that:

“The Government has taken its eye off the ball”.

The noble Baroness, Lady Stowell, suggested in a letter to the Minister that the Government were showing a distinct lack of leadership. This is especially concerning given, as a Lloyds Bank report recently showed, that the proportion of people offline has for the first time increased.

Details of the committee's recommendations have already been outlined by the noble Baroness, but it worth summarising the implications of them, because they require a new strategy, fronted by a digital exclusion unit, with the aim of boosting digital skills so that

[LORD FOSTER OF BATH]

everyone can use the internet for life and work; developing place-based digital inclusion hubs, starting with libraries, so that everyone has somewhere local to go for internet help; and ensuring the availability of affordable internet, so that everyone has the access they need.

Sadly, while acknowledging that more needs to be done, the Government have rejected most of the recommendations, most significantly the call for a new strategy. Although it is not a silver bullet, a new strategy would signal that the Government are prepared to dedicate time and resources to fixing the problem. Their previous strategy is 10 years old and is now in the National Archives—its main delivery partners have not existed for years. Instead of a new unit, the Government have established a cross-Whitehall ministerial group—they have opted for second best. I hope the Minister can, at least, tell us the details of that cross-Whitehall ministerial group's work to date, its achievements and its plans for future action, and explain how it will be accountable to Parliament.

Digital inclusion is not a luxury. It brings huge social and economic benefits. No one should be left behind in the digital revolution. However, the Government's response to the committee's report does not give any confidence, frankly, that they have gripped these issues.

3.48 pm

Lord Holmes of Richmond (Con): My Lords, it is a pleasure to take part in this debate, and I declare my technology interests as set out in the register as adviser to Boston Ltd. I congratulate my noble friend Lady Stowell, not just on this report but, as she rightly set out, quite a week for the committee. It shows how all these issues touch so many elements of our society and our economy.

I will pick out the most significant recommendation from the committee's report, and that is the need for a strategy. Some 10 years ago, I sat on my first House of Lords Select Committee on Digital Skills. We began our work in 2014 and we finished in 2015 by talking of a strategy, and yet the strategy that was published before we began our deliberations is still the strategy we have today. There are clearly good examples of operational delivery happening across the country and across Whitehall, but without a strategy it is de facto non-strategic. Does the Minister not agree and see the urgent and pressing need to have a strategy so that we can be strategic about our approach?

A lifetime ago, EM Forster entreated that we should "Only connect!" These words can be helpful on our journey through digital inclusion, because we have never been more connected. Yet look at the rise of populism, nationalism and retreatism—horrific geopolitical outlooks. We have never been more connected and yet we have an epidemic of isolation and a mental well-being crisis.

Why? There are many factors, but a significant one is that this is connection without inclusion, enablement and empowerment. Those who find themselves at the sharpest end of digital exclusion are often those who would have the most to gain—older people, disabled people and those in lower socioeconomic groups. Even

when they manage to get online, for want of information only 5% of those who could take advantage of social tariffs do so.

Take the example of a grocery shopping app. Imagine how you place your order and it comes to your door. Many people are familiar with this and the convenient offers within it, and it is a great way to shop. But imagine that you are not online, and so you cannot use that app; imagine that you have the app but do not have the digital skills to transact, and so it is not working for you; imagine that you have the skills but have no or low internet connectivity, and so the app is not working for you. For want of digital inclusion, more than a few folks are not getting their food.

Digital inclusion is about the stuff, the kit, the skills and the learning. It is about enabling people to have the comfort and confidence that come through digital inclusion in all aspects of their lives. It needs leadership at a national and local level. The hubs are an excellent suggestion, where they exist, but we need more of them on a strategic basis.

Everything starts with education. Does my noble friend the Minister agree that, if we are really to enable digital inclusion, and enable and empower our young people to take all the advantages of the fourth industrial revolution, we need a complete overhaul of our school curriculum? Great stuff happens, if you are lucky, but it is not strategic and it is in pockets.

The PISA results on numeracy and literacy are impressive. We know how to take this performance approach, but alongside numeracy and literacy we need data literacy, data competency, digital literacy and digital competency. They are equally important. Then young people will be enabled and empowered, with all their talent unleashed through digital inclusion and education.

Taking this broader, we have nothing short of an opportunity to completely reimagine our economy and society and the very social contract, transformed into a digital social contract between citizen and state, for the benefit of both.

I finish on the essence of all this—inclusion and innovation. More than that, it is inclusion for innovation. That must be the mission of us all.

3.54 pm

Baroness Armstrong of Hill Top (Lab): My Lords, I enter the debate with some trepidation. I am not a member of the committee, but I think the report is very important. I bring to the debate that in 2007-08, when I was at the Cabinet Office, we had a look at digital exclusion. One of the big issues then was coverage: the fact that there was so little connectivity and internet access around the country.

Also, when I chaired the Public Services Committee in this House, it became very clear in many of our investigations just how important digital inclusion was, but also that we really could do things if people got working on it. For example, when we looked at access to public services and other things during Covid, we heard from some older people that they got support from Age Concern to do precisely what the noble Lord, Lord Holmes, talked about—access internet shopping—but they could not afford the minimum

level of shopping they needed to commit to in order to order goods. We wrote to and engaged with those companies to get them to lower the rate for those people whom the local authority had identified as vulnerable. So we can do it; we did lots of those sorts of things during Covid that have now got lost. I really want the Government to think about that.

Since I first looked at this with my very good junior Minister, Pat McFadden, in 2007-08, we have seen change at an unprecedented rate in the use of digital internet opportunities across the board, in virtually every area of activity—and we know for certain now that that will change much more quickly in the future. If the Government do not have a strategy or a plan, or do not feel that they can keep up with what is happening, then we will leave a lot of people without the basics that will be necessary for everyday life in the future.

There are new and urgent demands for government action. It is clear that the development and improvement of public services can be made only with much more use of digital tools. On health, the Times Health Commission signalled this week that we need digital passports. Of course we do: folk get frustrated when they go from one bit of the health service to another and have to tell their story again and again, with nobody keeping the stuff together. The patient, if nobody else, should be able to keep all of that together.

There are other things, such as prevention of hospitalisation through contact with the relevant health worker for people with certain conditions. Those people need to be given a particular gizmo that will track their diabetes or their heart and give direct messages to somebody located in the primary care or community care workforce. These things are now automatic in other parts of Europe. We must make sure they are automatic here, but that means an absolute sea-change in how people access these things.

Other people will talk about education in more depth, but I have seen AI being used by a teacher to keep in contact with what on earth is going on in the different groupings in the classroom, so that they can keep up with who is falling behind and who has finished and is bored. We need to make use of the benefits of things like that. The north-east has the highest rates of digital exclusion. That inevitably correlates with us having among the highest rates of poverty and child poverty in the country.

With the right messaging and the right support, even without the VAT on social tariffs being changed, in one of the social tariffs, on water, we have been able to increase access up to 47%, when nationally it is 17%, because Northumbrian Water was persuaded by others that it had to take action to use the data it had on who was vulnerable to contact them and help them to get access to the tariff. There is still a lot further to go, but that is an example of where, by using the data you have effectively and by actually contacting people, you can increase their participation. If it can be done with a water tariff, it should be done for the broadband social tariff. The estimate at the moment of the unclaimed broadband tariff in the north-east is about £36 million per year—so there is something the Government can get on to straight away that will transform the lives of a lot of people in our region.

So the Government do have a role to play. The Government have a role to play themselves, but they also have a role to play with others in the marketplace. I give the Government the example of the Trussell Trust, which has identified that one in six people who attend food banks regularly has no access to the internet. They cannot afford wifi. I ask the Minister to think about what that meant for children in Covid when, even if they were given a laptop, they could not get access to what was needed, and it refers to lots of other things. The Trussell Trust has done a deal with Tesco where, by 2025, Tesco Mobile will connect 50,000 people facing hardship through the Trussell Trust network. That is the sort of thing the Government should be encouraging, that is the sort of thing we need in a plan and that is the sort of action that will make sure that everybody is able to live by the new era of digital inclusion.

4.02 pm

Baroness Lane-Fox of Soho (CB): My Lords, I, too, thank the committee for its work on this important subject, although I must confess to raising my eyes to heaven when I saw that it was still necessary to do this work. I studied ancient history, so forgive me a minute, but my ancient history has a very deep connection with this important topic. In 2009, I was asked by the then Prime Minister to become digital inclusion champion for the United Kingdom, and I continued my work under the next Government as digital champion—it was perhaps telling that “inclusion” was taken out of my title at that point. I mention that because I feel such a failure in that work. So often, I have been presented with appalling and horrific facts, many of which noble Lords have talked about this afternoon. I would like to share three which perhaps present the complexity of this problem and show why it has not changed as much as it should have over time.

