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OFFICIAL REPORT

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The first time a Member speaks to a new piece of parliamentary business, the following abbreviations are used to show their party affiliation:

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

No party affiliation is given for Members serving the House in a formal capacity, the Lords spiritual, Members on leave of absence or Members who are otherwise disqualified from sitting in the House.

House of Lords

Friday 9 September 2016

10 am

Prayers—read by the Lord Bishop of Birmingham.

House of Lords Act 1999 (Amendment) Bill [HL]

Second Reading

10.06 am

Moved by ***Lord Grocott***

That the Bill be now read a second time.

Lord Grocott (Lab): My Lords, in April this year a by-election took place in Westminster. It was a by-election for a seat in Parliament so I suppose we should call it a parliamentary by-election. There were seven candidates contesting the seat; the electorate was three. On 18 April, the result was declared. There were no spoilt papers; the turnout was 100%. The figures were as follows: Lord Calverley, no votes; the Earl of Carlisle, no votes; Lord Kennet, no votes; Earl Lloyd-George, no votes; Earl Russell, no votes; Lord Somerleyton, no votes; Viscount Thurso, three. So it was declared that the noble Viscount, Lord Thurso, was to be the new Member of Parliament. The total cost of the election was £300, which is £100 for each vote cast. To achieve 100% of the votes cast in an election is spectacular, even by North Korean standards, and to hold an election where there are more than twice as many candidates as voters deserves an entry in the Guinness book of records. I am not, of course, in any way criticising those who took part in the election, nor do I question their abilities. However, to have this procedure as a mechanism for electing a Member of Parliament is beyond ludicrous. It is, as I think I have demonstrated, laughable.

My short Bill has the simple objective of ending this by-election procedure once and for all. As the House will know, I am not the first person who has tried to address this problem. I pay particular tribute to Lord Avebury, who introduced a Bill in 2006 which tried to do precisely what I am trying to do today. It is deeply ironic that it was his sad death which led to the hereditary Peers by-election that I have just described. How have we arrived at a situation where we are obliged to hold by-elections to fill vacancies for hereditary Peers? The answer lies in the provisions of the House of Lords Act 1999. The Act was passed before the great majority of noble Lords in the House today—including me—had even become Members. It is therefore worth reminding ourselves of the details.

The Act's principal objective could not have been clearer. Section 1 states that:

"No-one shall be a member of the House of Lords by virtue of a hereditary peerage".

However, Section 2 provides for certain exemptions to the general principle of removing all the hereditaries: 92 are exempt; two of them, the holders of the offices of Earl Marshal and Lord Great Chamberlain, continue as before. Of the remaining 90, 75 were to be elected on a party-political basis. The electors for this are the hereditary Peers who are members of the party in which the vacancy has arisen. So, in the by-election referred to earlier, caused by the death of a Liberal Democrat, there being precisely three Liberal Democrat hereditary Peers, the electorate was three. You know it makes sense.

It may be asked why on earth there were any exemptions at all to the clearly enunciated objective—which virtually everyone now accepts—in Section 1 of the Act, which abolishes the hereditary principle as a qualification for Members of the Lords. There are two main explanations. The first was simple, practical political arithmetic. In 1997 the Labour Government had a clear manifesto commitment to remove all hereditaries from the Lords. The Government had a huge overall majority—418 Labour MPs, 165 Conservatives—of 186. Those were the days. In the Lords, the position was very different. There were 1,210 Peers, just 193 of whom were Government supporters taking the Labour Whip. The Official Opposition, the Conservatives, had 484 members. What is more, 750 Peers were hereditaries who, not surprisingly, were not for the most part too struck on the Bill. From the Government's point of view there was real anxiety that, unless some concession was made to the overwhelming opposition to the Bill in the Lords, there would be total disruption of the Government's legislative programme.

The second reason for retaining some hereditaries was that their presence would somehow put pressure on the Government to fulfil their commitment to wholesale reform of the second Chamber. As soon as this reform was achieved, the remaining hereditaries would be removed. So the 1999 Act was to be a forerunner to a much more comprehensive reform and the remaining hereditaries, and any consequential by-elections, would be a temporary expedient. As my noble and learned friend Lord Irvine, the then Lord Chancellor—who I am pleased to see is in his seat—said at the time,

"the Government with their great popular majority and their manifesto pledge would not tolerate 10 per cent. of the hereditary peerage remaining for long".—[*Official Report*, 30/3/1999; col. 207.]

That pledge was made 17 years ago. A clause in the 1999 Act, which should have long ago become redundant, has to all intents and purposes become part of our constitution.

When Lord Avebury introduced his Bill to abolish by-elections in 2006, he noted with some incredulity that there had already been eight by-elections. I can update the House: there have now been 28. These have resulted in 30 Peers arriving by this method—two of the by-elections returned two members. So one-third of the hereditary Peers in this House have arrived, over a 17-year period, by a mechanism that was described as a temporary expedient. At this rate, it will not be long before a hereditary Peer is elected who was not even born when the original temporary measure was introduced.

There is one further characteristic of the by-election system as it has evolved in practice that makes it completely unacceptable in a modern Parliament. Following the 1999 Act, among the hereditary Peers

[Lord Grocott]
who remained, just five were women. Since then, four have been replaced, all of them by men, leaving just one female hereditary Peer. That is one out of a grand total of 92. You might say that this may change in subsequent by-elections: no, it will not. In order to stand in by-elections, hereditary Peers who are not Members of the House have to be listed on the *Register of Hereditary Peers*. I have checked the most recent copy. The current list has 199 names; just one of them is a woman. Therefore, for the foreseeable future the overwhelming likelihood is that any vacancies will be filled by men. The 1999 Act, in its application over 17 years, has to all intents and purposes resulted in 92 positions in the House of Lords being designated men only. This cannot go on; it is indefensible. Who is to blame for a temporary expedient becoming in practice a permanent arrangement? Those who want to retain the present by-election system have an answer: they blame the Government—all Governments, successive Governments over a 17-year period—for failing to enact a fully comprehensive reform of the Lords. Surely the answer to that has to be that successive Governments have tried; my word, they have tried.

The Labour Government over a period of 11 years made numerous attempts at reform, including a royal commission—the Wakeham commission—a Green Paper, three White Papers and, finally, the Constitutional Reform and Governance Act 2010, which would have removed the hereditaries but the clauses were lost in the run-up to the 2010 general election.

Under the coalition Government, we had a White Paper with a draft Bill in 2011. This was followed by a Joint Committee of the two Houses. Then we had the House of Lords Reform Bill, which received its Second Reading before being withdrawn in 2012 because, according to the Deputy Prime Minister, there was no cross-party consensus on reform. There still is not. So we have failed attempts by Labour, then failed attempts by the coalition and now we have a Conservative Government who have repeatedly made plain that there will be no comprehensive Lords reform Bill in this Parliament. It is clear, therefore, that unless some action is taken the hereditary by-elections will continue at least until 2020, by which time a temporary measure will have been in operation for almost a quarter of a century.

To those, therefore, who argue that the by-elections must continue until there is comprehensive Lords reform, the answer is simple: successive Governments have tried and failed, but what also has failed is the argument that the remaining hereditary Peers would somehow guarantee swift movement towards a fully reformed House. To those who say that commitments to the by-elections made in 1999 must continue today, the answer is surely that one of our fundamental constitutional principles is that no Parliament can bind its successor. We have had three Prime Ministers since the original Act and four general elections. In the Commons today, no fewer than 528 Members had not been elected at the time of the 1999 Act. In the Lords, out of 839 Members, 519 of us were not here in 1999. To claim that a grand total of 1,047 people covering both Houses of our Parliament should be inexorably bound by a decision made before they were even Members not only defies a constitutional principle, it defies common sense.

My Bill deals with the problem of the by-elections but does not affect in any way whatever the rights of any hereditary Peer in this House today. Under my Bill, they would continue to play the important part that they do in exactly the same way life Peers do. Indeed, in most respects, hereditary Peers in this House are completely indistinguishable from any other Peer, apart from the absurd anomaly of their being able to pass on their peerage to another of their number when they die or retire.

The by-election system is way past its sell-by date. My Bill would scrap it in two simple clauses. For this House to take the lead and pass it would enhance our reputation and improve our Parliament. Its passage would hurt no one and cost nothing. I commend it to the House.

Viscount Waverley (CB): For the record only and not necessarily as an all-encompassing defence, does the noble Lord wish to consider that the Cross Benches have a rigorous selection process to replace one of their own, representing quality, availability and specialists in their subject?

Lord Grocott: My Lords, I think that was more of a mini-speech than an intervention. Of course, I have tremendous respect for the Cross Benches, but the basic principle must remain—namely, that for a group of hereditary Peers to replicate themselves ad infinitum in a by-election situation which I hope I have described as being completely unacceptable, is no longer defensible.

10.18 am

Lord Trefgarne (Con): My Lords, I do not intend to detain your Lordships very long but the noble Lord, Lord Grocott, and the rest of your Lordships will not be surprised to hear that I do not agree with the Bill that he proposes, and very much hope that it will not reach the statute book. The reason is simple: when the 1999 Act came before your Lordships, it was not going to pass through your Lordships' House unless either the Parliament Act was used or your Lordships acquiesced in its passage, which they did not do until the deal that was negotiated came into being.

When the Bill first arrived in your Lordships' House, there was no provision for by-elections at all; it sought just to remove every single hereditary Peer there and then without any provision for any exceptions except the two statutory exceptions to which the noble Lord referred. An undertaking was then given in the terms the noble Lord described—namely, that there would be 90 hereditary Peers plus the two exceptions, who would be topped up by by-elections as necessary, together with the 15 who are elected by all Members of your Lordships' House. That undertaking was given to secure the passage of that Bill. It was an undertaking, in the words of the noble and learned Lord of the time,

"binding in honour on all those",—[*Official Report*, 30/3/1999; col. 207.]

who gave their assent to it. I consider that that undertaking is still in place and will remain in place until such time as House of Lords reform is complete, when of course a wholly different circumstance will arise. Against that background, I am afraid I cannot agree to the Bill proposed by the noble Lord.

10.20 am

Lord Howarth of Newport (Lab): My Lords, we should all be grateful to my noble friend Lord Grocott. He has a deep understanding of Parliament and cares deeply that Parliament should be fit to perform its role in today's political circumstances. A proudly party-political parliamentarian, he also has a rare ability to speak for this House as a whole, to understand what noble Lords are concerned about and to articulate their views and feelings. Therefore, when my noble friend says that we should end the system of hereditary by-elections for membership of your Lordships' House and that the time has come to do that, he must be right.

My noble friend draws the House's attention to the requirement to complete some unfinished business. What he proposes—the end of the system of hereditary by-elections—is but one part of a series of reforms that have been identified and articulated under the leadership of the noble Lord, Lord Cormack, over some 10 years or more by the effective second Chamber group, a group of some 300 parliamentarians of both Houses and all parties. The measure my noble friend proposes has been part of the programme of the effective second Chamber group and as such commands broad consent and support across the House. As the agenda of the effective second Chamber group moves forward—it has already moved some way—it can well be argued that it would amount to a fully comprehensive reform of your Lordships' House. Members of that group of 300 parliamentarians are all profoundly convinced that it would not be for the good of Parliament and our democracy for there to be an elected second Chamber, and by the same token they therefore attach particular importance to ensuring that the reforms needed to bring this institution up to date, making it fit for purpose in today's world, matter very much and must be pressed forward.

At the time, in 1998 and 1999, I was of the view that the manner in which the hereditary Peers were to be removed from Parliament was, shall we say, somewhat brusque, and I had no objection at all to the arrangement that was made that 92 of them should continue to serve as Members of your Lordships' House. Of course, that was partly in recognition of the excellent work that so many of them do. A number of hereditary Peers are to speak in your Lordships' debate today. I listened, as always, with respect and interest to the noble Lord, Lord Trefgarne, and we look forward to the speeches of the noble Lords, Lord Elton and Lord Mancroft. All are fine servants of your Lordships' House and of Parliament. However, when I listened to the speech by the noble Lord, Lord Trefgarne, I found that he did not address the question that my noble friend had posed: what conceivable justification can there be in 2016 for the continuation of the hereditary principle in the legislature? He referred to a deal that had been made 17 years ago but, as my noble friend said, Parliament cannot be held hostage to a deal made by our ancestors, so to speak. If we are to have an appointed House, it had better be a fully appointed House, and those who serve in it should be appointed for their experience, their expertise and the skills they can bring to the work of the legislature.

My noble friend is not Jacobinical; he is no Robespierre; he does not propose that aristocrats should be despatched to the guillotine. If the measure he has put before your Lordships' House is to be passed by Parliament, no hereditary Peers will be found suspended from the lampposts in Parliament Square. The process he proposes is entirely painless. It shows respect to the existing hereditary Peers who serve in Parliament and it would enable them to continue to serve until such time as they cease to wish to do so. That is a reasonable way to approach things.

I cannot conceive that any justification can be made for the continuation of the presence of hereditary Peers beyond the period of their service and their lives. When, sadly, each of them ceases to be a Member of your Lordships' House, they should not be followed by another hereditary Peer elected in a parliamentary by-election. Lest hereditary Peers think I am prejudiced in this matter, I can also see no justification for the continuation of life peerages—people being appointed for life to serve in the legislature. None of us ought to carry on into our dotage. That is a story for another day, however, and for the next Bill that my noble friend introduces.

10.25 am

Lord Elton (Con): My Lords, in one respect this is a splendid occasion in that we are, perhaps for the first time, fairly effectively to demonstrate to the public that we are deeply unhappy with the state of the House of Lords and the constitution as it is. I say that as an elected—or excepted, as we call it—hereditary Peer. The easy thing would then be to sit down and say, "Carry on", but I cannot because I have to explain why I am here.

I joined this House in 1973, when there was already a large majority of hereditary Peers. I recall that my father joined it in 1934, when there was only a handful of Labour Peers. In 1946, I remember my father walking in the fields and saying that having fought two general elections in the Labour cause and sat on those Benches since 1934, he had seen everything the Labour Party had wanted to put in place achieved and he was now going to move to the Cross Benches. That was the way the House worked in those days and we were part of that system back in 1999. It had changed very much; there was an influx of life Peers who brought a breath of fresh air and were very welcome but, like us, they were secure in their tenure.

I have next to explain why I decided to stand for election in 1999, when I was just the right age for retirement. It would have fitted with my game plan for life; I would now have written several books, which your Lordships would not have read, and painted many pictures, which some of your Lordships would have admired, none of which I have done. There were two reasons for that decision. One was that I enjoyed it

[LORD ELTON]
very much and was able to make a contribution, but the other was that I had looked at history and seen how the Crown had been taking power out of Parliament ever since 1215. We say that it is ridiculous that this interim measure has gone on for 17 years, but 17 years out of a century is not much and out of 800 years it is insignificant—it is temporary. Why is it necessary to keep it? It is because of the success the power of the Crown has so far had in gaining power from Parliament. That is a long story, which I will not go into, and most noble Lords will know some of it. However, the upshot is that I found the justification for my decision in 2005—I made a note because my memory is not very good—with the Prevention of Terrorism Bill, which your Lordships will remember.

The Bill came up from the Commons with a clause in it that said the Home Secretary of the day, having talked to one chief officer of the police, could lock up whom he liked—or at least someone whose name he put on a piece of paper—for three months, or 90 days, with no access to any redress, no habeas corpus and no judicial review. That was so offensive to the Prime Minister's own party that, although he had a paper majority of over 100, he got it through the House of Commons repeatedly with a majority of 14. In this House, it was defeated successively with increasing majorities, largely supported by either the votes or the absence of people appointed by Tony Blair, the then Prime Minister. We met at 2.30 pm on a Thursday and rose at 7.31 pm on the Friday, at which point we stopped the measure. That is what I came here to do. Why was that possible, and what was the difference between the Houses? One House was made up of people who were elected and, crucially, could be deselected, and who were paid salaries suitable for a career. This House was not elected and its Members could not be deselected or sacked, and they were not paid. We did not even have the, I must say, very generous attendance allowance that we now have. I will not go into that; it is a pity but we have it and I enjoy it.

I see indelibly in my mind that the understanding was that, until the great change came in, we were here—I do not think my noble friend made this absolutely clear—to see that the next House of Lords was at least as well able to call the Government to account each year, asking them to explain themselves and with their ill-doings dragged before the public, whichever party was in power. The great machine of government is not just a thin veneer of ambitious politicians in Cabinet and their supporters; it has its own ethos, moving through history as the means of governing this country. When I was a Minister of State, I heard civil servants wax very impatient, saying that they did not see the purpose of various pieces of legislation being brought before your Lordships because we all knew that they would work and would be perfectly effective, so it was a great waste of time and money. That was heard in some parts of the Civil Service, and they were key parts—it needs only a few people to air that view. It is always agreeable to reduce the difficulty of getting the Government's will done.

I am here to stand up in front of that juggernaut and to try to make the country and your Lordships understand that, whatever we have, the people who come here to replace us—and I am very happy that they should—must have what the Americans call "tenure". They must be secure for a great slab of time and must not be employable immediately afterwards in well-rewarded occupations. Those are the touchstones, and anything less is not acceptable.

Therefore, I cannot support the Bill. I entirely share the enthusiasm of the noble Lord, Lord Grocott, for reform, making us up to date and efficient and perhaps more in touch with the public. I have no interest, because I do not expect to survive if this Parliament lasts its full term, and I do not expect to serve in the next one. As the noble Lord said, it is painless for me anyway; it is my son who will be disappointed. He will check me in what I say, as I think he has no ambitions in that direction.

Therefore, entirely for the good of the government of this country, I ask your Lordships to wait until we have a proper measure that has more impact on this House. I have gone on for too long but I cannot resist saying a final word to your Lordships, although I am not sure whether the noble Lord, Lord Grocott, has already mentioned it. The majority in this House in 1999—by a majority of 250—were hereditary Peers. With their opposition the Bill could not have got through had the 92 places not been put on to the statute book. It was bought on those terms. I was elected by those people who agreed to that arrangement, so I am also here to represent their views. Those views are patriotic and selfless because those people are not involved at all.

10.34 am

Lord Norton of Louth (Con): My Lords, I commend the noble Lord, Lord Grocott, for introducing this Bill. It is a short Bill and, as I shall argue, a fairly modest one in terms of what we need to do to address the membership of this House, not least in terms of how Members leave and, most importantly of all, how they are appointed to this House.

I have previously spoken in support of what this Bill seeks to achieve. It comprises one part of the original House of Lords Reform Bill, introduced by the noble Lord, Lord Steel of Aikwood. That is a relevant point to which I shall return.

The case for closing off the by-election option for hereditary Peers has been made by the noble Lord, Lord Grocott. It is difficult to defend the process, although not impossible, in that it is a process independent of party leaders. It brings in some able and independent-minded people. The hereditary Peers who are in the House are able, hard-working and effective Members. However, that has to be offset by how the process of them becoming Members is seen. As the noble Lord, Lord Grocott, said, it is essentially past its sell-by date in terms of public acceptance.

I have argued the case before that closing off the by-election option does not prevent able hereditary Peers being appointed to this House. Following the enactment of the House of Lords Act 1999, more Labour hereditary Peers were brought back as life Peers than were returned as elected hereditary Peers. However, the procedure creates problems on this side of the House. I have previously made the point that for Conservative hereditary Peers the by-election is as

much a block as it is an opportunity, since in practice it prevents able Peers coming in until such time as there is a death or retirement. They are not considered for life peerages but, instead, are left to take their chances when a by-election occurs.

I think therefore that some of the worries expressed about this Bill are misplaced. I would, though, have liked to have seen the Bill as part of a wider reform Bill. That was the point of the Steel Bill. There was a linkage between the provisions. Putting the independent Appointments Commission on a statutory basis would enable its independence to be protected. There is a route by which Peers can be brought into the House independent of party patronage—through the Appointments Commission—but that route needs some statutory underpinnings.

I also see the Bill as part of a wider process of addressing not just the size of the House but the process of appointment. The Bill covers both elements in that it closes off one method of joining the House and, in time, will result in a reduction in the number of hereditary Peers in the House, indeed logically and ultimately leaving only two—the two who are Members ex officio.

I would like us to go further and address not just hereditary Peers but life Peers joining the House. An Ipsos MORI poll in 2007 asked people what factors were most important in determining the legitimacy of the House of Lords. Having some Members elected by the public came some way down the list, at five out of seven. At the top of the list was "trust in the appointments process". Excluding don't knows, 76% of respondents rated that as very important and 19% as fairly important. Second on the list was that,

"the House considers legislation carefully and in detail".

Therefore, we need to address the input side of membership. We have already achieved the enactment of a Private Member's measure, the House of Lords Reform Act 2014, to enable Peers to retire—more than 50 have now done so—but, as Peers retire, new ones are created. We need not only to reduce numbers but to ensure a more rigorous appointments process, giving the Appointments Commission the power to vet all nominees for suitability—ensuring that they meet a high-quality threshold, as well as reflecting the diversity of the United Kingdom.

This Bill therefore is not the answer but, rather, part of the answer. I hope that the House will agree to its Second Reading and indeed its other stages, and that the Government will recognise its merits and seek to facilitate its passage.

10.39 am

Lord Rennard (LD): My Lords, last week, the Lord Speaker, the noble Lord, Lord Fowler, said in an interview with *The House Magazine*:

"I don't think we can justify a situation where you have over 800 peers at the same time as you're bringing down the Commons to 600 MPs".

In my view, this Bill is the logical next step towards reducing the size of the House of Lords. It should be easier to agree than many measures that have been considered, because it involves no compulsory redundancies.

It is thanks to the endeavours of my noble friend Lord Steel of Aikwood and others, including the noble Lord, Lord Norton of Louth, that we passed a measure of reform in the last Parliament, enabling, as he said, 50 Members of the House to retire since then. But it is a great shame that the other measures proposed in what became known as the Steel Bill were blocked. This was particularly so after the failure to agree properly a programme of reform under the last Government's measures, despite the House of Lords Reform Bill being passed at Second Reading in the House of Commons by 462 votes to 124. The problem with securing further progress on that Bill was that Labour Party Members believed, possibly correctly, that blocking it was their only hope of blocking the Boundary Commission proposals in the last Parliament, while, on the other hand, David Cameron and the Conservatives appeared to realise only too late that failure to secure progress on Lords reform would indeed be used to justify the Liberal Democrats blocking the Boundary Commission proposals at that point.

