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PARLIAMENTARY DEBATES
(HANSARD)

HOUSE OF LORDS

OFFICIAL REPORT

ORDER OF BUSINESS

Questions	
Military National Service	1639
Old Palace Yard.....	1641
Environment Agency	1643
Zimbabwe: Sanctions.....	1647
Justice and Home Affairs Committee	
Preterm Birth Committee	
<i>Membership Motions</i>	1650
Higher Education	
<i>Motion to Take Note</i>	1651
Defence Acquisition Reform	
<i>Statement</i>	1693
Local Regeneration: Industrial Areas	
<i>Motion to Take Note</i>	1703

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

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

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House of Lords

Thursday 7 March 2024

11 am

Prayers—read by the Lord Bishop of Manchester.

Military National Service Question

11.06 am

Asked by **Lord Naseby**

To ask His Majesty's Government what consideration they have given to implementing a form of military national service.

Lord Naseby (Con): My Lords, in begging leave to ask the Question standing in my name on the Order Paper, I declare an interest in that 67 years ago this month I was awarded RAF Wings to fly jets in defence of my country.

The Minister of State, Ministry of Defence (The Earl of Minto) (Con): My Lords, the Government have no plans to reintroduce national service or any form of conscription. Since 1963 it has been the policy of successive Governments that the best way of providing for the defence of our country is by maintaining professional Armed Forces staffed by volunteers. The demanding nature of defence today is such that we require highly trained, professional men and women in our regular and reserve Armed Forces who are fully committed to giving their best in defending our country and its allies.

Lord Naseby (Con): I am grateful to my noble friend for his clear Answer, but many of us feel that at this point in time the warning signals are flashing red. In my conversations with our young people, particularly my grandchildren, there is a willingness to consider some form of training, either of a military reserve nature or possibly even of a national service nature. I took my oath in the other place 50 years ago today to serve the country. I believe our young people want to serve our country. Is my noble friend aware that as far as NATO is concerned, we are one of only two countries that have nothing in the way of training our young people in the challenges that arise in today's world?

The Earl of Minto (Con): My Lords, my noble friend makes some very good points, a number of which we can all relate to. The Armed Forces continue to meet all their current commitments, keeping the country and its interests safe. The Government remain committed to ensuring that this country has the world-class Armed Forces that it needs, deserves and has held in high reputation across the globe. We can rightly be very proud of our forces.

Lord Tunnicliffe (Lab): My Lords, I really hope that the Minister's Answer is not accurate. We know that there is a serious risk—not a probable risk but a serious risk—of a ground war breaking out in Europe, and we may become involved in it. This is being said by serious people such as generals, Mr Shapps and so

on. Surely the military would be derelict in its duties if it was not considering that risk. Ukraine has shown that modern warfare, once again, is people-intense. The numbers in our Armed Forces are something like half what they were at the end of the Cold War. Surely the military is developing multiple scenarios, almost certainly short of conscription, to make sure that a rapid increase in resources can be achieved.

The Earl of Minto (Con): My Lords, the noble Lord makes some very good points but, as I have said before, increasingly it is about capability rather than pure numbers. We are facing some widely known recruitment issues that are not peculiar to the forces or to the country and that are giving us a bit of a challenge, but while we have smaller forces than previously we are applying all sorts of issues to attract and retain forces across all three services.

Lord Fowler (CB): My Lords, the noble Lord asks for consideration of

“a form of military national service”.

As one of the last national servicemen in the 1950s, I think he is wise to put it that way. I have no personal complaints, but I observe that not everyone had happy memories of this period. Otherwise, you would not have had conscripts keeping lists of days and hours left to do, and the most popular recording on British forces radio in Germany for those nearing discharge would not have been “Happy Days Are Here Again”. I agree with the noble Lord that there is a strong case for looking at this again, but if we do I hope we will find something better than the 1950s model.

The Earl of Minto (Con): I cannot disagree with the noble Lord, but we have to rely on the fact that all three forces have a global reputation and are professional, highly trained and the envy of many. To dilute them with unwilling recruits, to a certain degree, can lead only to a slight dilution of that reputation.

Baroness Smith of Newnham (LD): My Lords, on these Benches I will not call for military service to be reintroduced, but we are hearing from across the Chamber that this country and His Majesty's Government need to prepare for a different security context from the one we have enjoyed for the last 30 years. Can the Minister tell the House what plans His Majesty's Government are making to reinforce the services, including increasing the numbers of reserves and making sure our that recruitment deficit is overcome?

The Earl of Minto (Con): My Lords, the way we address the threat is a constantly changing situation. Whether through procurement or through individual members of the forces, there is a constant ratio of training, retraining and readdressing the threat. I really believe that we have the right quality of forces in place. We know that we do not have as many as we had planned, and there are some prevalent recruitment issues. Encouragingly, applications have been well up in the last few months. We had more than 10,000 applications for regular soldiers in January; there were 53,000 applications in the period from June 2021 to 2022 and just shy of 70,000 from June 2022 to 2023.

Lord Howell of Guildford (Con): On those words, professional, regular and reserve, my understanding is that for some years now we have been vigorously building up our whole reserve—what used to be called the territorials—including a number of combat units trained to semi-professional standards and readiness. Is that process increasing? Is it reinforcing the number of troops we really have available? Are we following some of the patterns that the noble Baroness, Lady Smith, and the noble Lord, Lord Fowler, hinted at?

The Earl of Minto (Con): My Lords, we are. The current mix that we have in the Army is about 70,000 ground troops and about 30,000 reserves. The 100,000 target is where we are focused at the moment. The full size of the forces, currently at about 131,000, is an issue. The outflow is also an issue, as everybody is aware, and we are taking action to improve retention.

Lord Stirrup (CB): My Lords, I agree entirely with the Minister's remarks about conscription. One area where the Government could do more is in support for the cadet organisations. Although it is certainly not a recruiting arm of the military, the Air Cadet organisation already offers challenge, excitement, adventure and a sense of service to more than 43,000 young people from all backgrounds and communities across the UK. Can the Government ensure that they not only support this organisation in its current work but do their best to expand it?

The Earl of Minto (Con): My Lords, I entirely agree. In a past life, I had something to do with cadets and I also trained Junior Leaders soldiers. There is no doubt that the success of those particular intakes into the Armed Forces pays dividends time and again.

Lord Snape (Lab): My Lords although I cannot possibly match the glamorous nature of the questioner's service, when I joined the British Army 60 years ago in the hope of being able to drive steam locomotives on the Longmoor Military Railway, the recruiting sergeant in my hometown of Stockport offered to swear me in that same afternoon and send me on my way to the Royal Engineers depot the following morning. As I understand it, these matters of recruitment are now dealt with by a company called Capita, and I read that it takes nine to 12 months for each individual to join a regiment. Does the Minister agree that, by the time we had recruited a whole regiment of these reluctant conscripts, most of them would be too old to serve?

The Earl of Minto (Con): My Lords, the Government are doing all they can to speed up the process. The situation is improving, but the point is very well made. The sooner we can get enthusiastic men and women into the forces, the better.

Old Palace Yard

Question

11.18 am

Asked by Lord Berkeley

To ask the Senior Deputy Speaker what discussions he has had in the past year on plans to remove through-traffic from Old Palace Yard to improve safety and the environment.

The Senior Deputy Speaker (Lord Gardiner of Kimble): My Lords, I have not been involved directly in discussions to remove through traffic from Old Palace Yard, but I am aware that parliamentary authorities are working with Westminster City Council, Transport for London and the Mayor of London's office on the development of a scheme for the Parliament Square area. The scheme looks to improve safety and the environment, and includes assessing the possibility of removing vehicular through traffic from Old Palace Yard to Parliament Square.

Lord Berkeley (Lab): I am very grateful to the Senior Deputy Speaker for his Answer. Would he not agree that the existing traffic through Old Palace Yard and the confusing pedestrian crossings are unsafe and not very attractive from an environmental point of view? Will he add his weight to and participate in these ongoing discussions to pedestrianise Old Palace Yard and move those barriers a bit further away—obviously, we need security—so that everybody can enjoy Old Palace Yard without fear of being run over?

The Senior Deputy Speaker (Lord Gardiner of Kimble): My Lords, I recognise what the noble Lord has said. I should say that the political oversight group comprises Mr Speaker and the Lord Speaker, so we already have substantial weight on the parliamentary side. The initial concept design work is being undertaken by a consortium of engineers and architects, and we hope it will be finished by the end of the year. It will then need to go out for consultation to the statutory authorities and local residents, and implementation would be drawn up thereafter.

Lord Collins of Highbury (Lab): My Lords, if my memory serves me correctly, I first saw the plans for this that the noble Lord mentioned when I was on the Finance Committee, five years ago. These plans have been thought about for five years, mainly because of the huge security risk at the front of this building, which is still not being addressed. What is the noble Lord's estimate for the timetable for this work being undertaken? Last time I asked, I was told that it was down to Westminster City Council; well, at least we have a Labour council now, so maybe progress will be made.

The Senior Deputy Speaker (Lord Gardiner of Kimble): My Lords, Westminster City Council and Parliament are equal partners in this, alongside the Mayor of London's Walking and Cycling Commissioner and the Deputy Mayor for Transport. This particular scheme has been under development since 2021, although I know there have been previous ones, and the commissions of both Houses approved us finding a way forward with it.

Baroness Randerson (LD): My Lords, my issue is rather more modest. It concerns the road safety of pedestrians using the light-controlled crossing immediately outside Peers' Entrance. The time delay on that crossing is so long that the vast majority of pedestrians who are new to the area think that it is not working. As a result, they go out and basically play in the traffic, dodging cars. Can the noble Lord please use his good

offices to put on some pressure—this could be done really quickly—to deal with the time delay on that crossing and make it safer and more effective?

The Senior Deputy Speaker (Lord Gardiner of Kimble): My Lords, I will take back what the noble Baroness has said. I do know that safety and access concerns have been expressed by Members, including at pedestrian crossings, and parliamentary authorities have already raised this during discussions with Westminster City Council—but I will take back that point.

Lord Ranger of Northwood (Con): My Lords, I declare my interest as the former director of transport policy for the Mayor of London. I therefore have some acute insight into this issue around traffic management, pedestrian safety and pedestrianisation. In fact, there was a scheme in 2008 to pedestrianise part of Parliament Square but, when it was looked at extensively, there was an issue post the pedestrianisation of Trafalgar Square; what would happen to traffic flow if there were any incidents in the area? It was considered that we would have gridlock within 10 minutes if we also pedestrianised Parliament Square. Taking that information into account, I urge my noble friend the Minister to please be cautious about any further pedestrianisation. There is a delicate balance between traffic flow and pedestrian safety, which has to be managed with the huge increase in cycling that we all welcome. I hope that all these things will be taken into consideration in any future scheme.

The Senior Deputy Speaker (Lord Gardiner of Kimble): My Lords, I can confirm to the noble Lord that traffic modelling is very much part of the design work that is being undertaken, in part for the reasons described. There are clear safety advantages to this proposal, but all these things will be looked at in the balance.

Lord Touhig (Lab): My Lords, I support the point made by the noble Baroness, Lady Randerson, about that crossing. It is extremely dangerous, it takes a long time and I am sorry to say to the noble Lord who spoke previously that cyclists seem to pay no attention whatever to a red light. I crossed there a little while ago and a cyclist bore down on me; he did not have a bell but he did shout “ding-ding”.

The Senior Deputy Speaker (Lord Gardiner of Kimble): My Lords, clearly all users of the public highway must adhere to the law. Cyclists should be adhering to the law. I will take back the particular point about pedestrian crossings, but, as I said, there has already been a discussion on those points.

Environment Agency *Question*

11.24 am

Asked by Baroness Jones of Moulsecoomb

To ask His Majesty's Government what assessment they have made of the work of the Environment Agency in protecting public health and the environment.

The Parliamentary Under-Secretary of State, Department for Environment, Food and Rural Affairs (Lord Douglas-Miller) (Con): My Lords, I declare my interests as set out in the register. Protecting public health and the environment is a priority for the Government. The Environment Agency, as a regulator, operator of flood defences, technical adviser on the environment and category 1 responder, is up to the challenge. Defra works closely with the Environment Agency to ensure that it is equipped to carry out its functions effectively and to deliver for the public. Since 2015, the Environment Agency's budget has been increased by more than £700 million to £1.96 billion in this past year.

Baroness Jones of Moulsecoomb (GP): I thank the Minister for his Answer. A fuller Answer might be that the Environment Agency is dysfunctional because of government cuts, but let me be more positive and move on to the future. From 1 January 2028, which is quite a long way in the future, the Environment Agency will be able to rescind, revoke or change any licences of water companies which are damaging chalk streams, which, as the Minister knows, are a precious resource. Globally, we have most of them here. Is a list already being drawn up? Some 77% of this country's chalk streams are already failing to reach good ecological status, so the list needs to be written today if it is to be enacted on 1 January 2028.

Lord Douglas-Miller (Con): The noble Baroness makes an insightful point about these precious and irreplaceable water bodies—chalk streams. Indeed, 2028 is a key date for changing the current system. Specifically, 95 licences have been revoked in chalk stream catchments since 2008. In addition to reducing the burden of abstraction pressures, the Government are protecting chalk streams and have identified them as a priority site in our storm overflows discharge reduction plan. We are also delivering restoration projects amounting to 400 kilometres in chalk stream areas, increasing investment into restoring chalk stream catchments and looking at further options as part of the environmental land management plan. Defra is also working closely with colleagues in Natural England and the Environment Agency on the chalk streams recovery package, which is intended to set out the broader approach to protecting and recovering chalk streams.

Baroness McIntosh of Pickering (Con): My Lords, part of the problem with Environment Agency funding is the arbitrary definition of what constitutes capital spending and operational expenditure. Will my noble friend look very carefully at this in considering a total budget, or at least at getting rid of some of the arbitrary definitions that are in place?

Lord Douglas-Miller (Con): I thank my noble friend. She is absolutely right that there are issues around this. However, there is a degree of flexibility within the capital and revenue budgets. Money is allocated each year to maintain and look after flood defences, and money is allocated for capital expenditure to make future improvements. Only last year, during the very stormy weather in the autumn, the Secretary of State reallocated capital expenditure funding to revenue for this very purpose.

Lord Addington (LD): My Lords, will the Minister consider making sure that the Environment Agency and the Office for Environmental Protection consult other bodies? The huge benefits to mental and physical health from being active in the countryside, or even outside, in a non-formal way are documented. Is there, for instance, regular contact between the Department of Health and the Environment Agency or are we just waiting for this to happen by magic?

Lord Douglas-Miller (Con): I am not entirely sure what the key question was. If it was about linking up across government, I assure the noble Lord that it takes place across all departments.

The Duke of Wellington (CB): My Lords, I declare my interests relevant to this matter. In the past, the Environment Agency did not give sufficient priority to the discharge of sewage into our rivers. The Minister just explained how its budget has been increased, but the most important thing is to make the discharge of sewage and cleaning up our rivers a sufficient priority within the management of the Environment Agency. Is the Minister convinced that that is now the case and that what happened in the past will not recur, and we will have more effort from the Environment Agency in cleaning up rivers?

Lord Douglas-Miller (Con): The noble Duke is absolutely right. Just in the last year, the Government published the *Plan for Water*, which marks a step change in how we manage our water. We plan to deliver clean and plentiful water for people, businesses and nature. We are delivering this with tighter regulation, tougher enforcement and more investment. The Government are committed in the 25-year environment plan to restoring three-quarters of our water bodies to be close to their natural state, and this plan will help us achieve that.

The Archbishop of York: My Lords, during Covid, we all became aware of how important it is to have access to outside space. Yet we know that many people do not have access to outside space, let alone green space, and we know the health benefits of having that space, particularly for mental health. In my work, I often visit communities, particularly in Hull and Middlesbrough, where so many people simply do not have this kind of access, and I see the consequences. I am wondering what steps the Government are taking to try to improve the situation. It is estimated that 10 million people in this country may not have ready access to green space. What steps are being taken to address this?

Lord Douglas-Miller (Con): The most reverend Primate makes a very good point about public access. The Government are committed to everybody being within a 15-minute walk of a green or blue space. On the water environment, the designations for our bathing sites have never been in better condition. Just last week, we consulted on creating 27 new water designation bathing sites.

Baroness Hayman of Ullock (Lab): My Lords, I would like to ask the Minister about air quality. The European Environment Agency has estimated the number of

attributable deaths that could be avoided if extra air quality measures were implemented. It has also attempted to quantify the health burden associated with specific diseases caused or exacerbated by air pollution. Does UK equivalence exist in this? For example, what work is our Environment Agency doing with international equivalents to share ideas and best practice on how to tackle public health?

Lord Douglas-Miller (Con): The noble Baroness raises a really good point on air quality. It is the single biggest pollution problem that we have. Per the Environmental Permitting (England and Wales) Regulations 2016, the Environment Agency regulates larger industrial installations, medium combustion plants and a range of other industrial areas. I am not aware specifically of the consultation we do with our European colleagues, but perhaps I can write to her on that in due course.

Baroness Eaton (Con): My Lords, I am sure that the Environment Agency would accept that councils play an important part in the management of flood risk and coastal erosion. Despite this, councils report anecdotally that the process of securing grant-in-aid funding is becoming more and more bureaucratic and competitive. Will my noble friend the Minister update the House on what is being done to place fewer burdens on councils so that they are not forced to use taxpayers' money to compete against other councils for grant funding?

Lord Douglas-Miller (Con): My noble friend is right: local authorities play an absolutely crucial role in protecting the public from flooding. There is a bidding process for funding from the Environment Agency, which looks to assess where funding is most needed to protect and repair the most property and individual life. I appreciate that this is not a perfect system, and I will take this point back to the department.

Lord Trees (CB): My Lords, what is the Environment Agency doing to improve the detection and, more importantly, reduction of the levels of antibiotic-resistant bacteria in our aqueous environments?

Lord Douglas-Miller (Con): The noble Lord raises a very topical point. In the wider context, reducing antimicrobial resistance is one of Defra's key objectives. I am pleased to say that, in the farming community, we have reduced the use of antibiotics by over 50% as part of the antimicrobial plan. I mention this because one of the main causes of antibiotic-resistant bacteria in our waterways comes from the agricultural sector. The Environment Agency continues to use the latest scientific tools to monitor and trial interventions against antibiotic resistance in our rivers, bathing sites and coastal waters. In October last year, the Environment Agency published a review of methods used to better survey and understand antimicrobial resistance. These are being fed into the second five-year antimicrobial resistance action plan.

Zimbabwe: Sanctions Question

11.35 am

Asked by **Lord Bellingham**

To ask His Majesty's Government whether they plan to revise the Zimbabwe sanctions regime in the light of the recent announcement by the government of the United States that it will adjust and tighten its sanctions.

The Minister of State, Foreign, Commonwealth and Development Office (Lord Ahmad of Wimbledon) (Con): My Lords, our Zimbabwe sanctions hold to account four individuals and one entity responsible for serious human rights abuses. They do not target the people or economy of Zimbabwe. We note the US's recent steps and continue to engage closely with our US partners. We continue to keep all sanctions, designations and regimes under review and do not comment on any future sanctions plans.

Lord Bellingham (Con): My Lords, I am grateful to the Minister for that reply. He will be aware that the war in Ukraine and recent events in Gaza have taken the world's attention away from some of the various crises in Africa, including the dreadful situation in Zimbabwe. Indeed, having stolen last year's election, Emmerson Mnangagwa and ZANU-PF have harassed, threatened and imprisoned opposition figures, including the very brave Job Sikhala, closed down civil society, and undermined the rule of law. Obviously, there is no appetite in this House for economic sanctions, which would really bear down on the people of Zimbabwe, but surely we should now look at tighter and wider smart sanctions, targeted at the ZANU-PF Cabinet, their wives and their cronies. Surely the people of Zimbabwe, which was originally a net exporter of food, deserve better and a brighter future. Would the Minister agree?

Lord Ahmad of Wimbledon (Con): My Lords, my noble friend is right. We have been deeply seized by and concerned about the targeting of civil liberties. We engaged with the Government on the PVO amendment Bill before the 2023 elections, and we have seen the so-called patriot Bill, which has limited freedom of expression. My noble friend will also be aware that the introduction of the global human rights sanctions regime in 2019 allows us to do exactly that: we can specifically target the people who commit egregious abuses of human rights rather than citizens or, indeed, a country.

Lord St John of Bletso (CB): My Lords, does the Minister agree that the existing sanctions in Zimbabwe have not curbed President Mnangagwa's repressive regime and left a vacuum for the Chinese and the Russians, who are occupied in mining strategic minerals? Is it not time to convene an all-party parliamentary conference in Zimbabwe to help pave the way for the incumbent Government to be more inclusive and address the reduction of poverty for millions of long-suffering Zimbabweans?

Lord Ahmad of Wimbledon (Con): My Lords, I assure the noble Lord that part of our approach on sanctions is one element of that: using the levers that we have, in working with key partners, to ensure that the current Government adopt that inclusive approach. The noble Lord is correct: looking at what Africa and particularly Zimbabwe provide, their critical mineral resources are a major opportunity. Zimbabwe is the biggest provider of lithium, along with the DRC. There are opportunities ahead, but it needs a Government who are inclusive and protect the rights not just of those coming in but of their citizens.

Lord Oates (LD): My Lords, the Minister will be aware that ZANU-PF has used the cover of the Zimbabwe-specific sanctions regime as a propaganda tool to excuse its economic mismanagement and corruption, which caused the economic crisis in Zimbabwe. Will the Government consider ending the specific geographic sanctions regime and focusing on the global human rights and corruption sanctions regimes? Will the UK make efforts to step up communications, particularly in the SADC region, to make clear the message that the Minister just gave: that we want to see prosperity for the people of Zimbabwe and that our sanctions are aimed not at them but at the corrupt and the human rights abusers of the ZANU-PF regime?

Lord Ahmad of Wimbledon (Con): I pay tribute to the noble Lord for his work on the APPG. I agree that Zimbabwe has great opportunities, from looking at the people-to-people links with the United Kingdom. Again, it is demonstrable that the sanctions that we and other partners apply are not aimed at either the people or the economy. For example, our trade was £539 million in 2022-23, which is a direct challenge to what is sometimes said—that the sanctions have impacted the economy. What is needed is openness, transparency and accountability. I agree with the noble Lord; we will continue to look at our sanctions regimes. That is why I alluded to the global human rights sanctions regime, which allows us the very targeted sanctions, not just in countries such as Zimbabwe but across the world.

Lord Collins of Highbury (Lab): My Lords, I welcome what the Minister says about targeted sanctions. They are important, but what are we doing to investigate the electoral commission, particularly after the irregularities in the election last year? What are we doing about the security leaders, who have been targeting opposition activists? The other thing I will raise again—I know the Minister will expect me to raise it—is the importance of civil society, particularly representation of workers in Zimbabwe, because international trade unions have been concerned about that. If we work with them as well, instead of it being just a British Government voice, we will have a better response in Zimbabwe.

Lord Ahmad of Wimbledon (Con): My Lords, the noble Lord knows I agree with his last point, not just in Zimbabwe but everywhere. Countries—indeed, Governments—can learn and progress much faster and more inclusively with the engagement of civil society. In that sense, the British Government and others are sometimes accused of interference in domestic

[LORD AHMAD OF WIMBLEDON]
politics. That is not our intention. Our politics is to ensure that the rights of people and communities are protected. That is the approach we take.

The noble Lord is right to raise the elections. He will be aware that several election observers were there, including from the Commonwealth. The Commonwealth's report is still awaited, but some of the other points that were made—the EU report, for example, concluded that the elections were “marked by a curtailment of rights and freedoms”—

really lay out the current challenges. Of course we will work with partners on how we can strengthen things. SADC has been raised, but Zimbabwe also has aspirations for the Commonwealth. That provides an opportunity to raise human rights as a key component.

Lord Hannan of Kingsclere (Con): My Lords, I was impressed by my noble friend the Minister's response to the noble Lord, Lord Oates. Sanctions must be a scalpel, not than a sledgehammer, but I wonder whether he has made any assessment of the attitude of the Government of South Africa. Any sanctions regime in Zimbabwe depends on the collaboration of that Commonwealth state, and so far the ANC Government have been conspicuous in their opposition to any sanctions, even against the worst kleptocrats in ZANU-PF. Is this just regional solidarity, or is there a danger that they would like to do something similar at home if they thought they could get away with it?

Lord Ahmad of Wimbledon (Con): My Lords, I often say about sanctions that I will not speculate about what we are going to do; I will not speculate on the intention of another Government. We have a strong relationship. We do not agree with South Africa on everything we do or it does, but I recently met with the Foreign Minister of South Africa and we had a very productive and candid exchange.

Lord Alton of Liverpool (CB): My Lords, I thank the Minister for what he said about the importance of targeted rather than indiscriminate sanctions, and support what the noble Lord, Lord Bellingham, said to him. I will ask the Minister two things. First, is it not important that when we place sanctions on individuals, we do so with our allies? Given what the United States did on Monday in the context of Zimbabwe, and the identification of things such as diamonds and gold, how satisfied are we that they are not flowing through British markets and sources? Secondly, will he look again at the opaque way in which Magnitsky sanctions are imposed? Parliament has no oversight of that process. Does he not think that there should be some ability by parliamentarians, at least in camera in the Intelligence and Security Committee, to understand why some people are sanctioned and others are not, and why some countries are in the headlights and others are not?

Lord Ahmad of Wimbledon (Con): My Lords, on the noble Lord's final point, as I said, the global human rights sanctions regime was introduced in 2019. It allows for regular reviews. We debate particular

sanctions as they are imposed on individuals or entities. I will certainly reflect on what he suggests; it is a practical suggestion. On working with partners, I have said consistently that the best sanctions come when we work together and are aligned. We continue to review what we may do next in the light of what others are doing.

Lord Howell of Guildford (Con): My Lords, I think the State Department described its latest move in relation to sanctions as fine-tuning, aimed at easing the situation for the majority of the Zimbabwean people but hitting harder at the corrupt leaders. On this occasion, did it engage in talks with us on these measures? Everyone agrees that Zimbabwe is a long way from trying to join the Commonwealth again, although, as the Minister knows, it has been pressing very hard. Will he generally accept that the desire of a number of countries in Africa to join the Commonwealth—two did recently, and three more are on the list—is good for Africa in the future, for our influence, and for the general development of greater peace and development on the African continent?

Lord Ahmad of Wimbledon (Con): My Lords, on my noble friend's first point, I assure him that we are finely tuned and attuned with our colleagues across the pond. They shared their intent in advance. On his second point, only this morning I had an early-morning phone call with the Prime Minister and Foreign Minister of Samoa, and the Foreign Minister of Rwanda—the current chair; the former chair, the United Kingdom; and, of course, the host of CHOGM. That shows the importance of the Commonwealth family. When countries join the Commonwealth it is a great testament as to how they aspire to the future. This is not a legacy or colonial issue; it is about the future of how countries work together. My noble friend knows my view that we need to strengthen the Commonwealth advantage in the years ahead.