The first place I visited when I was appointed in 2009 was a drop-in centre in Leeds. It was a day much like today, with catastrophic rain, and I thought, “I cannot quite face this; I’m going fall over with my walking sticks”. But I went there and I met a young man—the first person I talked to on this whole journey—who said to me, “The internet saved my life”. I looked at him and thought that it probably was not the internet but something else, such as shelter or food—but no. He said, “It saved my life because I learned how to make music online. I had been found with a terrible drug problem, but now I have a purpose, I have skills I did not have. I credit completely the internet with saving my life”. I have told that story a lot over the past decade because it sits on my shoulder. I tell it mostly when I go to tech conferences, where there is a shocking lack of appreciation of the scale and challenge of this issue.

I fast-forward to 2020, when I was chairing the committee on the long-term implications of Covid, which was a complex task for many reasons. One of the threads we looked at was digitisation and how it leapfrogged over the course of the pandemic. I will never forget a woman who came on to our Zoom inquiry when we were looking at the role of technology in a very broad way, who told us, “I’m choosing right now between data and food”. This was in 2020 in one

[BARONESS LANE-FOX OF SOHO]

of the richest countries in the world. She was having to decide on a daily basis whether her three children would be able to access the one smartphone the household shared in order to do schoolwork or whether they would have supper. That was a pretty horrific choice to have to make.

Fast forward again to 2023: I am proud president of the British Chambers of Commerce. I was at a round table in Doncaster with a bunch of businesses—big and small, all kinds of things. The boss of one very impressive insurance company looked at me and said, “My company is going to be completely different in 18 months. I’m going to deploy GPT technology to take out half my workforce”. Another, a founder of their business, sitting next door to me said, “I haven’t got any digital software in my company at all”. Digital exclusion is a hugely knotty problem and I really welcome the committee’s work on it, including in trying to put parameters around it.

It is not just about individuals; it is also about businesses. We know that 20% of small and medium-sized businesses, which make up 85% of our economy, do not use basic digital skills. We know that it affects people hideously if they do not have access, as many noble Lords have documented this afternoon, and I really welcome the suggestions that the committee has made. I would just like to double-click on one of them: community interaction and how you bring community groups together.

Everything happens in this country, in my experience, and I do not think we need to invent anything new. As the committee has said, we should double down on the things that are going well. There are many community groups that know how to solve this problem, but they are not co-ordinated. They are not joined up or sharing best practice and the Government are not aware of all of them. Yet every time I travel to somewhere, I have found another amazing little project—in a post office or a care home, wherever it might be. I really urge the Government to think about how we can lift up all these amazing projects, exploit the best of them and maybe help some of the less good to slowly come to an end, and to have much more community-based innovation at a very local level. That is how this next wave of the issue will be solved.

I want to finish with a more macro point, which is how we pose this question. I have been thinking about this a lot over the past decade and it is framed completely wrong. We will never make the progress that all noble Lords clearly want if we do not reframe the question. This is about the economy: “It’s the economy, stupid”. I have tried with the human stories. I have told that story about the young man in Leeds literally thousands of times but that does not seem to have worked. We will not be able to level up, as the noble Lord, Lord Foster, mentioned, we will certainly not be able to build back better and I do not believe we will build a country that works for everyone unless we put a deep understanding of connectivity and internet access and skills, and the ability to afford them, at the heart of how we do that. It is not that complicated; it just needs to be a priority.

I have sat next to multiple Culture Secretaries. They shall remain nameless but one of them looked at me once with incredulity when I got on my soapbox again

about this issue. They said to me, “No, we’ve got over 95% of people in this country on the internet. This is not a priority for me”. Therein lies the rub: 95% sounds pretty good, does it not? I aspire to getting that mark sometimes—my children certainly do not give me anything much above a 50%—but 95% is not good enough. It does not unpick the problem well enough.

I heard the noble Baroness on a “Money Box” podcast. It is not one I often listen to but I caught it when she was talking about this report that she had done. The response from the Government, as part of that “Money Box Live” special on the digital divide, was, “But 95% of people have access to some kind of broadband infrastructure”. That was completely missing the point. We need politicians to prioritise this but to do so in the right way. We need one of the next 200 Culture Secretaries to appreciate that this will make their life easier. We also need a plan, as everybody here has rightly said. Most of all, we need to remember that it is impossible to function right now in our country if you do not have these basic skills, and the ability to afford them in your life. You can save £1,000, you can get work and it is unacceptable that, in a country which aspires to be one of the most digital in the world, we have not put this as a core ambition.

4.08 pm

Baroness Harding of Winscombe (Con): My Lords, I knew it would be impossible to follow my friend the noble Baroness, Lady Lane-Fox. I begin by thanking the chair of the committee that I sit on, my noble friend Lady Stowell, for introducing our report so brilliantly. I add my voice to thank all the team who support the Communications and Digital Select Committee so brilliantly, on this and the other reports that they have been doing for us. I should also declare my interests as set out in the register, but also as a former trustee of two organisations chaired by the noble Baroness, Lady Lane-Fox, Go ON UK and Doteveryone, and obviously as the former chief executive of TalkTalk.

I too have worked on this—perhaps not as long as some in this Chamber, but for a good 14 years—and I too have rolled my eyes when I felt we had to look at this issue again. Fourteen years ago, people used to say to me that we just needed to wait for people who were not online to die. We now know some things. First, we all live longer and, the longer we live, the more important digital is to us. Secondly, as noble Lords have said, young people are also digitally excluded. Thirdly, one of the key things we learned in this inquiry is that digital literacy is a moving target: it is not just about learning to read and then you are done. Because technology is changing so fast, it is highly likely that some of us will suffer from digital exclusion, as technology moves faster than we can, as we age. Societies will have to think about and work on this for ever. The job will not just be done; it will be with us for ever.

A few days ago, I read with despair, if I am honest, an article in an online magazine called *Digital Health*. It is a niche magazine for those of us who are interested in health and digital, as befits the name. The article was about a pilot in north-west London to engage the very community organisations that the noble Baroness, Lady Lane-Fox, references, to bring people online to

access health services in the last two years. Unsurprisingly, the pilot has been a success. It set out how, for a relatively small amount of money—I think it was just over £1 million—not only had a number of people in the community come online but they all reported that their mental and physical health had improved, because they had been able to access services that they were previously excluded from. The really depressing thing is that those studies have been in place for 14 years.

Like others, I have been trying to answer the question of why this is a Cinderella issue. Why does it not capture the imagination of not just the current Government but every leadership of this country in the last 14 years? I, too, have sat beside many Secretaries of State who have not shown much interest in this issue—why? One reason is that this is actually quite a wicked issue to solve. When you really address it, this is about delving deep into the underlying causes for exclusion—full stop. Many of the people who are digitally excluded are excluded on other dimensions as well. These are complex problems to solve, and the awful truth is that digital exclusion exacerbates existing inequalities. The only way to address it is locally—bottom up, rather than by top-down fiat, as the noble Baroness, Lady Lane-Fox, set out—and central government finds that hard to do.

This is an issue not about money but about leadership. We will spend a lot of time this afternoon discussing the absence of a strategy, but I would like to raise that one level and talk about the absence of leadership. I will describe this in the context of an oft-vaunted example of leadership in this country: the Vaccine Taskforce. We achieved some extraordinary things during Covid, and the Vaccine Taskforce is often, quite rightly, pointed to as one of the greatest things that the country has done in recent times. Obviously, somewhat selfishly, I would like to think that there are some other things that we did at scale during Covid that also moved some mountains, but let us look at the Vaccine Taskforce. It had a strategy, and it published its plan. I have yet to find any leadership textbook that says that not having a strategy is a great start in a leadership journey. But it is not the end of the journey.

The task force had really clear top-down sponsorship from the then Prime Minister, the Cabinet and all of us in society. It was properly resourced, it had clear milestones and the people working on it were held to account every day, and at least every week by the then Prime Minister himself. That is how you lead change in society on complex and wicked issues, even though the delivery of the vaccine was done by local groups. The real success of the vaccine delivery in the UK was through the national leadership and genuinely local delivery. It was small community groups reaching into parts of society that are most scared of getting vaccinated where we did so brilliantly as a country.

There is a huge amount that we as a country can learn from that experience in respect of digital inclusion. The sad truth, comparing where we are now with the past 14 years, is that we have a Government who genuinely insist that a strategy is not necessary, and a body looking to oversee that non-strategy which, according to its own terms of reference, is going to meet twice a year. I do not know how you can ever really monitor the implementation of something as complex as this

by meeting twice a year. Earlier this week, in front of our committee, the Secretary of State not only argued vehemently that a strategy was not necessary but did not know when the next meeting of the oversight group was, and does not have a dedicated team focused on delivering it—let alone any time with the Prime Minister and Cabinet leadership to really drive change. So, there is a stark contrast. We will not really address this issue unless we address the leadership gap.