Lord Robathan (Con): My Lords, the noble Lord will know very well that the coalition agreement did not tie Lords reform to the Boundary Commission. Boundaries were tied specifically to the vote on AV. Is that not correct?

Lord Rennard: My Lords, the noble Lord is correct in terms of the technicalities of what was in the coalition agreement of 2010. However, it was argued and voted on overwhelmingly by this House and the other place in 2013 that there were many reasons why the Boundary Commission proposals should not go ahead at that point, one of which was the failure to make progress on Lords reform. Reducing the size of the House of Commons from 650 MPs to 600 MPs was not appropriate when we did not reform the House of Lords and make government more accountable in that way.

So now we have to look again at the other measures that were proposed in the Steel Bill, including the ending of by-elections to replace hereditary Peers. Parliamentary by-elections to elect MPs have been a major feature of my political life. However, I cringe with embarrassment at the holding of by-elections in this place in which as few as three Members of your Lordships' House, who initially inherited their positions here based perhaps upon what their ancestors did centuries ago, choose to elect someone to help formulate the laws of the land from a shortlist of as few as three other people who can be considered by virtue also of what their ancestors may have done.

All of us enjoy showing family, friends and guests around the House, particularly, I would suggest, those from overseas. Some of them come from established democracies and some of them come from places struggling to establish democratic principles. But none of them can understand the archaic way in which we are still choosing some of the people to sit in the second Chamber of our Parliament—supposedly the mother of parliaments. Of course, as the noble Lord, Lord Grocott, said, not a single woman has ever been elected in this way, as most hereditary peerages descend down the male line.

[LORD RENNARD]

A year ago, the *Guardian* published a letter from me saying:

"The election by hereditary peers of the ninth Duke of Wellington (Report, 16 September) to the House of Lords by 21 votes over the Marquess of Abergavenny and the Earl of Harrowby (six votes each) is incomprehensible by any democratic standard".

On 3 December 2010, in an earlier debate on this subject, I said that,

"the farcical process we have in this House of holding by-elections to elect hereditary Peers brings the House into disrepute. These by-elections have little more resemblance to democracy than the campaign run by Lord Blackadder when he ran the by-election campaign to elect Baldrick in the rotten borough of Dunny-on-the-Wold, where Blackadder was the only elector".—[*Official Report*, 3/12/10; col. 1696.]

I was wrong, of course, to describe Edmund Blackadder at that point as a Lord; he was merely a voter in that incarnation—albeit the only voter. In that series, Baldrick was later appointed to the House of Lords by Prince George. But if they had both been appointed in real life, their descendants might now be standing as rival candidates, hatching cunning plans to win by-elections in order to get back into this place.

Lord Mancroft (Con): My Lords, the noble Lord is amusing the House tremendously but he is talking about a work of fiction. I know that the Liberal Democrats have difficulty distinguishing the difference between fact and fiction, but if the noble Lord could stick to fact, I think that the House would find it very helpful.

Lord Rennard: My Lords, having tried to describe to visitors the current system of electing hereditary Members to this place, I know that they think that is a work of fiction.

More seriously, it is now 106 years since the Liberal Prime Minister Herbert Henry Asquith promised that the hereditary principle would be replaced by the popular principle in determining the composition of this House. That was agreed then by both Houses. However, having listened a few moments ago to the noble Lord, Lord Elton, I was reminded of the view that perhaps only in this House could over 100 years be considered too short a time in which to consider such a principle. But not for me and my party. And we certainly consider that the 17 years since the Weatherill amendment introduced as a temporary measure the concept of by-elections to top up the number of hereditary Peers has been too long. We on these Benches did not agree with that amendment in the first place and would have preferred to see the Parliament Act used, if necessary, and so we are not bound by any such agreement.

We recognise that some of those who are here by virtue of the hereditary principle continue to make a significant contribution to the work of this House and to government. This Bill does not threaten their position in any way. We also believe that passing the Bill will do little good in terms of limiting the size of the House if the system of prime ministerial and party leader appointments continues in the way that it has done in recent years.

We were promised a further phase of reform following that of 1999—the year I joined this House. As the noble Lord, Lord Grocott, said, the Labour Government's Constitutional Reform and Governance Bill 2010 promised to end the practice of holding by-elections to keep up the numbers of hereditary Peers. But that provision was, sadly, removed during the so-called wash-up period immediately prior to the 2010 general election. The ending of such wash-up periods when elections are called outside a fixed-term cycle was, in my view, a good reason for passing the Fixed-term Parliaments Act.

The history of debates in this House about the future of by-elections for hereditary Peers has not been a happy one. Let us put an end to them now by passing this Bill and bringing an end to a process which does no credit to this House, to Parliament generally or to British democracy.

10.48 am

Lord Cormack (Con): My Lords, I am delighted to welcome the Bill, which has been introduced this morning very ably and succinctly by the noble Lord, Lord Grocott. He is a regular attender at the Campaign for an Effective Second Chamber meetings, which I have the honour of chairing and to which the noble Lord, Lord Howarth, referred. For a long time we have felt that this House does need significant reform. But we all believe very strongly in an appointed, non-elected second Chamber; one that will not challenge what I call the unambiguous democratic mandate of the House of Commons.

When something becomes ridiculous, it can no longer command respect. I cannot help but look back to the days when I used to teach 19th-century history and, in order to emphasise the need for the Great Reform Act 1832, one always cited the rotten boroughs, the rottenest of which was Old Sarum—which, ironically, is not a million miles from Avebury, from which the late Lord, or his forebear, took his title. The late Lord Avebury was a great servant of this House. Sarum was a rotten borough, electing two Members of Parliament with a tiny handful of electors, and, only a little while ago, Lord Avebury's sad death led to that completely ridiculous election to which the noble Lord, Lord Grocott, referred.

I did not go along with much of what the noble Lord, Lord Rennard, said, but he referred to the election of my noble friend the Duke of Wellington, who is already making a significant contribution to this House. Again, the votes came to about 30, of which he got 21.

We have to address matters that make us look faintly ridiculous. I want to see the time—I hope it will not be long distant—when the wishes and views of the Campaign for an Effective Second Chamber come to pass and we address the issues of the numbers in and appointments to this House and deal with the issues encompassed in the first Bill introduced by the noble Lord, Lord Steel of Aikwood. That Bill was significantly watered down—it had to be because there was no appetite for it—and my noble friends Lord Trefgarne and Lord Caithness took a prominent part in ensuring that the part of the Steel Bill that referred to the

hereditary by-elections was removed. In order to get something through, those of us who had been involved in drawing up that Bill and helping the noble Lord, Lord Steel, agreed that we would get through the retirement provision and divest the Bill of all other provisions. That retirement provision has already brought some benefit to your Lordships' House and will doubtless bring further benefit in the future.

We then had the further incremental reform in the Bill introduced by the noble Baroness, Lady Hayman, in the previous Session or the Session before, which enables your Lordships' House to expel Members who have behaved in a way which is incompatible with the standards and dignity of this House.

Incremental reform is good and this Bill is yet another episode of it. The best thing about the Bill is that it does not challenge the position or the continued participation of those of our colleagues who are hereditary Peers, many of whom, including my noble friend Lord Trefgarne, make a significant contribution. My noble friend Lord Trefgarne chairs an important committee of your Lordships' House. He can continue doing that. His position is in no danger or jeopardy if this Bill is passed.

The only thing I would say to the noble Lord, Lord Grocott, is that we need to separate the 90 from the two. We live in a hereditary monarchy and we have two hereditary officers of state who attend your Lordships' House to perform their official functions. Neither of them play a part in debates because they do not believe that that is their duty. They should be separated and the Bill should concentrate on the 90, the future of each one of whom—whether here since the passage of the 1999 Act, like my noble friend Lord Elton, or having joined subsequently as a result of a by-election—is secure in your Lordships' House until the individual Peer decides to retire or, sadly, dies.

We have already, in effect, abolished the hereditary principle because none of those men or women will be succeeded by a son or a daughter. The preposterous by-election system to which we have referred—with its tiny handful of electors and, in the case of the most recent, with significantly more candidates than electors—needs to go. I sincerely hope that the work of the Campaign for an Effective Second Chamber, supported, as the noble Lord, Lord Howarth, said, by some 300 Members of both Houses, will continue—and we are determined to continue—to bring other suggestions for reform before your Lordships' House.

We hope soon to concentrate on the issue of numbers. We believe passionately that there should be a cap on numbers and that this House should not be larger than the other place. We believe that no party political group—those receiving the whip of a political party—should ever be able to have an overall majority in your Lordships' House. We believe that there should always be 20%, at least, of Cross-Bench Peers. These are our principles. This is what we stand for. I hope that we will move in that direction very soon indeed.

Lord Elton: Perhaps my noble friend will allow me to make it clear that I entirely subscribe to all those beliefs. I am merely saying that until they are achieved, we are here to see that nothing less powerful succeeds.

Lord Cormack: I am sorry to disagree with my noble friend on this small issue because he is a most valuable member of the campaign. He regularly attends our meetings and speaks in support of many of the things to which I have just referred. However, in his speech, it was as if it was the hereditary Peers who were securing the independence of the House of Lords. They play a valuable part in it but that is taking it a bit too far. Of course, his own position is entirely secure. He can remain in your Lordships' House until he retires or is summoned by his Maker. There is no danger to his position or to anyone else's.

The noble Lord, Lord Grocott, has introduced a modest measure. My noble friend Lord Norton made a brief but precise speech. He, of course, acts as the convenor of the Campaign for an Effective Second Chamber. We formed it together in 2001 because we wanted to see off attempts to replace your Lordships' House with a pale imitation of the House of Commons and a Chamber which could only, if it were elected, have within it the seeds for gridlock and the frustration of the constitutional will of this country.

We strongly believe in the function of scrutiny, which your Lordships' House performs with great effectiveness. We have within it people with vastly varied expertise and experience who can bring to debates on issues of foreign affairs and others a new perspective which is far different from the other end of the Corridor but never challenges the supremacy of the elected House.

That is our belief. I hope it is shared by most noble Lords and that the House will see the modest measure introduced today by the noble Lord, Lord Grocott, as a step in the right direction.

10.59 am

Lord Robathan: My Lords, I rise to speak with the huge experience of 10 months in this House, although I worked with the House of Lords for some five years when I was the Deputy Chief Whip. I speak with some temerity, particularly after the speech of my noble friend Lord Norton and other noble Lords who are involved in the Campaign for an Effective Second Chamber, who are doing a great job. I agree with much of what the campaign says, which is to the effect that incremental reform or evolution is better than revolution. Perhaps I may compliment the noble Lord, Lord Grocott—I hope that he will not take this the wrong way—on his speech, which was witty and extremely well argued, and it is difficult to disagree with much of what he said. Nevertheless, I do not support the Bill.

I should say by way of a starter that the great British public are not sitting on the edge of their seats waiting for this Bill to pass. They are not particularly concerned about Lords reform. What they want is effective government and effective legislation. That requires greater scrutiny than this one particular Bill. So the question I want to pose to anyone who supports the Bill or is looking at Lords reform is this: what is the problem that we are trying to solve? It is not the quirky, let us call it, election of the noble Viscount, Lord Thurso, who deserves very much to come back here and take his place. However, if the Liberal Democrats did not like the election procedure, they could perhaps

[Lord Robathan]
have not had a by-election. I do not know what the exact rules are, but presumably if no one had voted, no one would have been elected. The problem is not that quirky by-election or the hereditaries, who in my experience both before and now as a Member of the House of Lords certainly work as well and as hard as many, if not most, life Peers. They pull their weight, if I can put it like that. The problem is not the Bishops, although I rarely agree with the heads of my Church about some of their pronouncements. The problem, as my noble friend Lord Cormack just said, is that there are too many people in the House; what is actually the problem is that there are too many life Peers.

All of us in this House have a vested interest because we do not want to leave the place. I have been here for only 10 months and I would rather not be kicked out next month. The House is something that we believe to be of value and which we enjoy, and it is quite comfortable. But if one were to ask the British public and if they were to get concerned, they would say, "Why should one be appointed to a House for life and live out one's days here?", because one does become less effective after a time. If we are lucky, we will live to a ripe old age, but that does not mean that, when one reaches that ripe old age, one should still be in a position to assist with the legislation of this country. I suggest that the retirement system that we have already heard about is a step in the right direction, but I have to say that there should probably be a mandatory retirement age. Perhaps there could be a mechanism whereby someone who remains particularly active can remain here. He is not in his place, but I do not think that my noble friend Lord Lawson will mind if I name him; he was my predecessor in Blaby. Although he has been in this place for almost 25 years and is past 80 years of age, he remains active. We also need to look at time limiting life peerages so that they do not last for life after all. We should all be able to contribute, but sometimes other people should be able to come in and contribute as well. Again, perhaps there could be a mechanism for those who make a major contribution to remain.

As everyone in the Chamber knows, there are in this House some really outstanding people with great expertise and others who have somewhat less. I am not going to name anyone as I look around the Chamber, but some very distinguished former Cabinet Ministers are here, as well as some distinguished former trades union leaders. There are quite a lot of people with whom I served in the House of Commons. We can judge for ourselves whether we are distinguished or not. I was a medium-ranking Minister, but I suspect that the reason I was sent to this House is not unconnected to the fact that I was heavily involved with David Cameron's campaign. As I recall, the noble Lord, Lord Grocott, was Prime Minister Blair's Parliamentary Private Secretary. We are here for all sorts of reasons. We will not delve into them, but we know that there are other people who could be quite good for this place as well. Perhaps we should not be entirely selfish and think that after 12, 17 or 22 years, as a matter of course we should become time limited.

A limit on the number of appointments was raised, and I absolutely and wholeheartedly support that. This place is too big, so limiting the number of appointments will lead inevitably to the numbers shrinking. I think that a certain number could be allowed in each year and that it should not be exceeded. The noble Lord, Lord Howarth, asked what conceivable justification there can be for holding by-elections. I would say that many people, whether discussing the issue in school debates or whatever, would ask what conceivable justification there can be for having an appointed House of Lords. I support a House of Lords that is appointed because I think that in general it can, and does, do a very good job. On hereditary matters, an argument often made 20 years ago was this: if one gets rid of the hereditary principle completely, one must ask why we have a hereditary monarchy, which by the way I support entirely.

I have detained the House for long enough, but I shall end by trying to answer the question which I think was put by the noble Lord, Lord Grocott: who is to blame for this unusual by-election system? The noble Lord was there at the time, but as I recall I think it was Tony Blair.

11.05 am

Lord Haskel (Lab): My Lords, the answer to the question put by the noble Lord, Lord Robathan, about who is to blame is this: Jack Weatherill, and I will explain why. Perhaps I may start by saying that I support my noble friend's Bill and I congratulate him on it. It is a step in the right direction in terms of reforming your Lordships' House. It provides for reform by small steps, which is the way I think that most Members and the Government would like to progress. We are committed to achieving most of what the noble Lord, Lord Robathan, has just been talking about.

It is clear that the election of hereditary Peers has become ridiculous. My noble friend gave an example where seven candidates stood and three electors voted for the recent vacancy on the Liberal Democrat Benches. We can overcome most things, but we cannot overcome ridicule, especially as how appointments to this House are made is a major public concern, as the noble Lord, Lord Norton, pointed out.

I served on the Government Front Bench when the 1999 Bill was being debated, so I am pretty ancient. I clearly remember that the election of 90 hereditary Peers was seen as a compromise. It was a temporary arrangement that was negotiated by Jack Weatherill—a former Speaker of the House of Commons—as a way of overcoming the huge number of hereditary Peers who at the time could block or delay any legislation in this House. That was the purpose of the negotiation.

Viscount Waverley: I apologise to the noble Lord. Will he take into account the difference between facilitating and negotiating? I think that Lord Weatherill facilitated the process to which he refers.

Lord Haskel: The noble Viscount is quite right: he did facilitate the process rather than negotiate it. I thank him for pointing that out.

Some 15 of the 90 hereditary Peers were appointed by virtue of being former or at the time current Deputy Speakers. The purpose and usefulness of the

procedure has obviously served us well, but it has now expired. The Deputy Speakers have served their time and an elected House is a long way off. The noble Lord, Lord Cormack, is absolutely right to point out that the two additional hereditary Peers were agreed purely for ceremonial purposes.

I agree with other noble Lords that the Bill being put forward by my noble friend deals fairly with the current hereditaries. Of course many have made an important and distinguished contribution to the House. They are eligible to become life Peers and some have already done so. I do not agree with the noble Lord, Lord Elton. This Bill provides the House, hereditary Peers and the country with the certainty that he is looking for. I also agree with the noble Lord, Lord Norton, that it would be a useful and sensible step along the way to reducing our numbers, but that is a separate matter and is one for a separate Bill. But again, this is something about which many noble Lords are agreed. Most of us are committed to step-by-step reform, of which the Steel Bill was one example. This is another one, and I think that the Government should support it.

11.10 am

Lord Mancroft (Con): My Lords, I have studiously resisted the temptation to take part in debates about reform of this House for all the 30 years I have sat here. My noble friend Lord Robathan commented on age. Despite having been here 30 years, I think, looking around the Chamber, I am possibly the youngest speaker in the debate—the noble Lord, Lord Rennard, might be slightly younger—and possibly even the youngest person in the House today, so maybe my 30 years have been wasted, I do not know. I am driven to break my Trappist vow of silence because I am completely fascinated to know what motivates the noble Lord, Lord Grocott, to drag this hoary old potato out of the depths of the mud and give it another trip around the park.

Clearly, as your Lordships have been discussing, the primary concern relating to the House of Lords today—as the noble Lord the Lord Speaker, who has just left the Woolsack, so helpfully reminded us earlier this week—is numbers. The measure before us makes no meaningful impact on numbers. If the argument is that the by-elections were originally intended, as the noble Lord, Lord Haskel, quite rightly said, as a temporary measure, that no one at the time imagined they would continue for 17 years and therefore it is time to get rid of them, that is a reasonable point, but not in isolation.

The 1999 Act in its entirety was only a temporary measure—the first part of a two-stage reform. But as your Lordships all know better than most, that second stage has never come because the Executive and the legislature cannot agree a solution that does not disadvantage either of them. So if you are one of those who has come to the conclusion that continuing election of replacement hereditary Peers has passed a time when it is valid, if it ever was—some obviously do not think it was—then it is difficult too not to conclude that the entire 1999 Act is in need of replacement also. That is the position I have reached. The agreement reached in 1999 was not, as the noble Lord, Lord Grocott, suggested, binding on Parliament. Of course you cannot bind Parliament, but it was an agreement between people representing two of the main parties in Parliament. As such, for what it is worth, that agreement still stands. But as I said, I have reached the conclusion that the entire 1999 Act needs complete change.

There are two phrases I hear repeatedly in this House. The first is that the National Health Service is the envy of the world and the second is that the House of Lords is doing an absolutely marvellous job. I have to tell your Lordships that while the National Health Service may well have been the envy of the world, I do not hear that envy expressed on my travels as often as it used to be. As a Member of this wonderful House—it is a wonderful House—for 30 years, and a student of it at my father's knee since I was old enough to learn and understand, I have come to the reluctant but growing conclusion that we do not really do our job as well as we used to either.

Our scrutiny of legislation is noticeably less effective than it used to be—as, indeed, are the Bills we are forced to scrutinise. That is in part because of the excessive use of Grand Committees, which discourages noble Lords without direct interest in a particular Bill from participating either in Grand Committee or when the Bill returns to the Floor of the House, where their participation is so often an important part of the process. The amount of time we spend each Session revisiting issues that were legislated upon the year before is, of course, primarily evidence of the Government's legislative incompetence, but I am afraid it is also evidence of our failure to scrutinise as effectively as we used to.

Our set-piece debates on the great issues of the day used to attract worldwide attention. Believe it or not, I have at home an old scrapbook full of press reports of debates in which I made rather indifferent contributions when I was just a lad, if your Lordships can imagine such a thing. I even have one that was reported in the *New York Times*. That would not happen today. Our debates now seem increasingly to be a string of overlong, repetitive and unrelated statements, bearing precious little relevance to the preceding speeches, thus not constituting a true debate at all. Too often they bring little new insight to the subject being debated, and are consequently rarely reported, and ignored by commentators and Governments alike—sad, but true. While the hereditary peerage has and had many faults, by its nature it was able to bring a degree of independence to debates that is lacking in a House increasingly dominated by a professional, and thus often self-interested, political class in one form or another.

One of the unintended consequences of the 1999 Act was that, while the standing of the political class as a whole has deteriorated in the public esteem, the hereditary peerage, oddly enough, is enjoying an unexpected revival in its reputational fortunes, which I, for one, am enjoying—and do not deserve, probably. We may not have been right, and we may often have been wrong. We may not have been particularly liked—I do not think we were particularly disliked—but it was and is widely assumed that we tell the truth, whereas today's political establishment is simply not trusted.

[LORD MANCROFT]
One of the most unpleasant features of the recent referendum debate was the patent rubbish spouted on both sides.

So the size of this House is a problem that the Bill does not address. It is not the rate at which Members leave this House that is the problem, but rather the manner in which they arrive. Accelerating by a few years the departure of a few hereditary Peers who are bound to leave at some point no more solves the problem than does the option of retirement, sensible though that is for reasons of humanity. If your Lordships find the concept of hereditary legislators so democratically offensive, as the noble Lords, Lord Grocott and Lord Rennard, and one or two others clearly do, then is the flooding of the Liberal Democrat Benches since the end of the coalition Government and the arrival of 16 new colleagues at the whim of an outgoing Prime Minister any less democratically offensive? Though we all understand the reasons for both, none of that can be acceptable in the 21st century. Yet, the Liberal party and the rest of the House appear to have accepted it.

I am happy to declare an interest here; I am a beneficiary of Stanley Baldwin's Resignation Honours, but that was 80 years and three generations ago. It may well have worked then—obviously I think it did—but the world has changed since 1937.