Justice and Home Affairs Committee

Preterm Birth Committee

Membership Motions

11.46 am

Moved by The Senior Deputy Speaker

Justice and Home Affairs Committee

That Lord Bach be appointed a member of the Select Committee, in place of Lord Berkeley.

Preterm Birth Committee

That Baroness Blackstone be appointed a member of the Select Committee.

Motions agreed.

Higher Education

Motion to Take Note

11.47 am

Moved by Lord Blunkett

That this House takes note of the contribution of higher education to national growth, productivity and levelling-up.

Lord Blunkett (Lab): My Lords, I draw attention to my registered interests. I am very pleased indeed to be able to lead this debate, and thank all those who are about to contribute. Across different political complexions and none, we should be able to find the kind of agreement that I hope will carry us forward for the future.

We have a choice: we can either wallow in nostalgia, meddle, or really look to a future that will be very different—a future of rapid change, where artificial intelligence and robotics will replace so many of the current employment opportunities, but will open up new opportunities for people who have the skills and adaptability to be able to take advantage of the future.

We used to talk about the knowledge economy; I do not hear it mentioned very often these days. There seems to be a view that we have too many students at universities, and too many universities putting on courses that are irrelevant. I am afraid that this view is completely outdated, and totally, utterly wrong.

This morning, the Chancellor of the Exchequer was parading his commitment, quite rightly, to the idea of productivity and growth, but the scientists, the high-level technicians, the research for the future are possible only if we have investment in our higher education system and we value and hold it dear. Innovation, knowledge transfer and the entrepreneurial skills of the future will come from people having their minds opened and their aspirations met. I am a living example of it. I went to evening class and day release to experience the value of further education, which I continue to value dearly. Being able to go to university immediately post the 1963 report of Lord Lionel Robbins transformed the life chances of literally millions of people. That understanding came on the back of what Harold Wilson used to call the “white heat of technology”—whatever happened to that?—and has been crucial to the well-being of the United Kingdom.

There are problems and challenges for our higher education system. It is going to have to adapt to changes in artificial intelligence and in the way we teach and learn, and to a very difficult financial climate. University income has dropped by around a fifth over the past five or six years. Fee levels have not increased, Brexit has affected income from European partnership arrangements, which thankfully are now being restored under Horizon—I will come to the way in which people see the contribution of overseas students in a moment—and it is a much more arid prospect for the future.

However, in Careers Week and on World Book Day, it is important to take a look at what is happening to the young people of today and to reflect on the young people of my era. According to the Labour Force Survey published two weeks ago, 850,000 young people between the ages of 16 and 25 are not in

education, training or employment. In other words, they are either working in the sub-economy or doing absolutely nothing. Some 200,000 of them are alleged to be unable to work because of ill health, including mental ill health. Finding a holistic approach to giving opportunity to the young people of the future becomes even more imperative if they are not simply to languish and deteriorate in every possible way.

I remind the House and perhaps the world outside which might be listening that there are not vast numbers of young people going to university who should be doing something else. It is Careers Week, and people should get the right information, advice and guidance on what is best for them. For some, it will be to go straight from college or school into the world of work. For some, it will be taking a BTEC national diploma or a T-level and moving into work. For others, it will be an apprenticeship, if they can get through the hoops that are put in their way, particularly for those with low-level qualifications at the age of 16. However, for many, it will be exploring their future by going into higher education. Many of those 850,000 young people should be encouraged to raise their aspirations and expectations to be able to take on that challenge. Nothing is more galling than people who benefited from higher education and expect their children to go to university telling other people that it is not for them. We have to renew our commitment to the aspiration that drove me on. I have no idea now how because the careers advice I received was zilch. The report I got from the school for the blind I left was appalling, and the expectation of the world around me was that I was going to be a lathe operator or a piano tuner, both of which are very highly rated and important tasks, although lathe operation has suffered over the years from numerical control. The world moves on, and we should move with it.

Some 750,000 jobs are created through higher education in this country. Many of them are crucial to the levelling-up process, as it is now called, in terms of giving youngsters in the most deprived areas of the country the belief that they can do something different from their parents and grandparents. It is about breaking intergenerational disadvantage, which is why I commend my noble friend Lady Armstrong on drawing attention in her debate later today to the fact that areas of the country that previously benefited from traditional industries now suffer from the worst-quality education in the country and the worst expectation of what people there will do. It is not surprising that more people go to Oxford and Cambridge from London and the south-east because the education system in London and the south-east is, sadly, still much better than it is in the Midlands and the north. It is not surprising that when we tell people that university education might be too much for them or inappropriate for them, they might believe us.

We need a menu that enables young people to make the right choice, but that allows people who may have experienced the world of work and decided that change is an imperative driver for them to come back into higher education through lifelong learning, to re-educate themselves and be able to take on new challenges. Lifelong learning should be at the root of what we are doing, saying and investing in in relation to education.

[LORD BLUNKETT]

I want to address a negative before coming to the positives. The negative has been the suggestion that somehow attracting overseas students to universities in this country is squeezing out domestic applications. Applications through UCAS from English students dropped this year by 1%. That is not surprising when people are told, despite the fact that they might face unemployment, that university is not for them. The noble Baroness, Lady Falkner, who chairs the Equalities and Human Rights Commission, raised a Question in this House about inequalities arising from overseas students coming to this country in large numbers. The Minister was honest, as she always is, and brave enough to say that there is no evidence whatever of that happening—and, of course, it is not. The number of overseas students, who now include EU students, has actually dropped, marginally. As university income has fallen and the challenges of research funding have grown, it is not surprising that universities have sought to attract overseas students to allow cross-subsidisation into crucial research, which we applaud all the time, such as into better vaccines and engineering for the future things that will transform our country, including on net zero. Yet in the next breath we condemn the idea of going out there and attracting students.

The Chancellor of the Exchequer said yesterday:

“Outside the US, we have the most respected universities”—
[*Official Report*, Commons, 6/3/24; col. 843.]

in the world. They are respected by the rest of the world but not enough by people in this country. It is bizarre to hear the Chancellor applauding our universities and then hear his colleagues going around rubbishing them. It is absurd that you can put out through the *Sunday Times*, a highly respected historic investigatory newspaper, the notion that students from abroad were squeezing out domestic students and their applications, and for a presenter on GB News, Katherine Forster, to say that it made her blood boil. She is a really good example of why we need more people in higher education—they might actually be able to evaluate facts and make a critical thinking exercise on what they read or, in the case of GB News, what they see in their own programmes. They might, seriously, be able to lift their horizons of what we need to do for the future.

At my own university is the University of Sheffield Advanced Manufacturing Research Centre and its work on small modular reactors and the energy needs of the future. It has not just pure science and engineering but the social science and humanities which we will need for the creative economy of the future, which so many universities are applying themselves to. Universities bring a massive input to local economies, as anchor institutions and the real levelling up, with £272 million going into Sheffield Central alone. Why? It is because we have two universities. The average across each constituency in the UK is £58 million, which is still an enormous contribution to the well-being of local people and our future.

What do we need to do? Universities need to be rigorous in their quality and aspiration. Linking up further education and higher education is a no-brainer. Ensuring that we take overseas students out of the

migration statistics is a no-brainer, as it would stop silly arguments. We should ensure that we can reshape our longitudinal studies to get a real understanding of what students from higher education are actually doing in local communities, whether they are part-time or self-employed. Let us have a commission on the funding of higher education for the future—that has lost its way at the moment. Above all, we should ensure that quality research, world-class teaching and the importance of valuing our universities are put front and centre. Stop knocking what is such a valuable asset to our country; let us invest in a world of tomorrow.

12.02 pm

Lord Patten (Con): My Lords, of the three key words in the very thought-provoking Motion before us, and following the provoking and thought-provoking speech we have just heard from the noble Lord, I intend to home in on productivity linked to how degree apprenticeships can fit into getting us a more productive country. It is one of the great mysteries of the age, at least to me, why in productivity we are such laggards. We all know the unsatisfactory trends that we have, but answers there are relatively few, despite an avalanche of words from multiple think tanks. Heaven only knows, we have enough think tanks in this country now, yet we still seek an answer as to why our productivity lags.

The ingredients in all this must include a bit more than just a lack of private and public capital invested and skills developed to explain away the faltering footprint of our national productivity. For sure, many universities do a good bit towards helping productivity; we even have the British Academy weighing in now with its thoughts. But even if some do not seem to be at the peak of productivity, quite a few universities do not seem to be good at managing their own affairs; hence we have at the moment a growing number of universities, unfortunately and sadly, reporting gravity-defying deficits and growing redundancies, sometimes with the closure of valuable units. Something is not quite right in the way that universities are running themselves.

Degree apprenticeships could do very much to help. They are making good progress. They were a great idea when first mooted, but they are not in the numbers necessary to correct the balance between traditional universities and higher education. There is of course that vocational tinge to it all. I do not say that everyone goes to university to follow a particular career or develop a vocation, but it is important that young people are taught to think. None the less, why has there been such slow development of degree apprenticeships?

Some people think that the very term “apprenticeship” is off-putting—that it gives the wrong image or perception. Maybe cultural conservatism is also there in our universities. Certainly, some schools do not think that an apprenticeship is quite what their brightest and best should be doing. I think that is wrong. Families also sometimes think the same for their own: that the brightest and best should not be going to apprenticeships. Maybe there is a poor selling of that concept, yet degree apprenticeships can be deeply satisfying for individuals and can greatly help productivity.

One example to illustrate this is of a young friend who started off in a school which was in measures and got into a sixth form later on. She came from a home that had never sent anyone to university before and where they are very proud of her. She told me that, despite getting the grades predicted and a place thereby in that excellent university, the University of Nottingham, she had decided that she was going to reject it. I asked why, slightly surprised, because the school had wanted her to do this. She said, “I don’t want to do that freshers week and have all that piling up of debt. I want to do something, so I want to go into a degree apprenticeship”. She has done that and gone into a big corporation, where she is very well treated and monitored. She is moving around its departments and, in the meantime, doing an excellent course of study with the partner university to that corporation.

That is certainly a choice which more people should be encouraged to take and are not being encouraged to take at the moment. We need more action on that front. Not only that, but this girl is now earning north of £20,000 per year. She has no debt whatever and is paying no fees. She can have a nice time and, by living at home, can make a contribution to the bank of mum and dad from the money that she is earning, rather than asking mum and dad for money. That might be a particular case, but I was very impressed with what she said and how she said it.

I hope very much that my noble friend—perhaps in her closing remarks, or if not then in a letter later—will explain what more the Government think they can do to promote degree apprenticeships.

12.08 pm

Baroness Blackstone (Lab): My Lords, as my noble friend Lord Blunkett said in his excellent speech, higher education has been one of the UK’s most successful sectors and we must do all we can to sustain this success. Our universities have a well-earned international reputation, which we must not sacrifice because of underfunding. Our target must be nothing short of excellence, so that the great contribution they make to our national economy and to their local communities continues.

In the last decade, we have witnessed so many aspects of public life in this country threatened by lack of resources and failures in government policy, so I say to the Minister: please do not let this happen to higher education. I include in HE not just universities but FE colleges, which are so often neglected but provide much needed vocational and technical degrees and diplomas close to their students’ homes and workplaces. I hope that the Minister will not forget them when she responds to this debate.

I start with funding. I do not think the fees charged to undergraduates can be ratcheted up again to reflect inflation, because the debt that graduates face is already high and some will take a lifetime to pay it off. While high fees have not been a disincentive so far for most students, they have for some, notably part-time mature students. Instead, government grants to universities to support their teaching and various innovations in their economic contribution should be restored.

It was a mistake to move entirely to a fee-based system of financial support. UUK is right to ask for direct support from government and for strategic funding. The Government need to have the means to incentivise activities in universities which will support economic development in the regions where they are located. This will provide additional funding for knowledge exchange schemes, bringing together HE, businesses and non-commercial partners. More grant aid where possible, and matching funding from commerce and industry for start-ups and spin-offs, would be welcome.

There also needs to be a more strategic approach to lifelong learning, with government funding to support part-time short courses, backed by public and private sector employers, as a route to bedding in improved contributions to greater productivity by universities. There is a need, in a rapidly changing economic climate, including with the spread of AI, for graduates to update their skills and knowledge throughout their working lives. There is good evidence that having a degree helps graduates to be more productive, but there is still more to be done to enhance lifelong improvements in their productivity.

Universities can make a substantial difference to the well-being of their local and regional communities. Again, this can be enhanced by kick-start funding from government to tackle low levels of innovation and applied research in the local economy. Do the Government accept the UUK recommendation that university enterprise zones in specific geographical areas, working to increase growth and innovation locally, should be expanded to all universities? If they do, what are they doing about it? I ask the same question about enterprise and opportunity hubs, which UUK also advocates on a national basis so that all universities and colleges can reach out to places which have been left behind.

These examples are ways of enhancing the fundamental role of universities in national growth and productivity. Many of them also relate indirectly to levelling up by helping reduce the divide between prosperous and disadvantaged communities. There will be many young people and adults in the poorest areas of the UK with the potential to benefit from higher education who never make it. The disastrous decision to close all schools for such a long time during the Covid epidemic will increase these numbers. It is incumbent on higher education to reach out to schools and FE colleges to promote more access to university courses. There should also be government funding allocated to universities, for example, for running remedial courses for new entrants needing such help. If levelling up is to become a reality, the number of mature students who missed out as school leavers must be restored.

I end by asking the Government not to neglect the humanities and social sciences by attaching too much priority to STEM subjects. Teaching and research in the humanities and social sciences is also vital in a knowledge economy.

12.13 pm

Baroness Garden of Frognal (LD): My Lords, I thank the noble Lord, Lord Blunkett, for initiating this debate and for his wise and challenging words. I cannot

[BARONESS GARDEN OF FROGNAL]

think of a time or an issue on education where I disagreed with him. I am delighted to highlight the contribution of higher education to our national well-being and our national pride.

Higher education plays a critical part in the economy as well as in education. The media sadly seems to prefer tales of dissent—impoverished and bullied students, and overworked and underpaid staff—to tales of success and new thinking. We must never allow negative messages to shout down the immense success of the sector in which we all have confidence. Of course, we regret the issues highlighted by the noble Lord, Lord Patten.

Our universities continue to feature among the best in the world. For a small island, that is no mean achievement. It is in part because we have had very many centuries of encouraging and supporting education. We have historically valued higher education and need to continue to do so. In many towns and cities, universities and further and higher education colleges—as the noble Baroness, Lady Blackstone, said, we must never forget the colleges—are major employers. They generate millions of pounds in research and knowledge exchange and their community engagement involves staff and students volunteering in support of local projects. At Edinburgh University, for instance, its community grants scheme gives £618,000 worth of support to more than 220 community projects and its 9,200 academics generated a massive £3.2 billion impact from research and knowledge exchange activities. Many other universities can boast of similar activities and benefits to their local communities.

The Civic University Commission, led by the wonderful Lord Kerslake, claimed that when the first civic universities were set up at the end of the 19th century it was clear that, as well as aiming to rival the two ancient universities in the depth and quality of their learning, they also had specifically local concerns. They had a sense of the places in which they were located, as well as limitless intellectual ambition. That must not be lost in red tape and administrative bureaucracy.

Universities and colleges up and down the country offer opportunities for learning and working. Those in disadvantaged parts of the UK are prime sources of levelling up. Universities such as Lincoln and Lancaster have vastly increased the status of parts of the country not well served by wealth.

We know that the creative industries make a major contribution to our finances. Creativity is vital to society. The University of the Arts London, with its six component colleges, for instance, has over 22,000 students from 130 countries. It is not only a source of world-beating research, but a place where true international relations flourish. Another such place is Goodenough College in London, an educational charity that provides residential accommodation for talented British and international postgraduates and their families studying in London. It runs a programme of intellectual, cultural and social activities that aims to provide students with an international network and a global outlook—a true example of global Britain.

Adult learning in wonderful institutions such as Birkbeck and the Open University support lifelong learning, which is particularly vital for those who have never found inspiration at school but have the intellect

and motivation to study for their own benefit and the benefit of society. We know that adult education is beset by lack of funding. Part-time learning misses out on grants and even loans. The lifelong learning entitlement may go some way to remedying this, but it is by no means certain that adults will wish to take on debt in order to study. Can the Minister say whether there is any evidence that adults are being enticed back into study by the entitlement?

There has been a sharp decline in part-time higher education in recent years. This is exacerbated by regional disparities. Numbers have fallen much faster in the north-east than in London, for instance. There should be much better incentives for those in low-participation areas. The Universities UK report *Jobs of the Future* found that more than 11 million extra graduates will be needed in the future to fill jobs in computing, engineering, teaching and health. Universities are evolving to meet such a challenging demand, but it is a challenge.

However, we must not assume that university is right for everyone. Students whose talents and interests lie in practical achievements should not be pressured by schools and parents into university when apprenticeships and vocational and professional qualifications may suit them better. Schools still do not brief their pupils on non-university routes. This is partly because they are still measured on GCSEs, A-levels and university entrance. But talented young people can feel adrift at university if that is not where their motivation lies.

As the noble Lord, Lord Blunkett, said, we must never suggest that universities are only for certain people. It takes courage to be the first in your family to go to university and we should be proud of the young people from disadvantaged backgrounds who choose university as a route out of underachievement and into opportunities for studying, socialising and learning, which will lead them to good jobs. Universities do so much to raise the status of their towns and cities, and to bring investment, enterprise and employment. We must take note of all they do and support their endeavours.

12.18 pm

Baroness Wolf of Dulwich (CB): My Lords, I congratulate the noble Lord, Lord Blunkett, on securing this important debate, at a time when the university sector is under enormous pressure. He has rightly drawn our attention to the role of universities in growth, productivity and levelling up. This reflects the increasing tendency, at all levels of education, to discuss what we do in terms of the economy.

Universities have always been about training people for jobs, long before growth was seen as a central concern of Governments. Universities are indeed central to growth, productivity and levelling up. Without them, we would not have the levels of innovation and wealth that we do, or the genuinely improved opportunities—although they are not as great as they might be—for our young people.

I will use my short time in this debate to utter some words of warning and concern about our enthusiastic embrace of universities as engines of growth. There is a real danger, not just in this country but throughout the world, that a simplified understanding of this relationship and of what it means for government

policy is a genuine threat to university excellence. It leads Governments down a path which does not deliver what they hope it will and leads to some reactions that we might wish to avoid.

Especially once the wonderful years straight after the Second World War came to an end and productivity suddenly started to be problematic—rather than something that just seemed to be happening and growing right, left and centre—Governments, intellectuals, academics and politicians cast around for some way of turbocharging growth. All over the world, they came to the conclusion that education was the answer—the more people we educated for longer and the more graduates we had, the more the economy would grow. It is true, I repeat, that without a highly qualified and well-educated population you cannot have a modern and innovative economy. But what has also happened is that we have all been rather disappointed: all over the world, there has been a huge increase and expansion in graduate numbers, but somehow growth has remained anaemic and productivity is not going in the directions we want.

All over the world, as the university sector gets larger and larger, resource per student tends to go down, and there are also some really concerning results: degrees become barriers to entry and you cannot get a job that you used to be able to get without a degree unless you have one. We should be very aware of this danger because it is starting to have a real impact on the way that Governments deal with the university sector in ways that threaten its ability to deliver the innovation and the type of education that we all value.

Australia, for example, having failed with one set of very complicated differential fees, is now about to introduce another set, which will apparently be based on the future contributions to the economy of different degrees—so this is not just a British disease. It has been true here, in the United States and elsewhere that we have focused more and more on whether individuals earn a lot from a particular degree. This is being hard-baked into our regulatory and accountability regime. We should take a deep breath and ask whether this is sensible, any more than it was sensible to believe that you would guarantee an uptick in economic growth simply by increasing the number of students.

Individual salaries depend on a very large number of things. They depend, for example, on whether you go into an occupation like nursing, where your wage is set not by a market but by a Government. They depend on which institution you went to and on the sort of occupation you go into. They also depend—this comes to levelling up—on where you are. You will not earn as much if you study in the north-east and stay there as if you study in the south-east and stay there—although actually you might be as well off, given house prices. But as a tool for steering, regulating and changing the higher education system, the way we have doubled down on the idea that we must look at whether a degree delivers growth—and that, if it does, it will deliver salaries—is very concerning. As well as celebrating the role of universities, I hope we will pay careful attention to some of the unfortunate consequences of focusing too much on growth.

12.23 pm

Lord Howarth of Newport (Lab) [V]: My Lords, Britain's universities remain a jewel in our crown. It is enormously to the credit of academics that it is so, considering the headwinds against which they are struggling. They have been casualties of the Government's chronic mismanagement of the economy, as well as their peculiar unwillingness to invest in education. When you have such precious assets as 25 universities in the world's top 200, you should treasure them. When your universities are essential for imparting the intellectual skills needed in the workforce of the future, you should invest in them without being paralysed by arbitrary fiscal rules.

Improving skills is one of the Government's levelling-up missions, yet higher education is only a shadowy presence in the policy. That is bizarre. Universities are major economic presences in their communities and regions. They are important sources of employment. They are partners for business in teaching, research and innovation. They are routes for social mobility and cultural beacons. Without their existence, the plight of post-industrial areas would have been even worse. We cannot claim that universities are the solution to Britain's productivity problem—productivity remains stubbornly poor—but the productivity challenge is multifaceted, and improving skills is only one part of what is needed.

The Government think they can get away with making students shoulder too much of the cost of the university system. They shifted the weighting of funding substantially from taxpayer-funded grants provided by funding bodies to tuition fees to be repaid by students via the loan system. Then, in 2017, they froze tuition fees for domestic students, which accounted for half the funding of universities, at £9,250. They are still frozen at that level, albeit that since then universities have faced large rises in energy costs, borrowing costs and general inflation. In 2022 the NAO found that the proportion of HE providers with an in-year deficit had increased from 5% in 2015-16 to 32% in 2019-20. The IFS has reported that spending on teaching resources per student was 18% lower in 2022-23 than in 2012-13. We are in an unsustainable situation whereby the level of fees is insufficient to fund tuition in many disciplines, yet it is seen as a poor and even unaffordable deal for many home students.

The unpredictability of the student loan system is a worry for students and for observers of the national finances alike. We know that a significant proportion of loans will not be repaid. Meanwhile, many graduates are experiencing hardship, having subsidised courses other than their own and now, with the interest rate as high as 7%, effectively paying high marginal tax rates over longer periods. I hear increasingly of clever young people who ought to have a university education saying to themselves that the financial implications mean it is not worth while. If the Government are looking for a reasonable concession to the junior doctors and a way to recruit more nurses, they could consider a scheme of loan forgiveness.

The frantic recruitment of international students has been the consequence of freezing tuition fees for domestic students. Although there is great merit in our universities attracting outstanding students from around the world, it is a different matter when they are driven

[LORD HOWARTH OF NEWPORT]

by fiscal pressure to resort to flogging degrees to foreign students, charging shamelessly high fees and, in some instances, debasing academic standards through dubious agency and franchising arrangements. With the changes to the visa rules for dependants this January, the Home Office has made it harder for them to attract international students, and numbers are already tumbling.

Not all the woes of our universities have been visited on them by the Government; some are self-inflicted. Most worrying is the tendency to suppress freedom of speech, and the witch hunts against academics who hold views on, for example, gender issues or the history of empire that are considered by other academics to be heretical. Such attitudes and behaviours are contrary to the proper idea of a university, and feeble academic leadership should not allow them to prevail. Universities should rise higher than the street fascists. If a university is not a place where students and scholars are confident to explore and put forward ideas that may be unfashionable or unpopular, it is not only liberal education that is at risk but liberal society and liberal politics. It also weakens the willingness of the taxpayer to invest in such institutions and the economic and social benefits that they can confer.

12.29 pm

Lord Willetts (Con): My Lords, I congratulate the noble Lord, Lord Blunkett, on initiating this debate. Finding myself standing opposite him in the Chamber responding to a debate that he has initiated reminds me of when I was his shadow in another place years ago. It reminds me in particular of an incident when, as I spoke, I could see the then Secretary of State looking increasingly uncomfortable and challenged. I thought, “My points must be getting through”—until I realised that what had actually happened was that his guide dog had been sick on the Floor of the Chamber of the House of Commons, which he kindly pointed out was the guide dog’s assessment of the points I was making as shadow Secretary of State. So I hope to manage a little better this time.

It was an excellent intervention with which the noble Lord began. He was bringing all of us, from all sides of the House, to recognise the qualities and strengths of our higher education system. It is not perfect, it faces real challenges and there are areas where it is underperforming, but the system as a whole is a good one. I am a bit uncomfortable when it is always praised in terms of “four of the top 10 universities” or “25 in the top 200”. That way of assessing the quality of our higher education system does not reflect the truth that it is a very diverse system. There is no one way of being a good university. Of course, those globally respected, research-leading universities at the top of the league tables are excellent, but there are other ways of being excellent. You can be an excellent vocational university, focusing on skills requirements in your area. You can be a university that is excellent in teaching, focusing on teaching rather than research, as the tech initiative of my successor, the noble Lord, Lord Johnson, brought out. We must celebrate the strengths of a range of universities doing different things, and I hope that the Minister in her remarks at the end will make that point.

The system also needs greater diversity, and we have already heard about degree apprenticeships, which are a very welcome addition to the range of higher education provision. My noble friend Lord Patten asked about their growth. The truth is that they are funded—nothing comes for free—to the tune of almost £30,000 out of the apprenticeship levy. They are reported to be taking approximately 20% of the apprenticeship levy and, in turn, Ministers report that the apprenticeship levy is 99% spent. It would be very interesting to hear from the Minister, if degree apprenticeships are to expand, how this growth will be funded and whether it will mean, if it remains a charge on the apprenticeship levy, that other forms of apprenticeship, often more focused on young people, suffer by comparison. While they are an excellent initiative, there is some uncomfortable evidence that, for any given discipline and compared with conventional university courses, degree apprenticeships appear to be more socially selective, less likely to take people from deprived backgrounds and less likely to take young people—more than half of those on degree apprenticeships are over 30. What more we can do to extend access to degree apprenticeships is something on which I think we would like to hear more from the Minister.

