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PARLIAMENTARY DEBATES
(HANSARD)

HOUSE OF LORDS

OFFICIAL REPORT

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Abbreviation	Party/Group
CB	Cross Bench
Con	Conservative
DUP	Democratic Unionist Party
GP	Green Party
Ind Lab	Independent Labour
Ind 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

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House of Lords

Thursday 3 November 2016

11 am

Prayers—read by the Lord Bishop of Truro.

Business of the House: Sub Judice

Announcement

11.06 am

The Lord Speaker (Lord Fowler): My Lords, with the leave of the House, I wish to make a Statement on the sub judice rule in respect of the forthcoming appeal to the Supreme Court in relation to the triggering of Article 50. As the case relates to a ministerial decision, it is not covered by the House's resolution on the sub judice rule, and noble Lords may make reference to the issues in debates or Questions.

Brexit Question

11.06 am

Asked by **Lord Soley**

To ask Her Majesty's Government what assessment they have made of the impact on their negotiations with the European Union on Brexit and the United Kingdom's future relationship with the European Union of the pursuit by other European Union member states of ever-closer union.

The Parliamentary Under-Secretary of State, Department for Exiting the European Union (Lord Bridges of Headley) (Con): My Lords, the future direction of the EU is a matter for its remaining members, but we intend to co-operate and collaborate on matters of mutual interest once we leave the EU. We do not see Brexit as ending our relationship with the EU; it is about starting a new one that is dynamic and constructive.

Lord Soley (Lab): Perhaps this morning's developments indicate how fast moving and difficult it is to predict the direction that these negotiations and discussions will take. I am increasingly concerned about this talk of hard and soft Brexit when crucially, regardless of what happens with the court decision at the end of the day, what matters is that Parliament is involved in trying to work out a good arrangement—good for the United Kingdom and good for the European Union. Many of those members will continue to move towards ever-closer union. We must be sensitive to that, and I hope that the Minister will confirm that.

Lord Bridges of Headley: My Lords, absolutely, and I thank the noble Lord for giving me the opportunity to say this. As my ministerial colleagues have said, while we are leaving the EU, we are certainly not going to turn our backs on Europe. I share the noble Lord's concern about the use of language. The Prime Minister has made it very clear that we are not adopting an off-the-shelf approach; we are looking for a bespoke approach. We want a relationship that will reflect

mature, co-operative arrangements in the future, with close friends and allies with whom we have been partners for a number of years and with whom we continue to face common challenges. Once we have left the EU, those common challenges will remain, and it will be utterly in our national interest to look to see how we can continue to co-operate with our European partners once we have left.

Baroness Smith of Newnham (LD): My Lords, clearly it is in the interests of the United Kingdom that the European Union is a stable partner, so ever-closer union for the 27 might be desirable. But in light of today's developments, will the Minister bring forward a Statement letting us know how Parliament might be involved in triggering Article 50?

Lord Bridges of Headley: I had expected that question. The Government are clearly disappointed by the court's judgment. The country voted to leave the European Union in a referendum approved by an Act of Parliament, and the Government remain determined to respect the vote of the referendum. We will appeal this judgment. I have nothing further to say at this precise juncture. I am sure that more will be said in due course.

Baroness Hayter of Kentish Town (Lab): My Lords, it is interesting that Brexit was all about parliamentary sovereignty. We regret that the Government will now appeal against the judgment to give this decision back to Parliament. In fact, if the Government do not like the Supreme Court's decision, perhaps they will try the European Court of Justice. We accept that we will trigger Article 50, but what is important now are the terms of that. Parliament can help to shape the basis on which we leave. It would be better to welcome this decision—and I ask the Minister to do that—to work with the judgment of the court and to take this important decision to Parliament.

Lord Bridges of Headley: I have nothing further to add to what I said a moment ago. The Government's decision is to appeal this judgment. The referendum result was clear. Some 17.4 million people voted to leave, and the Government have made it clear that they wish to deliver on that.

Lord Hylton (CB): My Lords—

Lord Anderson of Swansea (Lab): My Lords—

Lord Reid of Cardowan (Lab): My Lords—

Lord Pearson of Rannoch (UKIP): My Lords—

The Lord Privy Seal (Baroness Evans of Bowes Park) (Con): My Lords, it is the turn of the Cross Benches.

Lord Hylton: My Lords, does the Minister agree that the Question underlines the importance of this country's role in all the other European institutions other than the EU?

Lord Bridges of Headley: Yes, I think the noble Lord is referring to the institutions that operate external to the EU and which have helped to underpin our

[LORD BRIDGES OF HEADLEY]
security. At the same time, I would point out that, as regards defence, the Government believe that NATO is the bedrock of our defence policy. On the wider point that is implicit in the noble Lord's question, there are a number of areas of co-operation as regards defence, security, and research and development which we will wish to look at in the future to see whether our continued co-operation and collaboration fulfil our national interest.

Lord Reid of Cardowan: My Lords, I am afraid that it is woe after woe for the Government. On top of this morning's decision by the High Court, has the Minister had a chance to read the clear statement of the chair of the European Parliament's Constitutional Affairs Committee, Danuta Maria Hübner, who has made it absolutely clear that any EU follow-on free trade agreements will not occur simultaneously with Brexit—in other words, it will be possible to negotiate only at the end of the Brexit arrangements? Those discussions will be subject to a unanimous vote, including of the sub-state parliaments in Europe. This has the potential to add years to the process and is a complete contradiction of the statements expressed publicly by the Secretary of State for International Trade. Will the Minister respond?

Lord Bridges of Headley: I have little to add to what my colleague the Secretary of State for International Trade has said, other than that we will obviously abide by the obligations set out by the WTO when we look to forge future negotiations, and likewise with the EU when we look to forge future arrangements with other non-EU countries. I have nothing further to add at this juncture.

Lord Forsyth of Drumlean (Con): My Lords, will my noble friend confirm that the Government are determined to carry out the wishes of the British people and enable us to leave the European Union? While understanding that the Government were required to indicate that they would have to appeal in order to take the matter forward, they do not have to go ahead with that. Given that the Opposition have made their position absolutely clear—indeed, noble Lords will recall that the leader of the Opposition called for us to implement Article 50 immediately—what exactly is the difficulty with having a vote in the House of Commons on that matter of principle?

Lord Bridges of Headley: My Lords, the Government have made their position clear as regards this judgment, but I can assure my noble friend that we intend to deliver on the verdict of the British people in the referendum, and furthermore to deliver on our manifesto promise to respect the outcome of the result of that referendum.

Lord Campbell of Pittenweem (LD): My Lords, I appreciate that the noble Lord has restricted himself in the comments he may make, but perhaps I may ask him whether he agrees with two principles. The first is that, no matter how high you are, the law is above you. Secondly, will he affirm unequivocally the sovereignty of Parliament?

Lord Bridges of Headley: My Lords, we absolutely will abide by the sovereignty of Parliament, but I should also say that the reason we are abiding by the process before us is to ensure that we follow the options open to us as regards appealing. That is what we are doing.

Lord Pearson of Rannoch: My Lords, if all the other member states really are determined to go on sailing straight at the three icebergs of the euro, immigration and the EU's ruinously uncompetitive overregulation—and there are signs that some of them are not—surely we should be even more determined to get off their “Titanic” as soon as possible.

Lord Bridges of Headley: My Lords, a number of options are open to us as we leave the European Union. We intend to make the most of the opportunities that present themselves, while maintaining the freest possible access to the market of the European Union.

Aviation: Sharm el-Sheikh *Question*

11.15 am

Asked by Lord Risby

To ask Her Majesty's Government what is their current guidance on flights from the United Kingdom landing in Egypt, and in particular Sharm El-Sheikh.

The Parliamentary Under-Secretary of State, Department for Transport (Lord Ahmad of Wimbledon) (Con): My Lords, following the Metrojet crash, the Foreign Office travel advice was changed so that direct air services between the UK and Sharm el-Sheikh Airport were halted. Flights to all other Egyptian airports were unaffected. UK aviation security experts continue to work closely with their Egyptian counterparts on the ground, sharing their expertise in establishing effective security arrangements. We look forward to achieving the return of flights once we can be assured of there being the necessary secure and sustainable security situation on the ground.

Lord Risby (Con): My Lords, all your Lordships will want to be assured about the safety and security of British tourists abroad. Given the considerable improvements that have been instituted at Sharm el-Sheikh Airport, we now have a situation where Belgian and German flights are being resumed. Indeed, as my noble friend said, all other Egyptian airports are open for business. In these circumstances, given that Sharm el-Sheikh is the epicentre of Egyptian tourism, will my noble friend look afresh and very directly at these new changed circumstances, given the catastrophic impact on the Egyptian economy and its stability, and on our winter tour operators?

Lord Ahmad of Wimbledon: I can assure my noble friend that we are mindful of the impacts that have been felt locally. As my noble friend will be aware from his recent visit, our officials from the DfT have been working very closely with the Egyptians on the ground. He mentioned other nations choosing to return flights. That is very much a matter for them, but I am minded of the fact that we are yet to see the final results of the

inquiry that the Egyptians have conducted into the Metrojet crash. He will also be aware that the Russians, who were obviously involved directly in that inquiry, are also yet to report back, although they did provisionally say that the crash resulted from a terrorist attack on the plane.

Lord Stone of Blackheath (Lab): My Lords, when I was at Marks & Spencer, we did not employ technologists who delighted in banning things because of risk; we employed people who had the creativity to find solutions. Are those responsible for banning these flights aware of the risk to British citizens of radicalising the 4 million people we are putting out of work in Egypt?

Lord Ahmad of Wimbledon: As a former Minister responsible for countering extremism, I can assure the noble Lord that we are very much cognisant of the challenges we face, not just on aviation security. We work very closely, here in the UK and abroad, to ensure that those challenges of counter-radicalisation can be met head on and are working with communities on the ground.

Lord Marlesford (Con): My Lords, do the Government recognise that Egypt is one of the few beacons of hope in the Middle East? To allow its economy to be damaged as it is being damaged risks undermining President Sisi's attempt to establish a tolerant, secular state where all religions are acceptable, and risks encouraging the Islamists who are still trying to regain power through the Muslim Brotherhood.

Lord Ahmad of Wimbledon: Let me assure my noble friend, as I have already intimated, that we, more than any other country, have been working very closely with the Egyptians on the ground and we continue to do so. Indeed, we have a permanent presence in Egypt, not just in Sharm but in other airports, to ensure first and foremost the safety and security of our own citizens, but equally working closely with the Egyptian authorities to ensure we can have the resumption of flights as soon as possible.

Lord Rosser (Lab): The problem over Sharm el-Sheikh has been going on for some time. Can the issue over security now be resolved quickly to our satisfaction, or are the differences of view between ourselves and the relevant Egyptian authorities fundamental and seemingly irreconcilable in the near future?

Lord Ahmad of Wimbledon: It was on 31 October last year—so just a tad over a year ago—when 224 lives were lost. The Government were right to take the view to suspend flights in light of the incident that occurred, but it is also right that we should await the formal reports of the investigations. However, we are not just taking a step back. More than any other nation, we are working on the ground together with the Egyptian authorities to ensure that we improve security and can resume flights, as soon as we are assured of the sustainable nature of their security arrangements.

Lord Wallace of Saltaire (LD): My Lords, British tourists also go to the upper Nile valley and to the Sinai when visiting Egypt. There have been a number of incidents involving terrorists in both those areas

over the years. Are the British Government working closely with the Egyptians to ensure that tourism can safely be encouraged in those regions as well?

Lord Ahmad of Wimbledon: The safety and security of our citizens is paramount in our mind. The noble Lord is quite right to point out other areas. The short answer to the noble Lord is yes. We work together with Egypt and other countries around the world to ensure that the international global connectivity that aviation provides is safe and secure for everyone.

Baroness Symons of Vernham Dean (Lab): My Lords, I declare an interest as the chairman of the British Egyptian Society, which is a charity. In that capacity, I have been to Egypt several times this year. I fully endorse everything that has been said about the importance of the safety of British citizens, but the impact of the situation on some of the poorest and most destitute people, who would normally be engaged in the tourism industry, cannot be overestimated. It is an opening for those within Egypt who do not wish Egypt well and are fostering terrorism. Like the noble Lord, Lord Risby, I ask the Minister whether he will look afresh at this and do everything he can.

Lord Ahmad of Wimbledon: I assure the noble Baroness and the whole House that it is not just about looking at this afresh but about looking at it consistently to ensure the resumption of flights. Egypt is a friend. We want to ensure that we avert the challenges that it faces—issues of radicalisation were mentioned—and work with it across the piece, whether it is on aviation security or on countering radicalisation. It is our earnest belief that the impacts that the noble Baroness talked about can be alleviated at the earliest opportunity.

Trustees Question

11.22 am

Asked by **Lord Shinkwin**

To ask Her Majesty's Government what they are doing to celebrate Trustees' Week, to highlight the work that trustees in the United Kingdom are doing.