The Life Peerages Act 1958 breathed new air into this House. It worked in part because no amount of patronage could swamp the sheer number of hereditary Peers, which thus acted as a deterrent to any Prime Minister who attempted to do so. With the departure of 90% of hereditary Peers, the Life Peerage Act itself, or more specifically the untrammelled power of appointment it contains, became the problem because it constitutes power without responsibility or accountability.

To provide a revising Chamber suitable for today—as the noble Lord, Lord Howarth, pleaded for and with whom I agree—to work in the new Palace to which those whom the grim reaper has not removed will return in 2028, this House needs root-and-branch reform. What manner that reform may take will take interminable debates in this House for many days, weeks and years to come, but not, I hope, today.

My concern is that by tinkering at the edges, slowly removing, at God's pace, the 10% of the membership of this House that, by the way, has collectively the best record of participation whichever way you like to measure it, the Bill makes any major reform much less likely. Although I am extremely happy to acknowledge the very good intentions of the noble Lord, Lord Grocott, I am afraid that the Bill is nothing more than an enabling Bill, by which I mean it enables the Executive, the other place and the political establishment the luxury of not having to give serious thought to Lords reform for yet another Session, the second of this Parliament. That may be very comfortable for some Members of this House, including me, but it is not in the interests of the body politic or the British people. For that reason, and that reason alone, I cannot support the Bill.

11.19 am

Lord Anderson of Swansea (Lab): My Lords, I note an element of nostalgia in the speech of the noble Lord, Lord Mancroft, for the snows of yesteryear when people paid attention to speeches in this House and the other place. The fact that there are other offensive elements in our constitution surely is not an argument against removing one of them. This is a very modest Bill. The by-elections and the retention of the hereditary Peers were meant as a temporary expedient. Some appear to argue that what was devised as a temporary expedient should now become a permanent part of our constitution.

I begin, as others have done, by congratulating my noble friend Lord Grocott. Clearly, he believes in the politics of small steps. He recognises that there is no prospect of a big bang in respect of House of Lords reform so he suggests a modest, little bang as the only realistic way of moving forward with it at this stage. The removal of hereditary Peers by this simple and painless method requires only a short Bill; therefore, only a short speech is appropriate. I shall not follow my normal practice of making three points—like a sermon—but will make only two points.

First, it is surely impossible plausibly and with conviction to defend the status quo. I heard the noble Lord, Lord Trefgarne, say that there should be no change unless there is a comprehensive change. That is almost the ultimate argument of reaction. I heard the noble Lord, Lord Elton, whom I consider a friend, make a point in relation to the blocking of the terrorism Bill put forward by the Government in 2005 but I am not sure how that was relevant to the position of by-elections for hereditary Peers. Had he argued, for example, after looking through the Division lists, that the Bill would not have been blocked had it not been for hereditary Peers, that might have been the start of an argument, but I am not sure it is relevant. Perhaps he can enlighten me.

Lord Elton: I am sorry I did not make myself clear. I was arguing that we were put here, trusted to see that excessive power was not given to Governments. That is exactly what we did and what this House did. We were entrusted, among other people, with the job of seeing that what succeeded the old system should not be less able to challenge Governments than the new, and the need for that was demonstrated in 2005.

Lord Anderson of Swansea: But that element of trust on behalf of the British people is surely for all of us and not in any way restricted to hereditary Peers, although I accept that it is perhaps rather odd that the hereditary Peers provide the only element of election for membership of this House.

As my noble friend Lord Grocott very plausibly and convincingly said, the Bill will allow the current hereditary membership to wither on the vine by allowing current Peers to remain Members for the rest of their days or until they choose to retire. It ensures that their successors to be Members of the House of Lords must be subject to the same criteria and procedures as the rest of us. There is no particular wisdom that can pass from one hereditary Peer to his son—why should there

be? They should be dealt with and regarded in the same way as all the rest of our population. Hence we are talking about the removal of a nostalgic vestige of the old regime, which was agreed for tactical reasons in 1999.

Secondly, there is of course a case for wider reform. This is supported by the recent remarks of the Lord Speaker. I say in passing that the current Lord Speaker has started well and I hope he will continue to make comments on matters of interest of this nature. He states that the number of Members of this House should be cut to below 600, no greater than the number of Members of Parliament. Presumably he would want it to be capped at that figure and not to be increased by successive Members of Parliament. I invite Members to look at the recent appointments in the resignation honours of Mr Cameron and see the way in which No. 10 has been honoured so massively, and contrast that with what Mr Blair did in refusing to have resignation honours, when there were a number of people in No. 10 who were eminently worthy of coming to this House. I think of Jonathan Powell, for example, who facilitated the agreement in Northern Ireland and made a great contribution to this country. But Mr Blair said, I think correctly, that it was not appropriate to have such a resignation honours list.

Viscount Waverley: I apologise to the noble Lord and to the House. The noble Lord might be giving the case for reversing the whole process of entry into this House. Perhaps the selection process ought to be under scrutiny and elected by Members of this House rather than by appointment—forget the whole system of appointment.

Lord Anderson of Swansea: That is an interesting point but perhaps an argument for another day. I revert to what I was saying about the numbers in this House, which are getting quite impossible. I note also the argument of my noble friend Lady Smith of Basildon, who has argued persuasively for separating honours from the peerage, as many categories of worthy recipients of honours would not wish to participate in the work of this House. Of course, many procedures for reducing the numbers have been canvassed. Some argue for one for one—one out, one in—but that would not in itself reduce the numbers. The voluntary principle for retirement has had only a marginal effect, with 52 retirements since 2014. Perhaps that number might be increased, dare I say, with some form of financial inducement—a bronze handshake—but that is another argument. A retirement age has been mooted, with Members forced to retire at the end of the Parliament in which they reach the age of 80.

Clearly, more radical culling has to take place if the aspirations of our Lord Speaker are to be met. Ultimately I would like to see this House more representative of the United Kingdom as a whole, perhaps with regional assemblies putting forward their own lists, away from No. 10. But if the numbers are allowed to rise inexorably, when this House returns in 2028—or when we move, as is suggested, some time after 2020—the Queen Elizabeth II Centre will not be large enough to accommodate us. We shall have to look elsewhere, perhaps even to Wembley Stadium, to accommodate the numbers.

Lord Elton: I declare my friendship for the noble Lord as well. If he persists in pursuing issues that are not part of this Bill, I suggest that he considers the Bill coming up, I believe, on 21 October, which will actually reduce the number of Members of this House, whatever the fate of this Bill.

Lord Anderson of Swansea: I shall certainly follow the noble Lord's invitation to look at that Bill as it appears. Still, that debate is for another day. Can the Government say how close that day is? Do they envisage any reform at all, even the modest reform that would include the matter now before us, during this Parliament? The sanction for this House is surely that if we do not seek consensual proposals, even if incremental, even if the politics of small steps, the Government may be forced by public opinion to tackle the current anomalies and absurdities, which I think the noble Lord, Lord Cormack, called ridiculous, such as is done in this Bill.

11.29 am

Lord Bowness (Con): My Lords, I thank the noble Lord, Lord Grocott, for his clear and very reasonable introduction to his Bill. Although I concede that in time there is almost an inevitability about this, I do not support it at this time. It is true that the by-elections were intended to be temporary but so was the whole arrangement for the House of Lords in 1911, so that is not a good argument. I support my noble friend Lord Robathan's comments about the public view. When I go to speak at various places, I find that many of the people who I speak to have not heard of the by-elections and are interested in the process. It takes some time to complete that explanation, and often their eyes start to glaze over, but I do not believe that the process is widely ridiculed by the public at large.

This House faces many problems, particularly regarding our numbers and appointments. The abolition of the by-elections to replace the 90 would do almost nothing to solve the problems. This situation is not the fault of the House or of any noble Lord, in whichever part of it they sit or for how long they have done so. It is the fault of the Government in the first year of this Parliament and during the period of coalition government.

The House of Lords has an ethos established originally by the hereditary peerage and carried on by the life Peers who followed them. Its way of working—observing conventions; compromise; courtesy; and a less partisan approach—has been recognised as of value to the legislative process but it is threatened by the sheer weight of numbers and an increasing urgency on the part of the Government to have their business as quickly as possible. The problems of numbers will not be solved easily. We will no doubt return to possible solutions shortly; suffice it to say that I am concerned about the ideas which have been mooted to cap overall numbers and that the membership should somehow reflect the votes cast at the next general election. This change would, in my view, lead to a further weakening of the independence of the House and its Members,

[Lord Bowness]
and create a Chamber much more in tune with whichever party formed the Government and hence a stronger Executive. A solution to the numbers problem would be espoused by the Government for rather different reasons from those which motivated the House in putting them forward.

I agree with my noble friend Lord Norton about the need to establish a statutory Appointments Commission. Its creation, with agreed guidelines and oversight over appointment and numbers would preserve the Cross-Bench position and the position that there should be no overall majority. For me, that is becoming a condition precedent to any further changes that we might put forward in this House.

I recognise and pay tribute to the work of the group led by my noble friends Lord Cormack and Lord Norton. I accept, and apologise for this fact, that I have not been as regular an attender as I should. We should all be careful of what we wish for. We can all be victims in changed circumstances of the solutions we have put forward to solve problems which we thought would involve other people. We should be careful of drastic measures implemented over a very short time, and brought forward with the best of intentions, but which might have unforeseen and unintended consequences for the House and for Parliament. We would have done that to solve a problem not of our making but made by the previous Executive, who were incredibly careless of the nature, working and constitutional role of the House.

We do not know the scale of legislation which Brexit will bring; we do know that it will require vigorous scrutiny and time. I suggest that, in the eyes of the public, time spent on our composition will not be well spent. Of course noble Lords may say that I am advocating inaction. I recognise the problem but do not believe that we should take action without some signs from the Government that they share and understand our concern.

I advocate restraint by this new Government in the creation of further Members. I hope that my noble friend Lady Chisholm, who is on the Front Bench, will take that message to her colleagues. I advocate recognition that if this House is to continue to be an appointed House, as I hope it will, the creation of a statutory Appointments Commission is essential. If the by-elections continue, maybe candidates should be subject to that process before being approved to stand. Lastly, I advocate leadership within the House from all quarters of all parties, of the kind which in previous years led to the Salisbury/Addison convention and to the agreement between the then Viscount Cranborne—now the noble Marquess, Lord Salisbury—and the noble and learned Lord, Lord Irvine, over the House of Lords reform Bill. With great respect to the noble Lord, Lord Grocott, we do not need the gradual sacrifice of the hereditary Peers' contribution to what is already an increasingly partisan House and constant contemplation of ourselves, rather than the vital work which this House does and which I hope it will continue to do.

11.35 am

The Earl of Erroll (CB): My Lords, I rise in the gap to make a couple of quick points because I remember the entire debate around the passing of the 1999 Bill very well. In fact, I sat on the Cross-Bench group which produced some thoughts in response to the legislation. It could not be a representative Cross-Bench group but a significant number of us thought that it produced some useful contribution to the debate.

The major point that I remember from the 1998 debate was about further democratic reform of the House of Lords. Those key words—further democratic reform—form what we were left here to ensure. It was constantly referred to then because it soon became apparent that there was an argument between the democrats, who believed that the House of Lords should be elected, and the Commons supremacists, who were terrified of losing the greater power of the House of Commons. It is interesting that five ex-MPs have spoken today in this debate, if not all speaking the same way. I have the honour to serve as one of the hereditary Peers who were elected to stay here and ensure that further democratic reform. That is my basic position, which is why I cannot possibly support the Bill.

There is almost a touching naiveté about the second Chamber group believing that, if we have this incremental reform, there will be an incentive for proper reform in the future. All it will do is to erode slowly bits and pieces of the powers of this House. We will lose our effectiveness to challenge the Executive and Government of the day, as we have to do. We saw this in the rows about secondary legislation the other day, where it was suggested that the House of Lords should have its power to do anything about that removed, so there is this gradual erosion.

I shall finish with a couple of quick points. I think that the noble Lord, Lord Norton, said that an heir cannot be appointed to the House of Lords as a life Peer. They can; I do not think that there is any bar on an eldest son or daughter being appointed.

Lord Norton of Louth: No.

The Earl of Erroll: If there is not, that is good. I thought that there was not.

It amused me that the noble Lord, Lord Rennard, referred to the election of the hereditary Peers not meeting a democratic standard. I am pleased that he approves of democratic standards and will therefore approve of only further democratic reform of the House of Lords, not an appointed House. I also noticed that the noble Lord, Lord Anderson, suggested that if we were to go down the route of getting to the House of Lords that many other people use, you basically have to be useful to a Prime Minister. I am not sure whether that is the right way to get here. However, I was glad to hear that the noble Lord, Lord Haskel, approves of an elected House.

The point of all this comes down to what the noble Lord, Lord Elton, said, which was absolutely key: that we are watching control of the legislature by the Executive gradually creeping in. He may not have used

those exact words but that is what it is. We watch this whenever Ministers in the House of Commons, who are heads of executive departments, think that they are more powerful and important as that than as Members of Parliament, controlling themselves as members of the legislature. We forget that at our peril. The real problem with an appointed House is: who will control and appoint the Appointments Commission? That is the key to the problem because if the Executive get control of it, they will have control of both Houses.

11.39 am

Baroness Hayter of Kentish Town (Lab): My Lords, this has been a fascinating and educative debate for me, having heard from at least two of the people who contributed to that early 1999 agreement which we are debating. It is a great pleasure to congratulate my noble friend Lord Grocott on his Bill, and particularly on his introduction of it. On behalf of the Opposition, I give it the very warmest of welcomes. There are a thousand reasons for supporting it, not least the 1,000 sons of earlier honoured men who have in the past taken their seats here, not because of their own attributes, but because of those of their forebears. Today, there are none such in that the hereditaries now here, although they do indeed have to have honoured forebears, had also to be elected, or selected, by their peers in order to take or retain their seats.

Despite the fact that hereditaries are now elected, I am certain that in the 21st century there can be few who think that in future our legislators should be chosen by virtue of the deeds of their grandfathers—sometimes their great-grandfathers or great-great-grandfathers—rather than for what they themselves bring to the House. As has been said, the overwhelming majority of today's hereditaries have shown their value to the House, and many would be here anyway as life Peers, given their accomplishments, so the time has come, not to say farewell to any of them, but simply to say that when they leave us, due to retirement or a higher calling, they should not be replaced.

The question asked was interesting because they would not necessarily—or at least it would be very unlikely—be replaced by their own son but by the son of another hereditary Peer. There would be a by-election and it would be someone else's son who would select them, even though their son would be eligible to be put into the mix.

A number of speakers have said that we are too big and that our size must be reduced. Sadly, that plea fell on the very deaf ears of the former Prime Minister but as the noble Lord, Lord Rennard, and my noble friend Lord Anderson reminded us, that plea has now been repeated by the Lord Speaker, who referred to the shame of the unelected House being larger than the democratically elected one. We see that trend is continuing as the Government seem intent on further reducing the size of the other House while increasing the size of this one. That has led to Charles Walker, the chair of the Procedure Committee in the other place, saying that the planned reduction of 50 MPs is unjustified,

"while the Lords continues to gorge itself on new arrivals".—[*Official Report*, Commons, 8/9/16; col. 502.]

That view was echoed by the noble Lord, Lord Robathan. Of course, it is not we who are gorging ourselves; someone else is feeding the beak.

As my noble friend Lord Anderson and, in another way, my noble friend Lady Smith said, a seat in this noble House is a job, not an honour. We should do everything possible to make that clear to the Prime Minister as well as to the public. Surely as part of that call for a reduction in size, we should do something about this ourselves by taking this very modest measure to very slightly and slowly reduce our numbers.

Peers on this side of the House and other noble Lords who have spoken today would prefer greater changes discussed via a constitutional convention rather than by piecemeal measures, but the Government have obviously turned their face from this approach, so we believe the current Bill is appropriate. It is a tidy and measured reasonable step. As the noble Lord, Lord Cormack, said, it is incremental, and my noble friend Lord Haskel said that it is a small step to help this House more fully reflect today's politics and today's population.

We have heard different views. Some people say that incremental change is the way that this country works best, but others say that incremental change is the last thing we want. I guess I am with the conservatives. I like those small incremental stages, so I will take this Bill.

As my noble friend Lord Anderson said, we will, I assume, be moving to the QEII Centre. Surely we should not be asking the taxpayer to fund the move of more than 800 of us to that new venue. This is surely the time for us to take this small step.

I shall speak briefly on two further things. The first is the conversation—if I may put it that way—that took place between the noble Lord, Lord Elton, and the noble Lord, Lord Cormack, about the role of this House as an independent voice against the Government. It is for that reason that I—and I think I am probably standing to the side of the Front Bench—do not support an elected House. My reason for supporting an appointed House is the one the noble Lord, Lord Cormack, enunciated, although, as I think I heard from behind me, I think that all life Peers take that responsibility very seriously. It is not just the hereditaries.

As the first woman in today's debate, I shall make a little plea about women because it is not, on the whole, us who appear this way. The Minister has far more noble blood in her veins than I have, but I am certain that she is delighted that she is here because of her own abilities rather than because of anything else, and that is the way I hope anyone should take their seat here.

We wish this Bill well. We hope very much that the Government are not going to have a knee-jerk reaction and say, "It's not the time. We've got Brexit and other things. It's just not a priority". If they say that, change will never happen, so I urge them to think very carefully and give time to allow this Bill to proceed.

Lord Trefgarne: My Lords, before the noble Baroness sits down, will she confirm that the Labour Party no longer honours the undertaking given in 1999?

Baroness Hayter of Kentish Town: The Labour Party is very much in support of this Bill.

11.47 am

Baroness Chisholm of Owlpen (Con): My Lords, I thank the noble Lord, Lord Grocott, for introducing this Bill which, as always in this House, has provoked an interesting and engaging debate with speeches from many of your Lordships. He has a long association with the arguments surrounding further reform of your Lordships' House, and the whole House recognises his particular expertise.

Before the noble Lord sums up the debate, I will endeavour to respond from the Government's perspective to as many as possible of the points and questions raised. Before I start, I shall answer the point made by my noble friend Lord Norton. He suggested that the Government should put the House of Lords Appointments Commission on a statutory footing. Importantly, we feel that the Appointments Commission is rightly independent of government and vets all appointments made to this House.

I say from the outset that the Government recognise greatly the value of this House. Your Lordships play a vital role in the workings of the House and the scrutiny of legislation. We are committed to ensuring that the House continues to work well, and I therefore welcome the opportunity to debate this matter. As mentioned by several noble Lords today, in the previous Parliament the Government introduced the House of Lords Reform Bill 2012, which sought wide-scale reform. Like the Bill introduced today by the noble Lord, Lord Grocott, the Bill made provision to remove hereditary Peers and introduce an elected element into the upper House. As we all remember, that Bill was withdrawn when it became clear that its timetabling Motions could not be agreed to in the other place, not, I emphasise, from a lack of commitment from the Government, but from a lack of overall agreement as to what shape reform should take. It is with that experience in mind that we have focused our efforts on looking for incremental steps for change, and have made clear that comprehensive reform of this House is not a priority in this Parliament.

Turning back to the Bill, the role of hereditary Peers goes to the heart of questions about our composition. Any change to their status would fundamentally change the nature of your Lordships' House, and so as a Government we would consider any change to be bound up in those broader discussions about comprehensive reform. As my noble friend Lord Bowness mentioned, at this juncture, with the Government's focus on delivering prosperity across the UK, I submit that there are therefore other, more pressing constitutional reforms currently under way on which we should focus our attention. These include delivering on the promise to devolve more powers to Wales and, importantly, implementing the result of the EU referendum on 23 June.

However, that does not mean we should not continue to work to make sure your Lordships' House continues to work well, or to look for ways in which we might do our work more effectively. As our manifesto makes clear, we agree that we cannot grow indefinitely. So where there are ideas for incremental change that can improve how we work, and which can command consensus, we would welcome working with noble Lords to take them forward.

As a House, we have a good story to tell in this regard. With government support, as has been mentioned, Bills were taken through by the noble Lord, Lord Steel, and the noble Baroness, Lady Hayman, to enable Peers to retire for the first time and to enable the House to expel Members where their conduct falls well below the standards that the public have a right to expect. While I am glad to say we have not had to use the latter power, we have seen a remarkable cultural change on retirement, with 52 Peers having permanently retired from this House. As the noble Lord, Lord Howarth, mentioned, this has enabled life Peers not to go on into their dotage.

The House of Lords Act 1999 (Amendment) Bill before the House today makes provision to remove the by-election system that currently allows hereditary Peers to be elected to this place. While those existing hereditary Peers would remain Members of this House, the Bill makes provision to prevent any future hereditary Peers taking a seat, though it makes no provision to exclude from its scope holders of two of the great offices of state, who currently sit as Members of this House: the Earl Marshal and the Lord Great Chamberlain.

The nub of the debate today is that by removing hereditaries from this House over time, many of whom play an important role in our work, we would become de facto an appointed Chamber. That would be a very significant step and would clearly need to form part of a broader consideration of the role of the House, as was mentioned by the noble Lords, Lord Trefgarne, Lord Elton, Lord Norton and Lord Mancroft. As I have noted, I do not feel that now is the time to embark on that particular journey, given the many challenges that we presently face.

In summing up my remarks, I pay tribute to the noble Lord, Lord Grocott, for pursuing this important constitutional matter, and to those here today for their insightful contributions to this debate. While we see a strong case for introducing an elected element into our second Chamber, it is not a priority for this Parliament. As he may have gathered from my remarks, I must express reservations about the Bill. As I have mentioned, and perhaps this answers the point made by the noble Lord, Lord Anderson, the Government do not believe that now is the time for comprehensive reform, given the priorities elsewhere—not least, implementing the result of the EU referendum.

Lord Crickhowell (Con): My Lords, I have been listening to the whole of this debate with interest. My noble friend talks about incremental changes but then says, "Oh gosh, we've got a lot of other important things to deal with, such as Brexit". I cannot understand why this modest Bill, which would take very little of Parliament's time, should in any way compromise the other major changes. I do not understand why the Government should resist this tiny but important and sensible Bill.