Finally, as time is tight, I will just comment on the—as always—interesting observations from the noble Baroness, Lady Wolf. There is not simply a utilitarian defence of higher education. Again, it was the noble Lord, Lord Blunkett, as Secretary of State, who commissioned an excellent research exercise on the wider benefits of learning that is still yielding findings and results to this day. When we at the Resolution Foundation—one of those think tanks—recently did work on mental ill-health among young people and economic inactivity, we found that young people who had been to university were still quite likely to suffer mental ill-health. However, it looked as if having been to university made them more resilient. They were more likely still to be in work even while suffering episodes of mental ill-health than people who had not had that opportunity. So there are wider benefits of higher education that extend beyond those that are subject to immediate economic calculation and this debate is an opportunity to repeat the point.

12.34 pm

Lord Londesborough (CB): My Lords, it is a pleasure to follow the noble Lord, Lord Willetts, and two former Secretaries of State for Education. For my part, as an employer, I will focus on higher education and productivity, which of course is a two-way street.

It is no coincidence that the UK’s flatlining productivity since 2008 comes at a time when we have seen the education budget fall in real terms per pupil over the past 15 years. Low economic growth reduces our ability to invest in the education and training of our future workforce. This vicious cycle has brought us to the point where we now spend more annually on debt interest payments than on our entire education budget. Strangely, the Chancellor did not flag this up in yesterday’s Budget Statement.

I speak today from the perspective of an entrepreneur rather than an educator or Minister. I was an employer for 30 years, and many of our best long-term hires

came from graduate trainee schemes, both here in the UK as well as in Asia and the US. I now back and advise early-stage businesses and, for many, the biggest single hurdle to growth is the supply of talent in this country, particularly graduates. This is not so much about the calibre of graduates as about the supply of work-ready graduates with relevant degrees, as there is a damaging mismatch between skills and vacancies.

We have large swathes of graduates in jobs not requiring a degree. The IFS reports that, outside London, this number has risen to 42%, up from 31% back in 1993. That is a red flag for productivity. Graduate vacancies are now falling, as is the wage premium, as students rack up a cumulative debt of £200 billion, the majority of which the Government admit will never be repaid.

For the two-thirds of graduates across the UK who go on to high-skilled employment, their median salary is reported to be £11,000 higher than that of non-graduates—but that average is much lower due to the skewing effect of very highly paid professions. To achieve that differential, graduates will have devoted three to four years to further education on little or no pay and racked up an average debt of £45,000 each—as will the other third who, despite graduating, never secure high-skilled jobs.

These numbers are symptomatic of an economy failing to keep pace with the major and, some would say, unsustainable expansion in the number of graduates over the past 30 years. Put bluntly, we do not create enough high-skilled jobs. Given this context, universities should focus much more on preparing their students for the workplace and not just on graduation. Too many graduates leave university with no clear idea of what they want to do, with the result that many stray into a series of short-term jobs that fit poorly with their skills and character.

So what can be done to address this fundamental mismatch? I have just three quickfire observations on which I would welcome the Minister's response. First, I advocate that one-third of an undergraduate's curriculum should be devoted to their future employment prospects, developing life skills that apply to the workplace, receiving comprehensive careers advice and gaining hands-on, relevant work experience.

Secondly, we need radically to reduce the number of students taking degree courses with poor outcomes, lack of academic rigour, high dropout rates and poor employment prospects. We need to be more discriminating.

Finally—this is a problem of both supply and demand—we need much greater involvement from employers, both public sector and private sector, in helping educate students about professional life as well as scaling up graduate traineeships and internships.

This country has an extraordinary array of young talent, but it needs much more specific advice, training and guidance if we are to turn our students into engaged, happy, well-paid and, above all, productive workers.

12.39 pm

Viscount Chandos (Lab): My Lords, I thank my noble friend Lord Blunkett for securing this debate and for his compelling introduction. I am tempted to

say, “The prosecution rests, m'lud”, and sit down, but your Lordships will be disappointed that I shall try to add a few points to those made by my noble friend.

The array of former Education Ministers, vice-chancellors and other higher education experts speaking today reminds me, in making my declarations of interest, of my status as an enthusiastic amateur in a field of professionals. I am a trustee of the drama school, LAMDA; chair of an apprenticeship provider, the Credit Services Association; and an external member of the investment committee of Worcester College, Oxford, of which I am an alumnus. I am also a member of the Industry and Regulators Committee of your Lordships' House, which published its report on the OfS and the challenges for the HE sector last summer. I look forward to debating that when the usual channels have agreed a date.

I shall try to avoid repeating the data and arguments already set out compellingly by other speakers. Higher education is vital to growth, productivity and levelling up, as well as to non-economic benefits, such as health, life expectancy, crime reduction and the general strengthening of civil society, as cogently argued by the noble Lord, Lord Willetts, in the Economy 2030 Inquiry and touched on in his speech a moment ago.

The impact of universities

“on human and intangible capital is self-evident”,

as Jonathan Grant and Andy Westwood wrote for the Bennett Institute for Public Policy—self-evident, but perhaps hard to measure. That may be one reason why too much of the debate about higher education policy in recent years has focused on the more measurable economic benefits, nationally and locally, to the communities and regions in which universities are located. These are important and hugely welcome consequences of investing in HE, but does the Minister agree that there should be absolute clarity that the mission of universities and other HE institutions to provide UK students with the highest-quality higher education should be first, second and third at the heart of government policy?

Excellence in teaching and research costs money. We seem to have reached a position, as my noble friend Lord Howarth has already said, where student fees and living costs are becoming higher than many young people can take on responsibly, while UK undergraduate fees are increasingly inadequate to fund the universities' provision for teaching these degrees—a circle that will need somehow to be squared by future Governments.

In the meantime, I will end by briefly raising the disparity of wealth and endowments among UK universities. The US system is different, but it is worth remembering that, among the private universities—Harvard, Yale and Stanford—there are endowments of \$40 billion to \$50 billion, generating a return of \$2 billion to \$2.5 billion a year for those universities. But even among the public universities in the US, there are 50 with endowments of over £1 billion. In the UK, Oxford and Cambridge each has endowments that are 16 times greater than those of the next best-endowed university, Edinburgh. I do not for a moment want to discourage donations to either Oxford or Cambridge—to my former college, Lindsay Owen-Jones has been a recent, enormously generous benefactor—but

[VISCOUNT CHANDOS]

we need to level up and find ways in which to assist the many other excellent universities to boost current and capital fundraising through match funding and other initiatives.

12.44 pm

Lord Storey (LD): My Lords, first, I thank the noble Lord, Lord Blunkett, for securing this debate and for his thoughtful comments.

I look back with affection to those heady days of the 1980s and 1990s when the higher education sector in general and the university sector in particular were going through a period of transition and growth—the establishment of new universities and the evolution of polytechnics to university status—although before that the Wilson Government had formed the Open University, which was a pioneering world first. It gave students of any age, background or, indeed, geographical location the chance to study for a degree. Its partnership with the BBC was quite unique.

We saw in the late 1990s how universities released their validating powers and other institutions became stand-alone colleges and/or universities. The higher education sector blossomed and flourished. In my own city, the University of Liverpool was joined by Liverpool John Moores University, and then Hope, Europe's first and only ecumenical university, was established—joining together two former Roman Catholic colleges and an Anglican teacher training college. More recently, the Liverpool Institute for Performing Arts, Paul McCartney's and John Lennon's former grammar school, has become a performing arts higher education college.

The universities complement each other, as they have worked together on many collaborative projects. The old notion of town and gown is very much still alive in Liverpool; for example, in working together with Liverpool City Council on a science park.

Britain is home to 137 Nobel Prize winners, second only to the United States, a fact that should be of great pride to us all. We are a land of academic progress and innovation. Our physicists pioneered atomic and nuclear physics and our economists designed the liberal world that we live in. Today our universities keep producing world-class, ground-breaking research that shapes our country and our world. Research briefings and research papers of our doctors and professors have inspired policy at the United Nations, the White House and the European Commission, as well as leading innovation in some of the largest global corporations, in the fields of engineering, information technology, artificial intelligence, medicine and much more. But the impact of research carried out in our universities is not limited to the grandest history-shaping excellences. For every history-shaping innovation, there will be millions of attempts by dedicated students and individuals contributing each day to moving the frontier of knowledge one step ahead. These are the students and people we need to support as, without them, there would be no innovation.

But what now? Student fees have not gone up in eight years, and costs have doubled. Student numbers are down, and some universities are facing recruitment problems, as we have heard. Universities are facing

severe financial difficulties. Staff salaries have declined, and the brightest and the best are regularly poached from overseas, particularly by universities in the USA. Many staff are now appointed only on fixed-term contracts—try getting a mortgage when you are on a fixed-term contract. Like all of us, universities have been harshly hit by the pandemic and the recent higher costs of living crisis. Universities reporting year-on-year deficits jumped by 5% from 2015-16 to 32% in 2019-20, according to Universities UK.

We need to financially support our universities to keep producing the high-level research that we pride ourselves on and to keep leading in the world of innovation. The plummeting value of domestic tuition fees is forcing universities to rely more and more on overseas students—that is a good thing, as we heard from the noble Lord, Lord Blunkett, but they are increasingly hard to recruit. We need to recognise that foreign universities have increased competitiveness and are gaining in popularity. Europeans were once charged domestic fees in UK universities. Now, facing triple the yearly tuition fees, most of them are diverting to new destinations, with the Netherlands scoring highest. Others are finding US universities better value for money, as fees in American colleges have almost come to match tuition fees in the UK.

All this is not to say that our universities are perfect. They always need to support and value the best staff, and the staff always need to put the best interests of the students first. As a society, we need more than ever to have high-level skills, to support our higher education sector and to see a new renaissance in learning and research.

12.49 pm

Lord Johnson of Marylebone (Con): My Lords, the Chancellor may not have used his Budget speech to tackle the funding crisis but, as the noble Lord, Lord Blunkett, said in his excellent speech, at least he mustered some praise for our universities. That was a welcome change of tone at a time of often scepticism, bordering on hostility, towards higher education.

There is of course nothing new in the criticism that too many go to university—we have heard it again today—or that too much public money is wasted on low-value courses. Such attacks have been a constant in the history of the expansion of higher education and everybody is well used to it. I do not want to fall into the trap of complacency, and I certainly agree with the noble Lord, Lord Londesborough, that there is a case for cracking down hard on pockets of poor provision in the sector, which affect a minority of students on a minority of courses. We want to ensure that value for money is produced by this system.

However, I do not think that we should succumb to a general cynicism about higher education; nor do I think that we should return to a system of rationing higher education and limiting access to the number of students who progress from level 3 to levels 4, 5 and, particularly, degree level 6. Why do I say this? I say it because there is a very well-established skills bias in knowledge economies. Job creation takes place overwhelmingly in roles requiring graduate skills and, in the UK, this is happening at a time when we are already suffering from marked skills shortage, where

we do not have enough highly skilled individuals to fill many vacancies. Our real problem as an economy is skills shortages. This really matters if we care about levelling up. Unless we continue to develop the pipeline of highly skilled human capital, we will see increasing inequality as wages rise more rapidly for those whose skills will be in stronger demand. We must not lose sight of how imbalanced our economy is. The *FT* recently calculated that, if you strip London out of our GDP per capita figures, the average Briton is worse off than the average resident of Mississippi, the poorest state in the United States.

The second reason is that we are living in an era of unprecedented technological disruption. As the noble Lord, Lord Blunkett, said, there are massive changes ripping through our economy due to two big waves of innovation; the first is a digital innovation wave, built on AI, supercomputing and automation; the second is a deep-science innovation wave based on biotechnologies and nanotechnologies. Our ability to surf those waves depends on the absorptive capacity of our firms and the adaptability of our people.

We are already seeing massive labour market disruption. As the noble Lord, Lord Blunkett, said, these powerful technologies, a number of which are converging at the same time—not just AI, but big data, cloud computing, the internet of things, virtual reality and blockchain—are driving change in all aspects of our lives. As the World Economic Forum's *Future of Jobs* report found in its survey of employers, 44% of workers' skills are likely to be disrupted over the course of the next five years. It is only the quality of our education system that will determine whether the UK will benefit from these innovations and whether it will be able to join the ranks of countries developing the next technologies. The most highly innovative knowledge economies around the world—look at South Korea, Israel, Japan and Canada—have boosted tertiary participation rates to well above ours, to the order of 60%, 70% or even more. Our ambition should be to join this vanguard of knowledge economies, not to give in to the dismal voices calling for student number controls that will hold back our productivity, widen inequality and throw sand into the engines of social mobility.

12.54 pm

Lord Bilimoria (CB): My Lords, last year, as chancellor of the University of Birmingham, I spoke at the QS world university rankings conference in India. I spoke with pride as, with less than 1% of the world's population, the UK has four of the top 10 universities in the world. The latest QS rankings show Cambridge and Oxford second and third. I declare my interests as an honorary fellow at Sidney Sussex College, Cambridge; an ambassador for the Cambridge Judge Business School, where I am conducting research as we speak; and a Bynum Tudor fellow at Kellogg College of the University of Oxford. His Majesty the King is a Bynum Tudor fellow, as was Archbishop Desmond Tutu. I am also a visiting fellow at the Centre for Corporate Reputation at Saïd Business School in Oxford.

The QS rankings go further: 17 of the top 100 universities in the world—including the University of Birmingham, where I am proud to be chancellor—are British. This is fantastic, yet this Government have

frozen fees at £9,250 for many years, so the real value of those fees is about £6,000. Inflation has meant that costs have gone up, but we are still meant to produce the best universities in the world with our hands tied behind our backs.

I thank the noble Lord, Lord Blunkett, for his brilliant opening speech and for initiating this debate. Universities UK states very clearly that:

“The higher education sector creates enormous economic impact across the country... contributing over £130 billion”, that universities “support more than ... 768,000” jobs, and that

“UK higher education providers ... educated approximately 2.9 million students”.

This is a really important part of our economy. In October 2023, there was a report written as part of the Economy 2030 inquiry by the Resolution Foundation and Nuffield Foundation—the noble Lord, Lord Willetts, was also involved. It set out how higher education can improve productivity and drive economic growth, with four groups of benefits that higher education can offer individuals and society, including longer life expectancy, better health, higher earnings, less likelihood to be unemployed, lower crime rate, being more likely to volunteer and vote, more tax receipts and increased exporting. This is music to my ears.

Some 24% of students enrolling in higher education institutions in 2021-22 were non-UK. We now have over 600,000 international students—which I will come back to. Business and management is the popular subject, with 19% of all students studying it. I am patron of the Small Business Charter—I took over from the noble Lord, Lord Young—and we accredited business schools around the country with the Chartered Association of Business Schools to be able to teach SMEs. I am also on the council of the Help to Grow management scheme, which provides mini MBAs for businesses where they pay only £750. This is the value of our business schools.

The British Academy, in a report, said in relation to higher education entrepreneurship that many higher education institutions are incubating future economic disruptors across all disciplines. I came up with the idea for Cobra Beer when I was studying law at Cambridge University. The innovation mindset is foundational to UK higher education. Some 80% of UK higher education research is assessed as world-leading and internationally excellent. The return on investment for public and private R&D is estimated at 20%; the sector was responsible for 25% of UK R&D. This is amazing, yet we as a country spend only 1.7% of GDP on R&D and innovation, versus America's 3.2%—just imagine if we spent more.

Just a week ago, Bhaskar Vira, the pro-vice-chancellor for education at the University of Cambridge, showed me the brilliant report *The Economic Impact of the University of Cambridge*, which sets out how the university contributes nearly £30 billion to the UK economy and supports more than 86,000 jobs across the economy.

Before I conclude, as co-chair of the All-Party Parliamentary Group on International Students, president of the UK Council for International Student Affairs—UKCISA—and a former international student myself, I must touch on international students. HEPI pointed

[LORD BILIMORIA]

out last year that international students bring in £42 billion to our economy. I remember fighting in this House in 2007 to bring in the two-year post-graduation work visa. It was brought in in 2008 by a Labour Government, taken away in 2012 by Theresa May as Home Secretary, and brought back in by Boris Johnson in 2021. Just look at how the number of international students has rocketed; yet this Government seem to have an anti-international student attitude—an anti-immigration attitude. We need to take international students out of the net migration figures. It would almost halve that figure.

This is the strongest element of soft power that we have in this country: 25% of world leaders have been educated at UK universities, 25% at US universities, and the other 50% across all the other countries in the world put together. Let us celebrate international students and celebrate our universities. Our universities are the jewel in this nation's crown.

12.59 pm

Baroness Chapman of Darlington (Lab): My Lords, it is a pleasure to follow my friend the noble Lord, Lord Bilimoria, who speaks with such insight, enthusiasm and, I have to say, speed on this important topic.

Before I move on to the speech I had prepared, I want to say something in response to the contribution of the noble Lord, Lord Londesborough, which was very interesting and made points that we often hear. I was reflecting on my experience. I was the first person in my family to go to university—not just my immediate family, but my entire extended family. I took 20 years to pay back the debt I accrued. I have never had a job that would show up in an employment survey as a graduate job, but I learned things that have stayed with me and supported me throughout my life: how to read, how to analyse, how to understand a set of data, how to be sceptical, and how to appreciate how much knowledge there is out there in the world that I do not know. I learned so many things that will serve me throughout my life. I only wish that my own two children would go to university and have the same experience, but I am having no luck in persuading them just yet.

I am very grateful to the noble Lord, Lord Blunkett, for securing this debate. It really could not be more timely. He described a more arid future, as he put it, and the wasteful negativity that we have too often heard, I am afraid even from Ministers in the party opposite. As the need to grow our economy becomes ever more urgent, our universities are playing a crucial role. Universities could add even more value if they had a Government committed to working with them, not, as sometimes feels the case, against them. We have had a string of Bills, Ministers and appointments determined to involve universities in and, as I see it, co-opt them into culture wars. We have had the freedom of speech Act, the economic activity of public bodies Bill, the attitude to overseas students that we have heard referred to in this debate, and now the Science Minister using UK taxpayer money to settle legal battles after calling academics “extremists”. None of this helps harness the power of our higher education

sector, which can do so much to help the UK move forward. Sadly, there has been no coherent strategy for this for years now.

I declare an interest as Chancellor of Teesside University, which is a northern powerhouse all on its own. It is global university based in Middlesbrough. It contributes just short of £148 million in GVA to the region each year, has over 2,000 apprentices on courses designed to fill regional skills gaps, and over 200 successful business start-ups, employing almost 800 people, have grown out of our Launchpad programme: we are doing our bit. Teesside University is not just a powerful engine of social mobility for individuals, which it absolutely is; it is an anchor institution for the region. Its mission is to transform lives and economies. It innovates, bringing new degrees that should be valued by anyone who claims to understand the modern UK economy, in areas such as games design. It is agile enough to try something new and stable enough to stick with it while it grows into one of the fastest, most exciting industries in the world—great jobs, global opportunities and a £7 billion a year industry. It is not just Teesside, although obviously we are the best at this; the same can be said for many other institutions up and down the country that are future-facing, innovative, entrepreneurial and delivering the 11 million extra graduates we will need to fill jobs in the UK by 2035.

When I was very much younger—about 25—I was at an event in Trimdon Labour Club where Tony Blair spoke. I am not going to do a Blair impression, though I can. He was talking about higher education, China and the UK as a global competitor. He said, “Look, the thing we all need to understand is that they are educating their population. They are no longer poor people riding around on bikes. The UK needs to lift its sights and invest in education if we are to compete on the world stage”. Those words are as true now as they were then, and have stuck with me ever since. We have a huge advantage in our long-established, high-quality higher education sector. What we need is a Government who recognise this strength and work with the sector to support and grow it. It is a sector that, like Teesside University, transforms lives and economies, harnesses the knowledge to tackle the world's challenges, and will work in partnership with a Government who value it as the asset that it is.

1.05 pm

Baroness Prashar (CB): My Lords, I too thank the noble Lord, Lord Blunkett, for securing this important debate and for his very thoughtful and pertinent remarks, particularly about the role of education in opening minds and meeting aspirations. I was glad that the noble Lord, Lord Willetts, amplified that too.

I will focus on the university sector in all its diversity, and two interrelated issues affecting the sector: funding and international students. Our universities are a success story and one of our major assets. They are essential not only for education for education's sake but as the bedrock of our science, research, innovation, creative output and much more. At present, universities face many challenges and unrealistic expectations. Some of them have been mentioned in the course of the debate. Of course these need to be responded to, but without making what I call inconsistent compromises. Otherwise,

we are in danger of frittering away our comparative advantage and damaging our major asset. The comments of the noble Baroness, Lady Wolf, were pertinent in that context.

As we have heard, domestic undergraduate tuition fees, which are the main source of funding, have been frozen for the past decade. Meanwhile, inflation has driven up universities' operating costs. To make ends meet, universities have become reliant on attracting international students. The recent negative and ill-informed rhetoric around immigration, and linking it to international students, has had the effect of reduced demand from international students, as shown by figures produced by Universities UK. Work by PwC shows that this could put four-fifths of universities in deficit. We have had what has been called a yo-yo approach to international students. We closed the post-study work route in 2011, reversed that in 2019, and now we are applying the brakes again, making it impossible for universities to plan ahead. This is the consequence of continuing to count international students as part of the immigration figures, thus creating a perception that they are a burden, which we all know is far from the truth.

Blaming international students, and not taking positive steps to present accurate information about the benefits they bring to this country, is disingenuous and not in our national interest. This is a policy failure for which we are making international students scapegoats and, in the process, hurting our universities and, in effect, shooting ourselves in the foot. Unless the funding issue is addressed, it will lead to cutbacks in research and affect salaries, learning and facilities. It also risks the potential for innovation and will blunt our competitiveness. Easing academic entry requirements for international students is not the answer; it will actually compound the problem.

In a very thoughtful paper published recently, Professor Shitij Kapur, the vice-chancellor of King's College, argued that universities are trapped in a "triangle of sadness" between students burdened with debt, a stretched Government who have allowed tuition fees to fall far behind inflation and beleaguered staff who feel caught in the middle. He says that the fate of our universities cannot be left to the vagaries of the decisions of overseas students. He argues for inflation-related uplifts in student fees, as planned under the Theresa May Government, linked to quality, and he questions whether a single funding framework is suitable for all needs.

I am not suggesting that that is the only solution. We have had reference to the funding model; indeed, the noble Lord, Lord Blunkett, talked about a possible commission to look at funding. My fundamental point is that we need to address the question of funding if we are to reap the benefit of this national asset we keep talking about. If we want universities to continue to make a significant contribution, we need to address the question of funding universities and their sustainability. Therefore, I ask the Minister whether there are plans to settle the uncertainty around our policy with regard to international students and take them out of the immigration figures. Has any consideration been given to setting up a commission to look at funding?

1.09 pm

Lord Norton of Louth (Con): My Lords, I congratulate the noble Lord, Lord Blunkett, on securing this debate. I declare an interest as an academic at the University of Hull, mention of which gives me an opportunity to pay tribute to one of our alumni, the late noble Lord, Lord Cormack. I knew him for almost 60 years and his is a great loss to this House, to which he was dedicated.

It is difficult to train graduates for future jobs when we do not know what those future jobs will be. In the time available, I want to focus on just two contributions made by higher education. The first is the contribution made beyond the economic. As we have heard, higher education makes a massive contribution to the UK economy. Indeed, we rely on our universities to generate the research that will ensure we remain competitive in a global market. That economic contribution is essential to the nation's well-being, but so too is the social contribution. Our universities are turning out not just economic units but well-rounded members of society. Higher education is crucial to personal development, something that benefits not just the individual but society. That is especially important at a time of social and economic stress, not least as a consequence of the pandemic, economic uncertainty and international conflict. For our citizens, higher education is a good in itself as well as a fundamental contributor to economic development. The Government tend to focus almost exclusively on the latter. Educating young people who are the first in their family to go into higher education is part of levelling up, but my point goes more widely than that. Spending on higher education is an investment for the nation's future, not just the economy but the social health of society.

My second point relates to the value to the United Kingdom of the export of higher education. As the noble Lords, Lord Blunkett and Lord Bilimoria, have said, we benefit enormously from recruiting overseas students. Overseas students are beneficial in terms of what they contribute to the local economy while they study here—many local businesses are dependent on student trade—as well as the research undertaken at universities, especially at postgraduate level. Crucially, overseas students come to study here and then they go home. Returning home is often beneficial to their home country, especially in the case of developing nations. Indeed, we would make a greater contribution to developing nations by investing in bringing students here to study than by giving money directly to the governing regime. Their returning home also benefits the United Kingdom, both economically and politically. Foreign nationals who have been educated in the United Kingdom are more likely to trade with the UK than those educated elsewhere. That is the economic benefit. The political benefit, as the noble Lord, Lord Bilimoria, said, is in terms of soft power. We produce students who are well disposed towards the United Kingdom as a result of studying here. Many go on to hold major public positions in their home nations. At a time when our capacity to exercise hard power is decreasing, the capacity to exert soft power becomes even more crucial.

We therefore need to look at the benefits deriving from overseas students. Conveying the impression that they are not welcome is a massive exercise in self-harm,

[LORD NORTON OF LOUTH]

especially when we are in a highly competitive market. There are other nations, such as Australia, that invest heavily in recruiting overseas students. It will be a great help if my noble friend Lady Barran acknowledges this benefit and outlines what the Government are doing to maintain our share of the market. Without it, not only will our universities suffer but so too will the economy and the global clout of the United Kingdom.

1.14 pm

Viscount Hanworth (Lab): My Lords, it is a familiar aspersion that the scientific and technological innovations that occur in our universities are too slow in giving rise to practical industrial applications that might sustain our economic growth and prosperity. It has been suggested that much of the fault lies with the universities: the academics appear unwilling to become engaged in promoting the fruits of their research, which is a much less attractive activity than pursuing the research. I contend that much of the fault lies elsewhere. Britain's industrial sector is so attenuated that it is hardly in a position to benefit from the fruits of applied research. Those fruits are gathered mainly by other nations.

There are abundant examples of this. It applies, in particular, in the cases of inventions that are capable of contributing to what is optimistically described as the green revolution. A tragic example concerns the battery technology on which electric vehicles depend. The lithium-ion battery was the invention of a British scientist, but the dominant manufacturers of batteries are in the Far East. There is an optimistic notion that, although we are severely behind in establishing British manufacturers of batteries, we are nevertheless in a good position to exploit future technical developments in this area. We are sponsoring academic research to this purpose. However, the support from the Government is pitiful. It is provided in research grants, which are small sums of money available for only three years at a time.

There is also a failure on the part of civil servants and others to recognise that much of any research effort is bound to run to waste. This accounts for the very stinting provision of financial support and the alacrity with which scientific and technological projects are cancelled. Often, they are cancelled at the very point when they reach fruition. An example concerns the British advanced gas-cooled reactor. It suffered a long and expensive process of development, but when the technology had been perfected it was abandoned in favour of an American pressurised water reactor, which is the Sizewell B reactor. We may be in the act of perpetrating the same folly by abandoning the small modular British reactor in favour of an American reactor for which we shall not have to bear the costs of development.