The Parliamentary Under-Secretary of State, Department for Culture, Media and Sport (Lord Ashton of Hyde) (Con): My Lords, charity trustees play a vital role in society, freely giving their time to ensure that charities are well run and make a difference. Each year, the Charity Commission works with a coalition of charities and other charity regulators on Trustees' Week to celebrate this and highlight opportunities for people from all walks of life to get involved. This year, Trustees' Week will take place from 7 to 13 November and the theme will be: stronger charities through good leadership.

Lord Shinkwin (Con): My Lords, I was privileged to spend much of my career in the charity sector, including at that wonderful charity, the Royal British Legion, so I saw at first hand the real difference that trustees can make. Does the Minister agree with me that the time and energy given to charities by those who volunteer as trustees prove that we live in a compassionate

[LORD SHINKWIN]
society? Does he further agree that we must do everything we can to promote the values of compassion and public service?

Lord Ashton of Hyde: My Lords, I agree with my noble friend, who speaks with significant expertise in the charity sector, especially the Royal British Legion, which noble Lords are supporting today. The latest figures from the Charities Aid Foundation show that we continue to be a generous nation in giving money and time to help others. We are eighth in the World Giving Index and, interestingly, the most generous in Europe. We hope that Trustees' Week will raise the profile of the excellent work that trustees do in the charity sector.

Baroness Pitkeathley (Lab): My Lords, I join the noble Lord, Lord Shinkwin, and the Minister in praising the work of trustees—and, indeed, the trustee work undertaken by so many Members of your Lordships' House. Does the Minister agree that we need to widen the range of people who become trustees? What are the Government doing to promote interest in trusteeship among younger people and people from diverse backgrounds?

Lord Ashton of Hyde: I agree with the noble Baroness. There are already about 85,000 young charity trustees aged between 16 and 34 out of the 1 million trustees in the UK, but more can be done. The past focus of Trustees' Week has been to encourage more young people to take up charity trustee positions. The Charity Commission also produces best practice guidance for charities on recruitment and detailed guidance on how to involve young people in running a charity. I agree with the noble Baroness on diversity. At the moment it is roughly 50:50 between men and women, but more can be done as far as ethnic communities are concerned.

Baroness Barker (LD): My Lords, the Charities (Protection and Social Investment) Act 2016 gives the Charity Commission extensive powers to disqualify people from acting as trustees. Will the Government monitor the commission's exercise of those powers and, in particular, the effect on charities which exist to rehabilitate offenders?

Lord Ashton of Hyde: The noble Baroness is quite right that that Act gave the Charity Commission more extensive powers, and the things she mentioned are monitored. The commission opened 100 statutory inquiries and used its legal powers more than 1,000 times in 2014-15, compared with 15 statutory inquiries and 200 uses of legal powers in the previous year, so it was already doing more, but I take note of what the noble Baroness says about the things that should be monitored.

Lord Cormack (Con): My Lords, I declare an interest as chairman of the Historic Lincoln Trust. Does my noble friend recognise that trusts depend very much on volunteers? It really is important in this next week that we recognise the importance not only of trustees, but of the volunteers upon which so many enterprises depend.

Lord Ashton of Hyde: Of course, I agree: volunteering is very important to organisations, but it is also very rewarding to those who volunteer. Going back to a previous question, volunteering among young people is rising. Among 16 to 25 year-olds, monthly volunteering is at 32%, up from 23% in 2010. The National Citizen Service Bill, which is coming before a Committee of this House soon, shows that graduates of the NCS programme increasingly volunteer. That is a good point to bear in mind.

Baroness McIntosh of Hudnall (Lab): My Lords, is the Minister aware of the good work of an organisation of which I am proud to be a trustee, the Roundhouse in north London? We have a long-standing and enlightened programme of bringing very young trustees on to the board every year. Is he also aware that the duties of trustees are increasingly onerous? It is pretty difficult even for people with a lot of experience to feel completely confident that they are on top of everything they are responsible for. It is very important, therefore, in bringing younger people, particularly people between the ages of 18 and 25, on to trustee boards, that they are properly trained and monitored and mentored while they are serving.

Lord Ashton of Hyde: Of course, I agree that that is important. It is particularly useful that young trustees can sit alongside older and more experienced ones and learn. The Charity Commission gives as much guidance as it can and is always refining that guidance, both for existing and young trustees. I make the point that the Charity Commission is not there to second-guess trustees, but to use its powers to correct areas of significant abuse. For most trustees, the Charity Commission does not invoke its powers at all.

Lord Hamilton of Epsom (Con): My Lords, following the comments of the noble Baroness, Lady McIntosh, can the Minister confirm that most trustees are not paid but their liabilities for whatever charity they are involved in are unlimited, as the trustees of Kids Company are now finding out? I declare an interest as the trustee of many charities.

Lord Ashton of Hyde: My noble friend is right that most trustees are not paid. Generally, the voluntary sector regards that as a good thing and does not want them to be paid. However, it is possible, with Charity Commission permission, to pay trustees; for example, for youth and diversity reasons it might be sensible to pay a trustee. I take on board my noble friend's point about liability.

Prisons: Self-inflicted Deaths *Question*

11.30 am

Asked by Lord Harris of Haringey

To ask Her Majesty's Government, in the light of the increase in the number of self-inflicted deaths in prisons in the 12 months to 30 September, what steps they will take to ensure the protection of potentially vulnerable prisoners.

The Advocate-General for Scotland (Lord Keen of Elie) (Con): My Lords, safety in prisons is a vital part of our reform plans. The Justice Secretary will shortly provide details of the prison reform programme in the other place. This will build on her previous commitment to invest £14 million to provide more than 400 extra staff in 10 prisons and the £10 million of new funding that is giving governors the ability to improve safety in their establishments.

Lord Harris of Haringey (Lab): My Lords, I am sure we are all delighted to hear of the extra staff who will go into prisons but does the Minister not accept that you would have to have four times the number quoted in today's newspapers and on the radio simply to achieve the same prisoner to staff ratio that existed in 2010? No doubt he will be aware of the inquest, which concluded yesterday, into the death of Levi Cronin at Her Majesty's Prison Highpoint. He was a 26 year-old who was sentenced for bike theft and then killed himself. The inquest jury found a, "series of interconnected system inadequacies and failures", including insufficient recording of information, insufficient communication, inadequate staffing levels, and inadequate support and supervision. Exactly how does the Minister think it will be possible to deliver the sort of personalised care and support that are necessary in the absence of better staffing levels, which the announcement today does not seem likely to deliver?

Lord Keen of Elie: My Lords, it is not appropriate to draw an immediate comparison with staffing levels in 2010. Since 2010 a number of prison establishments have been closed down, leading to a reduction in the number of staff. In addition, we have introduced a benchmark standard—which the noble Lord, Lord Harris, referred to in his own report—to address the question of staff. It is a matter not just of staff numbers but of recruitment and retention. There are wider issues that have to be addressed in that context.

Of course, prisoner care is paramount in our consideration. Indeed, in 2015 the National Offender Management Service reviewed the assessment, care in custody and teamwork case management system. It made 20 recommendations, which will be fully implemented by March 2017. In addition, we intend to give every prisoner a dedicated officer who can engage with them on a one-to-one basis.

Lord Alton of Liverpool (CB): My Lords, can the Minister tell the House how many self-inflicted deaths there have been in Her Majesty's prisons over the past 12 months? Has he had a chance to look at the Howard League's recent report on this and can he tell the House the estimated cost—beyond the human cost—of every self-inflicted death that occurs in prison?

Lord Keen of Elie: In the 12 months to September 2016 there were 107 self-inflicted deaths. The cost is of human life; it is not measured in pounds, shillings and pence. Every one of those deaths is the subject of investigation, not only by the ombudsman but by an inquest.

Lord Marks of Henley-on-Thames (LD): My Lords, some 70% of prisoners who commit suicide have serious mental health conditions. Many should have been in secure hospitals. The ombudsman's recent report on prisoner mental health highlighted the shortage of secure hospital places, lengthy waiting times and the incidence of avoidable suicides while prisoners awaited transfer. Will the Government increase the number of secure hospital places and improve the arrangements for the speedy transfer of prisoners who need them?

Lord Keen of Elie: My Lords, a key aspect of our prison reform programme will be to address offender mental health and improve outcomes for prisoners. That is why we are investing £1.3 billion to modernise the prison estate.

Lord Beecham (Lab): My Lords, last week the Justice Secretary proudly proclaimed her intention to appoint another 400 prison officers; today, she says that an additional 2,100 will be recruited. But the service has lost 7,000 officers since 2010, which is 28% of a workforce for whom the sickness rate is 25% higher than the labour market average. When will the Government recognise that prisoner numbers—the highest in Europe except for Hungary, Slovakia and the Czech Republic—are the real problem and adopt a cross-government strategy to reduce the prison population, not least by tackling the mental health problems which afflict 70% of those given custodial sentences?

Lord Keen of Elie: The noble Lord is right to highlight the fact that mental health is a very material issue so far as prison populations are concerned. As I indicated earlier, it is one that we are addressing but it is not just increased staffing levels that will deliver improvements. How prison officers are deployed and the training and support they receive are equally important elements for any workforce strategy.

Baroness Meacher (CB): My Lords, I welcome the Government's decision to reduce some of the cuts that have already been made to the prison budget. The Minister will be aware, as has been alluded to, that the vast majority of very vulnerable prisoners are those with mental health problems. In fact virtually none of those people, who mainly suffer from anxiety and depression, gets effective treatment. Last month the medicines regulator, the MHRA, declared that products with CBD in them—one of the key elements of cannabis—are effective medicines. The word "medicines" is crucial. Will the Minister ask his officials to look at the evidence of the efficacy of CBD on anxiety and other mental health disorders? Will he then meet me to discuss a possible way forward?

Lord Keen of Elie: I am not in a position to comment on the efficacy of CBDs in this context but one has to address the much wider issue of mental health, and the drug abuse which is connected to it in prisons. I will ask my officials to consider the matter raised by the noble Baroness and once I have that advice, I would be happy to write to her.

Business of the House

Timing of Debates

11.37 am

Moved by *Baroness Evans of Bowes Park*

To move that the debate on the motion in the name of Lord Soley set down for today shall be limited to 3½ hours and that in the name of Lord Griffiths of Burry Port to 1½ hours.

Motion agreed.

Examiners of Petitions for Private Bills

Motion to Appoint

11.37 am

Moved by *The Senior Deputy Speaker*

That, in accordance with Private Business Standing Order 69 (Appointment of Examiners of Petitions for Private Bills), Mr Colin Lee be appointed an Examiner of Petitions for Private Bills in place of Mr Matthew Hamlyn.

Motion agreed.

Brexit: Impact on Universities and Scientific Research

Motion to Take Note

11.37 am

Moved by *Lord Soley*

That this House takes note of the potential impact of the United Kingdom's withdrawal from the European Union on funding for universities and scientific research.

Lord Soley (Lab): My Lords, in moving this Motion let me say that I fully respect the decision of the court today and the Government's position. I know that it is not a matter for debate today but some of the things that I will say will indicate that Parliament can have a helpful role in the difficult negotiations and discussions to follow. Whether the Government decide to appeal is a matter for them. I say simply that Parliament has a duty to hold the Government to account, but also to offer its help, advice and guidance on some of the very complex issues that will appear during these discussions. Let me say straightaway that the issues affecting universities, and scientific research and development, are a very good example of that.

Not only has there been enormous interest in this Motion from Members of this House, many of whom will speak today with far more knowledge and experience than I have, particularly of the university world, it is also true that the number of organisations outside—throughout the United Kingdom—that have contacted me about this debate is quite remarkable. I have had letters, emails and contact from all over the country expressing concern. I already indicated in my first Question today that my concern is that the United Kingdom and the European Union need a good and productive relationship in the future. It is of no benefit

to the EU or to the UK if we simply see this as a game of winners and losers. There has to be a new relationship between the United Kingdom and the European Union, and scientific research and development will be a critical part of that.

I do not need to tell this House, particularly with the number of scientists in it, that science and technology and universities are critical to the development and success of any modern economy. Indeed, higher education in Britain and our scientific research are big success stories for the United Kingdom and must continue. There is now genuine concern in scientific research and universities about what will happen during the process of Brexit and if we withdraw, which seems almost certain. Somehow or other, we must have a structure that makes sure that this country does not slip back in its significant achievements in research and higher education.

Two core issues have troubled people who have contacted me. They boil down to, first, acute concern about the movement of students and staff inside in scientific research. Scientific research is now international, and within the European Union it is transnational. We have to recognise that. It is not focused in just one country. It is very much interdependent. Some of that work, which I hope to indicate in a moment, is profoundly important to everyone, everywhere. It is not just a matter for scientists and researchers in universities. It will affect everybody's life in every way.