Baroness Chisholm of Owlpen: I thank my noble friend for that interjection, I think. However, we feel that this should be part of a larger reform, when that comes, but this is not the time to do that. On the other hand, the new Leader—

Baroness McIntosh of Hudnall (Lab): My Lords, I apologise for interrupting the Minister, but perhaps she could explain why this Bill, which is small and incremental, is different from the other small and incremental Bills that the Government supported in the last Parliament, presumably because they were small and incremental, as she has already said?

Baroness Chisholm of Owlpen: It just would change the whole position of the House, and this is not the time to do that. What we want to do is to keep talking about this problem.

Noble Lords: Oh!

Baroness Chisholm of Owlpen: Let me finish. The new Leader looks forward to working with Peers to support incremental reform that commands consensus across the House. We feel that that is the way forward at the moment.

Lord Purvis of Tweed (LD): My Lords—

A noble Lord: He has only just arrived.

Lord Purvis of Tweed: I have just heard from a noble Lord that I have just arrived. I do not know whether he means in this House three years ago, before he did, or in this debate. I have sat through the debate from the start.

If, as the Minister said from the Dispatch Box, we will be talking about this problem, could that discussion be informed by the Government saying what areas they would not consider core to the composition of the House in order for us to decide where we could make some of these incremental reforms?

Baroness Chisholm of Owlpen: I think I have said all I am going to say on the matter in my speech. We are not taking forward reforms during this Parliament. However, as I said, the new Leader looks forward to working with Peers to support incremental reform that commands consensus across the House. Once again, I thank all noble Lords for their contributions today.

Lord Bowness: My Lords, before my noble friend sits down, may I—without reopening this debate or asking her to agree—at least confirm that she will convey to her colleagues in government at the very highest levels the concerns, expressed both by those who are in favour of the Bill of the noble Lord, Lord Grocott, and those who are against it, about the numbers being appointed by the Government? Whether they agree or disagree, will she at least convey those concerns and the fact that we believe the Government have a part to play in solving that problem?

Baroness Chisholm of Owlpen: I assure my noble friend that after every debate in this House that I take part in I go back to whichever department I am speaking for and ensure that all the points that have been made are taken in. I will certainly do that today.

Lord Mancroft: My Lords, I apologise very much for interrupting my noble friend again; she is doing a splendid job. When she passes on the message about your Lordships' concern about the quantity of new Members of this House, could she at the same time pass on our concerns about their quality?

Baroness Chisholm of Owlpen: I think my noble friend has already done that because his remarks will be in *Hansard*. I am sure they will take note.

Lord Hayward (Con): Before my noble friend sits down, I have not spoken in this debate but I echo the comments made by other noble Lords that we believe this House is already far too large and should be reduced rapidly.

Baroness Chisholm of Owlpen: Noted.

11.59 am

Lord Grocott: My Lords, I am grateful for those interventions at the end: they will enable me to be shorter in my summing up. In particular, I thank the noble Lord, Lord Crickhowell, for making the point that I was not intending to derail the Government's whole legislative programme. I think it would take about 10 minutes to get the Bill through were it not for—I say this with respect to them—a very small number of Members in this House, who were understandably overrepresented in today's debate, who still feel that we should continue with hereditary by-elections. That is despite the fact that there is universal agreement—there I agree with the noble Lord, Lord Hayward, and so many others who spoke—for the Lord Speaker's initiative to reduce the number of Members in the House. It has got to a ridiculous size, but that was not the main subject of today's debate, although I say in passing that unless my Bill were passed, one way that we could not reduce the number of Members of this House would be by removing a hereditary Peer, because the mechanism exists for their immediate replacement by a by-election. I hope that that, at least, will be recognised.

I am very grateful to the many Members on both sides of the House who spoke, particularly those who take the whole issue of incremental reform very seriously through the reformed second Chamber group, many of whom spoke—all, I think, in favour of the Bill. I am sorry: one, perhaps two, did not. I have no doubt that in the House as a whole there is overwhelming support for this measure. I hope that when we proceed to Committee, as I hope we will, those who still feel strongly against it will respect the overwhelming support which, I submit, exists across the House to see the system changed.

I tried in my opening speech to address the fundamental principle that to refer to what was said and done in 1999 is no basis for moving forward in any respect.

[Lord Grocott]

The good faith of Governments—I do not include myself in this, because I am not in favour of an elected House—Labour, coalition and even Conservative Governments, to move towards a fully elected House has proved impossible. They have tried and they have failed. To use that—because Governments have failed to introduce the second phase—as a reason for continuing with by-elections in perpetuity is disingenuous. If you say the by-elections can go when there is fully comprehensive reform, just tell us how you are going to deliver that reform, or we can only conclude that you are not committed to the removal of the by-elections.

The noble Lords, Lord Trefgarne and Lord Elton, stated what I should think from their perspective is quite an uncomfortable truth—I address this to the noble Lord, Lord Robathan, as well. Why was the Act passed with these exemptions by a Labour Government? I can give first-hand information on this because I was working in No. 10 at the time. It was because the Government knew that unless they made those concessions, their whole legislative programme would be wrecked, probably over two years. When *Hansard* is checked tomorrow, we will see that that fact was relayed accurately by the noble Lords, Lord Trefgarne and Lord Elton. That is not a basis on which to have reached either the compromise in the Act or any undertakings that were given. The Act was to that extent passed under duress.

Any reasonable person must look at it now and ask: was it a sensible compromise? Should the by-elections continue in perpetuity? No one has offered an end date. None of the speakers who opposed the Bill has put an end date.

So many noble Lords made excellent points, particularly on the size of the House, with which I very much agree. My noble friend Lord Howard mentioned that and emphasised the importance of incremental change. I always want to hear what the noble Lord, Lord Norton of Louth, has to say on these issues and I am very grateful to him for his support, and for that of the noble Lord, Lord Cormack. There is cross-party support. The noble Lord, Lord Rennard, made the point that we need to remember how we look to the outside world.

Of course the noble Lord, Lord Robathan, is right. If I go to the Labour Club over the weekend, as I may well do, for my pint, people will not be saying: "What are you doing about by-elections in the House of Lords?". They will not be saying much about Lords reform. They will not be saying much about a large number of the things that we talk about in this House, but that does not mean that they are not important, it just means that most people are not political obsessives as, to a degree, we must all be, or else we would not be here. They get on with their lives, make intelligent decisions on a wide range of subjects, including referendums and general elections from time to time, although not always. If we judged whether to legislate on something based on whether people are angsty about it in the streets, we could have very long recesses in this place, because there would not be a vast amount for us to do.

The original Act was passed under duress—that is the only way I can describe it. I say particularly to the hereditary Peers that I have been very careful in the Bill and in my remarks to re-emphasise time and again that it is no threat to existing hereditaries. I do nothing other than acclaim the work that so many of them do. My point is that they are pretty indistinguishable from everyone else in the House. I have been here a little while, but I have to think, "Are they hereditary?"—or, rather, I do not think about it, it is not of great significance to me. We do not know, and certainly no one watching from the Galleries would have the faintest idea. I reject very strongly what the noble Lord, Lord Mancroft—and, I think, the noble Lord, Lord Elton—said: that somehow it was the hereditaries who uniquely held Governments to account. That has not been my experience at all: they do it in much the same way as everyone else. I am sorry if I have provoked the noble Lord.

Lord Elton: I said no such thing. I said that we were put here by those who did not trust the system to deliver the reform that would maintain this House's functions of scrutiny and challenge the Government of the day—not that we were the only people who did that but that we were to see that if other people opposed that, we would be the opposition to that opposition.

Lord Grocott: I am not sure that I fully understood that. I repeat that we are all Members of the House of Lords who come here by various different mechanisms. Judge us as individuals and by our contributions, not by whether we are life Peers, hereditary Peers, Bishops, Law Lords or whatever. Hereditaries have no unique characteristic which makes them more valuable to the House than any other group within it.

This is a plea more than anything else, I suppose, because I know perfectly well how it would be possible to cause great difficulty to the Bill. I know that many hereditary Peers support the Bill. One said to me before I came into the Chamber that it was a little wearing that, somehow, if you were a hereditary Peer in this House, you felt yourself to be in the firing line and that it was always a subject for discussion and debate. If the Bill was passed, that would cease. It would make all the remaining hereditary Peers indistinguishable for all practical purposes from other Members of the House. It would cease to be a debating point—it is a pretty artificial one in any event, apart from this business of by-elections to make sure that the system continues in perpetuity.

I am sorry that at the moment, the Government feel that there are more pressing matters—I agree with them, but a few hours is all that is needed to sort this out and make us look a better House in this small respect than we do at present. I am very grateful to my noble friend Lady Hayter for her support for the Bill as a whole. I hope that the House will give it a fair wind both at Second Reading and in the Committee that I hope will follow.

Bill read a second time and committed to a Committee of the Whole House.

Lobbying (Transparency) Bill [HL]

Second Reading

12.10 pm

Moved by ***Lord Brooke of Alverthorpe***

That the Bill be now read a second time.

Lord Brooke of Alverthorpe (Lab): My Lords, I am pleased to see so many noble Lords listed to speak, particularly as they are so experienced and respected—and it is particularly pleasing that they are from all Benches in the House. I look forward to their contributions and keep my fingers crossed that, after all have spoken, although it may not be the totality and there may be some opposition, overall we might have a Lords consensus in support of this Bill, just as we have just heard consensus across the House in support of the Bill proposed by my noble friend Lord Grocott.

Lobbying is an essential feature of good governance. In theory, it leads to better decision-making and ensures that different interests have a voice. In a liberal democracy, everyone has an ability to lobby; it is an important right. The concerns stem from what happens in practice in the context of the UK's estimated £2 billion commercial lobbying industry, most of which is spent by big business. The UK has the third biggest lobbying industry after Washington and Brussels. As profit-making entities, it is entirely rational for companies to lobby, whether against a threat to business from government—the sugar tax is a very good recent example of that—or because government is providing an opportunity for profits, such as the opening up of the £116 billion NHS budget, which is a big opportunity for businesses if they can get in there. There is nothing inherently wrong with that, and companies should be allowed to seek to be heard by government, but those of us who participate in Parliament and the public at large should be allowed to know who is approached, what is said and what influence is brought to bear. The present legislation of this country does not permit that and, as a consequence, much is happening that we should know about that we do not know about. This is not democratic; there is a public interest in seeing all of it and opening it up to public scrutiny.

I shall come later to why there is now an even more urgent and pressing need for such transparency as the UK negotiates its departure from the European Union. I thank the following for their support in helping to bring this Bill to the House. First, I thank my noble friend Lady Hayter, who has encouraged me greatly. Secondly, I thank Tamasin Cave of the NGO Spinwatch and Alexandra Runswick of Unlock Democracy, who have campaigned on this issue for many years and helped to draft the Bill before us. I thank, too, Jake Vaughan in the Public Bill Office for his great assistance, and the Lords Library for its briefing and research for me. I also thank Alison White, the current Registrar of Consultant Lobbyists, for the time she has given me. As one would expect, as an impeccable civil servant, she expressed no view on the Bill, but she has offered insights as the registrar that have been helpful, and she has endeavoured, wherever she could, to answer my questions. In particular, the House will be grateful to know that she has procured an IT system that can be customised easily to accommodate the kind of changes that this Bill proposes.

I have also met representatives of the Association of Professional Political Consultants—APPC—who have their concerns about the degree of openness required, particularly the financial aspects, and the record-keeping required. Overall, however, they have indicated they could support 80% of the Bill and would particularly welcome the extension of registration to in-house lobbyists. I invited them to consider submitting draft amendments through other Peers. I made the same offer to the National Council for Voluntary Organisations—NCVO—which has circulated a briefing expressing concerns over definitions, and that this Bill would burden it administratively. Let us be straight about this: there will be some extra work, but it will not be nearly as much as some people are making out.

I come from a background of lobbying and campaigning—first, as a trade unionist, then as an adviser to several commercial businesses, and even for a period as a consultant to a large multinational, Accenture. Also, for many years and to date, I have been a supporter of several charities that campaign for better public health policies, particularly relating to alcohol. I draw my attention to my interests in the register. In all those capacities, I have kept a record of who I was meeting, with what purpose and the expenditure involved—I can go back 40 years and produce a diary showing that—and I knew when I was lobbying and when I was not. Lobbyists in all the organisations covered by the Bill are in no different position from that I have experienced throughout my working life. They keep such records already. This Bill simply requires a digest of that information to be transposed on to an IT system and lodged, on a fairly simple model on which we are doing some work.

If people accept the case and need for more transparency—and a majority do, including many lobbyists—it can be done. Many businesses already do it to this extent. Why can multinationals comply with greater transparency in overseas jurisdictions, such as Brussels, Canada and the USA, but are against it when it comes to the UK? Why do the Government cave in to such opposition when other Governments in other countries can produce acceptable systems?

The last time that this topic, transparency in lobbying, was discussed in this House, it took a back seat to what popularly became known as the "gagging Bill", which was a surprise and unwelcome attack by the Government on the charity sector. As a consequence, Part 1 of the Transparency of Lobbying, Non-Party Campaigning and Trade Union Administration Act 2014 was given neither the time nor the attention that it deserved. This Bill seeks to remedy that.

I spoke in yesterday's debate on why public scrutiny of professional lobbying matters, in cols. 1156 to 1158 of *Hansard*. I shall not repeat those arguments again today. Far from being the,

"next big scandal waiting to happen",

as David Cameron described lobbying in 2010, it is the scandal that never goes away. No party is immune, and with every lobbying scandal public trust in politics is eroded. We must seek to bring that to an end. The

[Lord Brooke of Alverthorpe]
Government were warned that the incredibly narrow lobbying register that they introduced last year would make no difference to this feeling of exclusion from politics. When it comes to seeing who is influencing decision-makers and for what, we—and I include parliamentarians in this—are still in the dark. The current register has been in operation for 18 months, and it has failed abysmally. Three-quarters of the industry working in-house are exempt; of the consultant lobbyists covered, just 136 firms are signed up, a long way from the 700-plus registrants that the Government anticipated when pushing the Bill through. In the last quarter, one-third of the UK's registrants are effectively blank submissions, with no clients having met the very high bar that triggers registration. There is no requirement in current law to provide details of whom they have met in government, nor whom they are seeking to influence. It is little wonder that in the past six months the register has been viewed by the public a total of 363 times, which is an average of just two people visiting the website a day. For this, the system has so far cost over half a million pounds, with annual costs just shy of £300,000, only half of which is being recouped from the industry in registration fees, which currently stand at £1,000 per firm per year. There can be no doubt that the current register is a very expensive exercise that serves no one at all.

We need to sweep away this failed model and replace it with a genuine register of lobbyists. This Bill aims to do just that. The register of lobbyists which I am proposing conforms to international principles, as set out by the OECD. It follows the recommendations of two Select Committees of this Parliament. It improves on the Scottish Government's Lobbying (Scotland) Act, which received Royal Assent just four months ago. It cannot be right that, in the near future, lobbyists in Scotland, which has an active but tiny industry by comparison with here, must disclose more about their dealings at Holyrood than their colleagues here in Westminster.

I turn now to the Bill. Clause 1 does not differ greatly from the Transparency of Lobbying, Non-Party Campaigning and Trade Union Administration Act 2014. The register will be administered and enforced by an independent registrar who will establish and maintain a register of lobbyists. However, I am proposing that the registrar prepares and issues a code of conduct, replacing the confusing array of voluntary codes which lobbyists currently sign up to and which do not guarantee standards of behaviour. The new lobbyists register would also be publicly funded, as is the case around the world. Lobbying is a democratic right and there must be no financial barrier to participation, especially if the register covers all lobbyists, as the Bill proposes.

Clause 2 deals with the definition of lobbyist and ensures that all paid lobbyists—both in-house and consultant lobbyists—sign up, closing the biggest loophole in the existing register. It also takes account of the real targets of most lobbying activity by requiring lobbyists to register after lobbying Members of either House, or individuals working in government departments, agencies and regulators. Clause 3 deals explicitly with exemptions, which include a constituent communicating with their MP. Small businesses and small charities would also be exempt under Clause 4, on the lines of the Irish register.

There are two key differences with the 2014 Act in Clause 5, which is concerned with the information to be provided on registration. First is that the names of the individuals actually lobbying are declared, as well as any recent public post they have held, to guard against perceptions of privileged access and cronyism. Second is that lobbyists make public whom they are lobbying—the name of any government department or other government institution—and the subject matter of the lobbying activity. Such information on lobbyists' interaction with Government is vital for the register to be meaningful. It is totally absent from the current one.

Under Clause 6, which concerns quarterly reporting, lobbyists would also be required to disclose a good-faith estimate of how much money had been spent on the lobbying activity, rounded to the nearest £10,000. This would provide an indication of the scale of an organisation's lobbying activity. I draw noble Lords' attention to the fact that many lobbyists already routinely disclose their expenditure on both the EU register and the US register. Why should that information not be made public here? Clause 7 covers a code of conduct and Clauses 8 and 9 deal with breaches and sanctions. Finally, Clause 11 calls for the repeal of Part 1 of the Transparency of Lobbying, Non-Party Campaigning and Trade Union Administration Act 2014, the Government's doomed attempt to shine a light on what happens in lobbying.

The Government had sufficient warning that their register would fail. Noble Lords from both sides of this House repeatedly sounded the alarm in previous debates. "Fundamentally flawed";

"introduce a new layer of regulation for no obvious public benefit … based on a lack of understanding of how lobbying actually works";—[*Official Report*, 22/10/13; col. 929.]

"Just about everyone considers this to be a non-register".—[*Official Report*, 22/10/13; col. 897.]

These are just some of the phrases that I picked from the debates at Second Reading and later stages of consideration of the Bill. The best thing we can say about the existing legislation is that it was a false start. It leaves us where we are, but we find ourselves today in a wholly different landscape. The UK's withdrawal from the EU, however, only adds urgency to the case for genuine transparency in lobbying. We are about to witness a lobbying bonanza, as the *Times* put it last month, thanks to Brexit. According to what the lobbyists are saying, it presents business with opportunities to be seized. Big-name agencies and law firms, both here and in Washington, have set up dedicated Brexit units to make their corporate clients' demands known to Government, with promises to put them in touch with the top influencers in the Brexit process. The message from lobbyists is to get in quick and shape discussions as early as possible. I fear they have been quicker off the mark than we parliamentarians. I fear that we will know very little of their interactions with Government before the concrete is set. This week, both Houses have been expressing their frustrations, fear and anger over their seeming exclusion from what is happening

on Brexit, but there are no such cries coming from the lobbying industry: quite the reverse, as I have just stated.

In her very first speech, the new Prime Minister pledged that her Government,

"will be driven not by the interests of the privileged few",

but by those of the public. I do not doubt her sincerity when she told the country that she will,

"think not of the powerful, but you",

and that she will,

"listen not to the mighty, but to you".

If the Government are prepared to embrace this modest Private Member's Bill, that would be a fair indication that those words are going to be put into reality. I beg to move.

12.26 pm

Lord Lansley (Con): My Lords, I am grateful for the opportunity to contribute to the debate on this Bill and thank the noble Lord, Lord Brooke of Alverthorpe, for bringing forward these issues. I declare a couple of interests. First, in common with many Members of this House, I do not engage in consultant lobbying, but if the Bill were to pass, advisory activities in which I do engage would become lobbying activities under the terms of the Bill. To that extent, interests are engaged.

Secondly, I declare an interest in that, as the then Leader of the House of Commons, I was responsible for the passage of the legislation to which the noble Lord referred—the transparency of lobbying legislation of 2014. I did so as a coalition Minister. I was the most senior Cabinet Minister in the Cabinet Office other than the Deputy Prime Minister, so that task fell to me when it might otherwise have fallen to the Deputy Prime Minister to take that legislation through. That was his gain and probably my loss.

The noble Lord illustrated in his introduction and explanation of the Bill many of the issues that we had to think about quite hard in the process of bringing forward Part 1 of the 2014 Act. There was a balance to be struck. I freely confess that the balance was struck on a minimalist basis of the balance between transparency on the one hand and burdens to be imposed on the other. In considering the legislation before us, your Lordships must also consider that balance very carefully. I am afraid that in my mind the noble Lord's Bill still demonstrates the difference between a government Bill on the one hand and a Private Member's Bill on the other, where the government Bill basically says, "We believe in the principle and we will take practical steps but we do not want to create a large bureaucracy". I think that the noble Lord, Lord Wallace of Saltaire, in referring to the legislation in a debate last year, referred to the vast bureaucracy that would otherwise result from the extension of the regime in the way this Bill proposes. The noble Lord has put it all in the Bill—everything that anybody suggested to us—it is all there. The vast bureaucracy that would result is not only all there but would have to be paid for by the taxpayer, whereas, at the moment, the register of consultant lobbyists is paid for by those who place entries through a charging regime.

There was one omission in the noble Lord's explanation of the context of the Bill to which I wish to draw attention. The 2014 Act was not the first element of a transparency regime implemented under the last coalition Government. The first, and in my view still the more important measure, was the disclosure of who Ministers and Permanent Secretaries meet. It is always a moot point, and should be part of the debate on this Bill with the Government, how effective that process is and how far it should reach beyond its present confines. In that context, the definition of "consultant lobbying" in the 2014 Act was constructed around the transparency regime whereby Ministers and Permanent Secretaries publish their external meetings. The 2014 Act allows for that to be extended to special advisers. That has not happened. It would be interesting if my noble friend the Minister were able to tell us anything about whether the Government have considered that matter and, indeed, the extension of the transparency regime to special advisers. The noble Lord and many of your Lordships will be aware that, while that is treated with alarm in Whitehall by special advisers themselves, it is none the less, we all know, actually of considerable importance in terms of the relatively small number, I submit, of those in Government whom we want to ensure are captured by the transparency regime.