In Britain there has traditionally been an uncomfortable distinction between the arts and humanities on the one hand and science and technology on the other. This has been sustained by a distinction between a gentlemanly university education and a technical education deemed to be more appropriate to the working masses. This was reflected in the distinction between universities and colleges of technology.

The 1956 White Paper on technical education proposed the creation of 10 colleges of advanced technology, albeit that the number had originally been 25. This reflected the anxiety that universities were not adequately fulfilling the role of technical education. In the Robbins report of 1963, it was proposed that these colleges, which had been under the control of local authorities, should become chartered universities. The proposal was greatly welcomed by the Labour Party, which had decried the seeming class distinction between a university education and a technical education.

Of course, I applaud the removal of any such distinction. However, the change has been to the detriment of technical education. The erstwhile colleges of advanced technology and the polytechnics, which became universities in 1966, have abandoned much of their original mission. This is partly because they have been catering to consumer demand, but it is also for financial reasons. A course in the arts and the social sciences or a course that teaches commercial skills is much cheaper to run than a fully fledged technical or scientific course.

Our universities are suffering from perilous ill health. They are understaffed by academics who are severely overworked. The academics have lost a large proportion of their real income, and their pension rights have been severely affected by the disastrous investments of the universities superannuation fund. It has been raided on successive occasions to finance the early retirement of staff, in consequence of successive rounds of cuts.

Recently, a large proportion of the university staff were European nationals. Since Brexit, they have ceased to come in such large numbers. The temporary employment contracts, to which the majority of new university staff are subject, are not attractive to them. The income from overseas students is now set to decline. The exceptions are liable to be in departments of engineering and computer science, which continue to attract large numbers of foreign students. They will carry their skills back to their native countries, with which we may no longer be able to compete in economic terms.

All told, these circumstances evince a profound sense of pessimism.

1.19 pm

Lord Mountevans (CB): My Lords, I thank the noble Lord, Lord Blunkett, for this debate and congratulate him on his excellent introductory speech. In seeking to avoid what has already been said, I will focus on the important role the UK's higher education sector plays in enhancing the UK's business credibility and attractiveness to foreign businesses and investors, which is so very important. Like the noble Baroness, Lady Chapman, I intend to base myself on an area I know very well, so I am taking the City of London as a case study.

A recent City of London Corporation report shows that London and the UK ranks highest amongst international financial services centres in the access to talent and skills provided for companies. However, this should not be seen solely in terms of business, law or economics graduates. The wider contribution provided by the higher education sector is essential to maintaining the UK's status as a place to do business.

The square mile, the heart of the UK's largest business sector, financial and professional business services, is perhaps not well known as a location for higher education, unlike other parts of London such as Bloomsbury. However, in the wider area there are 70 universities and 130 research institutes. Many of these are business skills focused, such as City, University of London's Bayes Business School, which is, *inter alia*, home to the Costas Grammenos Centre for Shipping, Trade and Finance. It offers, if I may mention a slightly specific personal involvement for a moment, in my view the world's best master's in shipping, trade and finance, and an excellent master's in energy, trade and finance. The courses are heavily subscribed by the brightest and best internationally, but sadly with few UK students taking advantage.

The City is blessed with a world class conservatoire, in the form of the Guildhall School of Music and Drama, as well as the first institute of higher education in London, Gresham College. Gresham College is arguably one of the first iterations in Britain of levelling up, providing free public education across the arts and sciences since 1597. Gresham's executors founded the college to bring the "new learning" to Londoners in English rather than Latin, the language of universities over most of Europe at that time. It was the first institute of higher education in London. The college adds immeasurably to the intellectual life of the square mile, enhancing it as a place to do business. Gresham was a trailblazer in promoting public education, being one of the first higher education establishments outside the ancient universities of Cambridge and Oxford. The college continues to trailblaze: since 2001, all Gresham College lectures have been made available online, and since 2007 they have been uploaded to YouTube, once again increasing public access to education and pre-empting the Covid development of online streaming of events. Lectures are free and open to all.

Similarly, the Guildhall School of Music and Drama enhances wider London's attractiveness as a business destination. As well as providing world-famous actors and musicians, its production arts department provides the West End and the world with experts in theatre crafts such as prop making, set design and stage lighting, which feeds our creative industries. The school is ranked number one in arts, drama and music by the *Complete University Guide 2024*, and as one of the top 10 performing arts institutions in the world in the *QS World University Rankings 2023*.

For international companies thinking about where to base their European office, London's cultural offer is an important consideration. However, as we have heard, the sector faces challenges. The graduate visa route is an important draw for international students to the UK; however, removal of this route could imperil the attractiveness of courses such as the Guildhall's music therapy MA. Graduates looking to use their skills in hospitals, SEN schools and care homes would struggle to secure a skilled-worker visa due to their work being based on multiple part-time contracts, making it extremely difficult for them to meet the financial threshold.

The current Lord Mayor of London, Alderman Professor Michael Mainelli, has sought to show the links between business and higher education through

his theme of "Connect to Prosper" and the appointment of the first Lord Mayor's Fellow at City University, where he is rector. I would encourage the Minister and business community to give greater recognition to the core role that the higher education sector plays in making the UK an attractive business destination.

In conclusion, I have a few words on professional qualifications and training—we have not spoken very much about this, other than in terms of apprenticeships. There are many chartered institutes, such as chartered accountants, ship brokers, *et cetera*, setting courses and examinations for specialists in London, across the UK and indeed around the globe. These professional bodies contribute immeasurably to professionalism and, importantly, business ethics.

The current Lord Mayor has collaborated with CISI on the 695th Lord Mayor's ethical AI initiative, introducing a certificate in artificial intelligence. This has been taken up phenomenally across the world. It is hoped that other professional bodies will introduce related certificate courses.

1.24 pm

Lord Parekh (Lab): My Lords, I begin by thanking the noble Lord, Lord Blunkett, for securing this debate and congratulate him on introducing it with such wisdom and insight.

We have been talking about universities; they are funny institutions that keep evolving over time. They began with Aristotle's and Plato's academies; in the Middle Ages we had the theology-based institutions; in the 19th century, with the rise of capitalism, they underwent further changes and now, under the impact of modern technology, they are undergoing even further changes, with the result that it becomes rather difficult to talk about "the university". I am fairly confident that the university will continue to respond to contemporary technological changes, and one of the things I expect it to do over time—in fact, it is already doing it—is to make sure that lectures, for example, which it has concentrated on delivering, are taken over by one or two places in the world and the contents are then broadcast to other parts of the world. So I do not have to go to Harvard to listen to lectures on philosophy from a professor there; I can listen to them on tape in my own study, or my fellow students can listen to them in the University of Bombay or Delhi. In which case, why do you need a lecturer in the university? Why do you want a person to be engaged in lecturing, taking up time that could be freed up for other activities? This means that universities 10 years from now will be very different institutions.

However different the institutions are, there will be some roles they will have to continue to play and cannot avoid playing—in fact, more so than before. We have been talking about universities' contribution to the economy. That is only one small role that they play. As the noble Lord, Lord Norton, pointed out, they are also custodians of civilisation. University is a place where people think about the world around them and comment on the values that inspire people and the way in which their society is declining, which they cry out against. Universities are unique places where individuals are paid to withdraw themselves from the world around them and comment on that world.

[LORD PAREKH]

So universities play multiple roles, one of which is to become centres of international excellence. International students come to our universities because our universities were born 500 years ago and have developed in a manner suited to the modern age, which has not happened in India or China, or elsewhere—their universities are growing slowly and are not fully developed. In some cases, they are rather poor and corrupt, hence their students come to us. Rather than resenting their presence and talking about them in a very dismissive way, we should welcome them.

This obviously raises problems, because the whole world wants to come to our universities—not because we are a great people but because we had the historical opportunity to start much earlier than them. Given this, what do we do? Naturally, we want to be able to open our doors to them, but, at the same time, we cannot throw them open completely, because what happens to our people? Given the asymmetry between the two different streams of students coming in, we need to find ways of coping with it. There are various ways and that is what we should concentrate on, not lambasting international students who are paying enormous sums of money to come here. Rather, we should talk about reserving a minimum number of places for our own students, or other ways in which this can be done. This is what is being done in France, Germany and the United States.

The other point I want to make, which I am sure the noble Lord, Lord Blunkett, wanted us to explore, is about levelling up, which I think has been ignored. Levelling up is a concept which has become quite famous since 2019, but I am not very comfortable with levelling up. It is like meritocracy: you pick up people and bring them up to a certain level, and that is what you are supposed to do, but who fixes what level they should be brought up to? If you can level up, you can also level down, and so students become objects of manipulation.

I suggest instead that we should create a system where students are able to realise their full potential and do whatever they want to do, be that through a university degree, acquiring higher skills in a polytechnic, or through other ways. I therefore suggest that we continue to talk about our students in a very respectful way, making sure that they leave university as well-rounded citizens.

1.30 pm

Lord Shipley (LD): My Lords, I thank the noble Lord, Lord Blunkett, for enabling us to have this extremely important debate. As someone whose main career was with the Open University, and then as a council leader, working closely with local universities in the north-east, I recognise the huge contribution that they make to their local economies. As Universities UK said in its *Jobs of the Future* report, more than 11 million extra graduates will be needed to fill jobs in the UK by 2035, in industries such as computing and engineering, teaching and education, and health. The latest developments in AI mean that there will be a 10% net increase in jobs that require a degree over the next 20 years. This comes at a time when the UK economy is stagnating.

However, the UK's net zero economy grew by 9% in 2023, according to a report by the Energy and Climate Intelligence Unit and the CBI. This tells us that growth can be achieved if research and investment lead it. Universities, as so many speakers have said, are central in doing that. Some 90% of universities embed entrepreneurship in their degree programmes, and 80% of university research is categorised as world leading or internationally excellent. It must be built on.

In 2021, according to Universities UK, 21,000 spin-out companies were in existence, together with start-ups and social enterprises. We must build on that too. However, two weeks ago, on 21 February, there was a two-page advertisement funded by the UK Government in my regional morning paper, the *Journal*. The headline read: "Levelling up is happening here in the north-east". That is good, and I welcome it, but the word "universities" never appeared, and it should have done. Indeed, a report by the Bennett Institute for Public Policy, based at Cambridge University, argued that the role of universities was not adequately recognised in the levelling up White Paper. I hope that the relevant departments across Whitehall will recognise that situation.

When I led Newcastle City Council a number of years ago, we developed very close working relationships with the two universities in the city and the regional development agency, One NorthEast. Our investment policies were aligned to buy the huge Newcastle breweries' vacant site in the city centre. The council assembled the land and dealt with the planning side. One NorthEast provided capital and development support, and Newcastle University aligned its research and spin-out ambitions on the site. Multimillion pound cutting-edge investments have followed. We need more of that, and it is done through partnership work.

A lot has been said about overseas students. I agree entirely with what the noble Lord, Lord Blunkett, said: they are crucially important. They pay high fees and enable fees for UK students to be lower than they otherwise would be. They generate resource in our university cities and towns, particularly supporting the retail sector. We know that many overseas students are entrepreneurs and will set up businesses generating jobs. Overseas students have been vital for growth. The OBR has just reported that half of our projected growth will rely on immigration. I agree with the noble Lord, Lord Bilimoria, that we should leave overseas students out of ONS figures, to be counted in immigration figures only if they stay.

In conclusion, I am absolutely convinced that universities are central to growth and productivity gain. I support the remarks made by a number of noble Lords, including my noble friends Lady Garden of Frogna and Lord Storey, about the importance of part-time higher education to the economy. A report by London Economics found that the Open University has a total economic impact of £2.8 billion across the UK, a benefit-to-cost ratio of £6 for every £1 spent. We should never forget the importance of part-time higher education and lifetime learning. We need to invest in our universities.

1.35 pm

Lord Vaizey of Didcot (Con): My Lords, it is a pleasure to take part in this debate. I congratulate the noble Lord, Lord Blunkett, on calling it. I agreed with every word he said, and it took me back to when the noble Lord, Lord Bragg, initiated the arts debate. We rely on our elder statesmen on the Benches opposite to remind us, again and again, of what is valuable and good in our country.

It is a great pleasure to follow the noble Lord, Lord Shipley, not least because I spent some time in the north-east recently, working on a project with Newcastle University and four other universities called Creative Fuse, bringing together technology companies and creative companies. In fact, I think I am getting an honorary degree from Newcastle University—I am not sure if I am allowed to say that in public. I spent some time as Culture Minister understanding the incredible work that Newcastle and Gateshead have done on culture, turning Newcastle and Gateshead into a tourism site. I am sure that the noble Lord, Lord Shipley, played an absolutely vital role in that.

That leads me to universities. I could make a whole speech on the incredibly important role that our universities now play in culture. They were the saviours of culture as I set about slashing the culture budget. They supported many museums and performing arts institutions. The university of my friend, the noble Lord, Lord Bilimoria, is supporting the archive of the British Museum, and universities all over the country do that.

I could do a challenging speech on higher education. There is a part of me—probably based entirely on huge ignorance—that regrets that the university marketplace is not more competitive, with a variety of lengths of degrees and a variety of levels of tuition fees. However, I am sure I would be put right if I dared to venture into that territory.

I am now a stuck record, having followed the brilliant speeches of the noble Lords, Lord Shipley and Lord Bilimoria, as well as the remarks of the noble Lord, Lord Blunkett. In fact, the noble Lord, Lord Bilimoria, came on my yet to be award-winning Times Radio show to defend overseas students. He broke off from a lunch in Paris, and was incredibly articulate at a moment's notice, to defend overseas students. I want to follow him, and the noble Lords, Lord Blunkett and Lord Shipley, in doing the same.

We have around 600,000 overseas students in the UK at the moment. That is pretty much the number that we predicted in 2013. There is not suddenly a surge in overseas students, and we have been through Covid and Theresa May to get to the figure that was predicted. However, there is no real policy on overseas students and no established consensus on how many overseas students the UK should host. If we had the same proportion of overseas students as Australia, we would have a million studying in the UK. We should be proud of the fact that, alongside Canada, Australia and the United States, we are the leading nation in the world for higher education for overseas students.

The number of potential eligible students around the world is growing by about 4% a year. If this was a business, you would be salivating at the prospect of

increasing your customer base every single year, and thinking, "How do we attract more?" It is a myth that international students displace domestic students. In fact, the number of domestic students at our universities—84%—is the highest level it has ever been.

However, we need to update the data on how we measure overseas students because students are changing their behaviour and becoming more sophisticated. If you want to study for a master's degree overseas, you apply for three or four different visas in different countries to ensure that you can move seamlessly into the one that accepts you, which could be in one of three or four countries where you have made an application. We tend to measure overseas students on the basis of those to whom we have granted visas rather than those who have come into the country to study. One of the reasons why we are popular is that we offer a shorter master's degree than most of our competitors.

We need to think carefully about which countries are sending overseas students. A few tend to dominate at the moment—India, China and Nigeria. We might need a broader range of countries to hedge our bets in the future. However, we cannot be complacent. We might find it very easy to be rude about overseas students and put forward these silly arguments about how it is immigration by other means or how they are being attracted only because they are cash cows, but we should remember that many other countries are dying to have our kind of higher education market. For example, Turkey is emerging as a key player in the higher education market.

I wanted to take part in this excellent debate simply to make the point that overseas students are a massive asset for our country, a massive part of our economy and, as the noble Lord, Lord Bilimoria, said so eloquently in his brilliant speech, a massive part of our soft power.

1.41 pm

Lord Watson of Invergowrie (Lab): My Lords, my noble friend Lord Blunkett has done your Lordships' House a service by introducing this important debate. I thank him for that.

Levelling up is a term that is almost incapable of meaningful definition. However, it was a key pledge made by the Government at the last general election to reduce regional inequality in England and it is fair to ask what has happened since then. The £3.6 billion towns fund was the main initiative, yet the Government have had to admit that less than a fifth of the projects approved to improve towns across England have been completed. Last year we learned that councils were having to scale back or freeze levelling-up projects because of soaring costs and that the Department for Levelling Up, Housing and Communities was returning almost £2 billion of housing money to the Treasury, unable to find projects to spend it on.

Of course, inflation and interest rates have made it difficult for some projects to make progress, but the Government have failed to respond, instead asking local authorities to reduce their ambition. Surely, the very last thing required in the pursuit of increased growth, productivity and levelling up is less ambition. However, yesterday's Budget provided evidence that

[LORD WATSON OF INVERGOWRIE]

the Government have redefined levelling up to their own advantage. The Chancellor highlighted future investments in Buckinghamshire, Cambridge and Surrey—all of which happen to include battleground seats for the upcoming election. Even that well-known deprived area of Canary Wharf is to be the recipient of government support.

The economic impact of higher education institutions was graphically illustrated by my noble friend Lord Blunkett in his powerful opening speech. Research by London Economics found that the estimated total benefit to the UK economy from 2021-22 first-year international students over the duration of their studies was more than £40 billion, while the estimated total costs were around £4 billion, meaning a benefit-to-cost ratio of 10:1. You would think that an economic impact of that level would be hard to ignore, yet the Government are making a determined attempt to do just that: as my noble friend Lord Howarth said, visa rules were changed at the start of the year so that international students could no longer bring dependants to the UK unless they were studying a postgraduate research course or a course with a government-funded scholarship.

This will hit many universities hard, given their reliance on international student fees to offset the fact that domestic student fees have not risen for a decade. Ironically, in their levelling-up strategy of 2022, the Government highlighted the importance of higher education institutions and their role in boosting local economies, but it seems that this crucial role has been trumped by the need to appease the right wing of the Conservative Party.

I want to highlight a part of the higher education sector which has a unique, vital and too-often undervalued role in levelling up—the Open University, to which the noble Lord, Lord Storey, referred. Flexible lifelong learning through part-time higher education is crucial to improving the UK's economic growth rate. Supporting and encouraging adults who are already in work to reskill and upskill will be critical to increasing productivity and filling skills shortages in growth areas of the economy. Flexibility is essential in allowing people to access higher-level skills in the area where they live by enabling them to fit their studies around the demands of work and family. The sharp decline in part-time higher education over the last 15 years has led to a big decrease in the number of adults aged 21 and over accessing higher education and therefore caused regional disparities in higher education participation to widen.

The higher education participation rate of working-age adults aged 21 and over in England is now 30% lower than it is in the rest of the UK, largely due to the ending of the maintenance allowance and other support that is available to full-time students. Part-time distance learning is critical to widening access, supporting social justice and levelling up by allowing disadvantaged adults and those from higher education cold spots to access higher-level qualifications in their local area. That is evidenced by the Open University. More than half of its students begin their studies without the traditional entry qualifications demanded by other universities and more than a quarter come from the most disadvantaged areas in the UK.

The lifelong learning entitlement will offer a real opportunity to tackle many of the barriers to people studying flexibly in England. It will not be introduced until next year, but the removal of some of the restrictions on how additional funding entitlements for reskilling later in life are used will significantly improve flexibility. The positive impact of the lifelong learning entitlement could be enhanced by extending maintenance support to all part-time students, including distance learners, either through an extension of maintenance loans or the introduction of targeted maintenance bursaries. This has had a transformative impact in supporting flexible learning in Wales and those lessons need to be learned in England, if not by this Government then certainly by the one that will follow them.

1.46 pm

Lord Freyberg (CB): My Lords, as the last speaker before the Front-Bench speakers, I also congratulate the noble Lord, Lord Blunkett, on initiating this important debate.

In the brief time allotted, I will focus on how design and technology education contributes to national growth and productivity. In an era when innovation is the driving force behind progress, the role of art and design in shaping our educational landscape cannot be overstated. According to research from the Design Council, the design economy increased by 73% between 2010 and 2019, which is twice as fast as the UK GDP. It has 1.97 million workers and a gross value added of £97.4 billion, more than two-thirds that of the financial services sector in the UK. The design economy encompasses industries such as product and industrial design, advertising, graphics, fashion, digital design, architecture and urban planning, as well as designers working in finance and marketing. Design skills are also used by non-designers in jobs such as civil engineering. Its multidisciplinary approach benefits all sectors of society, especially those addressing larger challenges such as achieving net zero carbon emissions, where 80% of a product's environmental impact is established at the design stage.

It is therefore hugely worrying that the pipeline of designers to industry risks running dry in the wake of the collapse in design and technology GCSE numbers. Over the past decade, the number of students pursuing a GCSE in design and technology, which the majority of designers have, has decreased by 68%, raising concerns about a potential shortage of talent in the profession. This trend was noted by the House of Lords Education for 11-16 Year Olds Committee, chaired ably by the noble Lord, Lord Johnson, which looked at secondary education more broadly. Its report observes that

“creativity is increasingly valued by employers across all sectors of the economy”,

and that

“the creative industries contributed £116 billion to the UK economy gross value added and grew faster than the economy as a whole” prior to the pandemic. However, it goes on to note that there has been a

“general decline in opportunities to develop creativity across secondary education”,

as well as

“some academies ... using the flexibility they have over their curricula to drop national curriculum arts subjects, such as art and design”.

According to several witnesses, school accountability policies that promote traditional academic study over more creative learning are mostly to blame for the drop in possibilities for students to study creative and artistic topics throughout the 11 to 16 phase. The committee's recommendations include lessening the focus on the Government's "knowledge-rich" approach, which it claims has led to

"an overburdened curriculum that necessitates narrow teaching methods such as rote learning and 'cramming' subject knowledge", and moving away from an excessive emphasis on "traditionally academic study" at the expense of creative learning.

A study in 2022 by the Education Policy Institute on the state of design and technology highlights many factors that have corresponded with the significant decrease in uptake. Between 2011 and 2020, the number of DT teachers plummeted by half, from 14,800 to 7,300, as the Government failed to reach their recruitment targets. The All-Party Parliamentary Group for Art, Craft and Design in Education found in its *Art Now* inquiry report that:

"Sixty-seven per cent of art and design teachers ... surveyed reported that they were thinking about leaving the profession ... Four out of five art and design teacher respondents reported that wellbeing and workload were ... the two biggest disincentives to stay in teaching and that these had worsened since the pandemic".

Equally alarmingly, students and parents often prioritise fields of study that are perceived to offer better job prospects and financial stability. The perception that design and technology may not lead to lucrative or stable career paths can discourage enrolment in such programmes. Because design and technology has proven to be a critically important GCSE subject for students to study at the 16 to 19 level, if we are not careful there will not be a talent pool ready to be developed at higher education level. This trend is underscored by the fact that fewer than 2% of people who did not study DT for their GCSEs went on to study the subject later in their education. For this reason, calls to update the curriculum to make it more engaging and relevant are to be encouraged. Children who lack the desire or opportunity to begin studying DT early in life are far less likely to pursue the subject at a higher educational level. Neglecting to nurture this significant talent could seriously threaten its future. As Minnie Moll, the CEO of the Design Council, says:

"We need to re-design nearly every aspect of how we live our lives to tackle the climate emergency", and therefore it is critical that we engage with this issue now.

1.51 pm

Lord Wallace of Saltaire (LD): My Lords, this has been a very interesting debate from which I have learned a lot. We thank the noble Lord, Lord Blunkett, for introducing it; I am sorry that he did not say more about the quality of Sheffield's own universities. I have visited both the University of Sheffield and Sheffield Hallam University; they have some really superb scientific laboratories, and they are acting as a motor for the regeneration of industry in that region. Sheffield also has one of the best politics departments in this country—dare I say it, possibly even better than Hull's. We need to persuade people that Oxbridge is not the only

place to go; they should get out there and go to the other excellent universities that we have around the regions.

There is still an overconcentration on Oxford and Cambridge. I note that a Liberal Democrat councillor in Cambridge has pointed out that Cambridge cannot expand much further because there simply is not enough water to support the larger activities it wishes to have. I note that the Government seem to give a high priority to a direct Oxford-Cambridge railway line, but a vital link across the Pennines would bring together Manchester, Leeds, Hull and others across the north. If levelling up is important, our regional universities have a key role to play in that, and we need the infrastructure as well. My children both work in research-intensive universities. My son stayed with us last night on his way from Edinburgh to San Francisco for a life sciences conference. If you are in that sort of world, you have to travel and you need good communications. If you say to someone, "You really should come and visit Leeds or Hull, but it will take an awfully long time to get there, even if you fly to Manchester Airport", that is not going to help that university compete with Oxford, Cambridge and the south-eastern golden triangle.

We have superb universities in the north, the south-west and Scotland. The teaching-intensive universities are also very important to regional regeneration. As your Lordships know, Saltaire is part of the Bradford metropolitan area. The University of Bradford plays a key role in bringing back what was, at one point in the 19th century, one of our richest cities but has now become one of our poorest.

Partnerships with further education colleges are also important. It happens that one of Bradford's further education colleges is based in Saltaire and I watch its teachers struggling with poor resources and poor salaries. I recognise that, if our universities are to flourish, they need not only enough well-qualified staff but technicians. We have a gross shortage of lab technicians across the United Kingdom at present, so this is one of the categories in which people must be attracted from overseas. Therefore, continuing education and bringing people back to work that they have missed is another very important part of what our universities do. I am proud to say that one of the best researchers at my son's current lab came back from five years of child-rearing, on a charity's fund helping women to return to university life. That is the sort of thing on which we need to focus if we are to reskill the whole of our workforce.

The noble Lord, Lord Blunkett, talked about the underlying anti-university tone that one hears from some parts of our right. It is part of the infiltration of the right wing in Britain by the radical right in the United States. I recall reading an op-ed in the *Telegraph* some months ago, which said that our universities are systemically left-wing and indoctrinate their students. That is nonsense and I am sure the Minister agrees. Apart from anything else, a large number of our university staff are not even British, so are not involved in that sort of left-wing indoctrination.

It is deeply unfortunate that this tone is coming back into British politics. It works through the Government. The Higher Education (Freedom of Speech) Act, which we passed last year, imposed a number of

[LORD WALLACE OF SALTAIRE]

restrictions on freedom of speech within universities. The Economic Activity of Public Bodies (Overseas Matters) Bill, now before the House, makes a number of further incursions on university autonomy. We will be examining this in Committee in a week or two. The dismissal of experts, and of reasoned argument and evidence, is to be resisted at all costs, including by people who work for systemically left-wing foundations, such as the Resolution Foundation. I am sure this is part of the deep state that Liz Truss warned us against.

Research and innovation are extremely important. It is extremely important that we do not keep narrowing what is allowable to research to that which has an immediate and obvious pay-off. I am just reading Katalin Karikó's book on her work, for which she has now been given the Nobel Prize. In her early years at the University of Pennsylvania, she was regarded as the "mad transferable RNA lady".