The second issue causing acute concern is funding. It is not just whether funding will continue at the current level or, as we hope, increase; it is also about predictability during the negotiation process. It is no help to anyone if people who are making bids for research money to European institutions, most notably the Horizon 2020 programme and the European Research Council, cannot be sure what will happen to their application in the coming months and years.

To put those concerns in context, I shall quote the Russell group of universities, which sums up the concern quite clearly. I think the Government have to focus on what it says. It wants the Government to ensure that:

“UK universities can continue to recruit and retain talented staff and students from across the EU and more widely without bureaucratic visa burdens”.

That is important, and I shall come back to it later. Its second point is about:

“Ensuring the UK can continue to have full access to and influence over Horizon 2020 and further EU research and innovation programmes and infrastructures”.

I would include the European Research Council in that. Its third point is about:

“Ensuring the UK can continue to participate in the Erasmus+ programme”.

All three of those issues have been reflected by many other organisations and individuals who have contacted me.

It may help if I give some examples of the sort of research that matters to everyone in this country. I turn first to astrophysics, space science and geophysics. They are by nature international operations involving countries all around the globe, but they are also profoundly important within the European Union, and there is funding within the European Union. Something that perhaps puts meat on the bones of this sort of research

and shows people inside and outside this House how important it is the FLARECAST programme. As its name implies, it tries to forecast solar flares. Solar flares are increasingly important because as we rely more and more on high technology, a serious outbreak of solar flares can massively disrupt electronic communications and the power distribution network. That affects everyone in this country, in the European Union and around the world. That work is currently funded massively by the Horizon 2020 programme. That is one of my first examples of how important it is that we manage to keep the Horizon 2020 programme going and that we are fully part of it.

Another example of that the Tyndall Centre for Climate Change Research in East Anglia, which has an international reputation and is virtually entirely funded by the European Union. This is where Parliament can be very helpful to the Government, as we need to keep bringing issues of this type up, not in order to score points but simply to say we cannot allow a situation to develop where such organisations lose their funding and it is not replaced in some way. I will come back to this, but ideally we would have a situation where the funding continues more or less as it is. If we do not achieve that in the negotiations, then the British Government will have to find the money for that sort of work.

Immunology is profoundly important to the health and disease problems that we face—again throughout the world, as obviously they are not unique to the United Kingdom. Some €8.8 billion has been paid in the six years between 2007 and 2013 by the European Union. That is a very large sum of money, and either we find a way of that continuing or we have to replace it in some way. The amount of money we get in research grants for immunology from the European Union is second only to that achieved by Germany. Both Britain and Germany are leaders in that work and, again, the issue is of course international and not just transnational—it is certainly not just about the UK.

The European Investment Bank only a few months ago gave a loan of £280 million to University College London, and a few months prior to that gave £200 million to Edinburgh University. The funds were designed to enable those two universities to develop infrastructure projects, which have an immensely important spin-off into the development, creation and progress of small creative businesses. I cannot stress that enough, as we tend to understate what we do in manufacturing in this country. Some of our manufacturing is very advanced and very lightweight, and our exports depend on it massively. This is not a plug for Heathrow Airport, but every plane that goes out is stuffed full of exports of very high-tech equipment. It is worth remembering at this time that there is hardly a satellite whizzing round the world that does not have British technology in it. That is profoundly important. I would like to know how the Government think those investment programmes will continue. Ideally, we will solve this in the negotiating process, but if not we need to find a way of funding them.

Oxford University gets 12% of its total research budget from the European Union. There are six pan-European infrastructure projects located in the United Kingdom, and two of them—one at Harwell run by

Oxford University on laser energy and the other on biology at Oxford University—are profoundly important. Can the Minister look at how we will continue to develop them if we are no longer part of the European Union? They are part of this pan-European project. As I say, there are six of them in this country, and they would need to continue as well if we want to maintain our scientific lead.

It would be quite useful again to have the Minister's views on one way of addressing this, which would be to recognise that coming out of the European Union does not necessarily mean that we have to leave the European Economic Area. The European Economic Area may, or could, to some extent mitigate the funding crisis that will hit some of these organisations if we are not careful. It is not a complete answer by any means but it would mean, as I understand it, that we could continue to have access to funds from both Horizon 2020 and the European Research Council. I am sure the Minister is aware that it is possible to have associate relationships with these organisations, in the way that Israel and Switzerland do. There are other possibilities here, but there is no doubt in my mind that the first priority should be that the funding continues more or less as it is, not least because of the predictability of it. That predictability is profoundly important.

The Prime Minister says that we are a full member of the European Union until such time as we leave, and therefore such things should not change. I understand that, and legally it is correct, but in reality, people in other European Union countries are looking at the relationship they have with Britain in scientific research and universities and asking how Brexit will affect it.

I am told—again, I should like to know whether the Minister is aware of this and can tell us any more about it—that people are already reluctant to place Britain as a lead programme developer when applying for funds, because they cannot be sure that they will not lose out if Brexit goes badly wrong and we end up coming out of the European Union without a proper agreement on the continuation of science and technology research.

Many people in this Chamber have far more knowledge of universities than I do, and I do not doubt that they will speak about them both individually and in terms of funding of students and student exchanges. I just flag up that I regard that as particularly important, and look forward to hearing from some of my more knowledgeable and expert friends on it.

We must be aware that this is not just a funding issue. The other group whose evidence impressed me was the Association of the British Pharmaceutical Industry. It wants predictability on regulation. Obviously, drug production requires regulation across the European Union; again, it is transnational. It is no good our having a different set of regulations from Germany, France, Italy or elsewhere, so somehow we have to agree a system of regulating standards so we do not get bogged down in additional bureaucratic discussion on each individual drug that is produced. My memory is that 25% of the world's leading prescription drugs were discovered and developed in the United Kingdom. That is immensely important. It would not be good to get bogged down in regulatory discussion.

[LORD SOLEY]

The House of Lords Library points out that we have received £5.6 billion per annum from the European Union for recent scientific research and development, and that 2.5% of UK university income came from the EU in 2014-15.

I finish on this point because I want to leave as much time for others as possible. I say to the Minister that Parliament can be helpful on this. We need to make sure that universities, higher education and research and development are carried forward successfully, but we rely an awful lot on what happens in the negotiations. To go right back to what I said at the beginning, that means that we need a good relationship with the European Union where both sides recognise that predictability in funding and the ability of staff and students to move around internationally and transnationally are vital. I beg to move.

11.53 am

Lord Willetts (Con): I congratulate the noble Lord, Lord Soley, on bringing this debate to the House and posing the crucial questions he has. I draw the House's attention to my entries in the register of interests, particularly my post as a visiting professor at King's College London and serving on the board of the Crick Institute.

I shall keep my remarks short because so many Members of this House wish to speak. In many ways, that is my central point: there is a range of concerns in the university and science community about Brexit, and we need some structure or framework in which they can be considered explicitly by the Government, the different arguments can be weighted and we can have an indication of how they could be addressed as part of the negotiations on Brexit. There is a range of exercises in learned societies, in individual universities and their representative groups, but I press on the Minister the need for some kind of framework and explicit consultation by the Government.

The Government have already made some very welcome announcements. I welcome in particular that the Minister for Universities and Science has announced a continuation of funding for schemes that have already been successful in the EU and the extension of continuing funding of students from the EU at British universities. But the Government need to go further.

A crucial issue that needs to be addressed is what kind of relationship we might have in future with Horizon 2020. I rather regret that the way that the debate went in the referendum focused so much on funding and not very much on networks, which are as important as the funding, if not more so. Maintaining those networks is crucial and there are several ways in which it could be done. We could continue to participate in Horizon 2020; other countries do so that are not members of the European Union, so that would be one option. I think I have picked up some concerns among Ministers that Horizon 2020 is cumbersome and has high overhead costs. On the other hand, those costs may arise simply because it is creating partnerships between institutions in more than one country, which is an inherently more complicated activity. Those pros and cons should be explicitly identified.

Another option would be for Britain to set up a parallel fund to enable universities and research institutes in our country to be funded by the UK Government if they wanted to align themselves with the Horizon 2020 programme. Another option, which I know is being considered in some places, is for universities and research institutes in the UK to set up a new operation within the EU which would be—they hope—still eligible to receive EU funding. The relative pros and cons of those options and the frameworks for them are exactly the kind of thing on which a consultation exercise led by the Government could provide very useful guidance and advice.

The noble Lord, Lord Soley, also referred quite rightly to student mobility. Of course, that means attracting students—and young people in general—into Britain. There is an ingenious visa regime for young people aged under 31 from certain, specified countries to come and work in Britain for up to two years. We currently apply it to nationals from Australia and New Zealand, for example. Could we make that offer to nationals from many EU countries as a very powerful signal—and a practical offer on visas—that showed that they would still be welcome here? Equally important is that we continue to make it possible for British students to go and study abroad. In fact, we would gain if more British students had the opportunity to study abroad. Another idea to consider, therefore, would be that fee loans—currently available only for study at a British university—could be made available to cover the costs of studying abroad at universities in specified countries, which could of course include member states of the European Union. These kinds of ideas need to be properly investigated and I hope that the Government will do so.

There are of course enormous challenges for universities and research institutions from Brexit; there are also opportunities. Many universities that I have visited, and it is also the experience of the Crick Institute, would love to have a commercialisation unit alongside their research lab, but have been told that if they did so the VAT exemption on the building of their new facility would be lost and the whole facility would pay VAT at 20%. The ad hoc rule of thumb is that they should therefore have only 5% of commercial activity. It would be a powerful boost to the sector at a time of such anxiety if the Treasury signalled that this is exactly the kind of tax rule that could change if we left the EU and that, in future, there would not be a VAT liability if our publicly funded institutes and universities created places for commercialisation on a much larger scale.

There are widespread concerns and I am sure that they will be expressed in the course of our debate today. I very much hope that, in a systematic and considered way, the Government will set up a framework in which they can be addressed.

11.59 am

Baroness Blackstone (Lab): My Lords, I declare an interest as I chair the board of Great Ormond Street Hospital, which undertakes a great deal of research.

One of the strengths of the UK is its universities. We have a world-class system of higher education which is admired around the world. The high status of

our system is something we must preserve. The decision to leave the EU is a potential threat to this. There may be some opportunities, as the noble Lord, Lord Willetts, has just said, but there are many threats as well. One of the benefits of our membership is the opportunity to attract students from the European Union. There are currently 185,000 studying here. This has been possible for them through access to fee loans. Will the same guarantee of access given to students coming here from Europe in 2017-18 be given to those coming here in 2018-19? Will the Minister tell the House what will happen after that? The loss of these students would damage the rich and diverse population in UK universities.

European Union nationals account for about 16% of the academic workforce here. Incidentally, the figure is much higher in some important subjects—for example, mathematics and economics. What reassurances will be given to them? Will they continue to come if there are complex bureaucratic hurdles to contend with? They are at present attracted by the values of openness to the wider world and the quality of research in our universities, to which many of them make an enormous contribution. What assurances can the Minister give that academic mobility—not just student mobility—from Europe will not be impeded after our exit?

Almost half of UK academic papers are written in collaboration with at least one international partner, many from the European Union, and international co-authorship is associated with 41% more impact. The UK is easily the largest beneficiary of EU Research Council funding, obtaining 22% of its grants. This underlines our success in research. As Jo Johnson, the Minister responsible for this area, said earlier this year:

“Britain’s success as a science powerhouse hinges on our ability to collaborate with the best minds from across Europe and the world”.

He was right; it does. Therefore, will the Minister tell us not just that the Government will work to protect the UK’s position for the duration of Horizon 2020? Universities are desperately concerned about the longer-term future beyond Horizon 2020. They expect a response, and they should get one. Given how much money comes into the UK for research, it deserves high priority in any exit negotiations, which need to consider how we can go on having high-level strategic influence as well as funding.

As regards medical research, issues of scope and scale are particularly important. High-quality medical research is vital to innovation in the treatment of patients, in both discovering cures and making sure that their symptoms are alleviated so that they have a better quality of life. Limiting the scope of this research would damage patients, so access to EU funding in this area is not just about money, but about the facilitation of networks, as I think the noble Lord, Lord Willetts, also mentioned, and access to pan-European populations. This is especially true with rare diseases, 75% of which affect children, and 30% of children with a rare disease will die before their fifth birthday. To save the lives of these children it is vital to have collaborative projects which expand the population size from which patients can be drawn across Europe for the clinical trials which are needed. At Great Ormond Street Hospital and the Institute of Child

Health of University College London, where, incidentally, 25% of the medical staff are from the European Union, there are currently 44 EU-funded research trials. What do the Government plan to do in the longer term—I stress the longer term—to ensure that these cross-European trials can continue?

With more time I could cite many examples where this research is now benefiting children with rare complex conditions. Surely we owe it to them to ensure that this continues.