The next question to ask is why the leadership is not interested in this. Partly, it may be because it is not a sexy issue; it is about really difficult, on-the-ground, inch-by-inch improvement—the sort of operational delivery that national policymakers do not particularly enjoy. But it does not need to be like this. The noble Baroness, Lady Lane-Fox, talked about it being “the economy, stupid”. I would add that this would make political good sense, which is why I am so baffled that no one has taken it up. The Good Things Foundation conducted a poll just after Christmas; sadly, it was an online poll, like every other poll. It found that 76% of people think that the Government should invest in fixing the digital divide, and 21% of people—who were online—feel left behind by technology.

This is an issue that makes economic and social good sense—and political good sense. How are the Government going to turn this around and show us the leadership we need to fix it?

4.16 pm

Lord Griffiths of Burry Port (Lab): My Lords, it is a privilege to follow three noble Baronesses, one after the other, and particularly wonderful to hear the passionate pleading from the Conservative Benches about the lackings of the present Government. At the same time, I pay tribute to the noble Baroness, Lady Stowell, who chaired the committee admirably. I approach these bipartisan things with an open mind, to see just where I am being led by the nose. However, genuinely, the noble Baroness, Lady Stowell, encouraged views across the board, welcomed pertinent comments quite critical of the party she belongs to, and indeed gave voice to some herself. Her leadership—and we are talking about leadership—has been splendid. I need to have a cup of coffee with her and talk about other matters, but that is not for now. We were supported, of course, by a truly astonishing bunch of people in the secretariat, whose skills have been wondrous.

The noble Baroness began by simply saying what is incontestable—that technology is changing very quickly. Let us test that hypothesis. The report was published in June 2023. Eight months later, we are debating it and responding to it here in the Chamber. But on 7 August 2023, the newspapers, because of the astute handling of the report with the press and other communication outlets, picked up on the major themes in a very big way. I have in my hand an article that I clipped because it was so informative, principled and punctilious. It is an editorial in one of our leading newspapers, headlined: “Britain is isolating people who are digitally excluded and at a very high cost”, as many of us have said. But the fact is that the newspapers were saying it in August. The Government, and those who plan the use of our time here, have given us the

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last fag-end of a day's business to look at this report, which contains important things that need to be heard, and with urgency.

I want to know what influence the Minister can bring to bear on those who are faced with the fact that we are not content with the lack of a strategy for 10 years. We need more focused leadership. Not only this report from the Communications and Digital Committee, but all our reports talk about the skills base that needs to be improved for the whole gamut of national life and our economy. We lament time and again, as we have in this report, that so much of what we look at throws responsibility on to one government department after another—education, business, communications and so on. No one seems to pull it all together, which is of course what a strategy would do. It would bring together the places where these needs are identified and forge a path that shows practically what can be done.

I was very taken by the comment from the noble Lord, Lord Holmes, that we have never been so connected but not included. It has a lovely shade of meaning and nuance that bears thinking about—indeed, it could initiate a debate in its own right. It is wonderful to have my noble friend Lady Armstrong here. Not only did she recognise the need when she was in government, but she saw that something was done to address the need. Her words—that things can be done—also need to enter our soul and change our way of thinking and approach to these things. Technology is going to change at a terrible rate, and our legislation will never keep up with it, but we must be able to act in such a way that greater attention is given to the people who will be excluded by the very advances we will all praise.

When we were meeting, I was surrounded on the committee by people whose brains are not like mine and who can handle the intricacies of technology in a way that my poor Plato and Aristotle brain cannot. I have spent my whole life not running things, not organising corporations, nor being a political leader, but just being a pastor to people who live on ordinary streets and have their problems and so on. The most important part for me was the visit that we undertook to Newham, when we went to Skills Enterprise. We sat with people in a little hub as they talked to each other about their problems and showed each other how to manage a particular problem that each was faced with.

It has been mentioned that libraries offer hubs of that kind. Churches also offer hubs of that kind. It is very important that they use their space in this way. Ordinary people, dealing with ordinary problems, who feel more and more distant from the ability to solve, or even address, their problems, are helped through these street-level initiatives. Would that our corporations and the great institutions in our national life never lose sight of the plight of the ordinary person in this particular field.

I am delighted to step down from my membership of the committee—I know they will miss me terribly—and, with this blast from the past, I say: keep focused; this has to be done. I say to the Minister: please get a sense of the urgency of this and give us a little hope.

4.24 pm

Baroness Bennett of Manor Castle (GP): My Lords, it is a pleasure to follow the noble Lord, Lord Griffiths. Like him, I find myself largely in agreement with many of the contributions from the Conservative Benches, which is not always the case, although I disagree with him that a knowledge of Plato and Aristotle should be seen as mutually exclusive with knowledge of STEM subjects and digital skills; I am always very keen to see these joined together and working cross-disciplinary in the broadest sense.

I join other noble Lords in thanking the committee for its excellent report, and join it in expressing disappointment with the government response. What I will seek to do today, however, is mostly to add some different points, some of which I take a slightly different perspective on and some of which the committee perhaps felt were outside its scope but none the less, I think, have a significant impact on its work. The report talks throughout, quite rightly, about confidence—the word “confidence” appears all the way through—but there is very little discussion of fear. I think we need to acknowledge that people have a rightful fear of going on the internet.

Because I do joined-up-ness, I work in many different areas in your Lordships' House, but last night I was unable to take part, due to another commitment, in a debate on the Victims and Prisoners Bill, on Amendment 112 in the name of the noble and learned Lord, Lord Garnier, about compensating victims of financial fraud. A great deal of financial fraud happens online, of course, and its scale is terrifying. People are frightened to go on the internet because of the scale of that fraud. They are often being warned, rightly, about that, and we need to acknowledge that it is a genuine problem; it is not just a case of giving people confidence. To cite a couple of figures I was looking up, the City of London Police says that courier fraud, affecting particularly the over-70s, cost £12.6 million last year. Romance fraud, which affects people of all ages, cost £93 million.

It is not just fraud that makes people fearful of going online. I happened to see one of our national newspaper consumer champions addressing the case of a pensioner who was left without any money over Christmas because, using telephone payment, she had accidentally pressed one extra zero and paid £1,000 instead of £100 for a service. That got fixed only when a national newspaper champion got involved. People are fearful of engaging with these services, with good cause, and there is an urgent need for much more to be done, to have regulation and protection, to ensure that companies react very promptly and rightly and do their absolute best to set up systems that do not go wrong in that manner.

I slightly disagree with the noble Baroness, Lady Stowell. We want everyone to have access. The noble Baroness said there should be no digital exclusion, but I am with the noble Baroness, Lady Harding, in acknowledging that this is not something we are going to miraculously make disappear. At different stages in our life, we will have different levels of capacity to engage with digital. Many of us, at some point in our life, might find ourselves without the skills to deal with

digital. This is where I pick up the point of the noble Lord, Lord Griffiths, about libraries. I put to your Lordships that we will always need to have everyone able to access a facility where they can go and say, “I have a real problem; can you help me sort this out?”. Libraries are a very obvious place, and the collapse in the provision of libraries is a huge tragedy. It is a logical place. The noble Lord identified other places as well, such as churches, but we need libraries as a place that people can go when their digital skills are not adequate for the task at hand. I stress too that many voluntary groups do great work. I know many people who have learned their digital skills through the University of the Third Age, but lots of those groups need a bit of government funding to enable them to function.

I want to pick up some points about digital exclusion because of poverty. Figures from Ofcom show that 7% of households now do not have internet provision, and 20% said it is because of the cost. Also, currently 23% of people, 12.2 million people, are looking for cheaper data plans because of the cost. Perhaps we need to coin a new phrase here. Because of the cost, people are going to see their data flows squeezed down; they might maintain a trickle of data but they will have data starvation. We all know that digital provision is using more bandwidth all the time. We need to think about whether there are low-bandwidth options available that people are actually able to afford.

Good things are happening, but they urgently need to. As noble Lords may know, the UK is the second-largest producer of electronic waste in the world per capita. This is a huge environmental issue but also a huge prospect in solving some of the problems we are talking about. Liverpool City Region has just signed up to the National Device Bank, a recycling network run by the Good Things Foundation that is looking to take some of what could go into electronic waste, repurpose it and give it to people who cannot afford to buy computers and high-tech mobile phones. It also operates a national data bank, which is like a food bank but for mobile data. These are very good things that the Government, with a bit of funding, could help enhance.

We need to look at austerity. I declare my position as a vice-president of the Local Government Association. Local government has to be at the core of providing and funding these services, but its lack of funding means that it is struggling to do so. The head of 100% Digital Leeds has recently been focusing on it, and Leeds is leading the way. Many others would like to follow but simply do not have the funding to do so.

4.31 pm

Lord Lipsey (Lab): My Lords, I apologise for the frightful coughs coming out of me; I can assure those sitting near me that the house doctor has said that I am not infectious, so they have a few more years to go.