I also remember a dinner with a professor of nanotechnology at Oxford, who was a few years older than me—we had sung together as boys—at which he assured me that nanotechnology had no possible commercial application whatever. Three years later, his son-in-law discovered a way to make injections without piercing the skin and the entire family became extraordinarily well off. We need to maintain research in the sciences, even if we are not quite sure where they are presently going. That is the path for the future.

As a number of noble Lords have said, we also need to talk about reskilling in a world in which whatever we learned between the ages of 10 and 23 will be out of date and irrelevant by the time we are 50. Since our children will have to go on working until they are 70, they will need to go back to university, with universities providing executive education, evening education and part-time courses.

If I am allowed to include the social sciences, I was asked at a dinner at an Oxford college last week whether I could justify the teaching of politics and international relations in universities on an academic scale—I should say that this was by a leading scientist. I could say only that I have trained a number of members of the British Diplomatic Service, people who work in the City on international issues, and students from abroad, and that it seems that teaching them about how to think, and how to understand that others do not necessarily think the same way as them, is a necessary part. I have a vivid memory of being asked by Boeing whether the LSE would give it an executive training course for some senior managers. We discovered that it had no idea that the rest of the world did not think like people who were born in Kansas. That is a justification for social science, in passing.

Financial crisis has been mentioned several times. We all have to recognise that, as the noble Lord, Lord Howarth, remarked, the long-term prospect for universities is of financial unsustainability and that, unless we get away from a model that depends on fees which no longer pay for the courses, and more and more overseas students, some of our universities will be in great difficulty. Those who say that tax cuts are the most important thing have to take this on board when thinking about the future of the country. That

includes uncompetitive salaries, since our universities are in a global competition in which academics move from one country to another. I now note that some of the academics I know are moving from Britain to Germany, the Netherlands, Scandinavian countries or, of course, the United States.

Above all, we should never take the continuing success of our universities for granted. The noble Baroness, Lady Wolf, commented that they have always been training people but, in the 19th century, it was for the Church and the law, while German universities were training people for the sciences and engineering. Look at what happened to the British economy compared with the German, given the higher quality of German universities then. We could find ourselves in a similar position in the next 15 years if we are not careful. That is why we have to nourish our universities and ensure that they play their part in national economic growth and regional levelling up.

2.02 pm

Baroness Wilcox of Newport (Lab): My Lords, I am delighted that my noble friend has brought this debate to our Chamber today. I commend him for the decades of work he has dedicated to the pursuit of better educational opportunities for all. I have the distinction of having been a serving teacher under his stewardship of the portfolio: prior to devolution of education to the Welsh Government in 1999, I had two years of working for the dynamic Secretary of State, now my noble friend Lord Blunkett, who was determined to ensure higher standards in literacy and numeracy and the introduction of the inspirational Sure Start programme, bringing together early education, childcare, health and family support. Unfortunately, this model was disbanded in England in 2011, but I am pleased to say that we kept it in Wales, under the banner of Flying Start. It is still running today, helping the most disadvantaged children and supporting their parents.

I cannot cover all the excellent points made by my noble friend, but some of his most salient are about an holistic approach to the young people of the future, getting them into the right place and giving encouragement. Higher education is indeed for them. It is about breaking the cycle of disadvantage, and lifelong learning is indeed at the root of this.

Many noble Lords have already commented on how higher education institutions play a critical role in driving innovation, producing a skilled workforce and facilitating regional development across the nations and regions. By operating sensitively and in close connection with the places and communities in which they are situated, universities have a distinct role to play in intraregional equality. They can serve as crucial social and cultural infrastructure, offering spaces, services and structures that foster community cohesion and strengthen social and cultural ties, as noted by my noble friend Lady Blackstone, and humanities are indeed a vital area of study.

When I taught for many years at Hawthorn High School in Pontypridd we gained the status, through a series of collaborations, of a university school. For many of our pupils, although the University of Glamorgan—later the University of South Wales—was physically situated in their community, it was as alien

a structure to them as any other building in the town. Through various joint schemes and use of the campus facilities, including a wonderful radio studio, it gradually dawned on our pupils that the university was a place to continue their studies after leaving school, and that they could—in most cases, and as I was—be the first family member to go to university.

Universities provide a strong return on investment. We have an uncertain future ahead for our economy and labour market, and high-skilled jobs will be essential to guarantee the United Kingdom's success. Demand is growing for individuals to be equipped with higher-level skills, as discussed by my noble friend Lord Howarth of Newport and the noble Lord, Lord Johnson of Marylebone.

London Economics estimated, based on the 2021-22 academic year, that the economic footprint of higher education providers contributed 768,000 full-time jobs, £71 billion of gross value added, and £116 billion of general economic output. This does not take into account the wider economic benefit of higher education on productivity, innovation from world-class research, increased wages and so forth. I am sure that my noble friend Lady Chapman demonstrated the value of her university education with so many erudite and insightful comments; I have no doubt that her sons will eventually be persuaded by her to attend university.

The Government report in July 2023 on higher education set out certain reforms, such as improving access to level 4 and 5 courses, and reducing fees for foundation courses which are classroom-based. Some issues that resulted from the report were that, in terms of limiting recruitment to certain courses, academics argued that these courses are accessible for disadvantaged students and important for social mobility and supporting the local economy. Labour argued that basing the outcome of courses on earning potential was limiting, and would restrict opportunities for disadvantaged students.

Many commentators have highlighted the lack of reference to universities in this Government's levelling-up agenda. It has been reported that building a university in a town is the

“best way to level up a locality”.

There is a pool of graduates, many jobs, and a large influx of spending.

Education is at the heart of Labour's mission to spread and expand opportunity. From our earliest years, through to learning or retraining as adults, gaining knowledge, skills and qualifications and exploring our interests and abilities enables us to build the lives that we want and the society we share. There was an excellent reminder by my noble friend Lord Watson of Invergowrie of the depth, breadth and success of the Open University in lifelong learning.

Today, the best education that our country has to offer is not available to every young person. The opportunity to learn and train as an adult is limited and available to too few. Our mission to spread opportunity means both enabling everyone to access the opportunities that excellent education brings and giving everyone opportunities throughout our education system.

Our world-leading universities and the research they undertake should be a source of pride and are one of Britain's great strengths. The 2021 Research Excellence Framework found that the vast majority of UK university research was either “world-leading” or “internationally excellent”. University spin-outs, which commercialise this innovation, can directly drive up economic growth. However, we lag behind countries such as the United States in generating and scaling spin-outs. A Labour Government will track spin-outs from universities with a dashboard to identify what is working and where there are barriers. As recommended by Labour's start-up review, we will work with universities to ensure that there are a “range of options” on founder-track agreements, helping boost spin-outs and economic growth.

Universities are anchor institutions and, at their best, are civic actors working with partners across local and regional communities to respond to the needs of that place. We welcome the work of the Civic University Network to establish peer review learning to support and expand the work of universities in responding to the needs of their local communities.

Will the Minister say whether limiting recruitment on certain courses reduces the accessibility of university education for disadvantaged young people? As I said earlier, universities are central to breaking down barriers to opportunities for young people, by exposing them to new communities, new people and new experiences, as I saw with my pupils when they engaged with university life. It is therefore, as many noble Lords have mentioned, a shame that the levelling-up agenda gives little recognition to the effect that universities and colleges have on local areas. Why do the Government neglect due recognition for the levelling-up qualities of universities and not want to incentivise more young people to take part in higher education? It is a wasted opportunity, and one which we will hope to redress. Our desire is to build on the legacy of the previous Labour Government's target for 50% of young people to go to university to reverse the trend of declining numbers of adults participating in education and training. We will press on and ensure that the ambition of any young person to pursue higher education regardless of background or geography is realised.

2.11 pm

The Parliamentary Under-Secretary of State, Department for Education (Baroness Barran) (Con): My Lords, I join noble Lords in congratulating the noble Lord, Lord Blunkett, on securing this very important debate and thank him for the way he introduced it. I underline how both personally and on behalf of the Government I absolutely share his aspiration that there should be equal opportunity for every young person to access the benefits of higher education. I am not sure whether I am meant to declare this, but I am the slightly bemused recipient of an honorary degree from the University of Bath.

I thank all noble Lords for their contributions to this important debate. Our world-leading higher education sector plays a pivotal role in driving economic prosperity, creating employment opportunities and supporting the local communities that are the foundation of our levelling-up agenda. To reassure my noble friend

[BARONESS BARRAN]

Lord Willetts, I say that the Government accept that there are definitely different models of higher education. Indeed, we are investing in a number to encourage this diversity. We had a great example from the noble Baroness, Lady Chapman, regarding Teesside University and some others. I also absolutely agree with my noble friend Lord Norton of Louth that there is a wider social good that universities bring to their students and more widely to their communities.

As we have heard from noble Lords this afternoon, England's higher education system already stands at the forefront globally, and it is imperative that we sustain this position. We should be proud that more than 40% of UK adults have achieved level 6 qualifications equivalent to a bachelor's degree or above, surpassing other G7 nations and exceeding the OECD and EU averages, although I hear my noble friend Lord Johnson's aspirations to go further. We continue to invest in our higher education system. Our latest reforms are introducing stringent controls to ensure that higher education courses deliver positive outcomes for all students and for taxpayers.

The noble Lord, Lord Blunkett, and the noble Viscount, Lord Chandos, talked about the importance of the quality of courses and I think a number of noble Lords, including the noble Baroness, Lady Chapman of Darlington, criticised the Government for some of the language used about the range in their quality. I would say from talking to universities that they share our view that it is incredibly important that we maintain quality in our higher education sector. That is hard to do—I absolutely recognise the pushback from noble Lords—but if we were to have evidence of poor-quality courses, that would risk besmirching the reputation of all our universities, as well as impacting on international students and the soft power to which noble Lords alluded.

Reference was made to the report in the *Times*. I suppose that the nuanced version of the balance of our great institutions and where we are focusing to ensure that quality is maintained does not make such good headlines.

We also recognise the central importance of technical and further education in delivering the key skills needed for economic growth. The Government's reform agenda, outlined in the *Skills for Jobs* White Paper and subsequent legislation, aims to strengthen this sector by putting employers at the heart of post-16 skills through an integrated offer that includes T-levels, higher technical qualifications, apprenticeships—including, of course, degree apprenticeships—and improved support and guidance. The noble Lord, Lord Londesborough, referred to a number of those points in his remarks about the importance of links with employers. We have really tried to weave that through all our skills reforms.

I hope that the noble Lord, Lord Freyberg, is reassured a little by a number of the T-levels, which directly address some of the points that he raised. We will introduce T-levels in craft and design, and media broadcast and production, from September this year. There is, of course, a digital production design and development T-level as well.

My noble friend Lord Patten made the case strongly for degree apprenticeships. My right honourable friend the Secretary of State would certainly agree with him vehemently, given her experience as a degree apprentice. I will come in a moment to respond to my noble friend Lord Willetts's points about the funding of degree apprenticeships going forward.

Our comprehensive reforms are supported by a substantial investment of £3.8 billion over the course of this Parliament. Specifically, £185 million in 2023-24 and £285 million in 2024-25 will address recruitment and retention challenges faced by colleges offering high-value technical, vocational and academic programmes—something which the noble Viscount, Lord Hanworth, was concerned about. This investment ensures that higher and further education training aligns with employer needs and empowers individuals to enter the workforce, progress and develop new skills continually through their lives. This skills development is imperative, because we know that one-third of labour productivity growth can be directly attributed to skill level improvements. Enhancing our workforce's competence will help drive economic growth right across the country.

The noble Baroness, Lady Blackstone, asked about progress with the university enterprise zones. She will know that in October 2023, the Government invested £60 million in the regional innovation fund, which is obviously about aspiring to similar outcomes in driving regional business engagement and growth through knowledge exchange. But we have a number of pilot university enterprise zones: 24 of them were set up between 2015 and 2019 and are currently being evaluated for their impact.

Turning to research and development, higher education providers contribute significantly to the UK's current R&D efforts by delivering a massive proportion of the UK's current research and development expenditure. Our universities deliver 77.5% of the UK's non-business R&D and innovation activities, which is significantly more than in other comparable countries. For example, in France the figure is 59.8%, in Germany it is 55.2%, and in the United States it is 46.5%.

The noble Lord, Lord Wallace of Saltaire, made the very wise point that R&D should not be seen only in terms of its immediate pay-off. One of the things that university R&D does is stimulate private investment. This is incredibly important for growth. Public spending on R&D is at its highest-ever level, and we are fulfilling our commitment to spend £20 billion per annum by 2024-25, in the knowledge that every £1 of public expenditure leverages double the amount of private investment in the long run.

This record wider investment is a key part of how the Government are delivering the long-term change to ensure that our country has the brightest possible future, growing the economy and improving opportunity for all. This most recent investment builds on the £137 billion we have invested in R&D across all parts of the UK in the last decade.

As noble Lords have illustrated, we are home to a world-class research community. We have thriving technology and life sciences sectors, excellent green skills and a fantastic creative sector. Those sectors help us lead Europe in terms of investment, particularly in relation to science and technology. We are focused

on ensuring that we have the right skills for the future, the right conditions for start-ups and scale-ups, and the right regulatory environment that supports innovation and long-term business confidence.

We know that we have ground to make up compared with France, Germany and the US on productivity. Although the global financial crisis triggered an international productivity slowdown, the UK suffered a greater slowdown than some of those nations. Our investment in research and development, our reforms to higher technical education and our drive to increase participation in degree apprenticeships will all drive the change needed to fill this missing middle in our skills landscape and improve our productivity. My noble friend Lord Johnson of Marylebone referred to this.

Employers are demanding level 4 and level 5 skills to fill vacancies, yet only 4% of people have a level 4 or level 5 qualification as their highest qualification by the age of 25. Higher technical qualifications, approved to provide the skills employers need, will help to improve the prestige, profile and uptake of these valuable skills.

On funding growth in degree apprenticeships, which my noble friend Lord Willetts asked about, we are providing an additional £40 million in the next two financial years to support providers to expand their offer and improve access for young people and disadvantaged groups to these valuable programmes. Overall, investment in the apprenticeship system in England will increase to £2.7 billion by 2024-25. As I know my noble friend knows, 65% of all apprenticeship starts so far this year have been at level 2 and level 3, with level 3 remaining the most popular level, accounting for 43% of all apprenticeship starts.

The noble Baroness, Lady Garden, asked about evidence of encouraging adults back into education. Of course, it is too early to see the impact of the lifelong learning entitlement, but we can see tens of thousands of people taking our skills bootcamps, particularly in future-facing skills such as digital and data.

Levelling up was the focus of the noble Baroness, Lady Wilcox of Newport, and the noble Lord, Lord Watson of Invergowrie. Despite the noble Lord's remarks, levelling up remains at the heart of the agenda to build back better after the pandemic and to deliver better productivity for every part of the UK. As noble Lords know very well, ability is evenly spread in education but opportunity is not. The department's focus on levelling up differences in the quantity and quality of human capital between different parts of the country is essential; we know that this is the single most important factor in driving differences in productivity over time.

The noble Lord, Storey, spoke eloquently about the importance of skills, and he is right. To help improve people's lives and boost the economy, the Government's skills mission sets out an ambition for 200,000 more people to complete high-quality training in England each year by 2030. This includes 80,000 more people completing courses in areas of England with the lowest skills level. We want to make sure we are raising skills levels in the places they are needed most, so that more people have the skills that they need to get good jobs.

As the noble Lord, Lord Shipley, articulated, the higher education sector is one of the major partners in delivering the research and development levelling-up mission through hubs of research and innovation. The Department for Science, Innovation and Technology is leading delivery of the research and development levelling-up mission—a cross-government commitment to increase domestic public investment in R&D outside the greater south-east by at least 40% by 2030 and, over the spending review period, by at least one-third.

We are supporting this through ambitious programmes such as the innovation accelerators, investing £100 million to support Glasgow, Greater Manchester and the West Midlands to become major centres for research and innovation, bringing together higher education with local government and business leaders. The programme is pioneering a new model of research and development decision-making that empowers local leaders to harness innovation in support of regional economic growth. Strengthening innovation clusters is a top priority for driving growth across the UK. As many noble Lords said, universities, as anchor institutions, play a crucial role in this, creating a pipeline of skilled graduates, attracting talent and investment, spinning out innovative firms, and catalysing collaboration across the local ecosystem.

The noble Baroness, Lady Wilcox, was critical of the Government's record on spin-outs and university commercialisation. This surprises me, because, looking at the data, we see that the number and value of equity investments secured by academic spin-outs has increased from just over £1 billion in 2014-15 to comfortably over £5 billion in 2021-22. If you consider the research resource, UK universities generate more income from intellectual property, and only slightly fewer spin-outs, than US universities.

A number of noble Lords, including the noble Lords, Lord Bilimoria and Lord Parekh, my noble friend Lord Vaizey and the noble Baroness, Lady Prashar, talked about international students. My noble friend Lord Norton of Louth asked me to confirm our commitment to our extraordinarily successful international education strategy—that remains firm.

The noble Lord, Lord Blunkett, was generous enough to say that I had already said this, but I shall say it one more time: international undergraduate student numbers have grown in recent years, but not at the expense of domestic undergraduate numbers. Most international entrants to the UK higher education system are at postgraduate level.

The noble Baroness, Lady Prashar, asked about taking international students out of the migration statistics. Net migration is a demographic measure, and it can always be derived even if we were to take students out, but that is ultimately a decision for the Office for National Statistics.

In closing, I want to mention the speech of the noble Baroness, Lady Wolf, who put in a far more sophisticated way than I am about to do some of the wider reflections on the role of higher education as we look forward in a rapidly changing world. Historically—when I was lucky enough to be at university—models of higher education facilitated, in effect, a smaller number of more privileged students to achieve university

[BARONESS BARRAN]

places and go on to very well-paid and high-status careers. The inequalities of those models have rightly been challenged, including by the reforms of the Blair Government, with that focus on widening participation.

Of course, higher education is a vital part of social mobility. However, as we continue to support, we must also challenge the higher education sector as participation widens to make sure that we do not lose that focus on quality, on employability and on good outcomes for all its learners. The noble Baroness, Lady Wolf, raised wider questions, but while higher education plays a critical role in growth and productivity both nationally and regionally, it needs to be part, and is part, of a wider growth strategy that addresses the worsening trends in inactivity in the working-age population, the levels of investment across the economy, and the education and careers that our children and young people deserve. That is where this Government are focusing.

2.32 pm

Lord Blunkett (Lab): My Lords, it is a very wise tradition that those who have moved take-note Motions do not make another speech at the end, but I shall just take one minute, if your Lordships do not mind, to thank the noble Baroness for, as ever, a thoughtful and comprehensive response to what has been an excellent debate. I thank everyone who has taken part for their generosity and for their wisdom, including those with whom I disagreed. The great thing about a seminar of this sort is that the spirit of Socrates still shines through. I say this to the noble Lord, Lord Wallace of Saltaire: when the scientist challenged the idea of social sciences having a value, did he not wonder what he might have said to his colleagues who were teaching classics?

I was really pleased that the Minister got an honorary degree from Bath. “Don’t throw the baby out” is the message that we crave this afternoon.

The noble Lord, Lord Norton, and I were contemporaries at the University of Sheffield politics department. I spent too much of my time, perhaps, marching against apartheid, while he spent far too much of his time in the library.

To conclude, I want to reassure the noble Lord, Lord Willetts, that the dog has kept his breakfast in on this occasion. I think that was a measure of the quality of the debate. The quality of education is crucial to all of us. If there are problems, we can fix them, but, above all, we should tell the rest of the world, as the Chancellor endeavoured to do yesterday, that the higher education sector in Britain is open for business, is the best in the world and will give a very warm welcome to any student who wants to come here.

Motion agreed.

Defence Acquisition Reform

Statement

The following Statement was made in the House of Commons on Wednesday 28 February.

“With your permission, Mr Deputy Speaker, I would like to make a Statement on our plans for reform of the Ministry of Defence’s acquisition system.

Nimrod, Snatch Land Rovers, Ajax, Crowsnest and Morpheus—the narrative of our acquisition system has long been dogged by major programmes that were variously over-complex, over-budget and over-time. Of course, military procurement is inherently complex, and external factors—supply chain disruption in particular—have caused delays across the board that are likely to continue hitting programmes for the time being.

It is also true that our system has excelled at procuring vast quantities of ordnance into Ukraine. We have not stood still. We have been identifying and addressing systemic issues that impact on delivery, we have been driving pace and agility through streamlined processes and increasing the capability and capacity of our senior responsible owners, and, over the last six years, Defence Equipment and Support has come a long way in its internal reform efforts.

None the less, the long-standing weaknesses of defence acquisition are well known. They include a tendency for exquisite procurement—potentially too bespoke to export, leaving industrial capacity vulnerable—and, as Sheldon’s Ajax report assessed, personnel wary of speaking up as problems emerge. In my view, the most significant issue is a model of delegated authority implemented after Lord Levene’s 2011 report, which was supposed to drive financial responsibility but instead makes prioritisation hard to achieve in practice. With budgets under strain from inflation, the result is inevitable—what we call “overprogramming” where, in the absence of effective prioritisation, too many projects are chasing a finite amount of funding. Inadvertently, that drives competition between the three single services, each vying to get their programme on contract, knowing that funding is oversubscribed. Such overprogramming can only be dealt with in one way: delay, shifting programmes to the right to make the books balance.

None of those problems compares with the most compelling reason for reform. In a world where our adversaries are threatening to out-compete us in capability terms, we have no choice but to reform acquisition, or we will see our military competitiveness diminished. Ukraine has shown that today’s battlespace is highly contested, and integrated operations are essential. In 2021 we announced the integrated operating concept, recognising the military need for an integrated concept of operations but maintaining a delegated procurement system. Today, I announce our new integrated procurement model, in a world where multidomain communications are critical and data integration is paramount. At the same time, our kit must be secure, with key elements made in the UK, and we must prioritise procuring enablers alongside the shiny new platform that cannot work without them.

What does that mean in practice? There will be five key features of our new approach. First, it will be joined up, with procurement anchored in pan-defence affordability rather than ad hoc silos that are vulnerable to overprogramming. A key example will be our pending munitions strategy—a top priority given our need to replenish weapons stocks to war-fighting levels. Pan-defence prioritisation of munitions procurement will be driven not only by the hard reality of the greatest

threats we face but by the scale of demand signal required for always-on production—the optimal outcome for both military and industry.

Secondly, we will have new checks and balances to challenge assumptions at the outset of programmes. Specifically, our new integration design authority, based within Strategic Command, will be empowered to ensure that our new approach is adopted in practice. If requirements lack a plan for data integration or accompanying enablers, the proposal will be sent back. The authority will also be able to monitor programmes where opportunities may arise, such as to better harness AI or novel technologies.

Meanwhile, in the MoD's largely civilian sphere, a defence-wide portfolio approach will bring together all the expertise at our disposal to enable properly informed choices and decisions on priorities. The aim will be to provide a credible second opinion for Ministers to weigh alongside the military's proposed requirements. In particular, there will be a far stronger role for our brilliant scientists at the Defence Science and Technology Laboratory to focus on technological viability. Experts will be tasked with market analysis and prioritising advice on industrial options, ensuring that we make the best-informed decision on whether to go for off the shelf, sovereign manufacture or somewhere in between. To avoid new oversight leading simply to more red tape, the reform takes place hand in hand with defence design, aimed at streamlining our internal processes.

The third key feature is prioritising exportability, which will now be considered in depth from the very outset of programmes, to maximise the potential market for a given capability and, therefore, drive British industrial resilience. That is why one of the key expert voices will be our export specialists. At the moment, their primary focus is on export campaigns, largely for mature products. However, I want that expertise to be embedded within the MoD's acquisition process from the beginning, giving us robust data to quantify the risk that bespoke requirements might create a delta between our needs and international demand. Above all, that means that our international export campaigns can commence at a far earlier point in the product life cycle.

The fourth feature of our new approach is to empower industrial innovation. We have already started our radical new venture of engaging industry at secret, to give the strongest possible understanding of our future requirements. My aim is to embed this approach throughout procurement, driving the deepest possible relationship with industry, to enable entrepreneurial innovation to flourish and our supply chains to become more resilient. A more holistic supplier management approach will complement that by enabling the department to speak with a clearer voice regarding priorities once on contract.

Fifthly, we will pursue spiral development by default—seeking 60% to 80% of the possible, rather than striving for perfection. For such spiral programmes we will abolish initial operating capability and full operating capability. Instead of IOC or FOC, there will be MDC—the minimum deployable capability. There will have to be exceptions, but we have set new default time targets for programmes: three years for digital and five

for platforms. This is all about pace, but to achieve pace we need the right people: capable senior responsible owners, operating in an environment of psychological safety. As such, and given the emphasis on our people and psychological safety, I am pleased to report that we believe we have now implemented all 24 recommendations of the Sheldon review.

Finally, how will this systematic change be implemented? I said to the Defence Committee that our plan was to launch our new model in the next financial year. From the second week of April, the integration design authority will formally deliver its new oversight function in support of the integrated procurement model. For major new programmes starting after that date, newly formed expert advice will be made available to Ministers, ensuring that we thrash out all the hard issues at the beginning of a major procurement, locking down the key policy decisions so that our SROs and commercial functions can deliver at pace from then. For contractual reasons, existing programmes will continue under their current procurement mode, but on 8 April we will publish our new spiral development playbook so that existing programmes that can adopt spiral features will be empowered to do so.

On exportability, yesterday I published the next stage of our new medium helicopter competition, which includes a strong weighting for exports to ensure that the high-quality rotary work that it will support in the UK is sustainable in the long term. Such an approach to weighting exportability, where appropriate, will become the default from 8 April. From that date, our three and five-year targets will apply to new programmes, including top priority pending procurements, such as the Mobile Fires Platform. Ukraine has shown how close combat artillery remains critical to war-fighting. We will now accelerate that crucial acquisition, exemplifying our new approach whereby we will order critical enablers in parallel to the platform itself, particularly ammunition. Ukraine has also shown the importance of drones. Uncrewed systems will form the first overall category of pipe cleaner for the integrated procurement model from end to end.

Alongside this Statement, I am today publishing a short guidance note explaining the nuts and bolts of our new acquisition approach. Copies will be placed in the Library, and will be available in the Vote Office after I have sat down. The current environment in which we find ourselves—war in Europe—has made it impossible to ignore the urgent need for change. I commend this Statement to the House”.

2.35 pm

Lord Coaker (Lab): My Lords, I thank the noble Earl for coming to the House to respond to these questions and the necessary scrutiny, on a repeat of the Statement from another place. It is welcome that the Government are finally beginning to acknowledge what we on these Benches and many others, including the National Audit Office, the Public Accounts Committee and the Defence Committee, have been saying for a long time—that defence procurement is not working.