12.04 pm

Baroness Smith of Newnham (LD): My Lords, funding is clearly crucial for higher education institutions. I am grateful to the noble Lord, Lord Soley, for bringing this debate this afternoon. Like many other speakers, I declare an interest, or even interests. I had noted two, and then the noble Lord, Lord Willetts, caused me to think of a third one.

My interests on this occasion are directly relevant to what I will talk about in the few minutes available. The first is that I am employed by the University of Cambridge, which benefits significantly from membership of the European Union and access to funding from Horizon 2020 and associated programmes. Secondly, while my own Department of Politics and International Studies does not apply to so many programmes, the European centre that I direct has had funding from the European Union to create collaborative networks. I am now the third speaker to talk about networks, and a hugely important theme is that we are talking not just about funding—networks are important, people are important, collaboration is important—so, if we look merely at the financial aspects of research funding, we miss an important part of what Her Majesty’s Government need to think about in negotiating the UK’s withdrawal from the European Union. My third interest is as a member of the advisory board of the Institute for European Studies at the Free University in Brussels, the ULB. I mention that because, when I was asked to be on that advisory board, I stopped to think, “Do I have time to do it?” and “Do I want to do it?”, but I did not think, “Will it be difficult for me to get to Brussels? Will I have to fill in bits of paper and get visas to travel?”. I can see the noble Viscount, Lord Ridley, shaking his head, but there are key issues to think about that go beyond funding, which relate back to how the United Kingdom will play out its role in collaborative research in the future.

Funding is part of that, and the Government have already been clear that they are willing to support funding that would be lost under Horizon 2020 and replace it up to 2020. However, as the noble Baroness, Lady Blackstone, already suggested, “up to 2020” does not give much certainty at all. Applications are going in now where, anecdotally, we are told again and again that British people or people who are based in UK universities are being discouraged from being the lead applicants for EU funding. That needs to be thought about. Will the United Kingdom seek to be part of the European research area, and ideally part of Erasmus, once we leave the European Union? Can the Government commit to saving the best opportunities and closest co-operation for the United Kingdom by being part of the European research area post Brexit?

[BARONESS SMITH OF NEWNHAM]

At the moment, the United Kingdom benefits from having significant numbers of EEA nationals as students and academic staff. At the moment, 20% of Cambridge's post-doctoral fellows come from other EU and EEA countries. But there is no certainty for these people. At present, we have no idea what the Government propose on visas and free movement. If the Government do not propose to be part of the European Economic Area or something similar, can the Minister indicate what sort of arrangements they are looking for that will enable EU nationals to have confidence about coming to take up jobs in the United Kingdom? The link back to funding is that, at present, the United Kingdom receives more funding from the EU than any other member state, and a significant number of the ERC grants go to EU nationals resident in the United Kingdom. If the United Kingdom is outside of those networks, the pull factor for leading European scientists disappears. Those people need certainty. If the United Kingdom is to remain world-leading, it needs to demonstrate that it is open for business. Maybe the plan is to have a visa-free regime for free movement of academics or maybe the plan is to expand tier 2 visas, but at present we have no idea.

While I understand that the Minister is not going to give a running commentary, can he at least give some assurance that the Government are thinking about these questions and that the UK is open for global business, including in higher education and research?

12.10 pm

Lord Kakkar (CB): My Lords, I too join in congratulating the noble Lord, Lord Soley, on having secured this important debate. I declare my interests as professor of surgery at University College London, director of the Thrombosis Research Institute in London and chairman of UCL Partners.

World-class science research and innovation is a global success story for our country. With 1% of the global population and 3% of expenditure in research and development, we are able to deliver 15% of the most highly cited publications globally. This is vitally important not only for the health and wealth of society but for investment in research and innovation, which is a remarkably effective lever in driving economic growth and opportunity for our population.

As we have heard in this debate, there is no doubt that there is concern about the implications of our country leaving the European Union. In terms of research funding, we have heard about the disproportionate success that our universities have had to date in securing funding—some 10% of research funding at our universities comes from the European Union. However, we have a unique ecosystem in our country beyond the funding from the EU, and at this time it is therefore important for the national debate to focus on what we need to do to secure those remarkable achievements in science, research and innovation well into the future.

One thing that we have heard about is the development of an industrial strategy. I should like to ask Her Majesty's Government what approach has been taken in terms of development of a strategy for the future funding of our science base at universities for innovation and research. There is no doubt that the opportunities

alluded to for research funding from the European Union need to be considered carefully. They represent an important part of the ability of our universities to remain globally competitive. Therefore, Her Majesty's Government will need to consider carefully how that research funding is replaced not only in terms of the quantum of funding available but, as we have heard, by ensuring that the funding, when it becomes available at a national level, is directed to allow our great institutions and successful research community to interact with the kind of collaborative networks globally with which they are currently able to interact through participation in European schemes.

In that regard, have Her Majesty's Government given thought to the development of new funding streams that might target particularly the ability of our institutions and home collaborative networks to continue to collaborate in the European Union? As we have heard, those will be vitally important, particularly in areas of medical research such as rare diseases, as well as in opening up the opportunity for us to collaborate beyond Europe with networks in the United States, Asia and among other Commonwealth countries, where there will be the opportunity for enhanced research collaboration. This does not take away from the need for us to remain active participants in European networks and, in certain circumstances, in the funding streams that will provide great opportunity to our universities.

There is also an important opportunity at this stage to consider the overall funding available for research and innovation in our country. Although in the austerity years—with the support of European Union funding—our universities were able to remain competitive on a global scale, the reality is that in terms of OECD member investment in research and innovation we are at the bottom of the league. That is an unsatisfactory situation for a nation that prides itself on being a knowledge economy and committing itself to a future in which innovation will drive social advancement, improvement in the lives of our citizens and opportunities for our economy. As part of the industrial strategy, have Her Majesty's Government considered increasing the overall funding available for science and research in our country to bring it at least to the average level of OECD member country investment in this area? Clearly, we would still not be investing as much as some of our competitors, such as Germany and the United States, but we would strengthen the overall base and send a very powerful message to the rest of the world that science and innovation remain at the heart of the purpose of our country.

In that regard, what attempts have Her Majesty's Government made to work with our learned societies and national academies to see how they might contribute to this process, inform this discussion and ensure that the very best environment is created in the future to secure the science and research base in our country?

12.15 pm

The Lord Bishop of Portsmouth: My Lords, the range of risks faced by the HE sector covers student recruitment, staff recruitment, research funding and course portfolios, as we have already heard. The potential impact—positive from some perspectives,

albeit limited and very provisional at this stage, and the range of likely negative impacts—varies between universities.

My background covers different sorts of universities: Hertfordshire and Portsmouth, Oxford and Cambridge, and Durham and Manchester. I studied in three, taught economics in two, was a chaplain in another and have been a governor in two. I draw your Lordships' attention to my entries in the register of interests.

In such very varied universities, the present excruciating uncertainty following the Brexit vote is having a significant impact in a range of areas. The risks around recruiting future staff are hard to gauge accurately but it must be expected that it will become more difficult to recruit EU staff. Across the sector, 10.7% of academic staff are EU nationals, with a focus on research staff. They are much more likely to be on fixed-term rather than permanent contracts, so there will be an ongoing need for recruitment in what are now very uncertain, and likely to be changed, circumstances. It would be enormously helpful if the Minister and the Government could be more precise about the freedom of movement for all categories of workers that will be available post-Brexit.

A different problem will arise if, as is sometimes rumoured, the UK Government make recruiting all international staff more difficult. This issue is immediate and particularly pressing because, although no changes to EU staff recruitment can, as I understand it, be made until the UK leaves the EU, changes to UK visa rules can be made with immediate effect. Can the Minister say what is intended?

Our universities are attractive for many reasons. The sector has a high world reputation—we might call it a golden reputation—and I fear that the intention of ranking UK universities as meeting gold, silver or bronze standard in the future risks diluting the prized brand in a period when our international reputation is inevitably under scrutiny. I hope that the Minister and the Government can consider ways to enhance the position of the sector rather than use language and terms that might diminish our international reputation.

As I acknowledge the strength of the various financial risks already identified, I draw the House's attention to the importance to this nation and society of the openness of our hearts and minds to what is new, different and challenging. The world of learning depends not only on accessibility to ideas and thinking but, as we have already heard, on the people of the world meeting each other, learning together, and sharing their exploration and their understanding. It is that which we must ensure we continue. Insularity in our approach, perceived or actual, will relegate us in the perspective of the world and risk not only the financial stability of our outstanding universities but their educational standards too, to the detriment of the nation.

At Portsmouth, where I am presently a governor, of those who teach or research in the Institute of Cosmology and Gravitation, which is research intensive, one-third are British and two-thirds are non-British, of whom 45% are from the EU. Is it intended that cutting-edge research such as this will be imperilled? Only yesterday, the astronaut Major Tim Peake, who studied flight

dynamics and evaluation at the university, visited for a conference of schoolchildren, widening the scope of those children's thinking. The risks are clear: uncertainty is debilitating. Economically, educationally, culturally and ethically, universities are pivotal.

12.20 pm

Lord Giddens (Lab): My Lords, I congratulate my noble friend Lord Soley on securing this debate and introducing it so ably. I cannot measure up to the list of interests that the right reverend Prelate declared, but I declare an interest as former director of the London School of Economics and formerly a professor in Cambridge for quite a few years.

The issues facing universities are extraordinarily complex. They show in one particular institutional setting the scale of the task the country has taken on following the referendum. So far there is no Brexit, simply a decision to leave the European Union. If the Government have a plan, only they know what it is. The wider economic implications at this point are, therefore, to my mind imponderable.

My first main point is that those responsible for running our universities must engage in scenario thinking that runs well beyond higher education. For better or worse—and in my eyes it is certainly worse—this Government have decided to turn universities into commercial organisations, driven by consumer choice. They will be as vulnerable to a downturn in the economy as any other form of business enterprise.

Moreover, from this juncture onwards there will not be a stable external environment against which universities will operate within the wider framework of the EU. The other member states, and those who run their universities, will be taking reactive decisions well before any concrete deal is reached between Britain and the rest of the European Union. This includes students and potential students, researchers and other staff, as well as those actually in charge of higher education institutions. The Government can try to give guarantees and smooth out anxieties, but everyone can see that those guarantees will be vulnerable should there be a wider deterioration in the UK's economic situation. What appears to be the Government's position—that nothing will change up to the point at which the UK actually leaves the EU—seems to me naive in the extreme.

All of this will take place against the backdrop of the higher education Bill, due to come before the Lords shortly. It loads up universities with a tangle of new bureaucratic rules, supposedly in the interests of improving teaching standards, and introduces a further set of uncertainties to join the much more wide-ranging ones created by Brexit. This clumsy Bill is the last thing universities need at the moment and, when the time comes, I hope that other noble Lords will join me in opposing large chunks of it.

The Government can and are seeking to introduce at least some guarantees that existing structures will remain in place for the time being. However, they cannot control what overseas Governments and institutions think, and they will be proactive. Research reported by *Times Higher Education* indicates that there are already visible consequences. Researchers

[LORD GIDDENS]

spoken to indicated that applications to Horizon 2020 for funding had already been thrown into doubt, as continental colleagues worried about the impact of including British researchers in their project applications.

The response that it will be business as usual until the UK actually leaves the EU will not do, for the reasons I have already stressed. Both the Government and university leaders will have to think more imaginatively to blunt the reputational effects of impending Brexit, as well as the real losses in student recruitment and research capacity likely to take place. Of course, there is always the banal response that the UK will open itself up to the wider world as it turns away from the rest of the EU. But proximity is often important in research collaboration, and so is an established and regularly funded way of stimulating and backing research projects.

At this point, we just do not know what kind of deal the UK will be able to do with the 27 other EU nations. There is a huge difference between staying in the single market, which is surely impossible if EU migration is to be curtailed, and opting for a limited trade deal. In the second case, the UK will definitely be an outsider in Europe, peering in. Universities may have become like businesses, but they cannot react with the speed that orthodox companies do to changing economic fortunes. Beyond limited financial guarantees, how will the Government help universities to plan ahead?

I agree very much with what the noble Lord, Lord Willetts, said. Some structure must be in place—not a temporary consultation, but an enduring structure linking government with universities to plan ahead in a macro context, not just the context of the university system itself.

12.26 pm

Lord Hannay of Chiswick (CB): My Lords, our debate today covers two sectors of our national life that are critical for our future success, competitiveness and prosperity as a nation. Our universities, second only in the world to those in the US in their international outreach, are one of the country's top invisible exporters. At the same time, they are an important source of our soft power. Our scientific research, despite the fact that it is less well funded from the public purse than is the case for most of our competitors around the world, has, by the disproportionately high wins of EU research funding, shown that it is in rude health. One might think that the potential negative impact of Brexit on these sectors would be of deep concern to the Government. There is not much sign of that, however. The CEO of Nissan can get in to see the Prime Minister and emerge with so-far unmentionable assurances, but the presidents of the Royal Society, the British Academy and Universities UK are not being so treated in spite of their very serious concerns, so all the more credit to the noble Lord, Lord Soley, for having initiated this debate.