Let me introduce the House to Joe Soap. He is a perfectly ordinary bloke, but he has no computer. He does not even have an iPhone. He has no kids who can do things for him and is not in a job that would allow him access to digital resources. It is really hard for us as Peers, with our computers provided and the excellent

back-up from digital services, to imagine what his life must be like—but let us have a go. He wakes up in the morning feeling poorly, but his doctor’s phone is constantly engaged. He would love to get a job, but applications now have to be made online so there is no chance. He has heard that the tyre he needs for his motorbike can be bought cheaply online, but not by him. According to the Good Things Foundation charity, he will spend an extra £228 a year on things he needs through lack of access to digital markets. He has often wondered about doing a course to equip him with practical skills, but none is local to him and all the rest are online. That is no good, because being online is precisely the problem. In other words, Joe Soap is stuffed.

Being offline, however, in some ways has even more profound effects. It is a morale drainer. Even if he could find the cash to get online, he lacks the confidence to do so. What if his few pennies are snatched by fraudsters? He hears about that every day on the local news and reads about in the local paper. What if he makes a mess of his tax form or benefits claim? In trying to deal with all this, he is particularly handicapped because the help is mostly online, which is precisely where he is not. The world of digital is alien territory to Joe. A high fence excludes him.

Our Communications and Digital Committee report—I was delighted to serve under the chairmanship of the noble Baroness, Lady Stowell—identifies a whole series of reasons why digital exclusion happens: lack of devices; nervousness about using digital; fear of fraud; and physical or mental disability, as digital is not so easy for people who have lost their sight or are autistic.

Older people like me are pre-digital; 25% of over-75s do not have it officially, and I should think at least a third of the rest of them do not have it either but do not like to tell that to people who are interviewing them.

Finally, of course, there is cost. Most people who lack digital will be financially unable to run to the price of it—it can easily be 5% of the wages of somebody at the lower end of the scale.

If we did not have an NHS, and everybody had to pay in full to get medical treatment, this would be a poorer country. If we did not have state education, whereby education is free, this would be a poorer country. If we did not give any benefits to anyone, this would be a poorer country. Yet here is something which is fast becoming at least as essential to living a normal life as those services that we take for granted, and it can be ignored no longer.

What are we doing? Not enough. There is something called the social tariff, for which 4.2 million people are eligible, but of these only 380,000 are signed up. Many of the excluded—one in 10, it is estimated—are so ill off that they cannot afford even the subsidised social tariffs.

The structure of social tariffs is pretty bizarre. They are paid for by the telecoms firms, which means that they have to impose higher charges on other users or decrease investment in further improving the networks. There is a second major flaw: although they claim to be something for the less well off, if you actually look at the detail you find that they extend quite a way up the scale, with quite a lot of money going to people—for

[LORD LIPSEY]

example, a couple with a son at home who is earning well will get their social tariff. That seems to me as close as you can get to a waste of public money.

I would scrap social tariffs and put some of the money that the big telecoms companies saved in that way into providing cheap, or even free, internet services, devices and broadband. Perhaps access could be automatic to those on certain benefits. As it is the state's duty to provide for the poor, there could be a state contribution to such costs, though I do not underestimate the present pressures on the public purse. Enders Analysis, a consultancy group, recently published a report for BT on digital exclusion, which sets out some of the ways forward.

Above all, I would like to see the Government set out a new strategy on digital exclusion. I would like to see them set up a body of stakeholders, including government, telecoms firms, charities working in the field and academics—Enders Analysis and the Social Market Foundation, which have just produced reports on this subject, have a huge amount of knowledge. That body, in my blissful world, would produce a holistic plan on digital exclusion, coming into being in the next Parliament. I could get quite excited by this vision, except that I cannot help but remember that, since 2014, the Government have failed to do any such thing.

4.38 pm

The Lord Bishop of Bristol: My Lords, it is a pleasure to follow the noble Lord, Lord Lipsey, whose speech imaginatively took us into the life and world of Joe Soap. I congratulate the noble Baroness, Lady Stowell, on securing this timely debate—timely in one sense—and I offer my thanks to all members of the Communications and Digital Committee for a thorough and wide-ranging report. I also lament the lack of a government cross-departmental strategy.

Today, I focus my comments on digital inclusion and exclusion in and around schools, about which I have a little knowledge. In 2021, UNICEF produced an excellent report on the effect of digital exclusion on schoolchildren. That report said that

“digital inclusion must be seen as the cornerstone to ensuring social justice and equitable life chances for every child”.

Those words were written while the pandemic was at its peak and the long-term impact on education was still difficult to predict.

We know today that, while the pandemic certainly played a major role in accelerating this trend, the impact will long outlast the pandemic, because digital schooling is here to stay. The question then is how we make sure this new status quo works for all children. Given this debate, I hardly need to convince noble Lords of the importance of children being able to access the tools they need to make a success of their schooling. I particularly noted the input of digital exclusion expert Kat Dixon into the committee's report. She described how, for people of all ages, not having internet access

“prevents access to modern life”.

How much more wide-ranging are the impacts of lack of access for children, who will be missing out on the building blocks of their education?

Ofcom's 2022 digital exclusion review set out three key tenets of digital inclusion: affordability, access and ability. Today, I consider how these might apply to digital exclusion for children and young people at school. First, on affordability, we know that inflation has been at a 40-year high, and many families are still struggling with the cost of living, particularly families with children. Those who are from less advantaged backgrounds are much more likely to face digital exclusion than their peers from affluent backgrounds. Where children who already face disadvantage cannot access the digital resources they need for school, that disadvantage is compounded and can become entrenched. This, in turn, entrenches generational disadvantage.

In his response, I would be grateful if the Minister could include what steps the Government are taking to increase the affordability of digital inclusion for children of school age, particularly for the express purpose of full participation in schooling. During the cost of living crisis, many internet packages have become more expensive, by as much as 17% in some cases. We have heard about the proposal for social tariffs and their demerits. I call on the Government to make broadband much more cheaply available to families who need it, particularly where a child's participation in school is at stake.

The second tenet of digital inclusion is access. In my own patch, research carried out by the University of Bristol showed that only 47% of those in Knowle West—much in the news recently—who needed a laptop or PC for home schooling had access to one. Even where there is a device in a household, it is often not appropriate for participating in school. Families of five might share a single phone, or might not have access to reliable wifi, meaning children have to complete their homework in distracting settings, such as on public transport. Fully 8% of children aged five to 15 do not have access to an internet-enabled desktop computer, laptop or netbook at home. It is not just the children—more and more data about school is delivered to parents digitally. Almost all teachers are using technology to communicate with parents and carers about safeguarding. What happens when you cannot access that important data about your child?

As we have heard, churches have been used as hubs, first for broadcasting to not-spot areas—which has worked well in remote rural areas such as Dartmoor—and in urban areas as church-based warm spaces. I wonder whether this might be encouraged more broadly. I too lament the demise of libraries because of costs for local authorities.

The final pillar of digital inclusion is ability. This is where schools can really make a difference, rather than just firefighting the impacts of entrenched digital disadvantage. Training the whole population in basic and advanced digital literacy will be fundamental to addressing that digital divide. Improving digital literacy from the start, by embedding this into the curriculum, will be fundamental. Although this report rightly focuses on how we can get adults digitally literate where they currently lack the skills they need to get online, for a long-term plan this really has to be embedded in the life of schools.

Finally, my comments today have focused on ensuring that children can access technology for their education. Technology can augment and enhance education, but it should also be noted that technology carries inherent risks, and we must not lose sight of those. Technology must enhance human contact, not replace it; and technology must serve students, not exploit or manipulate them, as the noble Baroness, Lady Stowell, indicated earlier. Considering affordability, access and ability, we must keep ethics as well as safeguarding at the heart of this conversation and when considering our investment in the future of all our children.

4.45 pm

Lord Young of Norwood Green (Lab): My Lords, I, too, echo the praise to our support team for our committee. You hear a lot of criticism of civil servants recently, but we can only speak from experience, and they were superb. We were well chaired, too. It is true to say that there was a wide disparity of views on our committee. Listening to the debate, I reflected on whether I am “glass half full” about this matter rather than “glass half empty”—and I think that I am. There is a danger that we will emphasise too much of the negative. Of course, we need to consider both aspects of the debate.

Demographics interest me. When we talk about older people, I presume that I am included as I am now an octogenarian. Am I brilliant with technology? No, but I am not too bad. I have a consultant—my son, who is highly paid in IT—so I suppose that I have that luxury. I will reflect on what happened during Covid, which was a very interesting scenario. Thousands and thousands of people started to learn how to Zoom, especially among the older generation, including grandparents. Why? People wanted to contact their grandchildren, who became their educators. That was a positive thing.