The Statement referred to the narrative of the acquisition system being dogged by major programmes and, while certain programmes have indeed been over

[LORD COAKER]

budget and over time, the issues go much wider. Some 46 of 52 major projects have been either late or over budget under this Government. It is a systemic problem. In the past 14 years, £15 billion of taxpayers' money has gone to waste, £5 billion in this Parliament. Report after report from the NAO and the committees that I have mentioned have been critical.

This is not just about the wasted money, as important as that is. Continuous failure in MoD procurement sends a message to the world, to both our allies and our adversaries. Good defence procurement can strengthen our sovereignty; make our country more secure; provide economic growth by creating and supporting jobs; and ensure that our troops can fulfil their roles and fight, while allowing us to fulfil the obligations that we have to our NATO allies. As we would all agree, it is therefore a top priority.

The changes are right and welcome and we agree with the reasons for the reforms set out by the Minister. Indeed, there is not too much in the Statement that you can disagree with, but the real concerns with the Government's approach stem from the lack of action to tackle the bigger issues, which is a disappointment and a missed opportunity.

The Government's policy for acquisition reform, as set out in the Command Paper refresh and the Statement, do not address the waste and poor value for money that have plagued the Government's mismanagement. Without addressing the waste of taxpayer money at the scale that I have set out, it is difficult to see how the reform as set out by the Government will fix the problem. How will the Government ensure that these reforms offer value for money and stop the waste that we have seen? What steps are they taking to address the underlying systemic issues that have contributed to the delays and mismanagement that the Minister has acknowledged in the Statement, which have led to these projects being late and over budget? It certainly does not appear that they would have prevented the issues with some of the major programmes mentioned in the Statement, such as Ajax or Morpheus, or others that were not mentioned, such as the E-7 Wedgetails. Is that analysis wrong and, if so, why?

We are under no illusions that the problems can always be eliminated entirely—as the Statement says, these are incredibly complex programmes and procurements—but they should not be on the scale that we have seen. Does that not mean that there is real scope to improve in this situation? How will these reforms ensure proper accountability to prevent further delays and mismanagement of these vital defence contracts, those that we have now and those we will have in future? A fundamental question that the Government need to answer is how the report will make the difference that we all want, and why it will be successful when so many other reports have failed.

We believe that we should create a new strategic leadership in procurement. If we form the next Government, we will establish a fully fledged national armaments director, responsible to the strategic centre for ensuring that we have the capabilities needed to execute the defence plans and operations demanded by the new era. We envisage core delivery tasks that

currently do not seem to be vested properly anywhere in the system; they should have sufficient authority or accountability to carry these out effectively. This leadership includes alignment of defence procurement across all five domains to cut waste and duplication, securing NATO standardisation, collaboration with allies, driving export campaigns and delivering a new industrial strategy. What is the Government's view of a new director such as this to drive the change that we all want? Which of the things that I have said does the noble Earl disagree with? They are a sensible plan for driving forward change.

We have to do better. Report after report promises action on the problems in defence procurement and promises that there will be improvement as we move forward. Yet our procurement process is dogged with failure and delay, which means that our troops and Armed Forces do not have the equipment that they rightly should. The fundamental question that the noble Earl needs to answer is this: why will this report be different from the reports that have gone before it?

Baroness Smith of Newnham (LD): My Lords, “over-complex, over-budget and over-time” is how major programmes of defence procurement have been characterised not just by the opposition, our enemies or even our allies but by the Minister for Defence Procurement in giving this Statement in the other place. Defence procurement has, over years, been riddled with problems, as the noble Lord, Lord Coaker, pointed out. While this Statement is very welcome, there is a question about whether it goes far enough or thinks about the wider pattern of defence procurement.

I read the Statement as it was produced and put into the Printed Paper Office last week. It said, “Check against delivery”. I read it, and there were various points where I thought, “Surely no Minister actually said this”. I went back and looked at *Hansard* to see what the Minister for Defence Procurement said in the other place and, indeed, some of the slightly strange comments were made in the House of Commons. I will therefore ask a few very specific questions.

What we have as the fifth aspect of the new approach to procurement is:

“Fifthly, we will pursue spiral development by default”.

Other noble Lords might know what spiral development is, but I am afraid that I do not. The Statement did not give me much clarity on it, nor does the document that was produced to go alongside it, so I hope the Minister can explain a little more what spiral development means.

Even more, however, I would like to know what is meant by the next line:

“seeking 60% to 80% of the possible, rather than striving for perfection”.

I realise that there have been concerns about the fact that we have looked for exquisite solutions and platforms that are so highly specified that they become ever more complicated, with the timeline for procurement shifting ever further to the right. However, “60% of the possible” raises a lot of questions. Does it mean that only 60% of our ammunition is going to work, or that only 60% of our trials of Trident will work? Given that we seem to have had a couple of problems with

Trident recently, I very much hope that the Minister can explain what this means. There is nothing in the Statement or the document that explains clearly that we do not want to spend so long over-specifying things that we never deliver the platforms or equipment that our Armed Forces need. Do we think that we need to specify less? What do the Government mean?

The Statement talks about learning the lessons of experience, which is clearly very welcome. We do not want another Ajax. Learning from that experience is highly welcome and I am sure the Minister would be very grateful not to have to face the situation that his predecessor, the noble Baroness, Lady Goldie, did, of repeatedly coming to your Lordships' House and having to answer questions about Ajax for which, frankly, there were not any good answers.

Do the Government think that just learning the lessons of the recent past is enough? Will that deliver, at pace, as we say we need, the defence equipment that the United Kingdom needs in an era of unprecedented challenges? Will the noble Earl, in his response, tell the House how far this procurement model will really help us deliver beyond what we have been seeing and help ensure that, if we are sticking at 2% of GDP on defence expenditure, which seems to be the case from the Budget, that we are actually going to be equipped at the level we need to be to face the challenges that we and our allies are facing, and send the messages that we need to be sending to Russia, China, Iran and other countries, some of which we certainly would not think of even as collaborators in international relations?

The Minister of State, Ministry of Defence (The Earl of Minto) (Con): My Lords I thank the noble Lord, Lord Coaker, and the noble Baroness, Lady Smith, for their questions and their very well-made points. The whole point of this paper is to look forward, not to the past. I think there is a full acceptance on all sides of the House that we can agree on the need to reform our acquisition processes, because they are rooted in the past, not in the current; and of course they ought to be rooted in the future.

As mentioned by my honourable friend the Minister for Defence Procurement in the other place,

“the long-standing weaknesses ... are well known”.—[*Official Report*, Commons, 28/2/24; col. 354.]

They include highly exquisite requirements—“exquisite” is his word—constrained export opportunities, vulnerable supply chains, personnel wary of speaking up when problems emerge, not to mention the overprogramming and unintended competitiveness between different parts of the organisation for finite funding. All these have to be addressed if we are going to move forwards.

I draw all noble Lords' attention, if they have not already been made aware of it, to the publication placed in the Libraries of both Houses last week, *Integrated Procurement Model: Driving Pace in the Delivery of Military Capability*. Within that document, noble Lords will find the five core principles through which we will deliver acquisition reform. For the benefit of the House, these are as follows—some have already been mentioned.

A coherent, joined-up approach across the defence portfolio to break down the silo nature of procurement.

New checks and balances to challenge assumptions. Taking expert advice from the outset of projects, not half way through, when it is either too late or no longer appropriate.

Prioritising exportability. Far too much of what we have done has been tailor-made. We work in a global market now, where there are skills and abilities outside our shores, sitting with our allies, where we should not only take advantage of their industrial capability but also the sales opportunity that it presents to us.

Empowering industrial innovation through greater transparency and common endeavour. Transparency is so important in this ability to be honest about the situation as things progress. We need to be able to have the honesty to challenge each other the whole way through the process, to make certain that we do not disappear down blind alleys and that things are produced to time and to budget, when they ought to be, and that everybody feels open enough and relaxed enough to be able to challenge some of these issues.

Then there is the whole question of continuous improvement, or spiral development. Spiral development is a new term for me as well. I come from the private sector, where it is called “test and refine”. The principle is very simple. There is a point when you know that what you are doing is capable of achieving the aim. It is not perfect, but you test it, you use it, you learn and you refine it. You can also refine it for other customers as well: you have the base model, it works well, you can test it and then start to develop it in various different directions, to do various different things that you might want, but also what any potential customer might want. It does make perfect sense, I must admit.

Before turning to the questions quite rightly raised, and some of the challenges, I will look at the way procurement has been taking place. Let us be in no doubt, these are extremely complex pieces of technology and equipment, and they do take a long time to bring to fruition—particularly some of the larger ships and aircraft, as I am sure noble Lords are fully aware. It is a long gestation process, where checks and balances need to be inserted at the right place. But it appears to me, looking from the outside, that the process is well overdue an update, and that it needs to be much nimbler, quicker, more open, more collaborative, more informed, more technologically advanced, more digitally enhanced—you name it. There is such opportunity here.

Will it work? Well, it has certainly made a good start. I will mention just a few things about where we have got to. We already have some initiatives under way, and they are starting to improve things. We are starting to drive pace; risk and complexity are being looked at; senior responsible owners and their teams are much more focused; the strategic alignment is getting better; and the capacity and capability of the professionals involved and the SROs is improving. Psychological safety—this idea of being open and honest with each other and having a non-blame culture, which I do not think we have had in the past—pan-defence category management and financial savings: all these things come down to capability having to be holistic. To have an effective operation and delivery across organisational boundaries, you have to have a holistic view.

[THE EARL OF MINTO]

I will now address some of the questions. The question of value for money, as raised by the noble Lord, Lord Coaker, which I am sure everybody is aware of, is a question of budgeting and taking a sensible approach, being up front about the budget and making certain that the opportunities and contingencies within the budget are transparent. That is very much the case.

On the question of underlying mismanagement, there are various plans in place within the organisations to ensure greater accountability, less project management and more specific accountability for specific parts of work, which makes the whole ownership that much easier and more driven on a private sector opportunity basis.

I think I have addressed the questions of analysis and accountability in speaking on the empowering of individuals. Will this work? Like everything, it is never going to work from day one, but it is a real move in the right direction. It is the current way that large industrial organisations work now, and the ability to insert SMEs in the process the whole way along is absolutely critical. If one thinks about technology and digital in particular, it is often SMEs that come up with the good ideas. They need to be inserted within the business and supported right the way through so that—I hardly dare say this—the primes do not gobble them up and sometimes destroy their nimbleness. So, this is the right thing to do. The question of co-operation with NATO and other allies is, equally, extremely well made.

The noble Baroness mentioned spiral development. It is a strange concept to be described like that, but I completely understand that it is “test and refine”. You get to a certain level, which is 60% to 80% of where you want to end up; you feel confident enough that you can actually put it out into the live environment, in the clear knowledge that you are going to get it back to make it better once it has been used and other people have seen its breadth of opportunity.

On the question of overcomplication, it is a difficult matter. We are dealing with very complicated machinery and skills, and everything we have learned in the past couple of years suggests that things do not need to be overcomplicated; they just need to work, and we need to be able to produce them at pace and in volume.

On Ajax, the Sheldon review has addressed this, I hope. Without making silly jokes about it being back on the road, the lessons really have been learned on Ajax—luckily, it is a thing from the past. We do learn from the lessons of the past, and procurement, if it is properly addressed, is about learning from experience, or enhancing and living with the concept of change. I hope that the challenges that we have seen have been addressed by what I think is an extremely sensible and practical way forward for the very complicated and broad-ranging challenge of military procurement for a nation state. We could not take it more seriously; I certainly undertake to keep noble Lords fully up to date with all progress as we start to introduce some of the main milestones that will come up within the next two to three years.

2.56 pm

Lord West of Spithead (Lab): My Lords, war is raging in Europe, the Levant, the southern Red Sea and Sudan. We are in the most dangerous and hostile world we have been in for many years and, amazingly, the Government have not increased or provided any extra spending for defence in yesterday’s Budget. State-on-state warfare is back. Does the Minister agree that, in terms of procurement, we must look much longer-term? For example, the carriers had £1.5 billion added to their cost because, to get the funding line straight in MoD, they stopped work on them for two years—a ridiculous thing to do. Equally, we are now desperately trying to get enough frigates into our Navy because we took too long ordering them. The SMEs have a real problem. We need to have a drumbeat of orders looking to the future, which we should commit to, because we now know that we are in a world where there is state-on-state warfare. More importantly, does the noble Earl agree that that will provide some resilience, so that, for example, when we start giving ammunition stocks or whatever to people, the firms involved have built into their whole organisation a structure that enables them to be replaced?

The Earl of Minto (Con): I agree with almost everything that the noble Lord said. Certainly, the immediacy of the situation has already introduced into the procurement cycle within the Ministry of Defence a much more nimble way of acquiring the needed munitions, both for gifting and for our own stockpiles. We have started to invest substantial sums of money in the industrial base. If you think about this way of proceeding, it is very much a joint relationship with the industrial manufacturers that will deliver exactly what we want here, as far as both the primes and the SMEs are concerned. It is being driven by the current situation and the rate of technological advance.

Lord Arbuthnot of Edrom (Con): My Lords, I declare my interests as set out in the register. It is nearly 30 years since I became the Minister for Defence Procurement, so ably succeeded by the noble Lord, Lord Bach, who I see in his place—and the questions do not change. New threats arise as old threats remain, and sometimes get worse. Our dependence on technology is greater now than it ever has been; therefore, our vulnerability is greater now than it ever has been. I welcome what my noble friend says about a more joined-up approach across the defence sector, but does he not agree that it has to be married with a more joined-up approach across the infrastructure sector as a whole, because of that very vulnerability?

The Earl of Minto (Con): My Lords, I agree. The Americans have a very good expression: “soup to nuts”. It is a very simple way of describing any project from one end right to the other. I believe that is precisely what my friend in the other place is trying to achieve here, in coming up with a considerably more flexible and nimble approach to the threats that we currently face.

Lord Deben (Con): Could my noble friend go back to number two of his five principles? It seems to me that in the private sector, we have a very large number of these problems as far as procurement is concerned.

There are many places where great strides have been made. It has always been thought that the forces are not always willing to accept, with a degree of openness, advice from the private sector—not just in the single programme, but overall. Can my noble friend reassure the House that this is really going to change, and that people understand that there are aspects of procurement which are not just about how you do this very difficult technical kind of procurement, but which really can be learned from other people?

The Earl of Minto (Con): My Lords, I entirely agree with my noble friend. There is no doubt that the private sector and the Ministry of Defence need to work much more closely together to ensure that the absolutely current technology is not only available but able to be developed, and that the working practices and checks and balances on some of the assumptions that have been made are tested properly within the wider concept, not just within the forces network. This is incredibly important. If there is to be a joined-up approach and a proper pan-defence affordability exercise at the outset, it almost demands engagement across a much wider base than previously.

Local Regeneration: Industrial Areas

Motion to Take Note

3.03 pm

Moved by Baroness Armstrong of Hill Top

That this House takes note of the case for local regeneration of former industrial areas across the whole United Kingdom, and the challenges constraining such regeneration, including in relation to local government.

Baroness Armstrong of Hill Top (Lab): My Lords, it is a great privilege and pleasure to introduce this debate, partly, of course, because it gives me the chance to talk about the north-east again, the contribution that previous generations from that region have made to the prosperity of this country, and what we can do now—in the region and nationally—to give this generation and future generations real opportunity.

I grew up with coal mining, shipbuilding and steelmaking dominating community life. My early working life saw those industries in decline, and I worked with people in communities whose lives were totally changed because of the decline of those industries. I am not necessarily saying I regret the loss of all of them, because people like me—women—were not exactly important in the industry. We were important in terms of looking after the men when they came off their shift, but that was not the sort of life I wanted.

I became Member of Parliament for North West Durham in 1987 and by then all the pits in the constituencies had closed, although we had a lot of open cast mining and the Consett steelworks had closed in 1984. Consett was the largest town in the constituency, built to accommodate the workers at the steel mill. It was seen as the most efficient steel mill in the country at the time of its closure, but accessibility

was never as easy and straightforward there as it was for the port in Teesside, so it was closed to keep Redcar steel mills open. Some of the workforce from Consett, particularly from management, was transferred there, as were some of the fittings.

The work to remove the infrastructure in Consett took place very quickly. A lot of the funding from that came from the EU to clear the contaminated land. Steel production delivers very contaminated land. Things were not very sophisticated in those days. Essentially the top soil was buried, meaning that the Environment Agency had to monitor levels of contamination on a regular basis, alongside strict warnings to any local farmer who thought that it might be a good idea to graze his cattle that if he did so there would be no ability to use the milk or the meat from it because of the level of cadmium poisoning that there would be.

We dealt with so many of those aspects. We also dealt with a totally changed population, with more women working than ever before and more women working than men. I and my neighbour and good friend Giles Radice, who subsequently came to this House and died last year—I miss him enormously—worked with the local council on regeneration projects, with new industrial estates being built around Consett and on other land that was not contaminated. We also worked on long-term plans for the main site. Project Genesis is still going. It is a public/private partnership and, yes, it has taken a long time to redevelop that site.

Therefore, noble Lords will understand our disappointment when British Steel decided to close Redcar. When I was Local Government Minister in the 1997 to 2001 Parliament, I knew of the importance of the private sector in local government services and in regeneration projects. I introduced the concept that has been forgotten about, best value—how did we ensure that the public got the best out of partnerships and contracts with the private sector? We legislated on it and so on but, unfortunately, in too many regards it has been forgotten. From the recent report on the Teesworks project—it is on the old steelworks site in Redcar that my folk gave up their jobs for, as they saw it—it is clear that best value has not happened. I regret this enormously and am anxious that the Government address what has gone wrong with governance, the nature of contracts and procurement in what are essentially public/private partnerships, and in transparency of regeneration projects that are as complex as this—and they are complex.

Teesworks was initially, in 2020, a 50:50 joint venture partnership. There were two private sector businessmen who had acquired an option on part of the land at Redcar Bulk Terminal, and they then used that as leverage in the compulsory purchase of the wider set of land. The following month, they became formal joint venture partners with the South Tees Development Corporation; there was no tendering and no procurement process—certainly nobody was told that there were procurement processes, and I am sure they would have been after the complaints.

To cut a long story short, without any public announcement, the joint venture was changed in Companies House in November 2021 to a 90:10 deal in favour of the private businesses rather than the

[BARONESS ARMSTRONG OF HILL TOP]

public sector. Difficult stories then circulated about the price of land, the complexity of the deals, the lack of transparency, the apparent substantial profit made without any private investment on a site of such public importance, the size of the public investment with no return at this stage to the public, and the lack of transparency to evidence value for money. The Secretary of State for Levelling Up set up an inquiry that made 28 recommendations, which raised significant questions. I will sum it up with a quotation:

“Based on the evidence from the review the governance and financial management arrangements are not of themselves sufficiently robust or transparent to evidence value for money”.

The mayor has responded to the concerns about governance, but there are, unfortunately, significant gaps in the response, and we now wait for the Secretary of State’s response.

I am devastated that this programme has ended up with so many questions and that there is not a better story to tell. I want the project to succeed; we desperately need regeneration and activity that can tackle the deep problems that the de-industrialisation of our region has caused for so many families. I made a speech here two weeks ago when I talked about the latest report on child poverty from the region that I am involved with. We see the activities of the North East Mayor and the Tees Valley Mayor as critical, in future, to a regional response to the mission of enabling every child to have opportunities to develop to their full potential. The previous debate from my noble friend Lord Blunkett emphasised that it is precisely in these areas that attainment is worst and that the gap between those who do well and those who do badly is biggest. Deindustrialisation has real consequences; in Middlesbrough, which is part of Tees Valley, 41% of children since 2014 are now in child poverty. I am really keen to work with the Mayor of Tees Valley—the noble Lord, Lord Houchen—on tackling these issues, which are partly a consequence of this deindustrialisation. The report must be taken seriously, and the Government need to address some of the ways that systems have failed.

I am sure the Minister will say that she cannot answer my questions until the Secretary of State has replied, but it is really important that if she cannot answer today, she writes to me—she will gather by the end of the questions when I want her to write to me about the answers.

First, will the Government ensure that the terms of their current joint venture partnership with Teesworks are renegotiated, as recommended by the report? Will they also ensure that any future contracts for work are properly procured, with best value for the taxpayer assured? Will the Government consider audit and scrutiny proposals for all combined authorities that secure best value for the public purse? Will they also enable the National Audit Office to further review the activities of the Tees Valley Combined Authority? I hope that the Minister will press on the Secretary of State that we need his response before purdah for the May elections.

Regeneration of difficult, contaminated, former industrial sites is not easy. It takes time and, I am afraid, considerable investment. In regions such as the

north-east, however, this is still a major issue years after major industrial works have closed. I understand that democracy demands a level of openness and transparency that some in the private sector find inhibiting; it takes time, because people have to be consulted. However, I genuinely believe that, with proper public oversight, accountability and transparency, we can get economic regeneration that is sustainable.

The effect of deindustrialisation is devastating for the whole community and, if not effectively tackled, can blight future generations. Local, regional and national government all have responsibilities, but we have to work together to meet them. I look for that commitment from the Government today.

3.17 pm

Lord Mawson (CB): My Lords, I thank the noble Baroness, Lady Armstrong, for initiating the debate. I know she cares a great deal about these issues and the local communities they affect, many of which are in very challenged circumstances.

I start with a telling story that encapsulates what happened in one of our former industrial areas. My mother died in Bradford, at 104 years of age, last June. She lived most of her life there, my hometown. Her father ran an ice cream shop in Oak Lane, just below the 27-acre site of what was then Lister Mills. It was originally a sweet shop, but my grandfather was so skilled at making brilliant ice cream, which he sold literally in bucketloads to thousands of workers at the mill, that the sweets and chocolates went the way of the world; he focused on what sold.

Some 150 people, mainly old Bradfordians, turned up at my mother’s 100th birthday party in 2018. She was still well networked from her armchair, through the use of her trusted telephone. The day before the party, I picked up an old brochure in Haworth, Brontë land, about the Bradford festival in 1931. Both my mother and father attended this amazing event in the city when they were at school, but they did not know each other at that time. Everyone was there—the mayor, the council, businesspeople and all the schools. My mother still remembered the excitement of it all.

In the brochure you got a real sense of the dynamic economy in Bradford at that time and a landscape defined by woollen mills and a culture of entrepreneurship. Bradford was described as the second most successful city outside London. I was told that, in 1931, Lister Mills had recently won the order for the velvet curtains for the White House—not bad. In my mother’s lifetime, this former industrial city, largely run by woollen entrepreneurs and successful businesspeople, fell to the position it holds today. What happened in one lifetime?

My colleagues and I have been working in Bradford over the last six years—I declare my interests—and I have returned to have a good look under the carpet. The first thing that strikes you is that there are still some amazing entrepreneurial people in Bradford. Pull back the carpet and you will find the Pakistani-owned cake business, in a back street, which has supplied more than 1 billion fairy cakes to Tesco. This baker then spent more than £1 million trying to restore and maintain a grade 2 listed mill complex of 400,000 square feet—impressive.

Six years ago, I was invited by the dean of Bradford Cathedral to speak at an evening event about our work in the East End of London and the Olympic legacy project, which was focused on the derelict rail and industrial lands in Stratford which I had been involved in from day one for 19 years. I described how in Bromley-by-Bow we had fostered an entrepreneurial culture against the odds in what was originally a failing group of housing estates, opposite what is now the Olympic park. The cathedral was packed. I then invited the massively impressive Bradford architect and business entrepreneur Amir Hussain to join me on stage. Amir had some really inspiring plans for some empty mills in the city, some of them still amazing industrial buildings but derelict. When I had finished my bit, Amir took us all through the list of Bradford's former lord mayors, an amazing list of successful woollen entrepreneurs who were focused on building high-quality buildings, growing an industry that now had relationships across the world, and making theirs the best city in the country. They were practical Yorkshire people who invested in education, the arts and culture, and improved people's lives and health. When Titus Salt, the former mayor, died, thousands of Bradfordians turned out for his funeral—again, not bad.

Amir then took us through the list of successful entrepreneurs in the city today, many of them women, many Asian and most of them young. How many of these practical, impressive people who were building and running businesses in the city were on the council today? The answer is none. Amir tells me that they were too busy running their businesses and being practical—very Yorkshire. These are serious questions. Who are we looking to if we want to rebuild our industrial sites and grapple with the broken machinery of the state? It is not the talkers; it has to be the doers. They are committed, practical people and the only ones who understand the real issues, precisely because they have done it. In my experience these people are everywhere, in plain sight, but our systems and processes often do not recognise them and have little understanding of their significance for a city. We need to find them, back them based on their track record and certainly resource them. We need to get interested in people again, not endless processes.

Those who are real doers are often slightly disruptive and, yes, difficult people who ask difficult questions. As a result, they tend not to be the people who are influencing the policies and details of national, regional or local government. As a result, we do not harness those with real skills, innovation and entrepreneurial flair. Therefore, unsurprisingly, government continues to underperform. It is all about people, not structures and policy. It is about those who act.

Amir Hussain, who I mentioned, runs a dynamic and innovative data technology company as one of several businesses in the city. He reflects on Lister Mills today, where an ambitious and incomplete apartment development has done little to stimulate regeneration. Not one new café, office or business can be attributed to the development, and the apartment values have slumped to less than half the original selling price despite many millions of pounds of government grant funding. Yet within this magnificent industrial complex reside sophisticated businesses such as Haddow, run

by James Nimmo, producing textile designs for some of the biggest names in the world. Amir relates his shock at finding that there were more than 100 trendy young designers, as he called them, beavering away deep inside the old weaving sheds, in a scene reminiscent of Willy Wonka's chocolate factory, but no one had noticed.

Compounding this, he told me, is the fact that our approach to data is inadvertently undermining places such as Bradford. During a collaborative meeting with the credit reference agency Experian, Amir had it analyse his own neighbourhood, just a mile away from Lister Mills. The findings were shocking. According to Experian, no one had any money, all were financially stretched and they predominantly shopped at discount stores, and therefore this area should be avoided by brands such as Nando's, Costa, PureGym, et cetera. It was obvious to the practitioner Amir that something was very wrong, not least because there were people on his street owning brand-new Rolls-Royces. The fact that the area is 70% Pakistani Muslim had gone unnoticed. The data did not recognise that this demographic has different financial habits such as a greater use of cash, buying second and third houses, and building house extensions. In this community, the prevalence of gold shops and dessert parlours would be a far better indicator of financial capacity than credit card use.

Bradford is a success story because these people are there—I have met them, and they care about the future of their city—but I am afraid that the siloed systems and processes of the state are not fit for purpose. This city is not attracting serious, experienced and talented leadership, and when they come, they do not stay long. Who was the last Cabinet Secretary to visit Bradford who got under the carpet and took a look and an interest in these entrepreneurial people and the implementation issues they are facing as they attempt to make their businesses and their city a success? It is all about people and not process; it is about the quality of people such as Alan Bates, who cared for 20 years and got stuck in. There are people like Alan in Bradford, hiding in plain sight.