What are those negative implications? First and foremost are ones that come from the talk of imposing new immigration controls. These could adversely affect the recruitment by universities of both undergraduates and postgraduates and of the 15% or so of their

academic staff who come from other EU countries. If the controls were reciprocal, that could affect British students and academics moving in the opposite direction. This House has frequently debated the aberrant nature of the Government's policy of treating students as economic migrants for public policy purposes. That has zero support in this House from any side. It will emerge yet again now in the context of this new threat from Brexit, and it is surely time to rid ourselves of this incubus, which is already resulting in a loss of market share for British universities when compared with their main competitors. We need the Government to say here and now that any new immigration controls they may contemplate will not prevent those with offers of an undergraduate or postgraduate place, or of an academic post, taking up those offers. If they cannot say that now, the haemorrhage of students and academics who have to think in terms of longer time horizons—and it has clearly started—will only accelerate, depriving our universities of material and human resources of the greatest importance to their future well-being.

Then there is the question of the impact of Brexit on the resources available for scientific research both at our universities and more widely. Our position as a substantial net beneficiary of EU spending means that this risk is acute. It is not just a question of the quantum of resources, which may or may not be replaced by a pretty cash-strapped Treasury, it is also about the value of the networks of co-operation across Europe that are provided by EU funding and which bring with them quantifiably greater benefits than the simple amount of the subsidy. All this will be at risk if we pull out of the single market or we regard any payment into EU funding as a red line we will not cross. Surely we need to remain in the Horizon 2020 programme and the programmes that will follow it if we are not to damage our own capacity for scientific research and innovation.

The House is fairly inured to getting no meaningful response from the Government in reply to debates and questions about Brexit, and I fear that today's experience may not differ very much. It is a little like posting messages to Father Christmas up the chimney. Fortunately, on this occasion and in respect of these two cases, we shall have the opportunity to return to the issues being raised in today's debate when the Government's Higher Education and Research Bill reaches this House shortly. That will provide both the opportunity and the need for the Government to respond in substance to them, and it will also provide the opportunity for those of us who are deeply concerned by this situation to consider moving amendments.

12.31 pm

Viscount Ridley (Con): My Lords, the nearest I have to declare as an interest is that my wife is a professor of neuroscience at Newcastle University and in receipt of EU funding, but the views expressed today are my own. I think that I am the first member of the Lords Science and Technology Select Committee to speak in the debate so far. I commend the report into these matters produced under the able chairmanship of my noble friend Lord Selborne. It contains a huge amount of interesting detail.

In his opening remarks the noble Lord, Lord Soley, said that we must not slip back in terms of being a scientific superstar. Indeed, we must go further than that and leap forward. This has to be an opportunity as well as a risk. He said that the UK is a leading scientific nation and he is quite right. In per capita terms we have twice as many universities in the world top 200 as the US and Germany. We were awarded five Nobel prizes this year, more than anyone else. Admittedly all of the winners are living in America, but that rather makes the point that science is a global activity and not a regional one. If you go into a science lab today, you are likely to find a group of people as diverse as in the changing room of a Premier League team, and probably more so.

I want to concentrate my remarks on three issues: the questions of talent, of finance and of regulation. It is vital that universities should be able to attract talent from around the world. In this respect it is key that the Government should recognise and say explicitly that there is a very big difference between public opinion about skilled migration and unskilled migration. At the moment I do not think that they have made that distinction clear enough. The polling evidence is very clear. The public actually approve of scientists, engineers, entrepreneurs and doctors and so on coming into the country just as strongly as they disapprove of less skilled migration. At this quite early stage there is nothing to stop the Government from publishing plans about what kind of expedited talent visas they would make available to people all around the world to come here. The noble Baroness, Lady Smith of Newnham, made this point, as did the noble Lord, Lord Hannay of Chiswick, and I agree with them.

South Africa, for example, has a critical skills programme which automatically fast-tracks people who come from the 500 top institutions in the world. I do not know whether that is the right way of doing it, but it is at least the kind of thing we need to be talking about, because this is a golden opportunity to relax high-skilled migration barriers and to discriminate on the basis of talent rather than nationality, which is surely what we should be doing.

On finance, Horizon 2020 has been mentioned on a number of occasions. I would correct something that the noble Lord, Lord Soley, said: we do not have to be in the EEA to be a member of Horizon 2020. Fifteen countries are members of Horizon 2020 that are not in the European Union. Two of them, Tunisia and Israel, are not even in Europe. There are others if you count the Caucasus; I do not know whether that counts as the continent of Europe. The point is, although they are so-called associate members, the press release that announces their joining this programme says that they will be on exactly the same terms as members of the European Union. Indeed, the country with the most project co-ordinators per capita leading projects in Horizon 2020 is not an EU country—it is Iceland. There should be no bar to us participating fully in Horizon 2020, as long as we contribute. Universities need to do a better job reassuring their employees about this.

On regulation, as the noble Lord, Lord Kakkar, said, we are underfunding science and research in this country, but that is largely because private, rather than

public, funding is lower in this country. In that respect, the degree to which European regulation, such as the clinical trials directive, which the noble Baroness, Lady Blackstone, mentioned, has held back sectors such as biotechnology in particular is really quite striking. The regius professor of medicine at Oxford, Sir John Bell, has gone on record making this very clear. There has been application of the precautionary principle in the Commission and the Parliament of the European Union that goes much further than elsewhere in the world, which has meant that we have, in effect, held innovation to a higher standard than existing technologies. Indeed, we have emphasised the risks of innovation more than the benefits.

There are huge technological opportunities for universities and research in the world, in particular online with international campuses and things like that. We must grasp opportunities to explore these possibilities in a post-Brexit world.

12.37 pm

Lord Liddle (Lab): My Lords, I declare my interest as pro-chancellor of Lancaster University. I am very proud of Lancaster, which is in the top 10 of the league tables. I am proud of its success in having a very high proportion of students from state schools, despite being a very strong, research-intensive institution, and of the contribution it makes to the north of England economically. We all accept we have a real regional problem in Britain. We have to have rebalancing. The universities in the north are one of the really positive things about the economy of the north at present.

The first consequence of Brexit for my institution is that we were expecting to get a grant of £12 million this summer to contribute to a health innovation campus we are building next to the university. The first phase is worth £40 million. We were told that this application would be delayed because of Brexit. We now have to put in the application at the end of the year. There is a possibility of a decision some time next year. The fact is that there is already delay and uncertainty. The Treasury sounds, in the way it is asking questions about these projects, as though it really sees the structural funds as a source of economy in the future, which would hit universities in the north very hard. Will the Minister tell us something about that? What is the Government's commitment on structural funds and universities?

On student recruitment, we have expanded as a result of rapid internationalisation. Our proportion of EU students has gone up from 7% to 10% in the past five years, and of non-EU undergraduates from 11% to 20% of the total student body. The early indications are that the number of international applications is falling this year as a result of Brexit. This is in part an income question. EU students represent an income of some £10 million a year. What is the Government's position on continued access for EU students to the student loan scheme? For how long will it continue? More than that, it is about immigration and the Government's attitude to it, about which the noble Viscount, Lord Ridley, spoke.

When the question of overseas students was debated in the last Parliament, there were voices in the Government, not least those of the noble Lord, Lord

[LORD LIDDLE]

Willetts, the Chancellor of the Exchequer and Vince Cable, which were strong in backing overseas student immigration. Of course, we had Theresa May, now the Prime Minister, on the other side. What now is the Government's position on this? When the Home Secretary suggested that the "tens of thousands" goal might no longer be applicable, she was slapped down. When someone else suggested that figures for overseas students might be taken out of the total, No. 10 said, "No, that is not going to happen". So what is the Government's immigration goal in the light of Brexit? Is it to cut immigration to the tens of thousands? If so, how will universities cope with it? All I see on the part of the Government is a pretence that everything can be the best of all possible worlds and a lot of dithering, when they have to face up to hard decisions about the post-Brexit world. If they are not clear on this, they will ruin one of the greatest success stories in modern Britain.

Internationalisation is not just about economics; it is about our vision of higher education. Do we want to be part of a global community of ideas and scholarship, which I believe is the best way of encouraging scientific advance and cultural understanding? Already at Lancaster, two senior jobs have not been taken up because of Brexit. There is a lot of concern among our international staff about their future status and about visas for their families; there is a fear of xenophobia and about whether they will be welcome in Britain any longer. We have to ask ourselves whether this is the kind of country we want to be; or will the Government say clearly that they want to support British universities in continuing to be at the front rank in the world?

12.43 pm

Lord Trees (CB): My Lords, I welcome this debate and join others in thanking the noble Lord, Lord Soley, for securing it. First, I must declare my interest as chairman of the Moredun Research Institute, an animal health research institute in Edinburgh.

We have entered a phase of great uncertainty. Indeed, there appear to be only two certainties at present: first, that Brexit means Brexit—although many of us are uncertain about what that means—and, secondly, that none of us can be sure of the long-term consequences of our withdrawal from the EU. I voted remain but, like many, I accept the decision of the people and now seek to look at how we can move forward. The key issues for universities, as have been mentioned by other noble Lords, involve undergraduate students, postgraduate students, research funding and workforce issues. Time prevents me dealing with undergraduate students—others will deal and, indeed, have dealt with that—and I shall refer briefly to postgraduate students when I talk about workforce issues.

With regard to research funding, although in overall terms the UK is a net contributor of funds to the EU, in science research we have been a net beneficiary. Between 2007 and 2013 our indicative contribution for science research to the EU was some €5.4 billion while in return our scientists procured €8.8 billion to fund their research. In fact, UK scientists won 15.5% of all research funding from the FP7 round of research funding in that period. I confess an interest and,

indeed, must declare my gratitude to the EU for research funding when I was a member of staff at the University of Liverpool, in my own modestly sized research group. We received substantial funds, some £1.6 million of EU funding, for animal infectious disease research.

I want to highlight three particular reasons EU funding has been very important to me and my colleagues and continues to be important for many research scientists throughout the UK. First, the growth in EU support has, to some extent, compensated for the reduction in funding from UK sources over the past 20 or 30 years—for example, in my area of animal disease research, funding from Defra has declined substantially in that period.

Secondly, EU funding has often been directed to relatively applied research, filling the gap between basic research funded by our UK research councils and downstream product development and research funded by industry. Plugging that gap has been very important in disease research, where we are frequently seeking tools to aid diagnosis and control of current disease problems.

Thirdly, as many noble Lords have said, EU research has facilitated, and indeed often required, collaboration and mobility between scientists, between member states and between member states and third countries. That is hugely beneficial. Of course, as has been said, notably by the noble Viscount, Lord Ridley, leaving the EU does not necessarily mean we cannot participate in EU research schemes—countries outside the EU do so—but will the Government make it a priority in our negotiations to achieve arrangements that will enable that? I fear that there is some uncertainty there and it is not clear under what conditions we might be able to participate.

Crucial to our research effort has been the contribution of EU nationals, which brings me to the workforce issues. In our universities today 16% of all academic staff are from other EU countries and in my own area, in the veterinary schools in the United Kingdom, 22% of academic staff are non-UK EU nationals. As other noble Lords have said, the involvement of such international scientists is crucial to a productive and dynamic research climate.

Looking beyond the EU, we should use our admirable commitment to spend 0.7% of GDP on overseas aid to increase research collaboration with, and to provide more postgraduate studentships for, developing countries, enabling their young scientists and research personnel to come and study in our institutions. Such support has a triple benefit: it benefits the recipients and their countries; it benefits our institutions; and it creates a lasting cadre of overseas leaders in emerging countries who will, throughout their life, look to the UK as their alma mater. Will Her Majesty's Government think creatively in this respect?

Finally, economic growth depends on two main things: population growth and scientific innovation. I fear that Brexit will limit the former but, if there is an economic dividend from Brexit, can we ensure that we invest it in the scientific and technical innovation that will produce enduring economic benefit in post-Brexit Britain?

12.49 pm

Lord Bragg (Lab): My Lords, I thank the noble Lord, Lord Soley, for securing this very important debate and for his excellent speech. I declare an interest: I have been chancellor of the University of Leeds for the past 16 years. During that time I have seen it transformed, along with so many other British universities. It has become part of the outstanding global success of our universities, as outlined so graphically by the noble Lord, Lord Hannay, which punch way above their weight and lead the world—this is not a “Rule, Britannia!” cliché—in many areas of research.