I will also reflect on my now late—unfortunately—stepmother-in-law, a wonderful woman called Wyn, who purchased an iPad. About six months later, my wife and I visited her, and we asked her how she was getting on with her iPad. She replied, “That bloody thing? I wish I’d never bought it”. I asked where it was; she said it was in the box; and I said that they do not work very well if they are in the box. We got it out of the box, and we spent probably two hours with her, at the end of which she learned how to email and take photographs and she enhanced her life considerably. There are thousands, if not millions, of what were once known as silver surfers—elderly people who are managing to cope with the technology. But it is not all of them: we are in a society in transition, and we have to recognise that; for example, some people still want to use cash, and we need to take that into account.

I have mentioned Covid already. I could not help but think about it when the noble Baroness, Lady Harding, referred to the strategy. I commend to her an article in the *Times* on 5 February by Helen MacNamara, a former senior civil servant who sat in on the Cabinet meetings. I will start with the good thing: I absolutely agree with her that the vaccine strategy was brilliant; it saved thousands and thousands of lives. But she comments on the fact that there was a slight problem with the Cabinet meetings: they were all men. She said that the

worst decision they made was to shut down schools. She is absolutely right; that was the very worst decision that could possibly have been made. Young people desperately needed their school; it was their refuge and the place where they got at least one hot meal and access to technology and where they socialised with their schoolmates. That was an unfortunate decision, and the Government have been trying to deal with the backwash from that.

What did that mean? If you talk to people in education, they will tell you. It meant that young people come into school now and they are not potty-trained, have no social skills, do not know how to use a knife and fork, and they are so badly dressed that they have to have spare sets of clothes, and so on. So it is a huge problem.

The Government employed somebody to look at that problem—I think his name was Kevan Collins. He recommended to them that they needed to spend a huge amount of money—£15 billion—to retrieve that situation. They put in £5 billion, and he resigned as a result of that. He got it right. We know that if we do not get it right in early years education, it costs a lot more; those children will be digitally excluded. As somebody already mentioned, when they were at home, sometimes the only piece of apparatus in the house would be one phone. It would be cheaper if the Government distributed laptops to everybody—to children at least—to stop that kind of deprivation.

I wholeheartedly endorse one of our committee’s recommendations, and I hope the Minister will give it some positive response, although I will not hold my breath. It was:

“Removing VAT from social tariffs would be one of the most straightforward ways of reducing the cost. Helen Milner”—

one of our witnesses—

“said it would cost the Treasury £151.2 million per year if every Universal Credit recipient took it up. Current take-up rates suggest it would cost around £7.5 million per year. Both BT and Vodafone committed to passing any such VAT cut onto their customers”.

We did not get a very positive response from the then Minister, Paul Scully, so I hope that minds might be changed on that issue.

Your Lordships will see that I am wearing my badge; it is National Apprenticeship Week this week, in case you were not aware—a very important week. I was interested in a company called Metaverse Learning, which specialises in trying to help underprivileged young people become digital apprentices. However, it has recently started to look at the age range of 50 and above. That is interesting, because if we are talking about the importance of reskilling and upskilling in today’s society, we know that people will probably have to do that two or three times more in their life or they are likely to be digitally excluded from employment.

On community activity, I was interested in what my noble friend Lady Armstrong said about the benefit of taking local action. My noble friend Lord Griffiths reminded me about Newham—I was struggling to remember where we went to—and a wonderful experience we had there. A local group was helping people get to grips with the new technology—I have to finish now;

[LORD YOUNG OF NORWOOD GREEN]

I will be very quick—and they demonstrated the benefit that had to people, plus there was the positive involvement of the DWP.

I look forward to the ministerial response; I am sure the Minister will give us 101 reasons why the Government really have a strategy.

4.53 pm

Lord Clement-Jones (LD): My Lords, I first declare an interest as chair of the board of the Trust Alliance Group, which runs the Communications Ombudsman service.

I thank the noble Baroness, Lady Stowell, for setting out the committee's stall so cogently, and thank the committee for its excellent report. As she said, it has been a busy week for it, and we all look forward to debating its recent report on large language models. Trying to catch up with digital developments is a never-ending process, and the theme of many noble Lords today—the noble Baroness, Lady Stowell, herself, the noble Baronesses, Lady Armstrong and Lady Harding, and the noble Lord, Lord Griffiths—has been that the sheer pace of change means we have to be a great deal more active in what we are doing in terms of digital inclusion than we are being currently.

Access to data and digital devices affects every aspect of our lives, including our ability to learn and work; to connect with online public services; to access necessary services, from banking, which my noble friend Lord Foster highlighted, to healthcare, which the noble Baroness, Lady Lane-Fox, highlighted; and to socialise and connect with the people we know and love. For those with digital access, particularly in terms of services, this has been hugely positive—I chime with what the noble Lord, Lord Young, said about the glass being half full for those with the right connectivity—as access to the full benefits of state and society has never been more flexible or convenient if you have the right skills and the right connection.

However, a great number of our citizens cannot get take advantage of these digital benefits. They lack access to devices and broadband, and mobile connectivity is a major source of data poverty and digital exclusion. As the noble Baroness, Lady Lane-Fox, mentioned—she chaired the committee, of course—this proved to be a major issue during the Covid pandemic. The noble Lord, Lord Holmes, mentioned the mental health impacts of a lack of data connection; I was very taken by his phrase, “connection without inclusion”. Of course, as the right reverend Prelate mentioned, the digital divide has not gone away subsequently—and it does not look as though it is going to any time soon.

There are new risks coming down the track, too, in the form of BT's Digital Voice rollout. The Select Committee's report highlighted the issues around digital exclusion. For example, it said that 1.7 million households had no broadband or mobile internet access in 2021; that 2.4 million adults were unable to complete a single basic task to get online; and that 5 million workers were likely to be acutely underskilled in basic skills by 2030. The Local Government Association's report, *The Role of Councils in Tackling Digital Exclusion*, showed a very strong relationship between having

fixed broadband and higher earnings and educational achievement, such as being able to work from home or for schoolwork.

To conflate two phrases that have been used today, this may be a Cinderella issue but “It's the economy, stupid”. To borrow another phrase used by the noble Baroness, Lady Lane-Fox, we need to double down on what we are already doing. As the noble Baroness, Lady Stowell, and the committee emphasised, we need an immediate improvement in government strategy and co-ordination. The Select Committee highlighted that the current digital inclusion strategy dates from 2014. The noble Baroness was supported in calling for a new strategy by many noble Lords, including my noble friend Lord Foster and the noble Lords, Lord Holmes and Lord Lipsey; all of them called for a new strategy, despite the Government's reluctance. We need a new framework with national-level guidance, resources and tools that support local digital inclusion initiatives.

The current strategy seems to be bedevilled by the fact that responsibility spans several government departments. It is not clear who—if anyone—at ministerial and senior officer level has responsibility for co-ordinating the Government's approach. My noble friend Lord Foster mentioned accountability, and the noble Baroness, Lady Harding, talked about clarity around leadership. Whatever it is, we need it.

Of course, in its report, the committee stressed the need to work with local authorities. A number of noble Lords—the noble Baronesses, Lady Armstrong, Lady Lane-Fox and Lady Harding, and the noble Lord, Lord Griffiths—have talked today about regional action, local delivery, street-level initiatives: whatever it is, again, it needs to be at that level. As part of a properly resourced national strategy, city and county councils and community organisations need to have a key role.

The Government too should play a key role, in building inclusive digital local economies. However, it is clear that there is very little strategic guidance to local councils from central government around tackling digital exclusion. As the committee also stresses, there is a very important role for competition in broadband rollout, especially in terms of giving assurance that investors in alternative providers to the incumbents get the reassurance that their investment is going on to a level playing field. I very much hope that the Minister will affirm the Government's commitment to those alternative providers in terms of the delivery of the infrastructure in the communications industry.

Is it not high time that we upgraded the universal service obligation? The committee devoted some attention to this and many of us have argued for this ever since it was put into statutory form. It is a wholly inadequate floor. We all welcome the introduction of social tariffs for broadband, but the question of take-up needs addressing. The noble Lord, Lord Lipsey, may not be a fan of social tariffs, but the take-up is desperately low at 5%. We need some form of social tariff and data voucher auto-enrolment. The DWP should work with internet service providers to create an auto-enrolment scheme that includes one or both products as part of its universal credit package. Also, of course, we should

lift VAT, as the committee recommended, and Ofcom should be empowered to regulate how and where companies advertise their social tariffs.

We also need to make sure that consumers are not driven into digital exclusion by mid-contract price rises. I would very much appreciate hearing from the Minister on where we are with government and Ofcom action on this. The committee rightly places emphasis on digital skills, which many noble Lords have talked about. These are especially important in the age of AI. We need to take action on digital literacy. The UK has a vast digital literacy skills and knowledge gap. I will not quote Full Fact's research, but all of us are aware of the digital literacy issues.

Broader digital literacy is crucial if we are to ensure that we are in the driving seat, in particular where AI is concerned. There is much good that technology can do, but we must ensure that we know who has power over our children and what values are in play when that power is exercised. This is vital for the future of our children, the proper functioning of our society and the maintenance of public trust. Since media literacy is so closely linked to digital literacy, it would be useful to hear from the Minister where Ofcom is in terms of its new duties under the Online Safety Act.