This all throws up difficult questions for all our political parties about the calibre and experience of the people they are selecting who claim to represent our cities and communities such as this one. What have many of them built? What have they done? What have they achieved in practice? Are they asking the right questions?

These questions also apply, of course, to your Lordships' House. It has been suggested by the noble Lord, Lord Norton of Louth, that a Peer of the realm should be chosen on "conspicuous merit"—not a bad measure, and a challenge to us all and to our political parties. Is this the benchmark we need for those who would claim to represent us at all levels?

I will finish by taking noble Lords to Fox Valley, in Stocksbridge, on the edge of Sheffield, where the paragon umbrella frame was invented. There, a local family who cared about where they lived—Mark Dransfield and his late wife, Deborah Holmes—took the risk of taking hold of a former derelict steelworks site, put their hard-earned money in, and grappled

[LORD MAWSON]

with the often very unhelpful machinery and infrastructure of the state. Hundreds of new jobs have been created there and many new businesses, new retail space and offices, and 115 new homes, with a thousand more planned. The centre is like a piece of theatre; so many community events happen there. I encourage noble Lords to go and have a look for themselves on the internet at the quality of this development. Go and visit and taste the quality of the food at Ponti's restaurant—the first outside London. It is a great day out. My mother went, and she loved it.

Someone cared enough, someone took the long view, and someone took risks. It was Mark and Deborah. Joanna Lumley, who opened Fox Valley in 2016, said that she had never seen anything quite like it anywhere in the south of England: the attention to detail; a development that transformed a former steel town; a meeting place where work and leisure engage with high-quality public realm and architecture. Land that had laid derelict for 10 years, deepening the spiralling decline of the town, had become the catalyst for transformation—all down to two practical people who cared about where they lived.

In closing, I ask the Minister: what percentage of levelling-up funding has not actually been spent since its launch in 2020? Why might this be?

3.28 pm

Baroness Bennett of Manor Castle (GP): My Lords, it is a pleasure to follow the brave and challenging speech of the noble Lord, Lord Mawson. He led me to reflect on the impact of the first past the post electoral system in creating one-party states in local government, with some of the outcomes that he outlined. He also inspired me with his wander through the tastes of Yorkshire. I have to mention the wonderful Razan Alsous, a Syrian refugee who came to Yorkshire in 2012 and missed what she describes as her “squeaky cheese”—traditional halloumi cheese that she ate in Damascus. She now has an award-winning company making that cheese in Yorkshire.

I thank the noble Baroness, Lady Armstrong of Hill Top, for securing this debate, particularly for the way she worded the topic—the word “local” in “local regeneration of former industrial areas” is so important here. I thank her also for highlighting the challenges constraining this, particularly local government. I thirdly thank her for her timing, since my visits last weekend to Newcastle and North Tyneside means that I will have the same regional focus as the noble Baroness brought to this debate.

My visit was differently directed towards the Byker Wall estate, a 1970s social housing project with grade 2 listed status that has tried to maintain its existing community from the pre-development streets. There were many issues then and since in making that work. What I saw in my visit to Byker was a real struggle to deal with the problems of litter and isolation and loneliness, but it is also notable that community groups, such as Byker Mutual Aid, Byker Village Tenants and Residents Association, and St Peter's Neighbourhood Association, have sprung up to try to fill the gaps that have been left by more than a decade of austerity in

public services. Byker was the site of the incinerator ash scandal in the 1990s. The incinerator was finally closed due to the action of campaigners at the turn of the century.

Picking up on points that the noble Baroness made, we need to think about the clean-up of industrial and post-industrial areas and to focus on public health. Clean air, clean water and soil are the crucial foundations for a healthy community. We know that, across the UK, we have a major problem with disability and chronic illnesses. Of course individuals need support with that, but what we really need to do is build healthier communities so that people do not get ill in the first place. Figures from the Office for Health Improvement and Disparities show that in the most deprived neighbourhoods in England, which are many of the areas we are talking about, people develop multiple long-term health conditions 10 to 15 years earlier than in the least deprived communities, they spend many more years in ill health and they die sooner.

Another thing we need to focus on in many of these areas around health is warm, comfortable, affordable-to-heat homes. This is a particular issue in Byker, where the cost of heating with a district heating system is considerably higher than in other areas. In so many of these post-industrial areas, the housing stock is poor, yet that is a potential opportunity. The insulation of homes can create a field for many small, independent businesses, provided that they have the certainty of long-term government investment and not the boom and bust that has been induced by see-sawing government policies. I am afraid that the largest current opposition party has see-sawed in its home energy efficiency policies even before it has got into government.

Last month, the New Economics Foundation looked at the data on the Government's home energy efficiency schemes and showed that, in a single year, rollout had fallen by 40%. The total number of households upgraded by the home upgrade grant—HUG—and local authority delivery schemes has fallen by 40% in the past year. Similarly, the number of households upgraded under ECO, the largest and longest running scheme, has fallen by 55% in the past year. The social housing decarbonisation fund has existed for less than two years, but if we look at the figures quarter on quarter, we find that it is down 41% as well. This is key to Britain reaching its net-zero targets, but it is also crucial to cutting the £2 billion costs for the NHS that come from the poor quality of our housing stock.

Money that has to be spent on heating cannot be spent with local businesses and suppliers. It goes into big multinational pockets. Had the Government brought in community energy schemes, which your Lordships' House tried to push very hard through the Energy Bill, the money could be returning into communities.

On the importance of local activity, local energy and local decision-making, I want to focus on some good news stories. One of the places I want to highlight is the Valley Project in Holme Wood, Bradford. There was an adventure playground project there, and money was parachuted in from London—the whole plan was parachuted in. Some big high-tech equipment was installed. It lasted a couple of years and then fell apart. Then, a couple of local people, ironically made

unemployed by austerity, started small, working with the community. It is now a wonderfully lively, successful project using mostly recycled and donated materials that the children work with to design their own spaces. As a little advert for it, if anyone knows a local source, it is currently looking for some large wooden cable reels for the children to use in their secret garden as tables and chairs. That gives a sense of the kind of project that is working to lift up that community.

I have not yet focused on industrial policy, as I am sure many noble Lords to follow in this debate may well do. To return to Byker, the area has a proud history of glassworks and community artists, a tradition that continues with Mushroom Works, Testhouse 5 and Lime Street. The estate was built with hobby rooms: spaces for people to do activities. The one that I visited used to house a darkroom for the development of photography skills, but they are often not widely used today. We need to see that the resources are there to be put in to work with local people to develop such facilities for modern-day uses. The key has to be to build on what is already there in local communities and focus on their skills, knowledge and capacities, rather than bringing in highly paid outside consultants and grand plans drawn up by them.

Here, I want to draw a real contrast. The noble Baroness, Lady Armstrong, caused me to cross out a significant part of my speech that covered the Teesworks area, so I want to look at the alternative, 180-degrees opposed model. The Preston model of public sector working and community wealth building is focused on the procurement policies of the local authority and other anchor institutions, such as its university and housing providers, to support local businesses, develop new enterprises, encourage better working conditions such as through the real living wage, and increase the socially productive use of wealth and assets, such as local government pension funds. The focus is on genuine prosperity and the creation of wealth in that community, rather than some, often all too artificial, bottom line.

I go back to a figure that I have cited before in your Lordships' House: 10% of the entire land area of Britain has been sold out of public ownership in the past four decades. That 10% of the entire country was 50% of what used to be public land holdings. We need to see a building up or restoration of public assets, not further privatisation and loss to the public. For example, among the co-operatives in Preston there is the Brookfield retrofit co-operative, led by a community organisation, and a housing co-operative for—and run by—the Traveller community.

What is not the way forward, as the noble Baroness, Lady Armstrong, set out so clearly, are the freeports. That model encourages corruption, tax evasion and criminal activity. Freeports suck businesses and jobs out of other areas; indeed, the evidence from around the world is that it is a model built mostly on relocating existing businesses, not generating anything new.

I conclude with the words of Ruth Hannan, the former director of the People's Powerhouse in Preston. She told an event last year that the need for local government is to be as flexible as possible, so that it can improve people's lives. Ms Hannan said:

"Most of the time, we have to fit into the system, rather than the system adapting to us".

I suggest that that is also a lesson for Westminster. Westminster needs to get out of the road. It needs to stop providing directions and being a backseat driver, to ensure that local communities have the power and resources that they need to make decisions for their own future, not with direction from what is often far, far away Westminster.

3.38 pm

Baroness Chapman of Darlington (Lab): It is a pleasure to follow the noble Baroness, Lady Bennett of Manor Castle. I did not agree with absolutely everything she said but I welcome the fact that she has recently visited the north-east. I am glad that she gets the positive impression of the place that she has rightly conveyed to the Chamber this afternoon.

I congratulate my noble friend Lady Armstrong of Hill Top. She was possibly the first woman politician who I ever heard speak in real life and it is a privilege to join her debate today. I remember that one of the things she talked about—I hesitate to say that she repeated herself today and, rather than talking about men in the steel industry, she was talking about politicians—was how, as a young woman growing up, it was the men who did the standing up and talking and the woman who made the tea. That stuck with me and probably acted as a bit of a spur—and I do not make the tea, as my husband will tell you.

Like my noble friend, my family worked in steel at ICI on Teesside. My great uncle Ken sold veg door to door in South Bank. I have lived in what we now call the Tees Valley for 43 years. My dad was born in Pym Street in South Bank. The noble Baroness, Lady Bennett, spoke about health, and as well she might because our health indicators in this part of the world have not been great over the years.

However, I reject the noble Baroness's swipe at the previous Labour Government over this. My dad died aged 48 of a heart condition in 1994. Had he lived for maybe another five years to see the election of the Labour Government, when investment and reforms were put into the health service, there was a very good chance he would have lived. There were people dying on waiting lists in 1994, waiting for more than a year and a half for heart treatment. That stopped with the Labour Government. I am very proud of what we delivered, not just in health, but in education and in joining up public services, and in our regional development agency in the north-east during our period in government.

My children were born in Darlington, which is part of what we are now calling Tees Valley. My nana thought that moving to Darlington was the ultimate in going up in the world. That was only until she moved into sheltered accommodation in Marske, because then she had really made it. It is a great place to be from, with a globally significant contribution to the industries of the past and the potential to be the same again today.

Our devolution settlement and the election of the first Tees Valley Mayor was an opportunity to grow our local economy and invest in our people in a joined-up way. Some good things have happened. Our airport is secure, for the time being at least, and our university is thriving. But many are wondering, after six years, where the money has gone and when they

[BARONESS CHAPMAN OF DARLINGTON]
and their families will begin to feel the benefit. After decades of industrial decline, unemployment rates on Teesside are among the highest in the country at 4.2%, compared with the national average of 3.7%. Child poverty is at 36%, compared with the national average of 29%. The case for regeneration of this former industrial heartland is overwhelming.

I will not go over everything my noble friend Lady Armstrong said, but we now find that we have a mayoralty—and sadly, by extension, on the world stage, the Tees Valley—that is mired in controversy. At the heart of the accusations lies the deal which saw the creation of an entity called Teesworks in July 2020. It was nominally a 50/50 joint venture partnership. You can argue about whether 50/50 was fair or right at the time the joint venture was established, but you can certainly ask questions about what happened subsequently.

This controversy will never hit our pride in our area—no political shenanigans could do that—but it harms the potential for future investment. That is why I, my noble friend, and others around this House have been repeatedly trying to get answers from Ministers about what has gone on and what the Government intend to do about it.

As my noble friend explained, the 50/50 stake in the joint venture became a 90/10 stake in favour of the businessmen investors. The Government seemed to accept that there was a case worth investigating and Michael Gove commissioned a report. It had some quite worrying findings. It found that it was clear that the Tees Valley Combined Authority had “no sight” of decisions around the joint venture,

“other than specific deals where they may act to provide financial covenants or instruments”.

According to *Private Eye*, the arrangement for Teesworks to buy land was also changed, and the land purchase cost was reduced by £1 per acre from the previous market value. Why did this happen? There followed a land purchasing at £1 per acre for the freehold at South Bank Quay, and preparation for this land was financed by the public, with a £107 million loan from the UK Infrastructure Bank. Other land was purchased by the developers for less—£100, with complex lease and sale arrangements. Given the complexity of all these deals, the lack of transparency, the apparent advantage shown to a handful of preferred developers and the substantial profits made, without any investment in a site of such public importance, it is absolutely right that the concerns were raised and the inquiry was called.

We find ourselves at the end of that inquiry and reading the report, with so many questions left outstanding. We are concerned about a lack of transparency, inadequate governance and financial mismanagement, as found by the report—not a good deal for the taxpayer, in my opinion. We must make sure that we get to the bottom of all this. It is only fair for the reputation of Tees Valley and for the need for taxpayers locally and nationally to get the best value for their investment. That is why we continue to call for a comprehensive and independent investigation by the National Audit Office to restore public trust and confidence in the project.

I appreciate that some of our questions are a bit technical and detailed. We may have asked them of this Minister; we have certainly asked other Ministers. My noble friend has asked to have a response in a letter, and I add to that a request for a meeting with officials so that we can understand the Government’s reluctance to allow the NAO to investigate. My understanding is that that could be done incredibly quickly—in a matter of days, not weeks or months. It is necessary to have that investigation and a clean bill of health from the NAO so that investors can have the confidence that they need. They will be looking at reputational risk, and they need to know that their investments will be sound.

Tees Valley is a treasured home to us and a place of invention and innovation. Yes we have our challenges, but if our brightest days are to lie ahead we need to lift the lid on this. We need to find out what has happened, remove any stain of suspicion of impropriety and allow ourselves to move forward as the strong community that we are.

3.48 pm

Baroness Donaghy (Lab): I thank my noble friend Lady Armstrong for initiating this debate and for her powerful and moving introduction. My noble friend Lady Chapman referred to listening to her when she was a younger woman and being influenced by her. At the risk of turning this into a sketch by John Cleese, I will say that I canvassed for my noble friend Lady Armstrong’s father, Ernie Armstrong MP, so it is an area that I love very much and am very familiar with. As we are having to establish our regional credentials, I say that my mother’s family comes from Barnsley, and I spent the first 21 years of my life having Christmas there, so it is a town I am extremely fond of—end of John Cleese sketch.

When I think of the wasted years we have lived through—with an absence of government industrial strategy, underinvestment in our transport network and the reduction of local government to virtual serfdom—I could weep. To be fair, one version of this Conservative Government, led by Theresa May and in this House for BEIS by the noble Lord, Lord Henley, did have an industrial strategy. There was support from all sides of the House. However, we woke up one morning and it had been disappeared. Although it was somewhat limited in its scope, it acknowledged the need for co-ordination in support for business, education and skills and local involvement, but it came to nothing.

Indeed, we have witnessed years of so-called levelling up, where a complex maze of funds was created, many with overlapping purposes, and where local and regional authorities were invited to bid for limited amounts and in competition with one another. The Minister, the noble Baroness, Lady Scott, was very frank at the Dispatch Box recently in saying that there was not enough money to support all local authorities, so we endured a giant bingo game, with Michael Gove the chief bingo caller handing out the cash to the lucky winners. Then my imagination started to run away with me, and I was thinking of things like “Clickety-click: new theatre in Clwyd”; “Legs eleven”—well, I will leave the rest to your imagination.

It is calculated that 23 million people live in older industrial areas in Britain—that is one-third of the population. This does not include seaside towns, many of which have similar problems, as outlined in my noble friend Lord Bassam’s excellent committee report on that subject. People suffer multiple forms of disadvantage in those areas, apart from being older on average, lower paid and disabled. The Government take pride in the number of jobs available at the moment, and it is a matter of pride, although I doubt that they had very much to do with it. However, between 2012 and 2019, job growth in older industrial towns was around one-third of the equivalent rate in London—there were 66 jobs for every 100 adults. Commuting to larger towns for work is the norm and sometimes commuting by public transport is not possible. The possession of a car provided access to 28 times more jobs within a 30-minute journey compared with three times in London.

I am a strong supporter of local government, and it is not a perfect system. There will always be a need to moderate between wealthy areas and poor areas to ensure some kind of fairness. Let us be honest: it is how that distribution has been made by successive Governments which determines how really fair the deal might be. We need a return to strong local government, but that requires a step change in funding. It also requires a period of capacity building, given the dire state of affairs in many parts of the country.

The Resolution Foundation and the Centre for Economic Performance produced a report in June 2022 entitled *All Over the Place: Perspectives on Local Economic Prosperity*. They ran four focus groups in Yorkshire and Humber. The people were from all walks of life, and they talked about their lives in Leeds, Hull, Barnsley and Scarborough. They cared very much about their area but felt strongly that things should get better. In every region of England, more than three-quarters of the population think their area has either trodden water or deteriorated in recent years. The focus groups were aware that their local areas had different routes to prosperity and were alive to the tensions and trade-offs that growth could bring.

All the groups were upset about the degradation of their places and public services—empty shops, unsafe public spaces and weak policing were cited. Although work was readily available, job quality was a pressing concern—low-paid jobs, casual employment, zero-hours contracts, a lack of training and progression, and the sometimes unlawful behaviour of employers.

There is a generation of young people in those areas who do not go into higher education and whose work experience would depress the strongest heart. In the levelling up debates, the Government recognised the criticisms by local government of lack of co-ordination, inefficiencies, complexity of decision-making and reporting burdens. It talked about empowering local decision-makers, local satisfaction and engagement, and a needs-based approach. That is all very good, but it is some time in the future and yet to be delivered. Now the Government are offering a long-term plan for towns. Local government will still need to put in bids and set up town boards, including the local MP, and central government will set up a new

towns task force, offering capacity support to town boards. This just sound like the same centralising bidding process—it is just a bigger bingo game.

Yesterday’s Budget covered investment zones, freeports, trailblazer devolution deals and a levelling up fund—even the renovation of local village halls. That is all well and good, but there was no co-ordination to ensure appropriate infrastructure and transport links. It is still a system of handing out the sweets, along with namechecks for the class favourites—no genuine empowerment.

Finally, the Government have made a big thing about the so-called freeports, to which the noble Baroness from the Green Party referred. A lot more announcements have been made about freeports than actual freeports. I share the scepticism of some commentators about freeports’ potential impact, and I agree with the comment that they are more likely to encourage displacement of economic activity from surrounding areas, rather than increase overall growth. There is no proof that freeports generate high-skilled jobs.

The Office for Budget Responsibility has said that any additional economic activity generated by a freeport would

“probably be difficult to discern even in retrospect”.

It stated that enterprise zone reliefs act more as a reward than an incentive, and that existing infrastructure and transport links are stronger determinants of levels of activity.

In conclusion, the contrast between those with the most opportunities and those with the least opportunities in the UK is shocking and unacceptable. For the Government to start saying some of the right things does not make up for 13 years of not listening, and it is no substitute for a strong and vibrant local government.

3.57 pm

The Lord Bishop of Norwich: My Lords, the place that shaped me most as a priest in the Church of England was the parish of Holy Trinity North Ormesby in Middlesbrough at the turn of the millennium, so it was a simple delight and joy to hear the noble Baroness, Lady Chapman, speak about so many places that I know, from South Bank to Maske.

North Ormesby is set among derelict land, chemical plants and the distant smoke, sound and smell of the coke and steel furnaces. It is a place that taught me so much about resilience and survival, as well as about the strength of community, even when the stuffing had been knocked out of it. The people there taught me about acceptance and that each day was filled with little blessings. But I also learned about poverty and the impact of damp houses, as well as about health inequalities that meant that, if you lived six miles away, on average you lived another decade.

In all the indices, that community still comes out as being among the poorest, most ill, most unemployed and most unskilled, as well as having the lowest educational attainment and the worst air quality of wards in this nation. But the people I lived alongside in that community have warm and large hearts, despite the challenging context. The church was at the centre of its long-term regeneration, successfully building the Trinity Centre—a place for support, learning, faith

[THE LORD BISHOP OF NORWICH]

and fun, it said. It was funded by the single regeneration budget and the neighbourhood renewal fund, but also, crucially, by many small grant-making trusts—and a local couple who one day knocked on the vicarage door with £1,000 of their savings because they believed in what we were doing. We gave confidence to the local authority and a housing association to invest in that community when others simply walked away.

What else did I learn in that former industrial community and its regeneration? I learned the need to be with people rather than doing things to people; the need to listen to stories of place, of loss and of hope; the need to recognise that local people are often the experts, as the noble Lord, Lord Mawson, has reminded us; and the need to raise up community leaders of broad consensus, not extreme voices that propagate hatred, division and scapegoating. I learned that there would be setbacks along the way; that generosity wins hearts and minds, as does adding beauty to the built environment; that patience is often in short supply, but you need to have it for the long haul; and that regeneration takes time, over multiple changes in government policy, not five years. As the noble Baroness, Lady Armstrong, said in her excellent opening speech, regeneration is complex.

However, none of that is a substitute for investment—for money—which both signals our priorities as a society and makes up for chronic underinvestment over time. We see that money can be found for some parts of the country, but often not for the north, the south-west, the coastal towns that I serve in Norfolk or our poorest communities. Levelling up is about valuing the flourishing of all people, made in the image of God, valued in God's sight and created for a purpose.

I saw that on a recent visit to Dumfries House, an incredible place that His Majesty the King has championed. It has been the engine for regeneration and new opportunities in that part of Ayrshire, marked by its mining past. Heritage projects can also play a part in the regeneration of former industrial areas, but, again, it has taken patience, local engagement and money. The extension of the long-term plan for towns in yesterday's Budget is a welcome and important signal of the Government's intent, as is the funding for community regeneration around heritage. Yet the scale and speed of delivery is just as important as the aspiration behind the policy. The latter has perhaps been more successful than the former thus far.

As the Chancellor of the Exchequer announced yesterday, more investment in historically underinvested areas is important, and I would be intrigued to know from the Minister what His Majesty's Government learned from listening to those former industrial communities in shaping their policies. How much of yesterday's announcement is new money?

In Middlesbrough we were, in a sense, living out the recommendations of the 1985 *Faith in the City* report, commissioned by Archbishop Robert Runcie and famously described by one Cabinet Minister at the time as “pure Marxist theology”—which was some way off the mark but simply made more people take note and read it. That report concluded:

“Chapter after chapter ... tells the same story: that a growing number of people are excluded by poverty or powerlessness from sharing in the common life of our nation”.

If that was true in 1985, it is an indictment that it is still true today in so many former industrial areas. Indeed, the Archbishops' Commission on Families and Households published a report last year that could have been written 40 years before. It said:

“Increasing interconnected inequalities and discrimination prevent many people from living flourishing lives”.

I would argue that the decades-long failure to invest in our former industrial communities is a form of discrimination that we must commit to putting right together, across government and this House.

Back in 1985, *Faith in the City* called for

“a deeper commitment to create a society in which benefits and burdens are shared in a more equitable way”.

One of the final lines in the report will resonate with many of us clergy who have lived and worked in former industrial communities and who minister in those communities today:

“to stand more closely alongside the risen Christ with those who are poor and powerless”.

Alongside churches of different traditions, and different faith communities, the Church seeks to do this in every community in this country. We must be a living and breathing Church of and with the poor, not simply an institution for the poor. I ask the Minister what role the Government see for themselves in this context, standing alongside the poor and powerless in these former industrial areas.

Finally, I stress the importance of the household support fund, which has become a lifeline for local authorities to run essential services since it was introduced in September 2021. In Norfolk, the fund is used wisely to give direct support to low-income families, to give grants to libraries to deliver period poverty and hygiene grab-and-go bags, to provide debt and financial advice, and, through a major grant to the Norfolk Community Foundation, to reach often excluded communities—I declare an interest as a patron. The fund is a lifeline for many residents. While I welcome the temporary extension of the household support fund announced in yesterday's Budget, I ask the Minister to set out the Government's plans to put local government funding on a sustainable footing. While welcome, these short-term, short-notice extensions provide little time for local councils to plan effectively, as we would all wish and expect them to do.

We owe it to our former industrial areas to champion them, so that all people might flourish and find life in all its fullness. I am grateful to the noble Baronesses, Lady Armstrong and Lady Swinburne, for their advocacy and expertise on these issues and for bringing this debate to our consideration today.

4.07 pm

Lord Shipley (LD): My Lords, I thank the noble Baroness, Lady Armstrong, for enabling us to have this important debate. I remind the House that I am a vice-president of the Local Government Association. It has been a helpful and thought-provoking debate. Some very important points have been made and some very interesting reminiscences shared. The noble

Baroness said three words in her speech which struck me as being at the heart of what we are debating: “Deindustrialisation has consequences”. It does have consequences. Things change. Parts of the industrial revolution and our extraction industries have come to an end, but there has to be a plan for coping with that, and the record of the past 50 years has not been entirely good in that respect.

The noble Baroness raised the question of best value. Having been a councillor at that time, I praise her for what she did, because best value is a very good way of operating; the more of it, the better. We also heard quite a bit about the issues in Tees Valley. I hope the Minister will be able to answer the very specific questions that were raised. I have twice spoken on the Tees Valley issue—once when the first press publicity came out and then in a statutory instrument debate on the east Midlands, on whether the scrutiny, audit and risk structures inside combined authorities were fit for purpose or not. That was a general point I was raising about them, and I shall raise it again when we come to the next combined authority statutory instrument.

I hope the Minister will be in a position to respond to that, because, as the noble Baroness, Lady Chapman, said, this needs to be in writing, it needs to be very clear, and it needs to be quick. I think there needs to be an investigation by the National Audit Office. If the Secretary of State is not minded to do that, there needs to be a clear explanation why so that we can debate it on the Floor of the House.

There are some significant examples of success in brownfield regeneration, such as with a number of railway stations. A number of colleagues will be aware of the proposed major development to the west of York station and it was announced only a little while ago that there will be over 1,000 new homes to the west of Newcastle Central station, underpinned by the work of Homes England. According to the press announcement from 15 February, Peter Denton, chief executive of Homes England, said:

“It’s hard to overstate the importance of this acquisition. Not only will the site deliver around 1,100 quality, sustainable new homes, but bringing Quayside West into public sector ownership will act as a catalyst for the wider regeneration of Forth Yards, a key regeneration area for the city that has been stalled for more than 20 years. It’s a complex, challenging brownfield site that could have a transformational impact in the city, but it needs up-front public sector intervention to unlock its full potential ... Newcastle City Council and North of Tyne Combined Authority have a clear vision for Forth Yards, and we’re working with them and Network Rail to take a holistic approach and ensure that it delivers for the people of Newcastle. This will include, if necessary, using our statutory powers to make this happen”.