I do not want to detain the House long because I have explained in the past, and it is all on the record, why I felt the burden of a Bill of this kind went too far. I simply illustrate this by saying that we are dealing with an intention to take the definition of "consultant lobbying" and add to it in-house lobbyists. During the passage of the previous Act, I never understood why people imagined that there was some lack of transparency about the fact, for example, that Heathrow is lobbying to have a new runway. The fact that they have in-house lobbyists engaged in that is neither here nor there. If they hire other people to act as lobbyists on their behalf, that much should be in the register, and would not be lawful were it not in the register. So to that extent, I am not sure what people do not know about. That people lobby on their own behalf seems to me perfectly transparent. It is a natural course of events. What is more important is to know under what circumstances decision-makers are reached by that lobbying. That gets me back to the point about the transparency regime on the part of Ministers, very senior officials and special advisers rather than the question of having to declare in a register that one is engaged as an organisation in lobbying on one's own behalf.

Thirdly, I seriously object to the proposition that the definition of "lobbying activity" should extend beyond lobbying in its practical sense and include other forms of communication, advice to those who are engaged in lobbying and works to support those activities. This is reaching way out to the point where one is encompassing almost people who are not engaged in any kind of lobbying at all, not trying to deliver a particular decision from a Minister, official or parliamentarian, but are simply giving advice to people about what that process consists of. It would include, frankly, every academic who tells people what the process of Parliament is like and advises on parliamentary processes. It is all included in this catch-all,

"advises others in a professional capacity",

[LORD LANSLEY]
in relation to meetings with public officials, because public officials includes all of us and all Members of Parliament.

The definitions are extended not only to in-house lobbyists but to advisers; they include not just the decisions of government in a narrow form but regulations, policies and positions of Her Majesty's Government, which therefore covers pretty much everything that government is engaged in. "Public officials" is very widely drawn, including not only Permanent Secretaries and their equivalents but all civil servants, pretty much everybody who works in executive agencies—for example, everybody who works in agencies such as Ofcom or Ofgem, and so on—and everybody who works in Public Health England, which is an executive agency, and so it goes on. Millions of people would be defined as public officials. The organisations that are included in in-house lobbying and otherwise include large numbers of not only businesses but trade associations, trade unions and the like. Therefore, I am afraid that we would end up with legislation which seems to say: "On this register we should have almost everyone, whenever they talk to almost anyone else in the public sector at all, about any issue and in any fashion".

This is not a small register. The noble Lord in his legislation proposes to go from a minimalist to a maximalist position. I contend to the House that in the course of debate on this legislation, whether it succeeds on this occasion, we can do a service by debating how far we move from the minimalist position, but we should certainly reject a maximalist position. It seems that the legislation goes far too far. It would behove Members of your Lordships' House to think about what it would mean for us. We would be regarded as public officials, so this would include anybody talking to us in any circumstances; Members of Parliament are okay, because their constituents can talk to them. Just imagine: every all-party group would become a complete nightmare of lobbying disclosure where everybody is talking to everybody else. Any Peer who seeks to talk to any public official—which includes all of us—and any time any of us talk to anybody else about anything, it would have to be on the register.

I am afraid that definitions in legislation have to be a sight better than this for it to be a rational way to undertake legislation. As regards the register, where we end up it has to be much clearer about issues of who is being reached; we might logically go beyond where we are now, but it should still include genuine decision-makers, not everybody in the public service. We should look carefully at whether the transparency regime rather than the register should be expanded as the operative mechanism for delivering the improvement in the transparency regime that we want. We should be much clearer about what kind of communications are to be included; in-house lobbying should not form part of this. I am very uncertain about the process of having a code of conduct in the public sector rather than it being done on a voluntary basis.

I am concerned about the structure of the register as it is in the legislation, and we need to come back and look at those issues. Failure to comply is a criminal offence, as it is in the current legislation, but there is not scope for a civil action to be taken by the registrar; that forms part of the current legislation and should form part of any change to the powers. There should be a due diligence defence, which the noble Lord seems to have omitted from his legislation which would replace the existing Part 1, and there should be both a power to charge those who are on the register so as not to make this a large potential call on the taxpayer, but also to enable the registrar to do her job properly. The power to issue guidance should clearly be continued and seems to have been discontinued for reasons I do not understand.

Therefore some of all that is an interesting debate, and the legislation allows that debate to happen. I cannot give the Bill my support, but if we have the opportunity to take it further in Committee, it might enable us to explore in some detail what further reform of the transparency regime might look like in future.

12.38 pm

Lord Howarth of Newport (Lab): My Lords, I thank my noble friend Lord Brooke of Alverthorpe and congratulate him on bringing in this necessary legislation, which the Government, in the person of the noble Lord, Lord Lansley, should have introduced at that time but did not. The Bill is well drafted but like the noble Lord, Lord Lansley, I look forward to the shrewd scrutiny of its details by noble Lords in Committee.

Why is this measure needed? There is extensive anxiety among citizens of this country about the way lobbyists work and the way access and influence are gained in Whitehall. There is an apprehension that secret and privileged access to power leads to distortions in policy development in favour of particular interests rather than the national interest. My noble friend's timing is apt, because that concern has reached quite a pitch. The *Times*, on 1 September, ran a feature headlined "Brexit to spawn US-style lobbying boom".

There has been considerable adverse media publicity about the employment of a former Conservative Foreign Secretary and a former Labour Trade Minister by the US lobbying business, Teneo, and of course a significant number of ex-Ministers, including noble Lords, are employed or otherwise remunerated by lobbying organisations. There was also considerable adverse publicity about the outgoing Prime Minister's resignation honours list, when he once again appointed more party donors to the legislature. It was welcome when the new Prime Minister, Mrs May, said,

"we will make Britain a country that works not for a privileged few, but for every one of us".

But then we learned that the corporate brochure for the Conservative Party conference explains how business executives and lobbyists will be able to buy access to the Prime Minister, the Chancellor and other Ministers for the sum of £3,150 per head. However, it is not just the Conservative Party that sells access to its policymakers.

The operations of lobbyists and public relations firms, which are intimately involved with each other, and the activities of party fundraising, have given the impression to a great many of our fellow citizens that, in this country, money buys political influence. That is deeply damaging to our democracy: cynicism continues

to plunge new depths. Whereas it was once taken for granted that politics and government in this country were clean, there is now seen to be an aura of corruption about them. Whether or not the vote on Brexit was a rational assessment of the country's interests, there is no doubt that it was a roar of anger against Westminster and Whitehall.

Shortly before he became Prime Minister, Mr Cameron described in lurid terms Britain's broken politics. He said that lobbying was the next big scandal waiting to happen. I quote from his speech:

"We all know how it works. The lunches, the hospitality, the quiet word in your ear, the ex-ministers and ex-advisers for hire, helping big business find the right way to get its way.

We don't know who is meeting whom. We don't know whether any favours are being exchanged. We don't know which outside interests are wielding unhealthy influence. This isn't a minor issue with minor consequences.

I believe that secret corporate lobbying … goes to the heart of why people are so fed up with politics. It arouses people's worst fears and suspicions about how our political system works, with money buying power, power fishing for money and a cosy club at the top making decisions in their own interest.

It is increasingly clear that lobbying in this country is getting out of control. We can't go on like this".

He went on to promise that a new Conservative Government would shine the "light of transparency" on lobbying to bring about a politics that

"comes clean about who is buying power and influence".

I recommend that noble Lords study that speech, although it is not easy to do so because, interestingly, it has been deleted from the Conservative Party website.

We all agree that lobbying is legitimate. In an accountable democracy politicians listen to representations on policy, and officials and Ministers are accessible. However, money should not buy privileged access and influence. The system should provide a fair hearing for all. Policy decisions should be made and be seen to be made based on an honest assessment of what is in the national interest and not in favour of sectional interests.

The scale of corporate lobbying has become huge in the era of free-market ideology, privatisation and outsourcing. It was Mr Cameron himself who estimated that the lobbying industry is worth £2 billion a year. In their indispensable book on this subject, *A Quiet Word: Lobbying, Crony Capitalism and Broken Politics in Britain*, Tamasin Cave and Andy Rowell describe in some detail how industries—tobacco, alcohol, sugar, pharmaceutical, energy, defence, financial services, accountancy, IT and media—maintain their massive lobbying operations. The authors also describe a range of their techniques: manipulation of the media and think tanks, including Policy Exchange, which is interestingly discussed in that section; suborning scientists; colonising expert EU and Whitehall groups; rigging public consultations; faking grass-roots campaigns, known in the trade as "astroturfing"; espionage; and bullying.

The Leveson inquiry shone its light on how Murdoch's lobbyists worked to bend Ministers to their will, particularly through developing relationships with their special advisers.

The deleterious effects of lobbying on the public interest are plain to see. We have no registers of beneficial ownership in tax havens. We have seen the indulgence of policy towards bankers' bonuses. We have seen energy from gas designated as low-carbon. We have seen the degutting of the anti-obesity strategy. We still have no minimum alcohol pricing in England. We have a diesel emissions testing regime that endangers public health.

After his fine words in 2010, it took the Prime Minister three years to introduce legislation, and the vacuity of the legislation that was eventually brought in is, I suggest, testimony to the power of lobbying during that interval. The Transparency of Lobbying, Non-Party Campaigning and Trade Union Administration Act 2014 is useless—the noble Lord, Lord Lansley, described it as minimalist, but I would say useless—as a measure to regulate lobbying. It casts no light of transparency and it does not pretend to regulate most lobbying, such as lobbying by in-house employees or trade bodies. Loopholes in the legislation allow lobbying companies to keep the identity of their clients secret. CTF Partners, run by Lynton Crosby, names no clients on the register of consultant lobbyists. That is also the case for RLM Finsbury, run by Roland Rudd, the brother of the Home Secretary.

Lobbyists need only declare their own direct meetings between themselves and Ministers and Permanent Secretaries and, as the noble Lord said, the provision that allows that requirement to be extended to special advisers has not been brought in. If a meeting is set up for clients to meet those very senior people, it does not have to be declared, and they do not have to declare if they meet more junior officials—the crucial people who may be formulating policy options to present to Ministers or who may be refining the details of policy that Ministers have agreed to in broad terms. If they meet MPs or Peers, no declaration is required.

My noble friend's Bill fills some of the gaping holes in the existing legislation. But will her Majesty's Government agree that this improvement of the legislation on lobbying should be supported? It would be greatly in the interests of our economy and our political culture if they did so.

On 24 February 2015, the *Telegraph* ran a depressing feature, headlined:

"Westminster's history of cash for access and influence".

The current edition of *Private Eye* has an extended feature detailing how:

"A well-trodden path from the public to private sector ensures ministers and mandarins looking to profit from their time in government are all but guaranteed a job in business, usually in an area over which they have exerted great influence".

On 1 August, the front page headline of the *Times* was:

"Prime Minister's top aide broke rules on lobbying".

Fiona Hill, who was special adviser to Theresa May as Home Secretary, took a job with a lobbying organisation called Lexington without declaring it, as the rules required. She was now returning to government at No. 10. The *Times* went on to say that Ministers had watered-down their own rules, months before the general election, making it easier for aides to profit from their government contacts and experience.

Revolving-door stories have become a staple of political journalism. They feed public cynicism, contempt and alienation from politics. It makes no difference to

[Lord Howarth of Newport]
public perception that the noble Baroness, Lady Browning, who chairs the Advisory Committee on Business Appointments, seeks to toughen the rules and vet applications rigorously. The public simply will not accept that people should profit or be highly remunerated as a consequence of their contacts, access or inside knowledge gained in public service.

What should the Government do? What should the policy be in regard to the revolving door? Ideally we would have a culture in which senior public servants, particularly former Cabinet members, do not seek to profit from their privileged status and trust but simply understand that it is the wrong thing to do. Whatever it may do for their bank balances, it is very bad for their personal reputations and for the reputation of public life. However, we cannot legislate for a better culture so we must hope that the Prime Minister will provide leadership in this matter and make clear the standards she expects, and that she will support strengthening the remit and powers of the advisory committee.

As to lobbying, we need maximum transparency and we should pass my noble friend's Bill to provide a comprehensive register. We should go further. In 2013, I tabled amendments to the Intellectual Property Bill. My amendments would have provided that the contents of all lobbying representations made to the Intellectual Property Office, whether by correspondence or at meetings, and the minutes of those meetings should be made publicly available online. The noble Viscount, Lord Younger of Leckie, who is in his place today, was the Minister at that time and he rejected my amendments as being too bureaucratic. However, with digital technology, it would be feasible to meet this requirement. The minutes exist. The Home Office has refused to release the minutes of meetings between Theresa May, when she was Home Secretary, and representatives of the drinks industry, following which it is suggested that she backtracked on the Government's previous intentions in relation to policy on alcohol-related crime. We do not know—but we should know—what the truth of that matter is.

The requirement I propose would not of course capture quiet words whispered at Wimbledon or the Royal Opera House, but it would go some way to letting more daylight into the secretive processes of lobbying and to mitigating any undue influence by lobbyists with deep pockets.

It is not anti-business to say that we should go further. We need to design democratic processes that better hold the political power of business to account. Corporate power now shapes our economy, culture and society profoundly, in ways that perhaps once it did not. Corporate power and businesses have become part of government. Political parties, of course, to varying degrees, rely on business to fund them. Government relies on business to help formulate policy. It is not excessive to say that Her Majesty's Revenue and Customs, stripped down in its internal resources by the coalition Government, is now dominated by business, which designs tax law, determines how tax law should be enforced and contributes to the failure of HMRC to collect the revenue it ought to collect.

Businesses deliver public services, and Parliament should no longer agree to be fobbed off by the rubric of "commercial in confidence". Again and again, when parliamentarians of both Houses ask questions in the public interest about how public services are being provided and what the contractual terms are between departments and businesses that are delivering public services, they are told that these matters are commercial and should be kept in confidence.

Corporate demands on government have become overbearing. Governments have been keen to nurture business and the market, and they have had little will to limit the power of business. They have failed to avert the economic instability, the human exploitation, the inequality, and the environmental degradation consequent upon the favouring of corporate interests. Global corporations in negotiations about trade agreements—TTIP, CETA, the trade and services agreement—are flagrantly circumventing national Parliaments and democracy. Multinationals elude government, as we have seen in the case of Amazon, and dictate sweetheart deals on tax, as we have seen in the cases of Google and Vodafone.

Citizens in this country have reached a point where they believe that business is over privileged and over mighty. They want to be able to believe that a Government accountable to them determine what businesses may do and not the other way round, and that their elected Government serve them above all. This is a challenge to government of the first order of importance.

12.54 pm

Lord Beith (LD): My Lords, I am glad we have the opportunity to debate this Bill because there is no doubt that the scale and opacity of lobbying is a problem. What is more in doubt is whether as presently constructed it will materially assist us in dealing with and regulating the problem. I have some reservations about it and some suggestions on what to include in it which might do more to assist us than merely extending the register on a very large scale, as the Bill proposes. Indeed, I fear that the Bill could be crushed under its own weight because of the sheer number of people who would be drawn in to the definition of a lobbyist. There are people about whom there is no doubt that if they raise a matter with public officials, they are doing so on behalf of the organisation they work for, but the net would be very wide. It would include the garage manager who calls the Environment Agency because he wants a bit more time to comply with the requirements that have been set or the teacher who writes not to her own Member of Parliament but to the Secretary of State for Education to say that the new curriculum proposals are extremely unhelpful. A huge range of people would be caught in that they would be required to be registered, but it would not really get us very far.

Although I can see the underlying logic of asking why people who are commercial lobbyists working for several different interests should be registered while in-house lobbyists are not, at least with the latter you know who they are lobbying for. We know that they are people working for an organisation and are likely to advance its interests using whatever opportunities they have. So the question is: how can we make sure

that the process people are engaged in when they are lobbying is more transparent than it has been in the past? It is on that area that the Bill could more usefully concentrate.

So far as commercial lobbyists are concerned, we would be in a better position if we knew more about their sources of finance; that is, if we knew how just much money companies are paying commercial lobbyists to lobby on their behalf. The fact that under the register system at the moment a firm can declare no clients at all seems suspicious. If there were further requirements for financial declaration, the question of who is paying the piper could be asked more effectively. That is an area in which commercial lobbying could be addressed by improvements in the legislation.

On the wider range of the Bill, again, rather than looking to alter the register, why do we not improve the information that is available about the lobbying that is taking place? Meetings can be covered by very brief and insufficient descriptions such as, "Defence matters are being discussed". That could be anything from the potential threat on the eastern borders of NATO's territory to the precise details of the next warship order—if there ever is a next warship order—that the department is going to place. Even in areas where there are not the same confidentiality requirements as might be imposed in defence, if the matter being discussed is "aviation" or "the railway industry", that is not enough to provide an explanation of what lobbying is taking place. It would be helpful if all these statements could be gathered together on the government website and that was searchable. That would be a distinct improvement on the current arrangements, and I ask the Minister to look at this.

Whose meetings should be involved? I refer back to what was said by the noble Lord, Lord Lansley. Meetings with special advisers are clearly sought after by lobbying organisations to press their case because they play a crucial role. It is unimaginable that they should continue to be left out of the process. Meetings with special advisers therefore ought to be included. Noble Lords will recall that before my time here the House agreed to that, and an amendment to that effect was removed in the Commons in the course of the exchanges between the Houses on that Bill. It is something that we ought to return to. There is a series of quite specific things which could gather up the lobbying that is taking place more effectively than trying to impose a regime right across the activities of the entire commercial and public sectors. That would be a huge task.

Several comments have been made about the 2014 legislation. I am in favour of post-legislative scrutiny. It is important that there should be some scrutiny of that legislation. After all, an awful lot of things were said at the time not only about the lobbying aspects of it, but even more about the impact of other parts. It would be a bit of a challenge for a committee to retain its non-partisan approach when carrying out such scrutiny, but the Bill before us today is a reminder that that Bill was only part of a process that needs to be continued. However, in continuing it we should concentrate on what will improve our knowledge of what is going on rather than simply create a mechanism so wide and involving so many people that a lot of money would be spent to very little outcome.

1 pm

Lord Bew (CB): My Lords, I thank the noble Lord, Lord Brooke of Alverthorpe, for his initiative in bringing the Lobbying (Transparency) Bill. I say immediately that I speak as chairman of the Committee on Standards in Public Life, which was established 21 years ago by John Major, with the objective of strengthening integrity and honourable behaviour in our public life. In 2013 we published a document on precisely this topic, *Strengthening Transparency Around Lobbying*. Indeed, next week we will publish a cognate document on ethics for regulators. As the noble Lord, Lord Brooke, said, there will be an explosion of activity in this area as a consequence of Brexit. I am grateful to him for creating a context for discussion about this important issue.

This is an extraordinarily complex issue. There are few, if any, easy answers. The committee has spent hours and hours of discussion trying to find viable ways forward. In the 2013 document I mentioned, at paragraph 2.7, the committee acknowledged the importance of lobbying to our public life. It says:

> "Lobbying plays a vital role in the political process as it enhances informed debate",

and provides "exact information" that,

> "can be fed into the policy development process".

Having said that, I remind the House that this week we have had excellent debates on the disabled and on charities. Everyone accepts that lobbyists are central to providing information in this field and to those debates. There is no challenge to that lobbying, even though one could say that these cases, like all cases, are in a sense self-interested. The truth is that the issues that are more sensitively felt are around what one might call crony capitalism, but it is worth saying that no serious democracy in this complex age can operate without a lively lobbying culture. We accept this in many areas of our life.

Our 2013 document suggested a series of practical steps that would strengthen transparency around the lobbied, so that officials, Ministers or Peers would be able to demonstrate probity to the outside world. The Bill before us in some way enhances that, in that it attempts to bring about greater clarity on who is or is not a lobbyist.

We recommended timely, detailed disclosure of all significant meetings and hospitality involving external attempts to influence policy discussions. The noble Lord, Lord Lansley, referred to this and to the work the Government have done in this area. We should acknowledge some positive improvements. He may concede that on timeliness of disclosure the Government's record was not wonderful. There has been a lively correspondence between my office and the Cabinet Office on this point over the last two years. If we are to have this disclosure, which is helpful and has been a positive development, it needs to have as its counterpart no dumping of information on dead days, which has happened. That is counterproductive because we have a journalistic class that will not be deceived by such manoeuvres and will none the less go through documents, even if they are dumped on the eve of a public holiday at 4.30 pm, as has happened. We also argued, and the point has been made today, that:

[LORD BEW]

"Disclosure arrangements should be widened to cover special advisers and senior civil servants as well as Ministers, Permanent Secretaries and Departmental Boards".

We made other suggestions. I will pick out only one, because people will remember the public furore which, unfortunately, developed in this context. This is the suggestion—the obvious point—that Select Committees have become more and more important in recent years and the role of the chairmen of Select Committees more and more sensitive. We asked for consideration to be given to the idea that chairs of Select Committees should have,

"additional restrictions in relation to conflicts of interests and providing explicitly that Members should not accept all but the most insignificant or incidental gift, benefit or hospitality or payments from professional lobbyists".

In the case of Select Committee chair positions, since we issued our advice there have been unfortunate public furores on exactly this point. My own view is that if there had been a more serious engagement or a debate on that issue, we might have avoided some incidents that have probably contributed to the problem that many noble Lords are aware of—the apparent decline in trust in politics.

I will also say something about this House. The House of Lords responded more firmly in certain respects than the Commons to some of our recommendations. I pay particular tribute to the noble Lord, Lord Hill, the then Leader of the House, for that. For example, this House lowered the threshold for registering gifts and hospitality from £500 to £140, and introduced a new code of conduct for members of staff, with requirements to register interests in parliamentary lobbying and to abstain from lobbying or using access to Parliament to further outside interests in return for either payment or reward. The way in which the Lords responded—and that is only part of the Lords response—was helpful because at least in those areas we have not had big problems in the past two or three years. So it is possible to take certain types of surgical action to deal with some of these issues.

It has to be accepted that transparency is not the cure-all that I suspect 20 years ago my committee believed it would be. We have vastly increased transparency in our public life. My own view is that it is absurd to claim that we have lower standards in our public life than in the past, if only because that vastly increased transparency would make it almost impossible for those lower standards to exist—leaving aside the fact that I do not believe that human nature has deteriorated. None the less, we have a problem that there is massive evidence of public malaise with politics and the way in which it works, and a feeling among the public that it is all an insiders' game.