We need to go further in terms of entitlement to a broader digital citizenship. Here I commend an earlier report of the committee, *Free For All? Freedom of Expression in the Digital Age*. It recommended that digital citizenship should be a central part of the Government's media literacy strategy, with proper funding. That might be described as the digital social contract that the noble Lord, Lord Holmes, spoke of. Digital education in schools, which was very much subject of what the right reverend Prelate had to say, should be embedded, covering both digital literacy and conduct online, aimed at promoting stability and inclusion and how that can be practised online. This should feature across subjects such as computing, PSHE and citizenship education, as recommended by the Royal Society for Public Health in its *#StatusOfMind* report as long ago as 2017.

Of course, we should always make sure that the Government provide an analogue alternative. We are talking about digital exclusion but, for those who are excluded and have the "fear factor", a term almost used by the noble Baroness, Lady Bennett, we need to make sure and not assume that all services can be delivered digitally.

Finally, we cannot expect the Government to do it all. We need to draw on and augment our community resources; I am a particular fan of the work of the Good Things Foundation, FutureDotNow, CILIP—the library and information association—and the Trussell Trust, and we have heard mention of the churches, which are really important elements of our local delivery. They need our support, and the Government's, to carry on the brilliant work that they do.

5.05 pm

Baroness Jones of Whitchurch (Lab): My Lords, I thank the committee, so ably chaired by the noble Baroness, Lady Stowell, and all those who have spoken on this totally compelling and hard-hitting report. It is

fair to say that they did not mince their words, and quite rightly, when you look at the statistics that have been produced on the extent of digital exclusion. I will not repeat them here, but it is clear that a lack of skills, equipment and finances has left a minority of the adult population with no digital access and a worryingly high minority having access only via a smartphone, which is fine for texting your friends or using TikTok but not so good if you want to access public services, or engage in public life in a meaningful way.

The report identified the socioeconomic, age and regional disparities that underline these figures. Yet, as the noble Lord, Lord Holmes, pointed out, it is those very people who could gain the most from an effective digital inclusion policy. This is a huge challenge if we are serious about embracing the exciting possibilities that AI and the latest technology can bring to improving our public services and making them more streamlined, faster, and more responsive. As the noble Baroness, Lady Lane-Fox, said, this is also fundamental to our economic prosperity, and we need to reframe the challenge on that basis. This will work only if everybody has the same opportunities to engage in this bright new world of high-tech systems. That is why we need to ensure that everybody participates, including through localised initiatives such as those described by my noble friend Lady Armstrong and others.

The report quite rightly identified "political lethargy" at the heart of the Government's approach to what the noble Baroness, Lady Harding, described as a Cinderella issue. I was first alerted to the lack of action on this whole issue by an excellent contribution on the King's Speech in November by the noble Baroness, Lady Stowell. She pointed out that the Government's digital strategy was 10 years old and so out of date that it had been archived, and she repeated that point today. I followed that up and looked at the UK digital strategy that was published in 2022, which the noble Lord, Lord Parkinson, said was the updated policy. But any reading of that document shows that digital exclusion hardly gets a mention and that it is certainly not at the heart of the Government's thinking.

As a further aside, I subsequently tabled an Oral Question on digital exclusion that was passed not to DSIT but to the Cabinet Office, and the Minister asked to meet with me before the Question was debated so that I could explain what the problem was. This is not the sign of a Government taking the issue seriously.

We now have the Government's response to the committee's report, and, among other things, they have announced a new cross-departmental ministerial group, chaired by the Minister for Tech and the Digital Economy. I was shocked to hear—I think from the noble Baroness, Lady Harding—that it is due to meet only twice a year: is that correct? Can the Minister update us on how many times this group has met; when we will see the clear objectives that have been set; and how we will be updated on the delivery of any targets? Also, how many people in his department are working exclusively on the digital exclusion programme? He will have seen the figure in the report that this was one and a half full-time equivalents when responsibility for this issue was led by the DCMS, so has that figure improved?

[BARONESS JONES OF WHITCHURCH]

Like others, I am not impressed with the Government's overall response to the committee's report. It still has the tone of complacency and lack of drive for change that the committee identified in the first place. I would like to highlight some key themes that have come out today.

A number of noble Lords raised the basic challenge of improving digital skills. It was good to hear that computing is now a statutory part of the national curriculum and that teachers are becoming better trained to teach computer science. This is a fast-changing knowledge sector and it is crucial that teachers are equipped to teach courses of a required standard and are at the cutting edge of technology, so that young people go into the workplace with relevant and up-to-date skills.

However, it is a mistake to assume that the next generation will have been taught the skills that make the digital exclusion debate redundant. A number of noble Lords made this point, and the right reverend Prelate the Bishop of Bristol spoke passionately about the issue. While young people are becoming more adept at using smartphones for basic communication and social media, this does not mean that they have the skills to manage AI in the workplace or to access the raft of public sector services that are going online. As we know, we are currently facing a growing challenge of school refuseniks who are dropping out of school at an early stage, so will not have the benefit of a well-run computing curriculum. Does the Minister accept that there will always be a percentage of young people who will reach school-leaving age without the requisite digital skills to navigate the workplace and society's demands successfully? What plans do the Government have to address that education gap specifically?

The Government's response also puts great emphasis on the provision of adult courses based on the new national standards for essential digital skills, but does the Minister accept the conclusion of the committee's report that:

"The Essential Digital Skills Framework provides a good basis for driving improvements but it is not being used to its full potential?"

Can the Minister explain how the Government plan to address their recommendations on that and how there should be a cross-government approach to using the framework?

Sadly, it seems that the Government are placing too much emphasis on formal courses for adult learners, but we have to remember that adults without digital skills will often have suffered a traumatic experience of formal education the first time round and will not be keen to rush back to the classroom. It was good to see the Government's response recognising that formal skills are not for everyone, but the provision of alternative community support is patchy, to say the least. Can the Minister update the House on the provision of alternative community-based support? How much additional funding is being made available to deliver an effective basic skills programme?

I was also pleased to see the committee's recommendation that workplaces have a role to play in improving digital skills. One of my first successes as a

trade union official was to organise workplace literacy training in the University of London's halls of residence, where it turned out that the majority of cleaning and catering staff were unable to read a simple written instruction from their employer. When we face the challenge of addressing digital exclusion, we need to bear in mind that many individuals without digital skills also lack the underlying literacy and numeracy skills to make sense of this. Does the Minister accept that employers have a role to play in training all their staff with the skills for the future? What discussions have been held with employers' organisations to deliver a meaningful digital training strategy?

The committee quite rightly identified the cost of internet access and affordable devices as a major barrier to creating digital inclusion. One thing is certain: until those barriers are overcome, there will need to be high-class, localised hubs to support those who need to access public services and enter the job market. Free use of equipment and wifi, supported by trained mentors, is vital to ensure that we deliver a universal digital service. I am grateful to my noble friend Lord Griffiths for reminding us of the role that churches can play in all this. They can also address the understandable fear of digital engagement, which was referred to by the noble Baroness, Lady Bennett, my noble friend Lord Lipsey and others.

However, as the report points out, while demand is increasing, libraries and citizens advice centres are closing through lack of funding. It points out that the LGA statistics show that, between 2009 and 2019, there has been a 43.5% net decrease in expenditure on libraries. This is a rather crucial failing, so I was interested to read in the Government's response that the noble Baroness, Lady Sanderson, was appointed to help develop a new public library strategy over last autumn and winter. As this is rather urgent, could the Minister update us on the progress of that review and when we might see its outcome? Can he confirm that the review is considering what extra resources will be necessary to ensure that libraries deliver the Government's ambition for them?

So many questions arise from the Government's response to the report that I have been able only to scratch the surface of them. I hope the Minister takes to heart the many concerns that have been raised today. I am sure he will do his best to answer them, but I also hope he will take the message back to the department that the problem of digital exclusion is not going away. It needs leadership and effective cross-departmental working to bring about the scale of change the problem deserves. In the meantime, I look forward to his response.

5.15 pm

The Parliamentary Under-Secretary of State, Department for Science, Innovation and Technology (Viscount Camrose)

(Con): I start by sincerely thanking my noble friend Lady Stowell for tabling what we must all agree is a deeply important debate on this far-ranging and critical subject of digital exclusion, which we know affects millions of people across the UK, with costs to them as individuals and, as has been pointed out, to all society. I hope to be able to reassure noble Lords on most of the very wide range of points that were made, but

I look forward to continuing the dialogue. As has been observed, this is not a problem that will go away overnight, but I hope some of the things I will put forward will provide some reassurance in the meantime.