I welcome that, because that is public intervention which will input public cash to deliver that outcome. By the way, it also meets the brownfield presumption recently announced by the Secretary of State and demonstrates that it can be done. It is really good that, of the 18 key performance indicators that Homes England has, the very first is the amount of brownfield land reclaimed. That is a measure we will all be able to see.

As the noble Baroness, Lady Donaghy, said, 23 million people live in older industrial Britain, many with lower-than-average earnings, a higher-than-average amount in manual jobs and many with a lower proportion

of degrees and lower jobs growth in their areas. Many of the newer jobs in those areas are in the service sector—retail, warehouse fulfilment, call centres; they do not pay big salaries and they are not high-productivity jobs. As we have heard—and I agree entirely—the Government should encourage local leadership, end competitive funding and put in place single-pot funding. It needs money of the kind we used to have when we had regional development agencies. When I look around the north-east of England at what has happened in, say, the automotive industry, pharmaceuticals and renewable energy, that sectoral approach has worked well.

We will now have the combined authorities and combined counties. I wish them every success. I think they have a capacity problem and do not have enough planners or planning officers. We lack an industrial strategy, which the noble Baroness, Lady Donaghy, mentioned. There needs to be one. We also need pension funds to increase their investment in the UK. I give due credit to Legal & General, which has invested in northern cities in recent years.

Let me move briefly to the impact of HS2. One of my great fears about HS2 was that if the track did not reach the north of England, private sector development money would follow the track. On 20 February, I opened my copy of the *Guardian* to read the executive chairman of HS2, Jon Thompson, say that:

“For too long the debate on the wider economic benefits of high-speed rail in the UK has relied on anecdotal evidence. This report gives definitive proof that investor appetite, regeneration activity and investment close to HS2’s regional assets has surged”. It has become clear that there is significant investment into the West Midlands as a consequence of HS2. Of course, the track is now to stop at Birmingham. It is reasonable for anybody in the rest of the United Kingdom to ask: what is the impact on our areas? Are we actually losing investment in the rest of the country as a consequence of what is happening in the West Midlands? Good luck to the West Midlands, but we do not wish to see investment sucked out of the north of England.

This issue is finally about gap funding, and I thank the Library for its brief on this. The brownfield presumption will work only with money to help with infrastructure such as roads, schools, trains and buses, yet the lack of money is plain to see. We saw how much gap funding was needed for urban development corporations. The APPG on Coalfield Communities described this as a Catch-22 situation whereby the private sector will not invest on the speculative basis because the local economy is too weak, but the shortage of good-quality premises constrains local business growth. Stakeholders suggest that gap funding would encourage private sector investment in brownfield sites, new workspaces and historic assets. I hope the next Government will read the report of this debate and then act on it.

4.17 pm

Baroness Taylor of Stevenage (Lab): My Lords, I congratulate my noble friend Lady Armstrong on securing this important debate. I first met her back in 1997, after the general election; she was incredibly kind to me then and has inspired me ever since, so

[BARONESS TAYLOR OF STEVENAGE]

I thank her for that. I thank the noble Lord, Lord Mawson, for the memory of a sweet-shop; my great-great-grandparents had a sweet-shop in the East End of London, which is also a happy memory.

This afternoon, we have heard about Teesside, Barnsley, Newcastle, Bradford, Dumfries, the East End of London, Sheffield, and seaside towns, and I am going to talk about new towns. The debate has demonstrated yet again, as did yesterday's sticking-plaster Budget, a Government who have no clear plan for the economy or a cogent and comprehensive industrial strategy, or effective national devolution, and will simply fail in their vital task of ensuring that our country achieves its full and very considerable potential. Meanwhile, the so-called levelling-up mission runs into the sand, with cancelled projects, piecemeal funding bids, Ministers who cave in too easily to their Back-Benchers, failure to deliver the skills that business needs, and a devastating failure to deliver infrastructure, which means, for example, developers waiting longer to get a grid connection for one development—in some cases, eight years—than it took to build the whole core of our motorway network in the 1950s and 1960s.

Regeneration is needed across our country, a case clearly set out by my noble friend Lady Donaghy. Many areas are plagued by the sort of inequalities that the right reverend Prelate referred to so powerfully.

Although I do not come from one of the former industrial parts of the country, I can speak about regeneration from first-hand experience. Our new towns—a marvellous innovation of the post-war Labour Government—designed to provide the right conditions for the technological revolution that was taking place, and to provide good-quality, affordable housing for the skilled workforce that would be needed, were delivered over a relatively short timespan. Of course, if you build an entire city or town over a period of little more than a decade, some 50 years later it will need extensive renewal and regeneration all at the same time. I always think of it like putting new light bulbs in your house when you move in; then they all go at the same time.

We also had to create the right conditions to allow the town's industrial base to move from the heavy manufacturing and engineering in the defence industry, which had provided the employment of the early decades, to developing the life sciences cluster—now the largest in the world outside the USA—and an established space, defence and communications cluster. In case noble Lords did not know, one in three of the satellites up in space, processing our phone and data signals and guiding our GPS and satnavs, is made in Stevenage in Hertfordshire.

We have not dragged our heels on housebuilding either, because we understand the co-dependency between housing and the economy which is deep in our new-town roots. That co-dependency was mentioned by the noble Baroness, Lady Bennett. Our new-town pioneers got their homes and their jobs together, enabling them to truly have a vision of a good life for them and their families.

We have also seen the decline and hollowing out of our town centre. This is the same problem faced across so many of our towns and cities in the UK, but

exacerbated for us by the fact that when the development corporation was wound up in the 1980s—and in spite of determined local action to try and prevent it happening—all the property in our town centre was handed over to investment houses and pension funds. We ended up with a complex web of over 60 large landholders, with the council retaining only the expense of the public realm maintenance.

Nevertheless, in spite of one false start which crashed with the rest of the economy in 2008, we put our minds and very considerable efforts to the task of comprehensive regeneration. Helped by the noble Lord, Lord Heseltine, our community, our local enterprise partnership and an amazing collaboration between local leaders across public, private and community sectors, as well as party-political boundaries—there was no one-party state here, as the noble Baroness, Lady Bennett, talked about—we are now in the midst of a successful £1 billion regeneration which is transforming the heart of our town.

We are using town centre development to build a considerable number of the homes we need, which helps us with the constraints of tight town boundaries. We have optimised the opportunities that our east coast fast rail links bring by co-locating a new bus station, and both benefit from being linked into our 45 kilometres of cycleways. We are bringing the success of our cell and gene therapy cluster into the heart of the town, with lab space above the retail area. We set the conditions which enabled us to secure the £65 million European headquarters for Autolus, an American cell and gene research and development company. That scheme was taken from concept, through planning and a land deal, and on to site in eight months, so do not tell me that councils cannot move fast enough when they need to.

However, in the last 14 years it has felt too often that keeping the pace of this regeneration going from local government has been a battle and has been in spite of the conditions set by government, not because of them. The Centre for Cities has identified some of the barriers that areas face, and I recognise many of these. First, on risk, the private sector will lead where it is certain of a clear financial return, but often in the areas in most need of regeneration the risk for the private sector is too great on its own, so some level of public intervention will be needed. Too many government pump-priming funding pots—even where they are available—require sums of local match funding that are just unrealistic, and we do not have a system of local/regional investment funding in this country, as there is elsewhere in Europe, that could help.

Secondly, it must be recognised that social return—jobs, skills, local infrastructure and affordable housing—will need to be realised as well as private return, and that this is likely to need support. Andy Haldane, commenting on yesterday's Budget, said that until we resolve the issues around millions of our workforce in this country not having the skills needed in our economy, we will not resolve our productivity and growth issues.

Planning and policy uncertainty are a real barrier for the private sector, as is access to essential infrastructure such as grid connections, water and high-speed data. The lack of a proper industrial strategy means that

these are a real barrier to growth, and they are a barrier now. I have spoken before in this Chamber of my personal pain at having our local growth plans stalled, as our local plan was held for over a year on a holding direction by the Secretary of State. These kind of interventions really have to stop.

The Centre for Cities put it very clearly when it said that

“public-private cooperation can best maximise the private and social returns from a project”.

This is vital so that the people of the local area benefit, as well as those who have invested for profit. My noble friends Lady Armstrong and Lady Chapman, and the right reverend Prelate, have already mentioned, when they spoke about Teesworks, what happens when this balance gets tilted the wrong way. At the heart of that issue are the people of Teesside and the public assets formerly owned by them that should have been regenerated for their benefit to generate jobs, employment and industry. They should also be receiving sufficient return for their investment of land and the other value of the site. The governance of the project should have ensured an appropriate sharing of the risk taken by private sector partners to justify the returns that they have already accrued, as mentioned in the recent review.

The report’s scathing assessment and its 28 recommendations highlight the need for reviews of financial regulations and the make-up of the board, better oversight and scrutiny, reporting to the board, and for the public interest test being foremost in terms of transparency. The report also highlighted that not enough attention is paid to conflicts of interest, including those of the mayor. Seriously, the report highlights procurement issues, including the decision mentioned by my noble friend Lady Armstrong to change the balance of ownership in favour of the private owners to a 90/10 split, and the balance of risk between the public and the private sector, when to date the public sector seems to have taken the bulk of the risk and been responsible for the costs invested while the private sector has had the benefit of the profits.

There are very serious questions to answer about whether it has all been in the best interests of the people of Teesside. Have they had value for money for their public investment? As my noble friend Lady Armstrong indicated, the report asks more questions than it answers, questions that the people of the north-east deserve and have a right to have answered. As the noble Lord, Lord Shipley, said, why will the Government not accept the offer of the National Audit Office for a forensic financial assessment of what went on?

It is time for a reset on regeneration to ensure that it delivers for people in so many areas across our country who genuinely feel that they have been left behind—because they have been left behind. I hope that the Minister agrees with me on what is needed, a programme that the Labour Party have set out very clearly. We need a stable industrial strategy to create the conditions that businesses need in order to invest. We need to move away from insecure, low-paid jobs and strengthen our programme of apprenticeships, skills and training, and employment rights, to make sure that work pays. We need a national wealth fund to generate the private

investment that we need. We need to get to work on building the affordable housing that we know we need as a matter of urgency. We need to speed up our critical infrastructure projects to get Britain moving again. There needs to be a complete reform of the planning system, so that it works for the builders not the bureaucrats, and investment in clean British power for cheaper bills and energy security.

We are all hoping on this side that the general election will come soon so that the British people can decide whether they want more of the decline of the last 14 years or a Britain where growth comes from the grass roots, where growth serves both people and businesses—a Britain with its future back.

4.28 pm

The Parliamentary Under-Secretary of State, Department for Levelling Up, Housing & Communities (Baroness Swinburne)(Con): I thank the noble Baroness, Lady Armstrong of Hill Top, for tabling this important debate on local regeneration of former industrial areas across the whole of the United Kingdom. We have visited a very large swathe of the United Kingdom in today’s debate, also talking about the challenges constraining such regeneration. I thank all noble Lords for their considered and insightful contributions today, some of which I agree with—not all, but I am sure that we can work our way through them.

I too grew up in a former industrial area, in south-west Wales. I went to school during the miners’ strike as the granddaughter of a miner. I spent a large number of my years as an MEP supporting Welsh economic developments through the EU’s convergence funds, looking at how you regenerate some of those industrial areas. Therefore, I have some first-hand experience, share your Lordships’ aspirations for these areas and support their redevelopment.

However, as we all know, over the last 50 years the UK has seen fast and extensive deindustrialisation, with a lasting impact in many areas, including, as we have heard, the north, Yorkshire and the Humber, my own country of Wales and certainly the Midlands. That is to name but a few. We have heard today even more examples of where this has happened.

Although London and much of the UK have flourished under the new economic trends, former industrial centres that were once the beating heart of the Industrial Revolution have struggled, and continue to do so. I agree with the noble Baroness, Lady Donaghy, and all sorts of other noble Lords here, that this is not right. According to the Institute for Fiscal Studies, average wages in London in 2019 were 60% higher than those in Scarborough and Grimsby, with the top 10% of earners in London earning nearly twice as much per hour. Half of working-age adults in London and Brighton have university degrees, compared with less than one-fifth in places such as Doncaster or Mansfield. We are under no illusions about the scale of the challenge to regenerate these former industrial areas, and that is precisely why we have made it central to this Government’s levelling-up agenda.

I know that the noble Lords will have heard this before, but it bears repeating: for this Government, levelling up means ensuring that your life chances are

[BARONESS SWINBURNE]

not determined by where you grow up. It means addressing entrenched regional disparities to unlock economic growth everywhere and ensuring that people benefit from these rises in living standards and well-being. Nowhere is this more important than in our post-industrial heartlands—places where once, a location meant a life path. Now, while celebrating the cultural history and heritage of these places, we are committed to unlocking their full and wide-ranging potential.

Before turning to specific issues that noble Lords have raised in the debate, I will talk through some of what the Government are doing to try to make this happen. We are rolling out gigabit broadband across the UK; introducing education investment areas; opening freeports; increasing the national living wage; launching the long-term plan for towns and the anti-social behaviour action plan, while recruiting more police officers; and, importantly, delivering through our extensive local growth funds, including the levelling up fund and the UK shared prosperity fund. Through the third round of the levelling up fund, we are investing a further £1 billion in 55 projects across the length and breadth of the UK.

As many noble Lords have mentioned, we are using the levelling-up needs metrics to target funding at the places that need it the most, ensuring that every part of the country benefits. Multiple projects in former industrial areas are benefiting, such as the £20 million South Shields riverside transformation project, the £19.5 million River Tyne regeneration infrastructure project and, as the noble Lord, Lord Mawson, will appreciate, the £19.8 million project in Bradford to support and enhance Keighley's engineering, manufacturing and economic role in the region, to name but a few. We have granted town deals exceeding £20 million to a number of other former industrial areas. As well as Barnsley, Doncaster and Wakefield, we are including 12 more that were announced yesterday by the Chancellor. They will receive £20 million each to invest in community regeneration over the next decade; it will be led by local people in order to be determined by local need.

Beyond our funds, post-industrial areas in the Midlands, such as Stoke-on-Trent and Mansfield, are being supported by bespoke and intensive levelling up partnerships. Levelling up requires a multifaceted approach, as many noble Lords have said today, from catalysing industrial clusters in the sectors that will drive the future economy to supercharging our city regions, to supporting our struggling towns and local areas.

We know that the challenge is large and recognise that it is not a simple task. It will not be achieved through quick wins. As the right reverend Prelate the Bishop of Norwich said, restoring pride in place across all areas of the UK, including those with a strong historic cultural identity, will take time. The current economic context makes this even harder, but even more essential, and so this is why structural and systemic change is so important, not least the empowerment of local leaders. I agree with many noble Lords who have spoken today that local decision-making is best. To this end, we have set ourselves a clear mission that, by 2030, every part of England that

wants one will have a devolution deal, with powers at, or approaching, the highest level of devolution, with a simplified, long-term funding settlement.

Since 2022, we have announced nine new devolution deals, many of which are for post-industrial areas. These include, as many noble Lords know, a new mayoral combined authority deal for York and North Yorkshire, as well as Hull and East Yorkshire, the first ever mayoral combined county authority deal in the east Midlands and a second mayoral combined county authority deal announced with Greater Lincolnshire.

This May, the north-east will become the first region to be entirely covered by a mayoral devolution. A new north-east mayoral combined authority will be established, which will mean that every person in the north-east will have their own authority and elected leader, making decisions in their best interests. English devolution currently covers about 14.2 million people, taking the proportion now covered by a devolution deal to greater than 64%—up from 40% just a few years ago.

I turn to some of the other issues that were raised. We also recognise the challenges facing the local government sector and have committed to reducing the complexity of local government funding. I note the comments from many noble Lords. We have listened to local partners. In July 2023, we published our plan to simplify the funding landscape. Through this, we are delivering a more transparent, simple and accountable approach to funding and we are beginning to put this into action. For example, we have adopted a new approach to the third and final round of the levelling up fund, which has moved away from competition and made use of the large number of high-quality bids submitted in round 2. This was designed to reduce burdens on applicants and maximise efficiency.

Similarly, the UK shared prosperity fund provides local authorities more flexibility with a three-year allocation that they can choose how to spend on local priorities or projects. The most recent local government finance settlement for 2024-25 makes some £64.7 billion available to councils across the country—an increase in core spending power on 2023-24 of up to £4.5 billion or 7.5% in cash terms. We appreciate that they have more work to do and are therefore trying to fund them appropriately.

Baroness Taylor of Stevenage (Lab): The Secretary of State made an outrageous statement this week about local authorities using consultants. They are used mostly to put together the very bids that the noble Baroness just set out. Can she please take back to the Secretary of State that it is absolutely wrong to criticise local government, which is starved of resources anyway for the reasons we all know about and is desperately trying to get hold of some of the funding to which she referred? The only way that local government can do this is by bringing in consultants to put its bids together; it does not have the resources otherwise. I ask the noble Baroness to take that back to the department and get it to think about this again.

Baroness Swinburne (Con): I give the noble Baroness that assurance: I will take that back to the department. It is my first week in the department, so I do not have an answer for her now, but I will speak to the civil servants and my Secretary of State.

I will continue. The settlement includes additional measures for local authorities in England, announced on 24 January, which will be worth an additional £600 million. We are trying to provide local authorities with as much bespoke support as possible, knowing that they have more jobs to do to deliver some of these programmes.

The work that we have done to create a climate for investment through the development of our freeports and investment zones programmes will drive up living standards and regenerate selected areas. Unlike the noble Baroness, Lady Bennett, and some others, I think that the freeport initiative will be a source of jobs and investment. So far, we have created 12 freeports, eight of which are in former industrial areas—including in Teesside, the east Midlands, the Humber, Plymouth and the Solent—two are green freeports in Scotland and two are in Wales. All are now open for business and creating jobs.

Freeports are all about securing economic futures, and that of the UK as a whole, by reorienting regional economies towards innovative, low-carbon sectors such as renewables and advanced manufacturing. I believe that we are already seeing some movement here, with 6,000 jobs expected to be created and £2.9 billion of investment promised. They are also creating high-quality jobs across the UK, right in the communities where they are needed most.

Meanwhile, our investment zones programme recognises that the UK has underperformed in leveraging the success of key industries and certain research strengths, so they will be established in places with significant unmet productivity potential, many of which have a rich industrial history. For example, the zones in South Yorkshire, Greater Manchester and the north-east of England are focusing on clusters associated with advanced manufacturing, nodding to their industrial heritage while investing further in high-potential industries of the present and the future.

The Government recognise the crucial role played by the private sector in the levelling-up agenda through schemes such as investment zones and freeports. We aim to enable and empower the private sector to increase investment, jobs and growth at a local level. Good quality, self-sustaining growth will be delivered through capitalising on the growing industries of the future. That includes manufacturing, where our funding is targeted to ensure that UK industry copes with the fundamental changes to remain at the forefront of the global transition to net zero. We are committed to growing the economy and ensuring that funding does not focus solely on the most successful sectors today but looks ahead as we keep pace internationally and build the UK's expertise for the industries of the future.

In acknowledging many noble Lords' close ties to the north-east region, I am delighted to draw attention to the recent announcement of a £40 million funding package to accelerate Teesside regeneration. Middlesbrough, alongside Redcar and Cleveland, will receive £20 million each—a total of £40 million—to help ramp up improvements, with targeted projects planned to revitalise high streets, healthcare, transport and education, and to create more affordable housing.

Finally, in County Durham, where I understand that the noble Baroness, Lady Armstrong, served as Member of Parliament, the market town of Bishop Auckland, which expanded to serve the coal industry, has been awarded £53 million from the Government's future high streets fund and towns fund to support its development as a visitor destination of national significance. I look forward to visiting, given that my grandparents come from there. This investment will help diversify and enhance the town centre, improve transport connectivity and provide new skills and enterprise opportunities for young people. I hope noble Lords will acknowledge that that is a fitting response to celebrate the town's proud industrial heritage.

I have a very large number of questions that I will try to zip through. My handwriting is appalling, so please forgive me if I stumble. I really empathise with the pride that the noble Baroness, Lady Chapman, has in her home area. It certainly made me think about my upbringing in my area. To date, approximately £1.4 billion in levelling-up funding has been allocated to projects in the north-east and Tees Valley. This funding covers a range of regeneration priorities, including addressing the local skills gap and developing emerging sectors in former industrial areas. Across all three rounds of the levelling up fund, the north-east has received more per capita than any other English region, alongside wider programmes including devolution deals, levelling-up partnerships and our long-term plan for towns. This shows our commitment to level up the region.

I turn to some of the remarks that many noble Baronesses and noble Lords made with respect to the Teesworks controversy. Following the concerns raised about Teesworks and the actions of the Tees Valley Combined Authority, we commissioned an independent external review, which was published on Monday 29 January. This found no evidence of corruption or illegality but made a series of constructive recommendations regarding the governance and transparency of the project. For the two recommendations relevant to central government, we will carefully consider how to support the continued success of the mayoral development corporation across the country and the recommendations regarding the landfill tax. The Secretary of State made a written request to the Tees Valley mayor, asking him to set out how he intends to respond to the panel's recommendations by 8 March. This has already been done, and we hope to publish all this in a very short time.

I have been asked why the National Audit Office should not examine this. I have a note here to tell me that the NAO's role is not to audit or examine individual local authorities, and its powers would not normally be used for that purpose. It would therefore be inappropriate to expand its role so significantly by asking it to lead this inquiry.

The panel that did this investigation was made up of individuals with significant experience in assurance and local government. The panel spent months investigating thoroughly, and found no evidence of corruption or fraud. Its report has been published; I am sure noble Lords have all read it, as they have alluded to. It was published a week after we received

[BARONESS SWINBURNE]

it. We welcome the constructive recommendations and are actively considering the way in which these relate to central government.

Baroness Chapman of Darlington (Lab): I in no way wish to besmirch those on the panel that conducted the report—they did what they were asked to do—but the report has raised more questions than it has answered and leaves an awful lot still in doubt. It says that

“the governance and financial management arrangements are not of themselves sufficiently robust or transparent to evidence value for money”.

I completely accept what the Minister says about corruption—I have never made an allegation of corruption—but we deserve better in Teesside than, “At least it’s not corrupt”. We wanted an NAO investigation; my understanding is that the NAO has offered to conduct such a review, so I am slightly confused about what the Minister just said, which she has obviously been advised to say. Can she confirm that she will write to us with detailed responses to the questions we have raised? Can we please have a meeting with her or an appropriate Minister and officials?

Baroness Swinburne (Con): I will certainly commit to making sure we follow up on this in detail to the noble Baroness. Given that publication is imminent, I hope we can follow up as and when that happens.

Lord Shipley (LD): My Lords—

Baroness Swinburne (Con): I literally have only a minute and a half to finish, and I have about seven responses.

Lord Shipley (LD): I will happily wait a bit longer if that helps. As part of that letter, because the Minister has said that it is not the job of the NAO to audit this body, will she tell the House whose responsibility audit is?

Baroness Swinburne (Con): As I have just agreed, I will come back to noble Lords with a response on this, and we can follow up in detail.

I will try to flip through a few points; I will not be able to do them justice, given that we have 45 seconds. The reality here is that there are lots of things going on. On the funding allocation through the towns fund, the noble Lord, Lord Mawson, asked how much has been spent. The towns fund, one of our flagship local growth funds, is on track to be spent by 2026, and the rates at which the projects are being completed is consistent with the delivery timelines we have already set out. We are aware that major regeneration projects take time to deliver, and it is expected that all the funds not spent at this point will be on track to be delivered.

The noble Baroness, Lady Donaghy, referred to the long-term plan for towns. Its key features include an allocative rather than a competitive process over a 10-year period, giving local authorities the flexibility to invest in interventions based on evolving local needs and priorities. I hope that helps with that. There were also various comments on transport. With regard to working with others in the community—the right

reverend Prelate raised this—we have all sorts of answers we can give noble Lords. I will follow up in writing to many noble Lords.

I will conclude by saying that we recognise the scale of the challenge to regenerate former industrial areas. We believe wholeheartedly in their potential to thrive, not least because of the pride, spirit and resilience that these communities continue to show. I agree with all noble Lords that this is about people. We need to work hand in glove with local communities to make sure we deliver the regeneration they need. I look forward to continuing discussions and working with all noble Lords to deliver for these communities.

Lord Mawson (CB): Can I just make a correction? I asked about not the towns fund but the levelling up fund. Maybe the Minister can write to us and just tell us what percentage of money has actually been spent, and what that might tell us about the machinery of the state and its ability to deliver on any of this.

Baroness Swinburne (Con): As a Minister in the department, I want to know that answer, so I will do that.

4.49 pm

Baroness Armstrong of Hill Top (Lab): My Lords, I thank everyone for the debate. It is probably presumptuous of me to say so, but it was refreshing to be in a debate with so many people who found their allegiance to the north-east region. It is unusual in this House so I welcome it, but I also welcome the comments from other parts of the country.

I am really pleased that the Minister has now got this brief and is, I hope, determined to get stuck into it. There is so much to do. I am pleased that she will go to Bishop Auckland. I know it very well, as many of my family live there and were brought up there. She will find that there is a remarkable local benefactor, Jonathan Ruffer, who bought the bishop’s castle and the artwork. I think he says he spends about £10,000 a day. He has done so for the past decade and continues to do so. I know he is pleased about the levelling-up money, but he also thinks that it is not before time. Indeed, at a public meeting he threatened to cease putting any money in unless the Government got serious about the consultation with local people and what goes on with the levelling-up money.

We had some fascinating insights into things that work, but also into things that do not. My good friend—I am sure he does not mind me calling him that—the noble Lord, Lord Mawson, has done some remarkable work on rebuilding communities. I do not agree with everything because I think that if systems do not work, like they are not working in Tees Valley, people suffer. We need systems and processes that recognise who people are, where they are from, what they can do and what they can contribute. That is what I call for and what I am keen to see.

Regeneration in post-industrial sites is complex and difficult. The noble Lord, Lord Shipley, gave an interesting and important example from Newcastle city centre of just what it takes to redevelop a brownfield site, but we have to get on with it and find ways to have public

sector investment and understanding of how to make sure that these things are accountable, in a way that local people understand alongside private investment that they can benefit from. That has got unbalanced in Tees Valley. I think Tees Valley is part of the north-east, which is why I was a bit confused when told that we are going to have a new mayor for the whole of the north-east. We are actually having a mayor for the bit of the north-east that is not Tees Valley, but Tees Valley is still technically part of the region.

I hope that the Minister will go away, think about these things and come back to us with real ways in which we can move forward together so that people around the country get the benefit they need. I will send her a copy of our child poverty report because, unless the Government address that, they will not get good regeneration.

Motion agreed.

House adjourned at 4.54 pm.