I will quote the Minister of State for Universities, Science, Research and Innovation from evidence he gave to the House of Lords Science and Technology Committee in its report published in April this year. My noble friend Lady Blackstone has already quoted the first sentence. I think we would like to hear the rest. Mr Johnson said:

“Britain’s success as a science powerhouse hinges on our ability to collaborate with the best minds from across Europe and the world. This report is further evidence that the UK’s influential position would be diminished if we cut ourselves off from the rich sources of EU funding, the access to valuable shared research facilities and the flow of talented researchers that provide so many opportunities to our world-leading institutions”.

He was right. We would all be grateful if the Minister passed this on to the current Prime Minister. The result of the referendum has ruptured that. There are widespread fears that the dire predicted consequences are already beginning to roll in.

I will confine most of my remarks to what is happening at the University of Leeds. Like my noble friend Lord Liddle, I will give a close-up of a particular university. Leeds is part of the Russell Group, it is a very important research university and it is not given to hyperbole. European funding accounted for 15% of Leeds’s research income in 2014-15. Leeds is ranked 11th in the UK for involvement in the Horizon 2020 project for research and innovation funding. The university does particularly well in the generous Marie Curie individual fellowships and European Research Council grants. These are based on researcher mobility, which is essential to a world university. Tougher laws on immigration will compromise or even remove these schemes. In the weeks immediately after the referendum, there were six known cases of the university being removed from Horizon 2020 applications with a combined value of about €8 million, for reasons that have already been expressed.

Under the Erasmus scheme, for every EU student coming to the UK, a UK student can go and experience career-changing development and opportunities abroad. The university receives €1.7 million a year to facilitate this. This could be lost, which would be a great blow to Leeds’s ambition to be internationally engaged, with a workforce of international reputation. The university currently has 286 partnerships in Europe through Erasmus. They would be under threat.

Leeds currently employs around 700 staff from the EU. It urges the UK Government to guarantee that those currently working at UK universities can continue to do so in the long term. There are already considerable worries about the potential impact of immigration status on its ability to attract further academic talent

from Europe. First-class science is based on talent and resources. Talent comes where resources exist. Already the university has experienced a couple of cases where senior academics have withdrawn their interest in working at the university due to the uncertainty and/or climate caused by the Brexit vote and the challenge to resources on that account. These numbers may seem modest but they are only the beginning, and from only one university. Perhaps noble Lords see it merely as a trickle, but it could more clearly be seen as a worrying early warning that in the not too distant future the dam will burst.

Leeds has around 1,200 EU students on degree programmes, 250 research students and 400 students on exchange programmes. At the moment there is absolutely no long-term certainty for any of them. The income from EU students alone in 2015-16 was over £8 million. This is to say nothing of the great advantages that we at Leeds have from, for example, the many Chinese students who come to Leeds and go back to China with firm loyalties and friendships. This is just the beginning of what could be a sad slide into a decline in one of our greatest present and potential assets. As the British Academy said:

“A long-term commitment to the UK’s research base is crucial in stabilising the UK research environment and its global competitiveness”.

Those 16 million of us who voted to remain are rather fed up with being dismissed and even derided as if we are bad sports. Democracy should respect minorities and we are a large minority. Part of that minority is the world of universities, which over the past few decades has seen a quite wonderful growth in reach and excellence, to the benefit of all UK citizens. We live in an age of accelerating, increasingly specialised knowledge. The world will go with those who have most of that and can retail it and add to it most accurately. I ask the Minister to outline a future strategy for British universities.

12.54 pm

Lord Fox (LD): My Lords, like my predecessors I am grateful to the noble Lord, Lord Soley, for bringing this issue to the attention of the House. I should quickly declare my interest in GKN, which participates in Horizon 2020 research. We have already heard many wise voices on this subject, with more to follow. To date, much of the talk has been on naming and delineating the problems, and perhaps suggesting a few mechanisms for solutions. I thought I would try something slightly different by focusing my efforts on suggesting a simple test that could act as red lines for the Minister during the negotiations, and which we could use to judge his success and the effect Brexit might have on research and science in this country. Unfortunately, it will look a bit like one of the Santa lists mentioned by the noble Lord, Lord Hannay, and I apologise for that.

First, we should probably acknowledge where we are. From everything we have heard today, most of us agree that research and science in this country is in a good place. I had the pleasure this year of attending the Royal Society’s annual science exhibition. There was room after elegant room of exhilarating science and most of those projects had similar characteristics. They had diverse institutional collaboration, important

[LORD FOX]

elements of European Union funding and myriad accents explaining the research. It was not just the best science but the cream of scientists from Europe and the rest of the world. This exhibition has been a feature of London life since 1778, so it would be foolish of me or anybody else to suggest that UK science will somehow be swept away on our leaving the European Union. However, it was hard not to feel that over the past few years we really have been enjoying something of a golden age. It would be very sad if this golden age were tarnished by Brexit; more than that, it would be deeply unfortunate.

We have heard many different numbers but we should highlight the importance of the European Union. Almost one-fifth of all the EU funding that comes to the UK is spent in research and development, so it really is an important part of our relationship with the rest of the European Union. During Questions earlier, I was interested to hear the noble Lord, Lord Bridges, highlighting research and development as one of his five or six possible areas for special attention. That starts to look like carve-out territory. The noble Lord, Lord Trees, highlighted the number of academics involved in his department and the noble Lord, Lord Bragg, pointed out the real importance of the Erasmus programme to our students. The European Union has a big influence on everything we do.

Following the exit vote, how did the Government react and what should we think of that reaction? On mobility, which noble Lords have all brought up, assurance was given quite quickly by the Prime Minister and others about the EU nationals who are here now. But it was a very narrow assurance and many here have pointed out that a unilateral recognition of the rights of European workers in this country would do much more to assuage their and their families' anxiety. In August, the Treasury said that it would underwrite the current UK Horizon 2020 funding round, but what happens beyond that? It is easy to see why a feeling of uncertainty engulfs the sector: when it looks over the precipice of Brexit, it sees no clarity at all.

Looking forward, the Science Minister from the other place sought to reassure the Science and Technology Committee. He said that,

“regardless of the relationship we end up having with”,
the European Union’s,

“funding streams ... we will continue to be an attractive country to partner with in science”.

It cannot be right to disregard that relationship. All expert opinion agrees that the level of funding the UK receives from Europe must at least be maintained. We need to know how that will happen. Perhaps the Minister can assure us that he shares that view.

So, to the test. We need a way of helping the Minister and the negotiating team to make the right decisions. The noble Lord, Lord Willetts, proposed a quite sophisticated structure and framework. I think I am coming up with something a bit simpler that offers yes/no answers. When we look at the situation as we think it will be post-Brexit—I am not asking for a running commentary, but that the Government use these tests—does the new situation preserve funding levels? Does it protect collaboration? Does it ensure

free movement of researchers and students? Does it maintain access to EU-funded research facilities? Does it secure Erasmus? There are undoubted opportunities, which the noble Viscount, Lord Ridley, the noble Lord, Lord Willetts, and other noble Lords set out, but before we are in a position to take them we need to know that the Government are doing no harm.

These are the red lines. If the answer to all these questions is yes, well done. We will be in exactly the same position we are in now, minus a great deal of instability and anxiety down the road to get there; but if there are noes, then Brexit is actively harming our science and research and tarnishing the current situation. Can the Minister confirm that these are the right tests and if they are not, will he suggest what they should be?

1.01 pm

Lord Broers (CB): My Lords, I, too, congratulate the noble Lord, Lord Soley, on obtaining this debate. I have a number of interests. I chair the international visiting committee of the Department of Engineering at the University of Cambridge and the trustees of the China executive leadership programme at the Cambridge Judge Business School. I am on the court of the University of Lincoln, I am a long-term trustee of the American University of Sharjah and I hold a professorship at Monash University. I am a fellow of the Royal Society and a past president of the Royal Academy of Engineering.

Like many Members of this House, it has taken me some time to adjust to Brexit, to stop being consumed by regret and to start looking for the opportunities of even a hard Brexit. I think there are possibilities in the support and funding of innovation and science. What I shall say assumes the worst: that we are no longer going to be able to participate as a full member of EU programmes.

When I returned from the USA 30 years ago, I relied on EEC funding for my research and worked with the Interuniversity Microelectronics Center in Leuven. This is an amazingly successful organisation, founded as a collaboration between Flemish universities and the Flemish Government, that has become perhaps the leading research and innovation laboratory in the world of microelectronics with 2,500 employees and an annual revenue of €415 million. It is a notable example of what has been achieved with the aid of European funding and shows that it is possible to live with the huge bureaucracy that inevitably surrounds a programme open to more than 20 countries. However, there are problems with the bureaucracy, especially for small organisations, and this is where there should be opportunities for the UK, should the most unfortunate circumstances arise and we are no longer able to remain within the EU programme. It should be possible more efficiently to focus our funding, especially on innovation, which is what I want to concentrate on in this short speech.

I want to talk about how we should handle the money that we have in effect been spending on Horizon 2020 and the SME instrument, where 20 UK SMEs have been successful in the latest round. I have not been able to find out how much we have been receiving specifically through these programmes but it is certainly

significant. Overall in the seventh European framework programme, the UK came second only to Germany in terms of grants and held 15% and, in total budget share, 17%, equating to €7 billion.

In the official words of the EU framework programme for research and development, Horizon 2020, “promises more breakthroughs, discoveries and world-firsts by taking great ideas from the lab to the market”.

Horizon 2020 is therefore not a curiosity-driven research programme; it is a programme designed to take ideas from the lab to the market, and this is where it particularly resonates with the needs of the UK. I do not need to repeat that, while we have a world-leading science base, we are not leading in taking our great ideas to market. There are, of course, notable exceptions, but overall we have fallen behind our competitors and are still exploring the most effective ways to link our university research with the needs of the commercial world. Some of the catapults are doing this effectively, as are other initiatives, but we are still learning.

Innovation, or in oldspak “product development”, is a quite different activity from curiosity-driven research. It is driven by schedule, cost and an understanding of potential markets—in other words, by the impact it has in the commercial world. Such criteria are destructive when applied to curiosity-driven or, as some refer to it, pure research. Pure research is devoted to gaining a better understanding of the world around us and is driven by curiosity and the desire to explore. Constraints arising from the need to meet schedules and cost targets are in general destructive to the pursuit of pure research. The two activities require separate strategies and funding mechanisms, and this is why I do not think the proposal to move Innovate UK into the same organisation as the research councils is a good idea. However, we will have this discussion when considering the Higher Education and Research Bill, and in any case I understand that every effort will be made to provide independence to Innovate UK. It is here that I have a proposal.

My proposal, should we have to leave the EU programmes, is to ring-fence the money that we are at the moment in effect contributing to Horizon 2020 and the SME instrument and allocate it to Innovate UK, which would distribute it to industry and the universities through programmes optimised for the UK. Innovate UK programmes, such as the catapults, of course include university researchers but are driven by the need to take ideas from the science base to the market, which is where I started. Will the Minister reassure us that whatever happens as we proceed with Brexit, adequate emphasis will be placed on taking our great ideas from the lab to the market as well as on supporting our science base?

Baroness Goldie (Con): My Lords, we are beginning to experience some serious time slippage in the debate. I invite the co-operation of noble Lords in remembering the time slot of five minutes for Back-Benchers. We are at the mid-point for Back-Benchers. It would be helpful if when the clock shows four minutes, noble Lords consider their final questions and frame their remarks for the Minister, otherwise we will impact on the ability of remaining speakers to contribute to this debate. I apologise to the noble Lord, Lord Smith.

1.08 pm

Lord Smith of Finsbury (Non-Affl): My Lords, there are not many things that you can say our country does so well that we genuinely beat the world at it. Our leading universities are among them.

I declare my interest as master of Pembroke College, Cambridge. I shall focus on what the impact of the referendum result has been and continues to be in the college. There are five issues I shall highlight briefly. The first is the impact on the staff. Many of the staff who make the college work day by day come from the EU. They have given years of loyal service. They are settled here; they have homes and families here. On 24 June, they were utterly distraught. Their position here must be assured, yet at the moment their position is being used as a bargaining chip by the Government to try to secure the genuine rights of British citizens in EU countries. Surely it would be so much better if the Government would give a free and open commitment to ensure that those EU citizens already settled and working here can remain. In addition, if our academic staff, especially those at post-PhD level, have to seek visas in future under tier 2 provisions, it will be cumbersome, uncertain and expensive. It is essential that if that is to happen, the cap on tier 2 is either raised or, better still, removed altogether.

Secondly, there is the impact on our students. The Government have helpfully guaranteed the position of those students who will be starting their studies in 2017. That is welcome, but what about the uncertainty beyond that, for both undergraduates and postgraduates? Already this year we have seen a drop of 14% in undergraduate applications to Cambridge from EU candidates. Even more alarmingly, the Government are now talking about including all foreign students within overall immigration limits. I urge them as strongly as I can to think again on that. The impact on our universities, financially and academically, would be terrible.