Let me take a step back by way of introduction. Our transition to the digital age in the last two decades has brought with it a period of extraordinary change. The fourth industrial revolution has transformed our economies, our public services and our day-to-day lives. We can expect that change to continue as technology continues to develop, bringing with it opportunities that would have been unimaginable for previous generations.

On the whole, the UK is well positioned to seize those opportunities by taking the lead in technological innovation. We are able to do this because, among other things, we are building on a proud history of technological development that takes us right up to the present day, from Sir Tim Berners-Lee and the world wide web to pioneers such as Dr Katalin Karikó and Dr Drew Weissman, who led the world in the development of the Covid-19 vaccine.

Across the country, we have a wealth of science and tech expertise. We are home to four of the world's top 10 universities, and in 2022 we became only the third country in the world to have a tech sector valued at over \$1 trillion. It is important that we continue this tradition of leading technological development through digital transformation. Not only will it help us boost productivity and increase all kinds of operational efficiency but, if we manage the transition properly, these innovations can deliver wider social benefits too: we can connect communities, reduce loneliness, and make public services easier and faster to access.

But—and there is always a but at this point—we absolutely must recognise the deep, genuine concern that some will be left behind. This is something that I personally, and the Government overall, take very seriously. That is why we do not want just to drive progress in tech; we want to do so responsibly and ensure that the tech we develop improves all lives across the country. Tackling digital exclusion is a fundamental part of this and a complex issue. No one department can solve this challenge; it will require close collaboration across government.

Digital exclusion negatively affects people's lives. Individuals who are digitally excluded are less likely to be in well-paying jobs. They have worse health outcomes and overall lower quality of life. As a result, digital exclusion creates new inequalities and exacerbates existing ones, making it difficult to participate fully in society.

Rising living costs have also made it more difficult for people to afford devices and internet access, which will increase digital exclusion. Some 18.7 million people—that is 35% of us in the UK—feel that increases in the cost of living are impacting their ability to go online, and 11.5 million—22% of people in the UK—have already taken steps to reduce the costs associated with going online by seeking alternative solutions such as libraries, community centres or, indeed, as we heard, churches for free access.

The Government have been clear that ensuring that no one is left behind in the digital age is a priority and consider that credible steps have been taken to offer

needed support. Encouraging more people to engage and stay online requires overcoming the barriers to access, skills, motivation and trust. Digitally excluded people also require continued support to ensure that these barriers remain lowered, and this is what we continue to focus on across government.

I thank noble Lords on the Communications and Digital Committee for their important work on the digital exclusion inquiry last year. Since the committee's report was published, we have established, again as a number of noble Lords observed, a new interministerial group to drive progress and accountability on digital inclusion priorities across government, to set clear objectives and to monitor delivery. I thank the noble Lord, Lord Clement-Jones, and can confirm that the Minister for Tech and the Digital Economy, Saqib Bhatti, is responsible for digital inclusion and that is why he is in the position of chairing the group. The group met for the first time in September, and departments agreed to undertake departmental mapping exercises to drive work on digital inclusion. With the group meeting, as has been said, every six months, this is the first step of many in a cross-government effort.

Lord Clement-Jones (LD): Does the noble Lord believe that meeting once every six months is adequate?

Viscount Camrose (Con): The crux of the work is done at departmental level and that feels to me more like a board meeting. So, yes, I think that set-up makes logical sense, but we will watch with interest and adapt as necessary.

Many noble Lords raised points about a new digital inclusion strategy. As the Secretary of State for Science, Innovation and Technology said to the committee on Tuesday, the Government are focusing their resources on delivery—on the doing rather than on the writing of the new strategy. The key themes for the last strategy on digital inclusion—access, skills, motivation and trust—are still relevant today. I will point to some of this action as I go through my speech.

I agree with the point that the noble Lord, Lord Foster, made very well: the digital strategy should and does include the basis for digital inclusion. The 2022 digital strategy outlined work across government that will promote digital inclusion, including broadband rollout across the UK, essential digital skills support and legislation to tackle online harms, now the Online Safety Act. I thank the noble Baroness, Lady Jones, for raising the issue of who in government is working on digital inclusion, and my noble friend Lady Stowell for asking about the relationship between teams working on AI. My department has various teams, from the newly named Responsible Technology Adoption Unit, formerly the Centre for Data Ethics and Innovation, to AI skills feeding in to work on digital inclusion. This is alongside teams working on telecom skills and the tech sector. Given its varied nature, there are teams across government that work on policy linked to digital inclusion, including the Department for Culture, Media and Sport's work with libraries, the Department for Work and Pensions' work on unemployment and the Department for Education's work on digital skills. There is a new official-level working group that sits across government to support this cross-cutting work.

[VISCOUNT CAMROSE]

Starting with the issue of access, I will focus on the affordability and availability of telecom services. UK consumers have access to one of the most competitive telecom markets in Europe. The cost of a gigabyte of data, at 50p in the UK, is less than half that of the average price in the EU, at £1.18. The headline cost of an average broadband package and mobile service has actually decreased since 2019.

Prices have fallen, but usage has increased: the average household broadband connection uses 53% more data today than it did in 2019. Mobile data consumption has increased 25% year on year. We have been working hard to ensure that people have the access to the internet and broadband that they need. In March 2021, we launched Project Gigabit, our £5 billion mission to deliver fast, reliable broadband to the hardest-to-reach parts of the UK, areas that would have otherwise been left out of commercial gigabit rollout plans without government subsidy.

In 2021, the Department for Culture, Media and Sport, in partnership with the charities AbilityNet and Good Things Foundation, launched the £2.5 million digital lifeline fund. The fund aimed to reduce the digital exclusion of people with learning disabilities by providing free devices, data and digital support to over 5,000 people with learning disabilities who cannot afford to get online.

To support children with access to devices, the Department for Education has also delivered over 1.95 million laptops and tablets to schools, trusts, local authorities and further education providers for disadvantaged children and young people since 2020. This is part of a £520 million government investment to support access to remote education and online social care services.

Once again, I thank the noble Lord, Lord Clement-Jones, for his valuable contribution and for raising the broadband universal service obligation, which the Government introduced in March 2020. This gives everyone the legal right to request a decent and affordable broadband connection of at least 10 megabits per second. The broadband universal service obligation is a safety net, providing a minimum level of service to participate in society and the economy, based on information provided by Ofcom. Given the significant changes to the broadband market since the USO was designed in 2019, we want to take this opportunity to review the broadband USO and ensure it remains relevant and up to date with the current technical standards required in practice, reflects the current and future market environment, and delivers on the policy principles set out by the Government when it was established. In October last year, the Government published a consultation on reviewing the broadband universal service obligation, and a response to it will be published in due course.

I also thank the noble Baroness, Lady Armstrong, and the noble Lord, Lord Lipsey, for their thoughtful contributions, which noted the importance of social tariffs provided by telecoms companies, and the right reverend Prelate the Bishop of Bristol for her well-made point on affordability. We recognise that cost is a barrier for many. As I have noted, prices in the UK are

falling and the Government have worked closely with the telecoms industry to ensure the provision of low-cost, high-quality fixed and mobile tariffs, also known as social tariffs, for those on universal credit as well as other means-tested benefits. There is of course a balance to be struck between ensuring investment in UK telecoms infrastructure and ensuring that services remain affordable.

We have established a pro-investment, pro-competition environment and remain committed to the idea that a competitive market will deliver the best outcomes for all consumers. Social tariffs are now available from 27 providers, up from 10 in November 2022, from the likes of BT, Sky and Virgin Media and across 99% of the UK. We have seen an increase in uptake of almost 160% since September 2022, but I am afraid to say that this represents just 8% of total eligible households. I absolutely acknowledge that we need to make more progress and we will continue to look at how to accelerate that.

Lord Clement-Jones (LD): Perhaps the Minister can give us just a little more detail. Is there any movement towards auto-enrolment and the kind of ideas that have come out of the committee?

Viscount Camrose (Con): Yes, but I am going to have to write because that would be a multi-bullet point communication.

There is also the timely issue of contract price rises. We appreciate that households across the country are struggling with their bills because of the rise in the cost of living, and that price rises in any services will be unwelcome. That is why it is essential that important clauses within telecoms contracts, such as in-contract price rises, are clear and transparent. Consumers need to be aware of what they are agreeing to when taking up a broadband or mobile contract.

In December, Ofcom completed its review of inflation-linked in-contract price rises and launched a consultation that would end CPI and RPI increases, replacing them with a clear pounds and pence figure for what consumers will pay. For the avoidance of doubt, social tariffs do not incur in-contract price rises.

I draw noble Lords' attention to the commitments made by industry bosses in June 2022 to support their customers. The sector agreed to allow consumers facing financial difficulties to enter into affordable payment plans or move to cheaper plans without penalty. We have been clear that any customer who believes they are facing digital exclusion can contact their provider to discuss the support that might be available.