Therefore, what I have to say in defence of transparency is limited. I will argue for greater transparency in this area. It will not take all the tricks. It is necessary simply as a deterrent to bad behaviour. That is its principal role and a more limited assurance to the public. The public, to be honest, will not be as impressed as we would like them to be. The obvious example of this is how the great clarity that now exists around MPs' expenses has not had the benign effect on public opinion that many people quite reasonably hoped for.

I will conclude with a point that many Members have referred to: the tone of the new Government on this issue. The Government have raised hopes that there will be a more critical tone with respect to the operations of crony capitalism. There are really very complex questions here. We have heard enough already today to show how some of the detail in this Bill, and in the original Bill, works and how some of it does not and may not work. Already we can see how difficult it is to get the balance right. But this question cannot be left exactly where it is. There is no doubt in my mind that expectations have now been raised by the new Prime Minister—the tone of her speech in particular—which will require some public response and some movement by the Government in this area during this Parliament.

1.09 pm

Lord Norton of Louth (Con): My Lords, I congratulate the noble Lord, Lord Brooke of Alverthorpe, on bringing this Bill before the House. It addresses the glaring and predictable deficiencies in Part 1 of the Transparency of Lobbying, Non-party Campaigning and Trade Union Administration Act. Indeed, the Bill would be worth enacting even if it were confined to Clause 11.

As I said in a debate in Grand Committee yesterday, if the short title of an Act was subject to the Trade Descriptions Act, the Government would not have a defence in respect of the title of the 2014 Act. The Act, as I pointed out when we debated the Bill, does not provide for transparency of lobbying. It deals with the person: the lobbyist, not the activity of lobbying. It is not geared to enhancing transparency. If anything, it provides less transparency than the self-regulating system that preceded it. A more accurate title for the first part of the Act would be "The registration of some lobbyists". That would be it. Even the Long Title qualifies the scope. It is so narrowly drawn that most of those who engage professionally in lobbying do not fall within its scope.

The 2014 Act does not deliver on what my noble friend Lord Lansley said was the purpose of the Bill when he introduced it on Second Reading in the other place. It does not give effect to the principle that he enunciated,

"that the public should be able to see how third parties seek to influence the political system".—[*Official Report*, Commons, 3/9/13; col. 169.]

It covers only some third parties and does not deal with the how, only the who. What has the Act done to make lobbying more transparent? We know the number of lobbyists who have registered under the Act; it is far less than the Government predicted. But even if the number had been in line with Government predictions, there is still the question: so what? I return to the question: what has it done to make lobbying—the activity—more transparent?

If we really want to make lobbying more transparent, then the answer lies with the amendment to the Bill which I proposed on Report. It stipulated that:

"A Minister of the Crown, at the time of making a statement relating to any of the matters referred to in section 2(3)(a) to (d), shall publish details of any oral or written communication received in respect of that matter by the Minister of the Crown, or civil servants within the Minister's Department, or a special adviser".

That amendment was designed to link lobbying to the policies produced by government. One could link the lobbying with the outcomes. That was clearly a step too far for the Government, who resisted the amendment in the Division Lobby. The Minister, the noble and learned Lord, Lord Wallace of Tankerness, did so essentially on the grounds that it was too much trouble—never mind the principle, feel the workload.

The Bill of the noble Lord, Lord Brooke, does not go quite as far as my amendment but it certainly goes in the right direction. It not only widens the scope for registration but addresses activity. In this regard, Clause 5(2)(f), and Clause 6 are especially welcome. The former requires the subject of lobbying to be reported, so we would start to learn not only who is lobbying but on what Bill or policy. Clause 6 provides for the information to be supplied at quarterly intervals, so we would start to get some dynamic of the activity. That is completely lacking in the existing legislation.

The Bill before us addresses those who engage in professional lobbying. I seem to be reading a different Bill to that read by my noble friend Lord Lansley and the noble Lord, Lord Beith. We have a definition of lobbying in Clause 2 but they, particularly the noble Lord, Lord Beith, seemed to omit to say that it is then qualified by Clause 4(3). As I read it, virtually all the people mentioned by the noble Lord, Lord Beith, would not be caught by the need to register. It is more limited than has been suggested. It would require registration by those who are professional lobbyists and paid at a certain level. The point has been made that the demands might be quite onerous but I do not think they are too onerous. Clause 6(3) tempers Clause 6(2), so that one would get some idea of the sums spent on lobbying but not in the sort of detail that is unduly burdensome.

If I were to quibble about the provisions, my concern would be about the commencement in Clause 12. I am not sure I would leave it to Ministers to determine when to bring the provisions into effect. There are too many provisions of Acts passed in recent years that have still not been commenced. I would have been inclined to provide that Sections 1 to 11 come into force on a specified day, say six months after the day on which the Act is passed.

The existing Act has not really achieved anything. Perhaps my noble friend Lady Chisholm, in replying, can tell us the cost to the public purse to date of the Act and what assessment the Government have made of its effect. Do the Government judge that the 2014 Act has delivered value for money and, if so, how? If not, what do they plan to do? If the Act is having no appreciable effect on public awareness of lobbying of government, if it is not providing the sort of limited but very important effects that the noble Lord, Lord Bew, identified as being delivered by transparency, what possible justification is there for maintaining the register? I know it has not been in existence for that long, but it has been in existence long enough to determine that it is not achieving, and is not likely to achieve, any discernible public benefit. Maintaining the register as it stands serves no clear purpose. One can either scrap it—just take Clause 11 of the Bill—or one can, in effect, replace it with a Bill that is designed to deliver some transparency in lobbying. If the Bill before us is not that Bill, the onus is on the Government to produce a better Bill.

Finding fault with the Bill before us and doing nothing else will not be acceptable. If the Government do not move in the direction of accepting this Bill, I may be minded to bring one forward to give effect to the amendment I moved at Report stage of the Government's Bill. I trust that that may help concentrate the mind of my noble friend the Minister, for whom I have the highest regard. If the Government believe in transparency in lobbying, now is the time to show it.

1.17 pm

Baroness Kennedy of The Shaws (Lab): My Lords, I, too, thank my noble friend Lord Brooke for introducing this Bill. I agree entirely with him that lobbying is part and parcel of politics and a legitimate and necessary part of any democratic process. I frequently try to persuade Governments of the importance of law, civil liberties and human rights and then Governments often do not listen, but try to persuade me that, for example, bringing back grammar schools might be a good thing. Sometimes we are successful in our persuasions, and sometimes we are not.

However, what we are talking about today moves beyond advocacy. In 2006—10 years ago now—I chaired the Power inquiry, which looked at British democracy and why there was so much disillusionment with politics. It was something I did for the Joseph Rowntree Foundation. I had a cross-party body of people working with me. The thing that really concerned the general public was access to the powerful and to those in government that somehow seemed to give special privilege to the few in ways that the general public often felt were detrimental to their own interests. Their concern was not about charities or NGOs lobbying. It was about the power of corporates and big business to affect policy or to reduce the effectiveness of policies in order to improve their financial interests and profitability. There was a strong sense among the general public that this had increased enormously with globalisation. This business of the corporates floating above Governments and wielding this invisible power was repeated to us time and again. One has only to look at the ugliness of the corporate opposition to Obamacare in the United States—if we are embarrassed to look at things closer to home—which showed how big business, from pharmaceuticals to insurance companies, undermined a socially vital attempt to alleviate misery among a huge part of the American population. We know this is a direction of travel that we have to be very careful about. We are seeing an increase in lobbying by the minute. The warning about what is going to follow the Brexit referendum is something that we should have at the forefront of our minds.

The purchase that neoliberal economics now has on politics everywhere in the world speaks to the power of business and banking to influence the very ideas that underpin globalisation. It is now a mantra: small state, privatisation, outsourcing, low taxes, flexible work and disempowered trade unions. Those ideas have fed not just into Governments and political parties but into the World Bank and the IMF. Even my own party

[Baroness Kennedy of The Shaws]
swallowed that pill—or, if you like, drank the Kool-Aid—back in the 1990s. This has involved an unpicking of the liberal social consensus that was so much a part of the aftermath of World War II, making sure that citizens had protections and rights. We have seen the permeation of those ideas into government, often through think tanks of the left, right and centre, which were penetrated by lobbyists and by the power of money.

The corporates know the power of language. They do not talk about "lobbying"; they do it through their public relations departments or public affairs units. They use political consultancy firms or professional public affairs agencies. They have learned the negative force of the word "lobbying". When you hear the word "consultancy", run for cover, because it usually means there is lobbying lurking there in the background. The professional lobbying industry, as my noble friend Lord Brooke has said, is worth billions of pounds. Businesses spend these sums because it is worth it to maximise their profits.

I often wondered back in those days why we even contemplated the business of mega-casinos, which are basically a great cover for crime, as anyone like myself who is a criminal lawyer knows; they are a magnet for criminal activity. Why do Governments get involved in mad computerisation programmes that cost a fortune and then go belly up, if it is not that they have had their ear bent with notions that do not deliver? Why privatise prisons or security in prisons? Why is there a stealthy movement by the Government to privatise so many aspects of health delivery? Why the pushing of the concept of choice as though that is what we as citizens should want, when in fact we know that it is actually also very valuable to corporate interests?

What the public wanted, and they said it very clearly, was transparency. We recommended something that comes closer to what the noble Lord, Lord Norton, is describing. We said that there should be a register of contacts, but not a register of the lobbying organisations done on a voluntary basis; what we were asking for was a proper record by Ministers, their special advisers and their officials, registering the contacts that had been made that were affecting policy, exactly in the way that the noble Lord has described. What one wants to know and see is where the influence has outcomes. That should be made public, as was suggested, by having it online so that people can see what the contacts have been.

The burden should fall on Ministers. I have heard the noble Lord, Lord Lansley, say what a burden it would be on the world of business for people to have to register all their contacts, but the suggestion has been made that it comes very easily to government officials and civil servants to make a note of the contacts that they have. It might have been very helpful during that business of the Murdoch contacts with the special adviser to the Secretary of State for culture and media at the time, Jeremy Hunt, when the Murdoch empire was trying to expand its remit with regard to Sky. We might have known a little more about that, rather than having to learn about it through investigative journalism. When the Power report was published, we were calling for that public statutory register to exist, setting out what contacts had been made and how they might have impacted on policy.

The other concern was about the business of the revolving door, which the noble Lord, Lord Howarth, described very powerfully in his speech. We have seen it recently. I fear that no political party has been untainted by it. In the past 25 to 30 years, we saw it originally with Mr Hamilton and his brown envelopes and Fayed, then with the business of Jonathan Aitken and Saudis. Then it moved on and, unfortunately, we saw it in relation to Labour in government. It is always those who are in government who become most vulnerable to the business of lobbying. They are enticed by the idea of moving out of government and Cabinet into highly paid jobs which allow them to use their little phone book and contacts. One minute you are on one side of a desk dealing with the privatisation of prisons; a few months later you are on the other side of the desk working for a security company. You have only to be in the Ministry of Defence five minutes to be confident that you can be on the board of an arms company as soon as you are out of government. You have only to be Secretary of State for Health for five minutes and you can look forward to a job in pharmaceuticals or private health if that is what you want.

We know how this works. I suggest that having lobbying on an informal basis is not good enough. I fear that we have seen an erosion of ethics and in the consideration of what is right and proper after being in government. There should be a statutory basis for how long should pass before someone takes a job in the private sector after they have been in government.

Only two days ago, there was a very interesting piece in the *Guardian* about corporate lobbying in relation to the Transatlantic Trade and Investment Partnership, which was a trade treaty but would have meant the grant of new legal rights to corporations. It would have had huge impact on our sovereignty. If Brexiteers are concerned about anything, they should put their minds to some of these big trading agreements, which override national laws and prevent legislation limiting corporate activities. These treaties often involve negating planning laws or laws to reduce the size of overmighty banks, for example. Although TTIP seems to have fallen by the wayside as a result of public outcry, it is now being replaced by a comprehensive economic and trade agreement, in which no doubt we will be invited to take part. Again, it involves overriding national legislation that may protect workers' rights, for example.

We should be very mindful of how lobbying can be detrimental to the public interest. The public are entitled to know. They are asking for transparency. I am with the noble Lord, Lord Norton, on this: we should know much more from Ministers. The noble Lord, Lord Lansley, asks whether we will all have to declare things. Perhaps we would think twice about approaching a Minister on a matter if we knew that the Minister would be publishing a list of everyone who had mentioned matters that could change government policy. That might make for some different conduct. As the noble Lords, Lord Norton and Lord Bew, said, it is about trying to put a bar on any misbehaviour.

I welcome the Bill, although I think it could be strengthened, and I hope that the Government are listening. We have not gone far enough, and this is partly about public confidence in government.

1.28 pm

Baroness Hayter of Kentish Town (Lab): My Lords, I, too, am delighted to welcome the Bill and do so on behalf of the Opposition. I pay tribute to my noble friend Lord Brooke for his careful work in the preparation as well as the presentation of the Bill. He and I have worked together to seek to reduce alcohol-related harm, and time and again, we have seen that big business with special interests has enormous influence, all of it out of sight of the public. Indeed, as my noble friend Lady Kennedy recounted, there is public scepticism about the power of corporates to influence government.

When the Government introduced the transparency of lobbying Bill, their stated aim—as the noble Lord, Lord Lansley, confessed—was to produce transparency; it was in the title of the Bill. As the noble Lord, Lord Norton, said, as the Minister in the Commons said—he was then Andrew Lansley; he is now the noble Lord, Lord Lansley,

"the public should be able to see how third parties seek to influence the political system".—[*Official Report*, Commons, 3/9/2013; col. 169.]

That objective, via the Act's register of lobbyists, has failed lamentably. Not only did the register omit 80% of lobbying, as we warned it would at the time, because only consultants were included and because of its limited scope, but even on its own terms it is a sad and expensive failure that has achieved nothing. In total, it has had just 1,251 hits on its website—I think that my blogs from here get more than that—at a cost of some £600,000. Contrary to what the noble Lord, Lord Lansley, says, only half of that is paid for by those on the register; the rest is paid out of public funds. With those sorts of numbers, given how often rather sad anoraks such as me together with campaigners such as Unlock Democracy and Spinwatch as well as lobbyists themselves check up on it, of the 373 hits in the past six months cited by my noble friend Lord Brooke, which amounts to some 15 people a week, five of those people are probably in the Chamber today or watching us on their screens. It is absolutely not the public.

A list of consultant lobbyists is doing nothing for transparency, although its scope was always so tiny that it was never going to achieve very much. As others have said, the vast majority of lobbying is done not by a handful of consultant public affairs companies but direct from company to government via their professional in-house public affairs or parliamentary affairs teams. The noble Lord, Lord Lansley, said that we know who is lobbying—Heathrow is lobbying. We know that because it has put up big adverts between where you leave the Tube and come into this House. However, that is not how most of it is done. The public do not know what the trade associations are doing. One amendment we moved which was not accepted was to include trade associations, which do so much of this lobbying but completely unknown to the public.

Since the noble Lord, Lord Beith, raised the point, let us look at the defence industry, which directly hires former MoD civil servants or ex-Ministers. They do not need to go to some consultancy to have the ear of government; they pick up their phone and speak direct. We know that well from the quote that my noble friend Lord Howarth gave of David Cameron's description of it—and I could not put it better myself.

What is more, contrary to what the Minister said in our debate yesterday, it is not the case that the Government's own register shows on whose behalf a consultant firm is lobbying a Minister. It requires it only to list its clients; it does not show when a meeting takes place on behalf of which of those clients nor, importantly, on what subject that meeting is taking place. That is the statutory register. However, there is no possible reason why ministerial diaries could not show those details, and that would not even require the kind of legislation that the poor then Andrew Lansley had to spend a lot of time dealing with. If only the diaries were timely, searchable and comprehensive, that would reveal more than the current register does. At present, it is simply no good relying on ministerial diaries.

Despite what the Minister's predecessor, the noble Lord, Lord Bridges of Headley, wrote to me on 27 May, that delays in publishing had now been overcome and that they are,

"in open, searchable CSV"—

whatever that means—

"formats,

the meetings logs are all published in different places. To assess meetings data, the public have to search department by department. It is time consuming and does seem to be a determined barrier to transparency. If they really believed in openness, why on earth have the Government not brought all the meetings data together into a single, searchable database on GOV.UK?

Furthermore, if a minister meets a company in a so-called private capacity, without civil servants, that does not even get listed. Even if a meeting is listed, it gives little away, as the noble Lord, Lord Beith, said. Of 79 meetings with lobbyists attended by MoD Ministers, 44 were described as, "discuss defence issues", or "defence issues", and 11 as "company site visits". As the noble Lord alluded to, the Department for Transport similarly had dozens of meetings labelled "rail discussion" or "aviation discussion". I would have been surprised if they had been discussing the latest Paralympic results. Over at the Department of Health, of 27 meetings with Jeremy Hunt, one-quarter were "catch-up discussions". There was no disclosure of the policy area, along the lines suggested by the noble Lord, Lord Norton.

There are major shortfalls in the 2014 Act, all of which we pointed out during its passage through this House. It ignores in-house professional lobbyists. That is not someone from a garage, who is not paid to be a lobbyist, ringing up a department: let us put things like that to one side. It ignores lobbying of senior civil servants. An amendment we put down on that was rejected. It ignores lobbying of all politicians other than Ministers, including the chairs of select committees, as mentioned by the noble Lord, Lord Bew. It ignores the lobbying of SPADs. Despite the amendment proposed in this House to include that power, it has not been introduced. I am, therefore, very grateful to the noble Lord, Lord Lansley, and welcome his question on that. It ignores soft lobbying of Ministers, out of sight

[Baroness Hayter of Kentish Town]
of their civil servants. This has to change, for the sake of our democracy. As has been stressed, this has never been more urgent than now, with the seismic Brexit decisions about to be taken, as mentioned by my noble friends Lord Brooke and Lord Howarth.

Today, the Government should heed the wise words of the noble Lord, Lord Bew, that this question cannot be left where it is. As the noble Lord, Lord Norton, said, finding fault with this Bill and doing nothing else is not acceptable. The Bill will achieve real openness, for the public, for taxpayers and for all of us to see. We wish it well and hope that the Government will really listen to the comments that have been made: the present situation is just not good enough.

1.35 pm

Baroness Chisholm of Owlpen (Con): My Lords, I start by declaring an interest. My daughter is a director of Hanover Communications. However, as I mentioned yesterday, as a mother and a grandmother—she has two small children—we do not, as one can imagine, really talk about lobbying. I thank the noble Lord, Lord Brooke, for introducing this Bill, which has led to an interesting and engaging debate. I also thank the noble Lord for his opening speech. I think the whole House recognises his commitment to this important issue.

At its core, the noble Lord's Bill has the intention of making lobbying a more transparent activity. Indeed, it is worth noting that his Bill encompasses many of the provisions contained in the Government's own Act, the Transparency of Lobbying, Non-Party Campaigning and Trade Union Administration Act 2014. Nevertheless, the Government feel that they must express reservations about this Bill. I hope it will be useful if I focus for a moment on the Government's view on transparency before turning to the noble Lord's Bill and outlining why we have reservations about it.

Like the noble Lords, Lord Brooke and Lord Bew, we believe that lobbying plays an important role in ensuring that everyone's voice is heard in Westminster, Whitehall and beyond. However, lobbying must be transparent. The *Register of Consultant Lobbyists* that we set up in March 2015 is designed to shine the light of transparency on those who seek to influence the Government on behalf of a third party. It complements the existing transparency regime whereby Ministers and Permanent Secretaries publish details of their meetings with external organisations. The noble Lord, Lord Brooke, mentioned that the register was not working. However, it was set up only in March 2015. We need to give it time to do its work. The register helps transparency in two main ways. First, it clarifies whose interests consultants are representing, which is not always clear from ministerial diaries alone. The register also has enhanced scrutiny, as consultant lobbyists must declare whether they subscribe to a code of conduct.

As my noble friend Lord Lansley and the noble Lord, Lord Beith, mentioned, we wanted the 2014 Transparency of Lobbying Act to avoid unnecessary regulatory burdens, rather than to establish top-to-bottom regulation of all who lobby. That is why we set up an appropriate way to ensure high levels of transparency, but only in the specific areas of the lobbying industry where that was needed. Arguably, to make a register of in-house lobbyists would be enormously burdensome, very hard to make work and very costly. As the noble Lord, Lord Beith, mentioned, at least we know who they are lobbying for.

The noble Lord, Lord Beith, and the noble Baroness, Lady Kennedy, both made an interesting point—namely, that there should be a government website. I should add that information on meetings is published in an easily searchable format. However, as the noble Baroness, Lady Hayter, said, that is not easy to use. I will certainly take that back to the department. I hear what she says; the information should at least be user-friendly.

It is clear that the 2014 Act and the noble Lord's Bill broadly seek the same thing, to regulate lobbying in order to make it more transparent and increase public confidence in public institutions. However, it is the Government's position that further regulation of lobbying is not necessary, particularly so soon after the passage of the Government's Act on transparency of lobbying, passed by this House in 2014.

I hope it will be helpful if I outline to the House some of the reservations that the Government have about the Lobbying (Transparency) Bill 2016. First, the Bill uses a wider definition of "lobbying" and "lobbyist" than is provided for in the current Act. The Bill's definition of "lobbyist" includes in-house lobbyists, as well as the consultant lobbyists covered by existing legislation. However, the conduct of in-house lobbyists can be scrutinised through the publication of ministerial diaries, which offer details of any gifts given and received, hospitality received, overseas travel and meetings with external organisations. Through the diaries, members of the public already have access to a wealth of information that sheds significant light on lobbying activity.

Secondly, the Bill requires that meetings with all public officials should be registered, instead of just Ministers and Permanent Secretaries. As I said earlier, that risks creating a register that requires significant extra resources without leading to improved transparency.

Thirdly, the Government have reservations about the establishment of a statutory code of conduct. We believe that self-regulatory codes administered by the lobbying industry work well. Indeed, the 2014 Act aimed to complement rather than replace existing non-statutory codes. In addition, I note that your Lordships' House agreed only in 2014 not to implement a statutory code. That decision was made after the Government had made their case against statutory codes and after the House had had the opportunity to debate the question. It therefore makes sense to wait and see how existing legislation works in practice before making further changes.