Thirdly, there is access to research funding, about which much has already been said in this excellent debate. UK universities have received 16% of all European research funds in recent years, way beyond what a statistically equivalent proportion would yield. Among all the European universities, Cambridge has received the highest number of European Research Council grants, while Oxford is second. It is also important to remember this is not just about science research but about humanities and social science research. Can the Government guarantee that they will replace all the research funds that flow at present from the EU?

Fourthly, much has also been said in this debate about research collaboration. Increasingly, research at the highest level is conducted not in a single university but as a collaboration across several. Freedom of movement for academic researchers has been crucial to that, and common access to research grants is also crucial. There is already evidence that UK-based academics are being left out of research collaborations because of Brexit uncertainty.

There is one other, final thing to add. Since the referendum, we have witnessed a hugely disturbing rise in the level of hate crime, abuse, name calling, xenophobia and even assaults. In Cambridge, some of

[LORD SMITH OF FINSBURY]

our most senior academics from EU backgrounds have directly experienced this. Our country and our intellectual life have been severely diminished as a result. It is almost as if licence has been given to denigrate and to hate. Where, oh where, is that tolerant, internationalist, welcoming, quirky, slightly grumpy, outward-looking, gentle, civilised country that I thought we were living in? I want it back.

1.13 pm

Lord Haskel (Lab): My Lords, it is the task of POST—the Parliamentary Office of Science and Technology—to keep parliamentarians, their researchers, their committees and parliamentary staff informed about all matters relating to science. On 10 November it is going to bring all these people together with the research councils to consider how Brexit will affect key policy areas relating to science. The session relating to funding of science research had 75 applicants to speak.

I declare an interest as a member of the board of POST. As a result, I was able to gain access to the issues that these people wished to explore. Overwhelmingly, they made the point that the great advantage of ERC funding is its encouragement of international collaboration. It is well known, they said, that this type of research is of higher quality than national research. Another issue is that EU funding, over the decades, has allowed our scientists to participate in EU and transnational knowledge communities and groups, thus creating centres of excellence—centres that take decades to build up.

The applicants were also concerned about the free flow of scientists. The current PhD funding allocation system does not discriminate between UK and non-UK EU applicants. This helps to recruit the best of the EU. It is the mobility of these highly skilled young scientists that is the key to the UK's competitiveness and standing in global projects. They were also concerned that our strong voice in European debates around science policy would be lost, making us followers rather than leaders—an impression that will be very difficult to heal.

Those were some of the points raised in anticipation of the POST seminar, which strongly echo the views of other noble Lords here today speaking in this excellent debate moved by my noble friend. But POST will have another session at its seminar, looking at those decisions on Brexit that will require scientific expertise. That expertise is currently found at those European centres of excellence that the applicants spoke of, and we may now have to provide it from our own science budget. Take agriculture, for instance, and the use of herbicides. It is our scientists, and not the European scientists, who may well have to interpret the precautionary principle in relation to the way GE technologies and pesticides are authorised here in the UK. It is the same with fisheries. Defra will require a lot of scientific expertise to set up its own technical fisheries regulations and standards. We should also remember that coastal issues are devolved, so Scotland and Wales could also call on more of our science budget.

Going it alone on the environment requires a lot more work from our biodiversity and natural environment research base that has previously been funded through

EU programmes. There are some 500 environmental directives, each of which will require a science review. Another big call on our science budget will be maintaining the Schengen information system for law enforcement and policing, and other big data systems that we depend on for trade and security.

All these issues are tackled much more effectively, and at lower cost, at a European centre of excellence—more effectively and cheaply than we could do it alone. If Brexit is going to call more heavily on our own science budget, surely this must be the wrong time to introduce a Higher Education and Research Bill designed to change the very structures that fund our science. If this is a listening Government, surely after hearing the well-reasoned and authoritative arguments in today's debate, one thing they could do immediately is to put that Bill on hold.

1.19 pm

Baroness Wolf of Dulwich (CB): I too congratulate the noble Lord, Lord Soley, on securing this debate and, like many other noble Lords, declare an interest. I am a full-time academic at King's College London and professor of public sector management; I run a postgraduate degree and also a research centre on international higher education policy.

Many noble Lords have spoken eloquently about the immediate concerns of the higher education sector and the worries that everyone has in the aftermath of the referendum. I would like to mention a couple of more general issues and give the discussion a little more historical context. It is important to remember this although we are indeed in something of a golden age for higher education in this country, it is very recent. Twenty years ago, this country's higher education sector looked very different and in imminent danger of near collapse, not of becoming, as we have heard, one of what are clearly the two leading systems in the world.

The noble Viscount, Lord Ridley, noted the five British Nobel prize winners currently in the United States. Of course, they did not leave because of Brexit or for any reasons to do with the EU; they left when, not long ago, we had a massive exodus from British science because the conditions were so poor. The past 15 years have been very good for British higher education for a number of reasons, which include greatly increased support in many—not all—areas of research from the Government and the arrival of both fees for home students and growing numbers of overseas students.

It is important to recognise that the general context, particularly the economic context, has a huge impact on what happens to higher education and that, whatever happens with EU programmes, we are in for a very uncomfortable couple of decades because everything will be so uncertain. Our US staff have just taken a 20% pay cut, which will obviously have an impact.

It is also important to realise that although we seem to have been in a glorious period, a number of things in higher education have not been going so wonderfully. Now that everything is up for grabs, I hope that the Government will take note of where a number of things that we have been able to do have papered over cracks within our system and the education system of our country. The noble Baroness, Lady Blackstone,

referred to this. Many of our departments, particularly those which require quantitative skills, are recruiting overseas and EU staff not only because they want to be open to all the talents, but because it is extremely difficult to find any British candidates. You can see the impact of that in departments of mathematics or in any of the quantitative social sciences.

I urge the Government, in considering both immigration and higher education policy, to take note of the fact that there are major problems with the education system of this country which mean that we are not nurturing the talent we need for the next generation of higher education researchers and academics. That should be a priority for the next few years.

Perhaps most importantly, I want to refer to the new political environment. Several noble Lords, including the noble Lords, Lord Giddens and Lord Haskel, referred to the Higher Education and Research Bill. We are now in a very strange political environment. We have a higher education Bill coming through which proclaims the glories of the market and of open entry for new institutions while in fact increasing enormously the level of micromanagement and regulation of the whole sector.

My fear is that we have a train crash advancing, because we have that on the one side and on the other a Home Office determined to reduce immigration and also—in many ways rightly—concerned about low-quality providers. That is not the Home Office's job, but in its defence, it has a record of detecting and closing fraudulent language schools. The terror now is that it seems to feel that it can identify high-quality and low-quality institutions and fine-tune immigration in those terms. That is a dreadful prospect. Good university systems are those that have autonomous institutions. Whatever other parts of government may be telling it, there is no way that it can take a simple metric to decide whether an institution is good or bad and tie immigration facilities to that measure.

I ask the Minister to assure us that the Government are indeed aware that they do not have a valid, tested metric for judging the quality of an institution and that any measures relying on such a metric are bound not only to fail in their objectives but to do enormous damage to the quality of the higher education sector.

1.24 pm

Baroness Eccles of Moulton (Con): My Lords, I too congratulate the noble Lord, Lord Soley, on introducing this most timely and important debate. It is daunting to stand here following so many powerful and well-informed speeches—and there will be more to come.

The interest I can declare is a long time ago. In 1982, I joined Durham University's council and for the next 20 years played a part in its administration. During that time and more recently, changes in funding have caused some uncertainty, but nothing compared with what we are facing today. For instance, the introduction of tuition fees was a departure from the formula previously used by the Higher Education Funding Council. Also, there were quotas for student numbers, with financial penalties if the quotas were not achieved or were exceeded. In the case of funding

for research, the application of the research rating is adjusted every six years and measures the output of the academic staff and their publications. The next research excellence framework is due in 2020. The funding from the EU comes via the eligibility criteria. It varies year by year, but remains a reliable source of funding. That is a little bit of scene-setting of how it was before we woke up on 24 June, when the landscape had already changed dramatically.

One of the first reactions was: what about freedom of movement and the right to stay? This concerned everyone working in the university sector who came from the EU, both students and academic staff. There has been some reassurance from the Government, but until negotiations have taken place, it is inevitably short term. This, in a sector where planning is long term, especially for research contracts, introduces a degree of uncertainty never known before.

To state the obvious, universities carry out research on disciplines other than those within the scientific definition. Although these disciplines attract far less funding for research, they must not be disregarded. There is an interdependence between the student body and the academic body; one could not exist without the other in our public universities. The funding of one affects the funding of the other. It must also be remembered, as was mentioned by a previous speaker—I think it was the noble Baroness, Lady Blackstone—that in the field of medicine, teaching hospitals have links to universities, so scientific research impacts on our health service, too.

The next subject I want to mention has been mentioned by more than half the speakers so far: Horizon 2020. The Government have been reassuring about continuing participation in it. The body describes itself as having the biggest research and innovation programme in the EU, with nearly €80 billion of funding available for seven years, starting in 2014. The Government say that they will work with the Commission to ensure payment when funds are awarded. The important message at this stage is that UK participants can bid for competitive EU research funding while we remain a member of the EU. The Treasury will underwrite the payment of such awards, even when specific projects continue beyond the UK's departure from the EU. It is also important that funding for scientific research is maintained so that we hold our position as global leaders in international research.

The universities themselves do not appear to be looking for change. Therefore, we need the negotiations to protect and preserve all that is good in our universities and research activities. This will allow them to prosper and develop into the future.

1.30 pm

Baroness Crawley (Lab): My Lords, I too am extremely grateful to my noble friend Lord Soley for initiating this important debate and getting us off to such an excellent start—the debate could not be more timely. Those of us who voted to remain in the European Union see the future uncertainty in the area of funding for universities and scientific research as one more reason to fear for the gains that this country has made over the last 20 years in becoming a global leader in

[BARONESS CRAWLEY]

research and development. Our status as a leader in research and development, as many noble Lords have said, did not come despite our membership of the EU but, in many aspects, because of it. Many of us in this House are privileged to have received honorary doctorates from universities and indeed many noble Lords are chancellors of our wonderful universities. We all know at first hand of the pressures on those universities even before 23 June—as the noble Baroness, Lady Eccles, the noble Lord, Lord Fox, and many others have said—and we are aware now of so much post-Brexit anxiety among them.

Universities across this country have a proud history of welcoming students and researchers from the EU and the rest of the world, which enhances the diversity and intellectual quality of our university courses and our research departments. It also brings much-needed economic stability and predictability to our colleges and centres of excellence. Yet the Government, in bending the crooked knee to a hard Brexit, are insisting on including foreign students among their immigration count. Do the Government not understand that, in order for the work of universities in this country to progress, foreign students and researchers are vital?

One university with which I have a close relationship is the excellent Plymouth University. Its groundbreaking work on dementia research, for instance, has been instrumental in enabling dementia-friendly communities to be set up throughout the south-west. Yet we hear this week from the Alzheimer's Society that our role as a leading country in dementia research could well be in jeopardy as we exit the European Union. There are 850,000 people living with dementia in the UK and their number is set to rise well above 1 million by 2021. It is vital that active treatments are developed for this disease and that a cure is one day possible.

The UK has been at the forefront of the fight against dementia. David Cameron's Challenge on Dementia 2020 stated that Britain should become,

“the best place in the world to undertake research into dementia and other neurodegenerative diseases”.

I have been personally associated with the former Prime Minister's rural dementia groups and I know first-hand about the important work that they have undertaken. But Brexit has brought many uncertainties in this area. I ask the Minister: have the Government yet looked at the impact of the UK's withdrawal from the EU on funding for UK dementia research? In the historically underfunded field of dementia research, EU investment is particularly critical. EU funding has become a vital source of support for that research and the loss of access to EU funding programmes could have a significant impact on major and pilot projects as well as grants for equipment for dementia researchers. What will the Government do in the long term—as noble Lords have asked—about the projects launched and funded by the EU Commission's Horizon 2020 research and innovation programmes, many of which address the issue of dementia, once we have left the European Union?

Our universities are centres of learning but also economic hubs for their towns, cities and regions. They have always been inclusive and collaborative in

their ethos, with an outward-looking view of the world and its opportunities. Will the Government ensure that Brexit will not mean the end to all that?

1.35 pm

Lord Mair (CB): My Lords, I join other noble Lords in congratulating the noble Lord, Lord Soley, on initiating this important debate. I begin by declaring an interest as a fellow of both the Royal Society and the Royal Academy of Engineering. I am also a professor of civil engineering at the University of Cambridge where I lead a large research group, which includes many non-UK EU nationals. I will make two points: the first relates to EU funding for research and innovation and the second—closely related to funding—is about collaboration and retention of international talent. In both cases there is considerable uncertainty following the referendum.