On VAT, as noted by the noble Lord, Lord Young, it is important to remember that decisions to deviate from the standard VAT rate of 20% have to be considered carefully and based on clear evidence, as lowering tax in one place can mean raising tax in another. Taxation policy is kept under review, and we would be happy to receive evidence of the benefits of reducing VAT on social tariffs.

In addition to the provision of social tariffs, we have increased access to gigabit internet. Approximately 80% of UK premises can now access gigabit-capable broadband—a huge leap forward from 2019, when coverage was just 6%. We are on track to meet our

target of 85% coverage by 2025. We will continue to expand our mobile network too. By 2025, we will have 95% coverage through the shared rural network, and we are aiming for the majority of the population to have access to 5G signal by 2027, via the 5G Testbeds and Trials Programme.

Government cannot, and should not, be expected to tackle the issue of digital inclusion alone. We call on private sector organisations to prioritise digital inclusion in their business, which they could do by joining device donation schemes, for example. We encourage telecoms providers to continue to provide social tariffs and advertise them to eligible households. We encourage companies to adhere to the public sector bodies accessibility regulations and other government accessibility guidance, which are published and freely available online, for their websites and other publicly available information.

I thank the noble Baroness, Lady Jones, and my noble friend Lady Stowell for their thoughtful contributions and for raising the important issue of high-quality localised hubs, including libraries and banking hubs. Banking hubs are a voluntary initiative provided by the UK's largest high street banks. I agree that it is imperative that banks and building societies recognise the needs of all their customers, including those who need to use in-person services. Over 100 banking hubs have been announced so far, and the Government hope to see these hubs open as soon as possible.

Around 2,900 public libraries in England provide a trusted network of accessible locations, with staff, volunteers, free wifi funded by the Department for Culture, Media and Sport, public PCs, and assisted digital access to a wide range of digital services. My noble friend Lady Sanderson's *An Independent Review of English Public Libraries*, published in January, called for the establishment of formal links between digital-by-default public services, particularly health services and libraries, to ensure the provision of one-to-one support. In his response to my noble friend Lady Sanderson, my noble friend Lord Parkinson committed to exploring her recommendations further, as part of the development of the Government's libraries strategy, due to be published in 2024. The noble Baroness, Lady Jones, asked for a date for that, but I will have to come back to her with the timelines, as I do not have that detail.

On access to support for those seeking work, Jobcentre Plus work coaches can provide support to eligible claimants who are not online with financial support to buy six-month broadband connections. This is administered by the Department for Work and Pensions through the flexible support fund. This cross-government approach is working to reach millions of people across the UK and to provide necessary access for the digital age.

We know that, in addition to access, the right skills are needed, as many noble Lords rightly pointed out, to be able to use and take advantage of digital content and services. Digital skills are central to the jobs of today and the workforce of tomorrow. Ensuring that the workforce has the digital skills for the future is important to meet the UK's ambition to be a global science and tech superpower.

I thank the noble Baroness, Lady Jones, for raising the skills gap. Tackling the digital skills gap and the shortage of digital workers across the economy cannot be done by government alone, which is why the Government launched the Digital Skills Council in June 2022, bringing together government and industry to strengthen the digital workforce. The council is focused on addressing industry's current and future demand for digital skills, including through digital apprenticeships and by increasing the amount of business-led upskilling.

I thank the noble Baroness, Lady Jones, for raising also the role of the employer to support training staff. More than 80% of those who will be in the 2030 workforce are already in the workforce today. Given the need to continually refresh digital skills, upskilling existing workers with workplace training be essential. We have put employers at the heart of our apprenticeship system, empowering them to design the standards they need. Employers in the digital sector have developed 30 apprenticeship standards in digital. These high-quality apprenticeships are in a wide range of occupations and emerging technologies, including data scientist, software developer, cybersecurity and artificial intelligence specialist.

The noble Baroness, Lady Jones, also raised investment and support for young people. For children and young people, we are supporting and inspiring the next generation of technologists. It is crucial that we challenge perceptions of what being in a tech career is all about if we are to attract diverse and high-quality talent into our digital workforce. To achieve this, we are working closely with the Department for Education, industry and academia through the Digital and Computing Skills Education Taskforce, launched last summer to increase the numbers of students choosing digital and tech educational pathways into tech careers.

We are also working in partnership with industry and other government departments to inspire and engage students before they make key subject choices at GCSE and A-level—for example, through the CyberFirst programme, which encompasses technology-focused initiatives, from free online extracurricular learning to national competitions and bursaries. This includes DSIT's Cyber Explorers programme, launched in February 2022, which seeks to support the teaching of computing in schools and to inspire young people aged 11 to 14 to take up computer science for GCSE and the opportunities that a career in cybersecurity can offer. Over 60,000 students are registered across nearly 2,500 schools.

I thank my noble friend Lord Holmes for his question on the national curriculum. In addition to the programmes that I have just outlined, the DfE introduced computing as a statutory national curriculum subject in 2014 from key stages 1 to 4. In addition to this, we are investing a total over the Parliament of £3.8 billion in skills in England by 2024-25 and, in October, we quadrupled the scale of skills bootcamps.

I thank the noble Baroness, Lady Jones, for raising the essential digital skills framework. The Department for Education has used that framework as the basis for the national standards for essential digital skills of 2019,

[VISCOUNT CAMROSE]

which set out the skills that the qualifications funded and that the adult digital statutory entitlement must cover.

I thank the noble Baroness, Lady Lane-Fox, for her important question on the links to community groups. These really are an important part of the digital inclusion landscape. The Department for Education funds community learning and other non-regulated learning, such as building confidence in essential digital skills for learners who are not ready to take a qualification.

I reassure noble Lords that I am almost at the point of closing. The secondary barriers of trust and motivation must be tackled to have a true, positive impact on digital inclusion, but these are harder to measure. We recognise that some people are hesitant to access online services for fear that they may become victims of fraud, or that it is an unsafe environment. We have introduced the Product Security and Telecommunications Infrastructure Act, which will come into force in April this year.

Lord Foster of Bath (LD): My Lords, I know that time is very short, but I asked about the accountability of the cross-Whitehall group being set up. We know that it is going to meet only once every six months. One assumes that it will receive at each meeting a report of progress that has been made in a wide range of areas in the preceding six months. Could the Minister at least agree that copies of the report that will be received by the group will be made public to Members of Parliament?

Viscount Camrose (Con): I can take that up with the chair of the group, my colleague Minister Bhatti, to understand his intentions for assuring accountability.

I once again sincerely thank my noble friend Lady Stowell for securing today's debate, and all noble Lords who have spoken so well and clearly on this absolutely critical subject. With that, I conclude my remarks.

5.40 pm

Baroness Stowell of Beeston (Con): My Lords, I am very grateful to my noble friend the Minister. I have not envied him this afternoon, knowing that he would have to respond to a series of quite hard-hitting and critical speeches on this important topic. I will speak briefly, because I know noble Lords' patience will be tested if I go on too long.

We have heard some very powerful illustrations of what being digitally excluded means for those who are. To be positive for a moment, it is important to

acknowledge that, on a macro level, there has been an awful lot of progress since the time when the noble Baroness, Lady Armstrong, was a Minister in the Cabinet Office. On the micro level, I agree with some of what the noble Lord, Lord Young said. My own parents, who are well into their 80s, are testament to the fact that we must not fall into the trap of believing that all old people are incapable online. In fact, they were very early adopters of iPads and iPhones. The other point worth keeping in mind is that, as that technology develops and becomes much more intuitive to the user, it is in fact easier than it might otherwise have been for people to become included.

As has been stressed in the course of this debate, the point is that digital exclusion is a moving target. Inclusion is not something that will ever be completed; it is an ongoing and critical foundation to everything that any Government must do, never mind what they might want to do. The Prime Minister is ambitious about the potential for technology to be the solution to so many problems and for the UK to be a technology superpower. My noble friend the Minister has delivered a similar message today, and it is one that I agree with and support. But as my noble friend has also said—and as has been the very clear message from everyone who has contributed today—we cannot leave people behind. This is not an ambition from which only some people can benefit and enjoy, while others feel that they are not part of it or that it is happening at their expense.

We cannot will the ends without the means, and, as my noble friend made clear in her contribution, real leadership has to be shown here. My noble friend the Minister compared the ministerial group meeting every six months with the frequency of a board meeting. I point out to him that we expect this ministerial group to drive action. Any committee that is responsible for driving progress and action does not meet only twice a year—it meets more often than that. I urge my noble friend, following this debate, to take back the message to the department that the emphasis we have put on the need for progress is because we want the Government to deliver on the ambitions that they have set out. We know how important this is. As my noble friend Lady Harding said, this is about prioritising addressing digital exclusion because it makes economic, social and political sense. It is critical to everything that we are trying to achieve.

I am grateful to all noble Lords who have spoken today and to my noble friend the Minister. I ask him to deliver the powerful message that has come from all of us in this debate.

Motion agreed.

House adjourned at 5.44 pm.