Fourthly, the Bill does not afford an exemption for small lobbying firms, whereas the 2014 Act exempts anyone not registered under the VAT Act 1994. One risk of not exempting those under the VAT threshold would be to place disproportionate financial and regulatory burdens on small companies, thereby impeding their growth and potential to contribute to the economy.

On the financial provisions of the Bill, the 2014 Act seeks to offset some costs of the register through a fee charged to lobbyists for registering. The Bill makes no reference to any fees chargeable to lobbyists, which means that it would be entirely publicly funded. The lack of industry-led funding means the taxpayer would be footing the bill for a system, which would not make lobbying any more transparent than at present. We believe that a less problematic and more cost-effective alternative has already been in force since March 2015, when the *Register of Consultant Lobbyists* was set up. I also note that the provisions of the Bill would repeal legislation on lobbying regulation, which Parliament only recently agreed to. It is the Government's view that the current legislation continues to be a vital part of the lobbying and transparency regime and a proportionate response to the issues we face.

I also have a pair of more minor concerns about the detail of the Bill. These are not reasons in themselves to either support or oppose the Bill but I hope that noble Lords will find it constructive if I highlight them to allow for the possibility of their being addressed. First, the Bill does not empower the registrar to provide guidance. I understand that the registrar's ability to issue guidance as currently provided for is an important component of engagement with those who enrol on the register. Secondly, the Bill does not require the registrar to justify their decision to impose penalties or set out an appeals process against the registrar's decisions, both of which are currently provided for under the 2014 Act. Both would presumably need to be inserted into the Bill to ensure that monitoring and enforcement processes were fair, predictable and run according to due process.

My noble friend Lord Lansley and other noble Lords mentioned expanding requirements to include spads. While the Government are not considering expanding the Act to include special advisers, steps have been taken to expand the disclosure requirements with regard to the publication of ministerial diaries. We have expanded this to include meetings between senior media figures and government, including those held by special advisers, which reflects particular concerns following the Leveson inquiry.

My noble friend Lord Norton asked whether the current Act provides value for money. The Act is working well—obviously, I would say that—and has solved the issue that it is not always clear in whose interests lobbying takes place. As I mentioned, by charging a fee to those firms who must register, the Government have minimised the cost to the public purse of establishing and running the register, thereby delivering value for money. The annual budget for the register was published this year and stands at £265,000.

Many noble Lords mentioned Brexit and how a huge number of lobbying firms will come into play because of it. However, they have to register in the same way as any other lobbying firm.

In summing up, I pay tribute to the noble Lord, Lord Brooke, for pursuing this important matter and to those here today for their insightful contributions to this debate. Although sympathetic to the aims of the noble Lord's Bill, the Government must express their reservations about it. Some of our reservations relate to more technical aspects, which could be rectified. However, at a broader level, we believe that measures that go further than the current provisions in force would be unlikely to enhance transparency.

The noble Lord, Lord Howarth, talked about transparency relating to consultant lobbyists. Taken together, the register of consultant lobbyists and the publication of ministerial diaries already provide an unprecedented level of information about interactions with government. I know that many different views on that are held in this House. I hope I have made it clear why we believe that a number of parts of the regulatory system proposed in the noble Lord's Bill are unnecessary, but I hope that I have made it equally clear that many of his proposals are very sensible and are largely provided for under current legislation.

This has been a thoroughly worthwhile debate. Transparency is critical to the democratic health of the country and deserves to be periodically considered and debated. On our side, the Government will continue to make sure that the right information is available for thorough and transparent scrutiny of lobbyists to take place. We are proud of the level of transparency that those who seek to influence public policy must demonstrate, and we will continue to uphold those highest standards of transparency in the future.

1.51 pm

Lord Brooke of Alverthorpe: My Lords, I am grateful to all Peers who have contributed to this very interesting debate, and I will endeavour to answer as many of the questions they have raised as I can. I start with the noble Lord, Lord Lansley, who is opposed to the Bill. However, having heard him and then the Minister's response, I rather wish that he was back in government. There is a balance to be struck. Often my Front Bench say to me that I am too nice to people. However, when I hear the Government respond in the way they have, I look for that little bit of anger inside me that rarely comes to the fore. As I said, there is obviously a balance to be struck, but almost every speaker today has said that the existing law is not working and is not fit for purpose—it is not producing anything.

The noble Lord, Lord Lansley, talked about the burden that the Bill would impose. I conceded that there would be an added burden, but I responded to that in terms of my practical experience of life and talked about how, by using technology—I underline technology very much, and my noble friend Lord Howarth picked up on that too—we can do things much faster than we ever did before without placing a great burden on people.

Several noble Lords spoke about the diaries and I will come back to that. When I read through the previous debate on this matter, I was rather attracted to the concept of diaries being developed and of them being at the heart of this issue. However, the more work that I have done—my noble friend Lady Hayter put her finger on this—the more I have seen that in many respects the diaries are not fit for purpose. That is especially the case when one learns that many Ministers keep two diaries—one for public presentation and the second for other activities that fall in the political field, where indeed lobbyists turn up as well.

[Lord Brooke of Alverthorpe]

I freely concede that definitions are not easy, yet the Bill would broaden the definition of lobbying, making it significantly wider than it is at present. The noble Lord, Lord Lansley, said that spads should be included. I believe that many more people beyond spads should also be included. For many years I have campaigned on alcohol issues and I speak to people at the middle levels of the Civil Service. The noble Lord said that they are the decision-makers. They do not take the decisions but, by God, do they have an influence on when the decisions are made. We need a register that covers the contingency, and it needs to be extended to take in the people at those middle levels right across the public service. They are very influential people indeed. Ministers come and go but many civil servants stay, and that must be borne in mind.

The noble Lord mentioned APPGs. We should have put those on the list to be covered and I regret that we overlooked that. If he would like to include that in an amendment, we would be prepared to look at it. If the noble Lord has any other specific issues that he would like to discuss with me, I am happy to accommodate him and to make changes. I am very much in the mode of trying to keep this moving forward seriously. When I look at what we have before us and what it is costing, I think it truly is a scandal. There has to be a change and very quickly. The Bill presents the alternative.

I am grateful for what was, as usual, an outstanding speech from my noble friend Lord Howarth and for his support. Like my noble friend Lady Kennedy, he highlighted the influence of lobbying across such a wide front. That is not just in the UK but worldwide. Capitalism is now running around the whole world. It is quite unaccountable in many areas and this legislation is an attempt to bring it to book.

My noble friend mentioned digital technology, which is very helpful. He also raised the issue of "commercial in confidence", which is used in many instances to avoid answering the direct questions that come from parliamentarians. That should be brought to an end.

The noble Lord, Lord Beith, talked about the difficulty of definitions around the edge, and I do not deny that. However, I think he took it to the other extreme, and I am happy that he was corrected by other speakers.

Without a doubt, there are problems around websites. The noble Lord also raised the point about diaries, which I will come back to. The diaries are a step in the right direction but they do not provide all the information that we need to answer the kind of criticisms that we are getting.

The noble Lord, Lord Beith, talked about who should be involved. Again, I emphasise that we need to go way beyond those presently defined in the Act. There is a sensible point between when someone is lobbying and not lobbying and who is involved. I believe that that balance is provided in the legislation I am proposing. The noble Lord proposed post-legislative scrutiny as an alternative—

Lord Beith: Not an alternative.

Lord Brooke of Alverthorpe: Not as an alternative, then, but as a way of addressing the failings of the Bill. Post-legislative scrutiny need not be undertaken until we finish with the present legislation.

The noble Lord, Lord Bew, was very helpful, and I am grateful for such an authoritative contribution. He spoke in support of the general direction we are travelling in. Again, he made the point that definitions are not easy, but this one, as the noble Lord, Lord Lansley, said indirectly, is too narrow to create the right balance. The definitions must be much wider than they are at the moment.

The noble Lord, Lord Bew, made an interesting point about Select Committee chairs. There is a public malaise towards Parliament and we have to find all the ways we can to address and change that. Transparency will not solve all but it will help to a good degree. However, when we pretend to be transparent but are not, we lead to a further lessening in the trustworthiness of our public bodies. I have only good wishes for the noble Lord and his committee as they continue to tackle the difficulties before them.

The noble Lord, Lord Norton of Louth, made a powerful contribution for which I am very grateful. He gave a reply to the noble Lord, Lord Beith, for which I am grateful, and asked some fundamental questions about the register. What is its purpose? Is it transparent? Is it producing what it was intended to produce? Should we keep it, scrap it or amend it? I hope he will support my Bill and that it will replace it. If he has further changes to my Bill, I invite him to table amendments to it.

If we end up with only this debate and no change, I would share the noble Lord's view that the 2014 Act should be scrapped. I cannot believe how pointless it is, how little it tells and how much it costs to do so little. I have come to the view that it is a complete waste of time and that Part 1 should be scrapped. That will not be the case, but we will go on and try to get a sensible outcome.

I am grateful, too, for the contribution of the noble Baroness, Lady Kennedy. I recall the Power committee in 2006 and the many recommendations it made to improve our democratic procedures. It is a great pity that many of those recommendations never came into being. Like her, I believe that big business has become overweening and is a much greater influence in the fabric of our lives than was the case 10 or 15 years ago. I am grateful to her for raising our sights beyond the UK and to what is happening all around the world.

Companies are adept and clever at finding new ways of lobbying all the time. An issue that has not been addressed anywhere as yet is the way in which they are persuading the public, through the way they ask questions, to come to a particular view. That is then presented as evidence to the Government of what people believe without the other side of the argument having been presented fully to the public. That is happening in the States and will come here. It is a worrying development.

Many companies are now establishing their own charities. In the area of alcohol, where I work, Drinkaware is funded 87% by the drinks industry. That is not an independent charity. It will claim that it is, but when I

examine the policies it is pursuing, invariably the balance falls in favour of those who are paying the money—the drinks industry. So, yes, companies are moving into other areas and we should be aware of it.

The noble Baroness also referred to the diaries and her support for them. I shall get to the diaries, how they are failing so badly and how this Bill will address the issue.

I thank my noble friend Lady Hayter, who did a scathing demolition of the present register. Without any doubt she underlined my view that it is a complete waste of time and should be scrapped. It is a bad and expensive failure. She worked her way through a range of areas where noble Lords had raised questions during the debate and gave them answers, and I shall not repeat all those. I am particularly pleased that she has given the Front-Bench support of the Labour Party for the Bill. I do not often bring a Private Member's Bill in line with Labour Party policy, but I am grateful for all that she has done and for what she has said today.

In referring to the contribution of the noble Baroness, Lady Chisholm, I come back to the diaries, on which so much weight is put. The disclosure in the diaries is extraordinarily limited. Indeed, some of it is quite jocular, as my noble friend pointed out, where people have put down what they have been doing. "Policy discussions", "round-table discussions", "company sites"—these are all parts of the activities of Ministers when they engage with people but they do not mean a thing. There is limited disclosure on the diaries at the moment and many of us who have cross-referenced the quality of the data find that it does not add up.

Others have mentioned the inaccessibility of the data, which is different for each department. There is no common theme running through it and it needs to be put together, which can be done. We have tried to do that. We have tried to set up software to bring it together so that we can read what is happening. When you do that, you find that Ministers have had meetings which do not match up with what is coming from the private sector and vice versa—the private sector have meetings and Ministers have not been linking them as discussions that have actually been taking place.

The formatting needs to be looked at. Of course there has been a problem of the timeliness of the data, which has only latterly started to improve. But there are still very significant differences between the performance of different departments. The Cabinet Office is very good, but look at the Ministry of Defence and see what is coming out of there.

I regret that the diary issue is not going to answer the problem. The answer rests in the Bill now before your Lordships. I freely concede that it is not perfect and I am happy to talk to anyone who has ideas about how we can make helpful amendments to it. I am not going to change the substance or the heart of the Bill. It proposes an entirely different register from the one in place now. It would be a truly transparent register, and many other countries have similar ones. There is now one in Europe and there is no reason why we should not have one in this country, other than the obstinacy of the Government for reasons known only to themselves. Regretfully, the Minister has not convinced me to take a different line from that which I have set out.

Bill read a second time and committed to a Committee of the Whole House.

Budget Responsibility and National Audit (Fiscal Mandate) Bill [HL]

Second Reading

2.06 pm

Moved by ***Baroness Kramer***

That the Bill be now read a second time.

Baroness Kramer (LD): My Lords, the Budget Responsibility and National Audit Act dates back to 2011 and the days of the coalition. It required the Government to set out in the form of a charter their fiscal objectives, their policy for management of the national debt and the means to achieve those objectives —in other words, the fiscal mandate. Significantly, that first charter, which was put in place at a time when the economy was in crisis from the 2007-08 crash and with a deficit driven by both the crash and excessive public spending, set as its fiscal mandate a target to bring into balance the cyclically adjusted current budget in five years. As the helpful Library Note explains in some detail, the current budget was defined as the difference between government revenue and current expenditure and excluded quite explicitly investment spending.

When the Conservative Government came into power alone in 2015 they turned their back on that principle. Suddenly, eliminating the deficit required a surplus not in the current budget but in the overall budget, including investment spending. There was frankly an even more daft requirement, especially in our uncertain and fast-moving world, that public sector net debt should fall as a percentage of GDP in every year. The new fiscal mandate made no sense from day one, and if one needs more evidence, the Budget itself showed a really silly manipulation of planned capital spending, varying up and down in different years to meet deficit elimination dates. This version of the fiscal mandate has clearly constrained plans for investment in infrastructure, which this country desperately needs for growth, and it has denied the Government the chance to take advantage of incredibly low interest rates to finance that investment.

With Brexit that sort of fiscal mandate became untenable even to its creators and George Osborne junked it. I think we can say from their comments that the current Chancellor and PM have been glad to junk it too. But I am quite certain that at some point we will get a new fiscal mandate or something quite like it. The purpose of my Bill is to encourage all parts of this House to consider what principles should be embedded in any such mandate. Let me say first that with Brexit this is not going to be easy. At this point no one knows what Brexit will look like unless the Government wish to share more with us today. To say we have a vacuum

[Baroness Kramer]

in needed information is an understatement. I am a cynic and I cannot believe that the Government have failed to say more than "Brexit is Brexit". But what we also cannot do is let the Government make decisions that shore up the economy in response to the immediate Brexit problems and ignore the long-term framework it requires.

I propose three principles in the Bill. The first relates to infrastructure. Clearly, the lesson has to be learned that no future fiscal mandate should ever again lead to perverse decisions to underinvest in infrastructure. While it may not be directly related, I am concerned that plans to empower the National Infrastructure Commission have now, I understand, been shelved. Infrastructure investment in the UK has been neglected for over a generation. The northern powerhouse has to be turned into a reality with major investment in HS3 or its variants and in interrail electrification. The Midlands engine requires major new transport links, as does every plan for growth in the south-west. While Londoners see major transport upgrades, population growth means that Crossrail 2 and Crossrail 3 are increasingly urgent.

In broadband we are well behind our competitors and all our plans are markedly unambitious. BT's rollout plan relies on an outdated copper network, not fibre optics. The Government's universal service obligation is for 10 megabits per second for 95% of people by 2017. By contrast, South Korea is rolling out 1 gigabit per second services already. At the top end it provides 10 gigabits.

In housing, we are all well aware that household formation means we need 300,000 new homes a year. I take that figure from the Economic Affairs Committee of this House in January 2016. In the last year to June we managed only 145,000 new houses and the rate of build is reported to be dropping. Government intervention and investment to overcome a broken housing market is vital. Without it, the quasi-oligopoly that is the housing construction industry will never deliver what we need.

In energy, we must reinvest in the renewables sector so hurt by earlier Budgets, but the Hinkley Point controversy, among its many issues, demonstrates that if we want some measure of control over major facilities we must be capable of investing in them ourselves.

Building public assets is also vital. London alone needs an additional 47,000 secondary school places in the next five years. Back in 2008 we spent £9.3 billion on capital expenditure in hospitals, but the NHS has secured commitments of only £5.8 billion a year for each of the next five years, despite evidence that the need is more acute than ever. I believe there is a growing consensus on the need to drastically up our investment in infrastructure, but let us reinforce it with the way we deal with the fiscal mandate.

Other objectives are just as important, so my second principle for the fiscal mandate is intergenerational fairness. Anyone who has looked at government policy in the last couple of years can see that deficit reduction is falling exceptionally hard on the younger generation. Severe cuts in housing and other benefits have been targeted at the young. Young people are excluded from the new national living wage and there is talk of using the pupil premium—possibly the most successful programme ever in raising educational standards for all—to fund grammar schools. While I admit that Liberal Democrats often shy away from talking about tuition fees, our deal in the coalition explicitly included a commitment to grants for living costs for disadvantaged students, raising the starting point for loan repayments along with inflation and capping fees at £9,000, all of which this Government are now scrapping.

The plight of our young people goes much deeper. The *Guardian* calls it,

"the financial rout facing millennials … A combination of debt, joblessness, globalisation, demographics and rising house prices".

Notably, this group is likely to be the biggest losers from Brexit. If they cannot get education and apprenticeship training across the EU, as they do increasingly today, they lose. If they cannot easily move around Europe for jobs, as they do today, they lose. If they cannot set up new enterprises that easily take advantage of the largest market in the world for goods and services, they lose. During the recession young adults suffered the most joblessness and the greatest wage compression of any group. The disposable incomes of young adults have lagged well behind those of the rest of society. The big costs in life—education, housing and securing a pension—all cost significantly more than they did for my generation.

Paul Johnson of the Institute for Fiscal Studies has said that he fears intergenerational inequality will fuel wider inequality in society because youngsters with rich parents will retain such an unfair advantage in the important years of early adulthood, and that,

"it's become more and more important whether your parents happen to have a house".

I know that this is not just a UK phenomenon—it affects most of the developed western economies—but that does not mean that we should not try to confront it ourselves. That issue of intergenerational fairness needs to inform our decisions on who carries the tax burden, how we shape public support and investment, and how we fashion opportunity. I am not listing answers here, but we must have the debate before we lock in another fiscal mandate, and intergenerational fairness must be a benchmark against which we test the functioning and the character of that fiscal mandate.

Lastly, the Bill proposes that the competitiveness of the UK economy is a third but no less important consideration. All too often the Government seem to believe that competitiveness is a race to the bottom in corporate taxes—a strategy that has been remarkably unsuccessful in increasing private investment, job skills or productivity. Indeed, we all know that the UK falls far behind its competitors in productivity. We have to change that through improved infrastructure, skilled people and significantly increased investment. We have heard the mantra of what is needed and the mandate must drive, not hinder, that.

In addition, what we have discussed in the past may not now be sufficient. I argue that the issue is changing and becoming both more acute and more complex because we are entering a time of great transition. Artificial intelligence, robotics and machine learning are moving into everyday reality. They are reshaping

our companies and increasingly defining our economy, but we have yet to see the full impact on jobs and society. People who regard themselves as skilled will find that their jobs are redundant not in the distant future but in the near future. We must commit to keeping this country at the leading edge. Research and development in our universities, institutes and catapults has never been more vital—Brexit negotiators take note. Reskilling and lifelong learning, currently utterly neglected by the Government, are becoming essential.

Those of your Lordships who read August's excellent POSTnote from the Parliamentary Office of Science and Technology will have seen its report on a 2014 survey of technology experts, which found that only half believe that technology will continue to create jobs at a similar or faster rate than it displaces them. That will be new and different. We have always assumed that technology creates more new jobs than it displaces but that is now under serious reconsideration. It is going to be extraordinarily challenging. We have to recognise that as we set up frameworks, of which the fiscal mandate is probably the most significant.

I regard this as an opening discussion. Brexit looms but more than Brexit matters. Brexit alone will not shape our future. Other, broader, long-term factors cannot be ignored. The next fiscal mandate has to recognise a far broader set of priorities than just deficit reduction, which has been its focus in the past and, frankly, has made it difficult for us to create the growth, prosperity and opportunities we need for the future. Infrastructure, intergenerational fairness and competitiveness are three factors that must not be ignored. I beg to move.

2.19 pm

Lord Bilimoria (CB): My Lords, I thank the noble Baroness, Lady Kramer, for introducing this Bill. It would amend the Budget Responsibility and National Audit Act 2011 by introducing the three factors that she spoke about: infrastructure; making sure,

"that the fiscal mandate does not have a substantially negative impact on intergenerational fairness";

and ensuring,

"that the economy of the United Kingdom remains competitive".

What is the OBR's role under the current charter? It is to produce five-year forecasts for the economy and public finances; to judge the Government's performance against their fiscal targets—including, in its judgment, whether government policies have a better than 50:50 chance of meeting the fiscal targets; to scrutinise the Treasury's costing of tax and welfare spending measures; to assess the long-term sustainability of the public finances; to assess the Government's performance against the welfare cap; to produce a fiscal risk statement; and to produce forecasts of devolved taxes.

Let us look at the role of other fiscal watchdogs. Lars Calmfors was the chair of the Swedish Fiscal Policy Council. In Sweden, there is less ongoing contact between the fiscal council and the finance ministry. He argued that requiring the OBR to publish a forecast with the Budget makes it very difficult to,

"avoid behind-the-scenes 'negotiations' … with the Treasury".

He concluded that,

"the most important lesson is this: one cannot have it both ways—the OBR cannot be both an independent watchdog and an in-house provider of input into the Treasury's work".

I wonder what the Government think of that. Other parallels can be drawn. The US Federal Reserve has a dual mandate of achieving price stability and full employment, whereas in the Bank of England the Monetary Policy Committee is purely focused on targeting inflation and achieving price stability. Which is the better option?

The current Governor of the Bank of England has dabbled in trying to look ahead. He had that great idea of forward guidance, which was very swiftly dropped as a ridiculous idea. He then made a pronouncement that we would start increasing interest rates the moment that unemployment fell below 7%. What a ridiculous statement: unemployment is now well below 7%, at 5%, and interest rates have in fact been dropped.

The Government have a new industrial strategy which is woven into the name of one of our departments—the Department for Business, Energy and Industrial Strategy. That reminds me of my days at Cambridge University, when we had the industrial society. We have moved on at Cambridge and now have the entrepreneurs' society. Having an industrial strategy brings back Victorian images of the past, while the five-year plans remind me of India; in its socialist days, it had five-year plans. India, of course, has liberalised since 1991 and is the fastest-growing major economy in the world.

The deficit currently stands at around 4% of GDP while Britain's debt share currently stands at 83% of GDP. In 2010, when the coalition Government took office during the financial crisis, there was no question but that the deficit was huge. It was over 10%, but that has been reduced drastically. One can then argue—we have debated this—whether the austerity policy of the former Chancellor, George Osborne, was good. In the cuts that took place to government departments while ring-fencing various areas including health, aid and schools, many departments' budgets were slashed by 20%. Has the policy of trying to cut the welfare bill by £12 billion by 2019-20 worked? There was a very unfair move with the tax credits. We should never balance our books on the backs of the poor. Quite frankly, George Osborne failed to meet his own fiscal charter. His pledge to deliver a budget surplus has been suspended. In fact, Theresa May has now said that this aspiration is not likely to be fulfilled for at least another decade following Brexit. They have made an additional rod for their own back, following the Brexit vote, but the Brexiteers had no plan. It was claimed that £350 million a week being given to the European Union could instead be spent on the NHS. Many people, having been misled, voted to leave to save the NHS.

David Blanchflower, who was a member of the Monetary Policy Committee of the Bank of England, said:

"The problem is that many who voted leave thought this was all about immigration and EU rules, whereas in reality it was mostly about austerity. The Poles, the Czechs and the Hungarians came to the UK to work; they have higher employment rates than those born in the UK and pay far more into the system than they

[Lord Bilimoria]

take out. It is clear that the rising number of immigrants has put pressure on public services but this was mostly because Osborne under-invested in services in order to shrink the state. They paid their taxes, but Slasher didn't invest that money in new schools, houses and hospitals".

According to the *Guardian*:

"When public finances are tight, the economic contribution made by migrants ought to be welcomed. But the climate of cuts allowed migrants to be blamed and Britain's contribution to the EU—at £8bn"—

which is just over 1% of our public expenditure a year, a fact which was not highlighted by anyone during the campaign—is far,

"outweighed by our economic gains from membership—to take on disproportionate significance … Without investment, productivity is low; jobs are insecure".

What is happening on research?

"Collaboration across the continent has made Europe a powerhouse for science. Britain gained disproportionately from EU research funding. The loss of this funding creates a real gap",

and will make productivity gains even harder to achieve.

"The referendum shows how far Britain's economic failures have divided the country, but leaving the EU only makes them harder to address".

And how are we going to direct the energy that we are putting into building the country,

"to make sure that future generations"—

as the noble Baroness, Lady Kramer, said—

"suffer as little as possible? … We are already hearing from lead Brexiters that their promises on using the released EU funds for the NHS don't hold".

Surprise, surprise.

The noble Baroness, Lady Kramer, said that,

"spending on infrastructure is investment and should not be included as day-to-day spending when considering eliminating the deficit".—[*Official Report*, 25/5/16; col. 489.]

Do the Government agree?

HSBC thinks that Theresa May is now going to embark on a £50 billion infrastructure spending spree, scrapping George Osborne's plan to abolish the budget deficit and borrowing the money while bond yields are at historic lows. In fact, Simon Wells at HSBC said:

"In the current environment, the case for public investment is compelling. Interest rates can't go any lower, uncertainty is extreme and borrowing is cheap. Moreover there is evidence that fiscal multipliers (i.e., the GDP impact of fiscal stimulus) are larger when the economy is in a slump".

Do the Government agree?

The Office for Budget Responsibility estimates that increases in investment spending give the largest immediate boost to the economy, followed by increases in spending on public services and benefits. The most effective tax cut is believed to be a temporary cut to VAT, such as the one introduced at the end of 2008.

Following the leave vote, forecasters have revised down their expectations for growth unanimously. Lower growth will lead to lower tax revenues and more pressure on benefit spending if unemployment starts to rise. These effects mean that borrowing is expected to be higher this year than the 2.9% of national income that was forecast by the Office for Budget Responsibility in March.

"For investment spending to work"—

as big infrastructure projects have been shelved, such as the nuclear project and HS2, over which there has been a big debate—

"'shovel-ready projects' are required, said Victoria Clarke, an economist at Investec. But Ms Clarke, who worked in the Treasury during the 2008 financial crisis, warned that 'a lot of [those projects] were done previously?.?.?.?you don't have a lot of decent projects ready to go'".

Can the Government confirm that we have lots of projects ready to go?

Reducing corporation tax is excellent. To make all this work, we need a tax system that is fair and competitive and encourages employment, growth, wealth creation, inward investment, entrepreneurship and investment. Does our tax system at the moment fulfil those needs?

When it comes to immigration, we need good immigration. The UK is no longer a superpower, but we are a global power. America is the only great superpower left in the world and is growing stronger. The vice-chairman of the Federal Reserve, Stanley Fisher, has said:

"I believe it is a remarkable, and perhaps under-appreciated, achievement that the economy has returned to near-full employment in a relatively short time after the great recession, given the historical experience following a financial crisis".

We have austerity that is leading to decisions on student funding, which the noble Baroness, Lady Kramer, spoke about, removing vast amounts of grant money and introducing loans that may be burdens on students for decades. There is a reduction in investment within towns and cities.

Then there is talk of improving school education. The Prime Minister has introduced this whole debate on the reintroduction of grammar schools. There are just over 160 grammar schools out of over 3,000 schools. There is no question but that grammar schools have been very effective in the past. Practically speaking, can grammar schools be implemented quickly? British private schools are the best in the world but fewer than 7% of our schoolchildren go to them. Why can we not have more of that for the state system?

When the coalition Government introduced the first charter, its fiscal mandate was based on these five-year forecasts, but it has just not been able to achieve them. As we have seen, those three targets are one by one not being achieved. Following the UK vote to leave the EU in 2016, George Osborne made a Statement suggesting that the Government's fiscal targets may be withdrawn. Sure enough, now they have.

What we need more than anything is growth. Governments cannot cut their way to growth. I have run my own business; I built Cobra Beer from scratch. We went through ups and downs, but what I know is that you have to invest to grow. You cannot just grow by cutting costs all the time.

I turn to public spending. Total managed expenditure as a share of GDP is forecast to be 37% in 2019-20. Is that achievable? Can we cut public expenditure to those levels? Is that realistic? Our net debt is 81% of GDP. That is higher than the average of most advanced economies, which is 73%. We talk about tax simplification but the Office of Tax Simplification is an oxymoron. Our tax gets more and more complicated.

There is one aspect that I would add to what the noble Baroness, Lady Kramer, has introduced in the Bill. Surely part of the responsibility should also be national security. We had this huge debate about spending 2% of GDP on defence, as required by NATO, which we now do, but national security is a huge imperative and that is not highlighted.

When it comes to productivity, which has been spoken about again, we are well below the OECD average. We underinvest in R&D and innovation. There is no question but that we underinvest well below the EU and OECD averages. In fact South Korea, which was mentioned by the noble Baroness, invests double what we in the UK do as a percentage of GDP.

I turn to universities. The noble Baroness said it has never been more vital to invest in universities, yet we have a situation now where investment in universities as a proportion of GDP is well below the EU and OECD averages. It is half of what the United States spends. We should be encouraging investment in higher education, including on attracting international students. Instead we have an immigration policy that includes international students within overall immigration statistics and treats them as immigrants. Numbers from India have halved over recent years, and countries such as Australia are saying, "Thank you for your immigration policies; more students from countries like India are coming to us". We need more international students and academics to help our universities to excel.

Then we come to the area of how business models work. I make a comparison here using an article just published by the *Harvard Business Review* called "The Transformative Business Model", written by Professor Christoph Loch, Professor Stelios Kavadias and Professor Kostas Ladas of the Cambridge Judge Business School, of whose advisory board I have just taken over as chair:

> "Basically, a business model is a system whose various features interact, often in complex ways, to determine the company's success".

What is the most efficient way to allocate an organisation's resources? One of them is to be agile and adaptive as an organisation, and then go from innovation to translation. Does our budget system actually achieve that? I am afraid to say that I do not think we achieve it; we do not have at all the balance between spending, a fair and competitive tax system and the targets. What the noble Baroness, Lady Kramer, is talking about is vital. We need to introduce these other aspects.

We need to put things in perspective. Ben Gummer MP came up with the idea of every taxpayer knowing what proportion of their taxes were spent on government spending when they paid their taxes. If you look at that pie chart, you will see that the smallest amount, 1% of GDP, goes on EU spending. That puts everything into perspective.

As Mrs May said:

> "He uses the language of austerity; I call it living within our means. He talks about austerity, but actually it is about not saddling our children and grandchildren with significant debts in the years to come".—[*Official Report*, Commons, 20/7/16; col. 818.]

I conclude by saying that I still believe we have one of the greatest and most adaptable economies and countries in the world, with 1% of the world population but the fifth largest economy in the world. We need to listen to this.

2.35 pm

Lord Davies of Oldham (Lab): My Lords, I begin by welcoming the noble Lord, Lord Young, to our counsels. He has occupied significant roles in the other House, particularly as Chief Whip. Having served nearly a decade as a Deputy Chief Whip, I live in awe of Chief Whips. He will appreciate that Whips in this House have the chance to present their case. I am sure that we will all benefit from his contribution and I look forward to hearing what he says in response to this debate. I have no doubt that it will have robust content, and he will expect robust content from me in support of the Bill.

I congratulate the noble Baroness, Lady Kramer, on introducing the Bill and certainly support its main proposals. I recognise that the Liberal Democrat party has a fairly exiguous base in the other place, but it was nevertheless noticeable that when the shadow Chancellor introduced a Motion to similar effect in the Commons about the necessity of the Government producing a much more expansive remit of their position, the Liberal Democrats were not represented in full force. Even their leader was absent from the Division.

I am very glad that the noble Baroness has articulated so ably the importance of these issues today, because we are not pushing at an open door. The Prime Minister may have dropped one or two hints that things will not be quite as they were in the past, but I have seen no articulation from the Government of a significant change in economic strategy and await that development with obvious pessimism.

We in the Labour Party are always positive about constructive ideas, and we are glad that this one has had a clear airing in the House, which is why I speak in support of the Bill. The noble Baroness will know only too well that we need a response and action somewhat earlier than the Bill is likely to provide, given its somewhat hazardous progress through this House—even more so when it gets to the other place. She will forgive me if I do not rely too much on the Bill for a government response to our economic travails. Action must be predicated in the Autumn Statement, which ought at least to indicate that the Chancellor will demolish the economic strategy which has obtained under the Conservative Administration over the past six years or so.

The Government have had three attempts to establish charters of Budget responsibility, which are part of that unforgettable concept, the long-term economic plan, a phrase which I think is destined for a quiet burial over the next few months. I cannot see too many government Back-Benchers in the other place, let alone in this rather more perceptive House of Lords, giving vent to the long-term economic plan if, as I predict, the Government seek to wriggle free of the present constraints which the noble Baroness identified so well. They have to move on that, because each of the charters of Budget responsibility have ended. Even the noble Lord, Lord Bilimoria, who is quite independent in his judgment on these matters from the Cross

[Lord Davies of Oldham]
Benches, as we would expect, and gives us the benefit of a businessman's perspective, indicated that there had been some failures in these attempts to develop an economic strategy. Only one principle has stood the test of time—and it is not that of reducing the deficit as intended, at the rate intended, or putting the economy on an even keel. What has obtained is austerity. I very much doubt that we will get an enormous change from that position.

The noble Baroness, Lady Kramer, invited the Government to revise their perspective and priorities in a dramatic way, in being concerned about economic competition and fairness between generations. My goodness me—I hope the Government recognise how we are treating one generation, the younger generation, unfairly. We are making higher education for them increasingly difficult, with tuition fees. We have this madcap idea to introduce secondary modern schools as rapidly as possible to define two-thirds of the population, if not more, as failures at the age of 11. Young people have seen a decrease in their earning power as a category over these years. That is unfair, and the Government need to recognise that unfairness in due course will cost them dear. I applaud the proposal made by the noble Baroness in her Bill that the Government should address themselves to inter-generational fairness.

I hope that the Government will be prepared to recognise that without growth we cannot be fair to our population, nor can we hope to reduce the debt successfully—and without growth we condemn our society to declining living standards. It is important that the Government recognise their record: for the vast bulk of the population, there has been no increase in living standards over the past seven years. As the noble Baroness, Lady Kramer, said, the key test is certainly investment. Of course, the Government emphasise the projects that they have under way. The trouble with the list of projects is that a very small number of them have actually had the shovel applied over the past few years; documents have been circulated rather than investment being carried out. That is why it is clear that the test of the Government over these next few years will be the extent to which they address their preoccupation with reducing government spending and the constant emphasis on austerity, and look to provide some optimism in our economy and the development of growth. Against that background, none of us underestimates the challenge presented to the Government by Brexit. We all recognise that, whereas stability and certainty help investment, a major shock such as that is bound to present the Government with an enormous challenge. They are going to be tested, but the test will not be on the reduction of debt at the end of those years but the extent to which the economy has been placed on a path towards growth.

I commend the Bill and look forward to the Minister's response.

2.45 pm

Lord Young of Cookham (Con): My Lords, we are all grateful to the noble Baroness, Lady Kramer, for introducing and speaking to her Bill and for giving us an opportunity to discuss how best we can secure the strength and stability of our economy. In this debate, we have heard a lot of helpful suggestions and ideas, which I know the Chancellor will want to take on board as he thinks about his Autumn Statement. I will try to deal with many of the points raised, but if I do not I will of course write. I am grateful to the noble Lord who has just spoken for his welcome. He may recall that we were once on the same side. In 1974, we were both in the parliamentary football team. I remember that I was, uncharacteristically, playing on the left wing but he was by far the most professional player on the team. I hope I enjoy encountering him 40 years later in a somewhat different capacity.

I turn to the three principles the noble Baroness has set out in her Bill and, on a consensual note, assure her that these are right at the heart of our economic policy. First, we share her enthusiasm for investment in the infrastructure we all rely on in our daily lives. We share her commitment to providing support and opportunities to young and old alike and we share her determination to ensure that our economy remains competitive in an increasingly competitive world economy. At the end of Clause 1—which the noble Baroness did not touch on—we also agree that it is sensible to consult independent experts as we develop our policies. On those broad objectives, there is not a cigarette paper between us.

Picking up on some of the points she made in her speech, the noble Baroness did less than justice to the progress that the Government have made and are continuing to make on the three topics of her Bill. On infrastructure, there are challenges ahead but we have made good progress since 2010 with more than a quarter of a trillion pounds invested in the past six years and 3,000 projects completed across the country, including dozens of major road and local transport schemes. The noble Baroness should be congratulated on her role in contributing to this when she was Minister for Transport. We have seen 3.5 million premises get access to superfast broadband for the first time ever; 175,000 homes better protected from floods; and, crucially, 700,000 new homes built since 2010, with housing completions at an eight-year high. So we have made progress to date, but we have a long way to go. Some £100 billion is committed to infrastructure over the course of this Parliament, including the biggest investment in transport in generations. HS2, a project the noble Baroness strongly supports, is part of that. Then there is £8 billion over the next five years to build an extra 400,000 affordable homes.

Intergenerational fairness is already in the charter: it is one of the first objectives in Chapter 3.1, so to some extent that particular amendment is redundant. The crucial way we help the younger generation is to pay down the national debt, not allow it to pile up and just pass it on to the next generation to deal with. That is why we have worked so hard to cut the deficit from its highest in our peacetime history by almost two-thirds.

On the younger generation, challenges lie ahead, too. However, we have raised the school-leaving age to 18 and have seen record university application rates from young people, including those from disadvantaged backgrounds. We are committed to delivering 3 million

apprenticeship starts by 2020 and we are helping more young people to save for their futures through the lifetime ISA.

The third element of the noble Baroness's Bill is economic competitiveness, where progress has been and is being made. We have cut corporation tax to 20% and will take it further, to 17%, while at the same time cutting business rates and employer national insurance contributions. As I said, we are in agreement. The noble Baroness put a slightly different complexion from mine on what we have done to date, and I hope mine has put it in a better perspective. She started her speech by pointing out the change in objective in fiscal policy in that capital spending is now included in the target. This was also mentioned by the noble Lord, Lord Bilimoria. That was a manifesto commitment by my party. We said that we,

"will ensure that in normal economic times, when the economy is growing, the government will always run a surplus in order to reduce our national debt and keep our economy secure".

That was incorporated in the draft charter and then the 2015 charter, and endorsed by the House of Commons on 14 October. However, as the noble Baroness will know, it is qualified by the significant negative-shock provision, whereby, if real GDP growth of less than 1% on a rolling four-quarter basis happens, that discharges the immediate obligation. If one looks at the August inflation report of the Bank of England, forecasting growth of 0.8% next year, it looks as if the negative-shock provision will be activated. The Chancellor has made it clear that he is no longer pursuing the objective of headline surplus by the end of this Parliament, consistent with the provisions that I have just read out, and he will plan to set out future plans in the Autumn Statement.

The noble Lord, Lord Bilimoria, spoke about the independence of the OBR. The Budget Responsibility Committee of the OBR makes all its judgments in its forecasts independently and confirms this at the publication of every forecast. The OBR's independent forecasts for the UK economy and public finances allow the Government to fit fiscal policy to a central forecast rather than changing the forecast to suit fiscal plans, which is what used to happen.

I turn to the principal area of disagreement I have with the noble Baroness, which is whether we need primary legislation to achieve her objectives. It so happens that yesterday I replied to my first debate in the House of Lords in the Moses Room. The QSD in the name of my noble friend Lord Framlingham concerned the need to stem the flood of legislation. During that debate, representatives of all three parties united to beg for restraint in introducing legislation. I can do no better than quote from the noble Baroness's noble friend Lord Beith, who spoke in that debate. He said:

"As a Liberal Democrat, I believe that some degree of restraint is needed when you decide to bring in new laws … You should not bring in laws because you have to be seen to do something".

He went on:

"Before we start, we should ask: is there anything this Bill can do that cannot be done at least as well under existing law? That is the primary question we should always ask".—[*Official Report*, 8/9/16; cols. GC 209-10.]

Of course, we can do all the things the noble Baroness wants under the existing law. I could not have put the case against proceeding with primary legislation better myself. Therefore, it is the Government's position that while we back the spirit of the Bill, we do not see the need to legislate for what we are already committed to doing, and what, indeed, any subsequent Government should also do for the greater good of the country.

Having said that, it would be churlish to sit down before congratulating the noble Baroness and all those who have taken part in this debate on their very helpful contributions on a vital subject.

2.53 pm

Baroness Kramer: My Lords, I thank all those who have spoken in this debate. Of the four of us who have spoken, three had no choice. However, the noble Lord, Lord Bilimoria, was a true volunteer. That makes him No. 1 in my book as a consequence. I very much value his contribution and the examples given of Sweden and the US taking a different approach to issues such as the fiscal mandate. That opens up our minds. He warned us against a Victorian vision of the economy and, in doing so, drew on his own experience as a very successful creator of a business. He very much urged the Government to take advantage of low interest rates to accelerate the commitment to infrastructure well beyond their current and original ambitions. I hope that the noble Lord, Lord Young, has taken this point on board.

I thank the noble Lord, Lord Davies of Oldham, very much for finding so much common ground. It is always good when views are shared across these Benches. I am sure he is right that we will confront these issues in the Autumn Statement in November, long before any Bill introduced as a Private Member's Bill will have the opportunity to have any impact. On that score, I say "Cheeky" to the Minister for bringing in a quote from my good colleague, the noble Lord, Lord Beith. However, he too will recognise that this is an important mechanism for getting a debate on an issue that very often comes after an Autumn Statement, although it should come before it. I hope that the Government will create some opportunities in their own time for key issues like this to be considered, particularly in the context of Brexit, which creates a much more dynamic situation and means that many more things need to be considered by this House and the other place.

I particularly valued the contribution of the noble Lord, Lord Davies, to the discussion of what the Government describe as a switch to grammar schools, which for 90% of people is a return to secondary moderns. That gets very much lost in the discussion, and I hope that what he has said will be seen as something of a reprimand to the media, which have ignored the 90% who will never have the opportunity to participate in the quality of education that is now being identified for a limited few.

I am delighted to hear that the Government welcome the general principles that were laid out in my Bill, but we have some differences of interpretation. Many in this House, and many on the Minister's own Benches, will find the commitments to infrastructure spending frankly unambitious, given the needs of the time. We face generations of underinvestment, and the Government

[Baroness Kramer]
need to look again at accelerating our commitment to dealing with that in these times of great economic uncertainty and challenge. He also explained that the change in the definition of a budget balance or surplus was driven by the Conservative 2015 manifesto. Just because one makes a foolish statement in a manifesto, that does not mean it then makes sense to put it into practice in government. The Government need to look again at something I know they themselves see as a pair of handcuffs; there is no reason why we should all suffer as a consequence of manifesto drafting.

When the Minister looked at generational fairness, he once again focused on making sure that the next generation does not have to carry the debts for its predecessor generations. I fully accept that. However, that is far too limited an understanding of what is happening to our younger generation, who are in the most extraordinary situation. When the Minister and I were young, we always knew that we could do better than our parents. We now have a generation for which that is exceedingly questionable. That issue must be addressed before we end up alienating those who will inherit not just the national debt we leave behind, but society, opportunity, the economy and so much else. That has to go much more centre-stage in the Government's thinking.

On competition, the only thing the Minister mentioned was tax cutting. That indicates the narrowness of the Government's definition of competition—"Have we cut corporate taxes?" Frankly, cutting corporate taxes may have made some companies happy but it certainly has not led them to invest more, to train more or to increase their productivity in any marked way. Therefore, we have to look at other strategies to achieve that goal, and we need to understand the limits of tax cutting and decide whether it is appropriate for our target.

I thank everybody for participating in this debate. These are topics that we will return to, whether in the context of this Bill or in other contexts. For me, this has been a very interesting first go around the subject and it has also provided a great opportunity to welcome the noble Lord, Lord Young, to his new role. I look forward to many more exchanges on these and similar issues, and I ask the House to give the Bill a Second Reading.

Bill read a second time and committed to a Committee of the Whole House.

House adjourned at 2.59 pm.