Dealing first with EU funding, the UK receives a significantly greater amount of research funding than it contributes, a point made by the noble Lord, Lord Trees. If the UK loses access to EU funding for scientific research, will the Government pledge at the very least to make up for this funding gap? This question was also asked by the noble Lord, Lord Smith of Finsbury.

My second point is about the crucial role of collaboration and the all-important retention of international talent. UK science and technology is world-leading. The Royal Society reports that 60% of the UK's internationally co-authored research papers are with EU partners. Losing this ability to collaborate freely would be very damaging. In my own department of engineering at Cambridge, in addition to our academic staff—many of whom are EU nationals—we have several hundred post-doctoral researchers. This community of post-doctoral researchers is the engine room for the research that underpins the university's world-leading reputation. One-third are EU nationals—the picture is similar across the whole of Cambridge University, and for other leading UK science and technology universities.

Free movement is vital in attracting top academics and students for the benefit of UK science and technology, and for the benefit of the UK economy. The Government need to act now to ensure that academic staff, researchers and students from EU countries have certainty about the future. Otherwise, they will be deterred from working in British universities and will simply go elsewhere. Well-funded science and engineering research is vital for the economic growth of the country. Engineering contributes at least 20% of gross value added for the UK economy, and accounts for 50% of the UK's exports. Innovation is critical to the economy; it underpins the research that has real impact on business and enterprise, as the noble Lord, Lord Broers, said.

Start-up companies play a key role in driving innovation. EU nationals are often highly influential scientists and engineers in many start-ups, generally having very close links with university research groups. Cambridge alone has more than 1,000 technology companies in or near the city, many of them spin-out companies from the university's research groups and many of them receiving EU funding. According to the Royal Academy of Engineering, 25% of UK start-ups

were founded by EU nationals, and 45% of UK start-up employees are EU nationals. A clear message is urgently needed from the Government if these vital start-ups are to remain and thrive in the UK. It is of course also crucial that these start-ups do not relocate. Other countries in the EU have been quick to seize the initiative in this period of uncertainty, encouraging UK-based start-ups to go elsewhere. The Royal Academy of Engineering draws attention to Berlin being especially proactive. The Berlin Senator for Economics, Technology and Research has been writing directly to such companies to persuade them to relocate to Berlin. Proactive government action is needed quickly to prevent this.

There is a vital need to remove the uncertainty that is already so damaging to universities and their researchers. The Prime Minister has stated that the Government are committed to ensuring a positive outcome for UK science as the UK withdraws from the EU. If this to be achieved, the major funding gap for scientific research caused by leaving the EU must be filled, one way or another, by the Government. Most importantly, the UK must remain a magnet for international talent. Without outstanding EU researchers, our science and engineering research base will suffer badly. This will be damaging for universities and innovation, and for the UK's economy. We ignore these risks at our peril.

1.41 pm

Lord Lipsey (Lab): My Lords, I chair the Trinity Laban Conservatoire of Music and Dance in Greenwich. It is the nicest job I have ever had in my life. It is a very successful institution and recently received HEFCE's seal of approval as a world-class teaching institution. We also recently achieved degree-awarding powers after a minute examination by the Privy Council. We are a very international place, because music is a very international discipline, with music teachers and students from around the world coming together to achieve the very best. Some 16% of our undergraduates come from the EU—to their benefit, ours and, most importantly, Britain's. However, Brexit threatens us with a triple whammy. The first whammy is visa policy. Will this Government, desperate as they are to cut the headline numbers of immigrants to this country, impose restrictions on EU students? Universities have, of course, tried to get undergraduates excluded from immigration numbers and the public agree: only 25% consider undergraduates to be immigrants. However, there seems to be resistance, particularly from the Prime Minister. There is a danger, to put it no higher, that Ministers will think that cutting visas to end student immigration is a very easy way to obtain their immigration targets.

The second whammy is loans to students. EU students are eligible for loans from the Student Loans Company essentially on the same terms as British students. We are very grateful to the Government for extending this scheme for next year, 2017-18, but that is simply a breathing space. We need to guarantee that those loans will continue to be available in the future, as they have been in the past.

The third whammy is fees. An EU student pays the same as a domestic student at about £9,000 a year. International students pay the full cost of their courses: at an institution like mine, where there is a lot of one-to-one teaching, that is £15,000 to £20,000 a year.

If EU students had to pay £15,000 or £20,000 a year rather than £9,000, would they still come? We do not know the elasticity of demand, so we cannot be sure, but I have a pretty clear instinct on this. They can go to similar institutions in other European countries—none of which is as good as mine, of course—at much lower cost, sometimes perhaps even nil cost. The idea that they will pay £15,000 or £20,000 a year, amounting to possibly more than £50,000 for a three-year course, especially when loans are not available to meet that sum, seems jolly unlikely. My real fear is that, if this development occurs, our entry from the EU will fall off a cliff.

It is by no means certain that any of this will happen. I know that Brexit means Brexit—whatever that sentence may mean—but it does not mean it is necessarily going to happen, given that the unexpected lurks in all sorts of corners of our national life. We hear today that the Government will have to come back to Parliament before invoking Article 50. If the British public turn against the previous decision, I am quite sure that, faced with the prospect of Mr Corbyn coming to power on a wave of pro-EU sentiment, the Government will change their mind about a second referendum. That is one possibility, although I do not rely on it. However, I hope to rely on the fact that the Government are entering a negotiation in which they have to take the predicament of the British university sector seriously, and not treat it, as I hear many Ministers are doing, as if it will all come right on the day or as if we do not need foreign students—a sort of xenophobic or one-island view of what higher education can do in the modern world. It is important, however, that decisions be taken soon before a generation of students in Europe decide that Britain will not welcome them and go elsewhere. That would impose devastating costs on my institution, other universities and the country we love.

1.47 pm

Baroness Walmsley (LD): My Lords, I would like to focus my remarks on the life sciences and the effect of Brexit on medical research. The UK life sciences ecosystem is currently a global leader in scientific research, and commercialisation is improving. I for one would like to keep it that way. The UK is home to four of the world's top six universities for research in, and study of, clinical, pre-clinical and health topics. It also benefits from a sophisticated regulatory system, which plays a key role in shaping EU legislation and regulatory activities. Thanks to these factors, a quarter of the world's top 100 prescription medicines were discovered and developed in the UK. We have the largest biotech pipeline in Europe, with more than 580 products in development in 2015. Leaving the EU will have a significant impact on UK life sciences, particularly around the funding of scientific research and research collaborations. One of the top priorities for the Government in their negotiations must be to ensure that measures are in place post-Brexit to prevent any weakening of our position as a leader in life sciences research and innovation.

The contribution of life sciences to our economy is significant. They contribute more than £60 billion a year to UK GDP, with annual exports of £29.5 billion.

[BARONESS WALMSLEY]

Pharmaceuticals generated nearly four times more gross added value per head of those employed than the automotive industries. Therefore, the Government need to pay even more attention to life sciences than to companies such as Nissan. A majority of firms in the sector are SMEs, historically the main engine of UK economic growth. Collectively, these employ 220,000 people. Two-thirds of these jobs are based outside London and the south-east, stimulating regional growth, so it cannot be said that the industry is south-east biased.

It is vital that this contribution survives Brexit, but there are severe dangers. Historically, the UK has been a net recipient of €6.9 billion of R&D funds. The UK is currently part of the EU Horizon 2020 framework. Although HM Treasury's commitment is welcome, I join other noble Lords in asking what happens to UK access to this funding beyond Horizon 2020. Lack of ERC funding might discourage top scientists from conducting their research at UK institutions, while the removal of grants to translate research into usable products may reduce the number of UK start-ups, which are important for economic growth. We heard about this phenomenon from the noble Lord, Lord Mair; the same thing applies to life sciences. Even if the UK retains access to Horizon 2020 funding, other funding sources, such as the European structural and investment funds, which brought €1.9 billion for R&D into the UK between 2007 and 2013, will be lost following Brexit. Will the Government therefore renew their dialogue with the pharmaceutical industry to ensure that it is a key plank in the renewed UK industrial strategy?

Collaboration on publications is also at risk, as we have heard. Currently, around 60% of internationally co-authored papers produced by the UK come from collaborations with EU partners. Uncertainty over funding arrangements has already jeopardised some collaboration, as we have heard from other noble Lords, and could affect many more.

Our life sciences SMEs currently enjoy access to the most developed funding pipeline in Europe, with both a thriving venture capital environment and one of the world's most vibrant locations for initial public offerings. Many VC funds receive up to 40% of their funding from the European Investment Fund. Loss of access to European Investment Bank and EIF funding could result in reduced venture capital funding for UK SMEs and ultimately fewer UK start-ups, and of course some of them might relocate to the EU or the US.

Finally, on the role of the NHS as an engine for innovation, the UK has an opportunity to capitalise on the unique potential of the NHS to act as a "single site" for clinical trials. As a closed healthcare system for a large and diverse population, with access to data across the entire patient journey, the NHS is a unique selling point for conducting clinical trials in the UK. The improved co-ordination and integration of patient records is especially valuable here. We heard some specific examples of this from the noble Baroness, Lady Blackstone.

Therefore, research and translational funding, collaboration, jobs and SMEs, and the NHS—all are at risk. UK life sciences could be heading for disaster.

The Government, led by the three Brexiteers, like a bunch of lemmings jumping over a cliff, are planning to take the universities and scientific research with them. Does the Minister have a parachute?

1.53 pm

Lord Hunt of Chesterton (Lab): My Lords, I congratulate my noble friend Lord Soley on this debate. I declare my interest as a professor in various universities and as an applied scientist.

This is yet another profoundly depressing debate that deals with the mainly negative consequences of government policies following the referendum result in June for the UK to leave the EU. These policies affect UK science, research and universities and, as the noble Lord, Lord Smith, movingly said, the many thousands of individual British, European and non-European workers in universities. How, one wonders, is the House of Lords responding? The Government Benches are remaining rather cheerful, while the other Benches are not so cheerful. However, university common rooms, which are usually cheerful places, have become extremely gloomy about the consequences.

Essentially, the Brexit policies will, after a few years, lead to significant reductions of UK involvement in research projects funded by EC programmes and, most likely, a significantly reduced involvement of EU scientists working and living in the UK. The Royal Society—and the noble Viscount, Lord Ridley, in his remarks—is more optimistic about future funds for UK involvement in these programmes. However, as other noble Lords have said, so far as we can gather they are finite, having a cut-off point, and most academics are quite pessimistic about this long-term commitment.

The UK's international reputation is also important, and colleagues from all over the world have heard with incredulity about the likely withdrawal of significant UK research associated with EU collaboration. This is indeed extraordinary, since the total amount of the UK's research, although of a high standard, is appreciably less than that of other leading countries—a point made by the noble Lord, Lord Kakkar. There has been no suggestion or explanation that this important gap will be closed, which is of course reflected in and is a consequence of the low industrial productivity in the UK.

Nevertheless, I will make a few constructive remarks. The visa process for researchers to come to the UK should be expedited. Many researchers work in research institutions and companies, and some of them want to become British citizens as a result of these changes. However, the trouble is that this process in the Home Office takes such a long time that some of these people will say, "I can't wait that long", and will leave. For example, this delay is leading one small high-tech company, with mostly non-British staff, to set up a branch office in Germany with the possibility of relocating—a possibility the noble Lord, Lord Mair, just described. Will the Minister tell us whether foreign visiting scientists will be able to travel across Europe? If not, they will restrict their visits solely to the Schengen EU countries. Again, one is already seeing that some scientists from Asia, for example, will choose to avoid the UK when planning to come to Europe simply to have one visa for all these countries.

My second point is that we should use UK research funds to enable UK researchers to continue to participate in European-wide networks, as many noble Lords mentioned, including the noble Lord, Lord Willetts. For example, I was involved in setting up such a network involving aerospace, automobile and other companies in the late 1980s, which has been extremely successful. This continues to be supported in various ways by EC grants. With the UK leaving the EU, it will still be possible for the UK to contribute and benefit because these are open organisations, but they may not have the benefit of funding. For example, this particular network, ERCOFTAC, has led to open European collaboration in technologies. The openness of Airbus has enabled European researchers to contribute in a way that, for example, US researchers cannot, being unable to collaborate with Boeing, which is a very secretive organisation.

EC civil servants have made clear that the EC will continue to be a global hub for researchers all over the world, which will include the UK, although clearly we will not be in a leading position. However, it is important for the Government to encourage the UK to participate; I hear from conversations that Whitehall civil servants recognise this. Europe has pioneered international research and its applications, not only through EC collaboration but through the intergovernmental satellite scientific organisations; other noble Lords commented on this, and my noble friend Lord Soley referred to space. I cannot speak more about this—I have spoken for my five minutes.

1.58 pm

Lord Rees of Ludlow (CB): My Lords, I declare an interest as a member of Cambridge University, an institution that is global in its staffing, its students and its mission. I am one of the 93% of scientists who opined in a poll that the net effects of Brexit would be negative for science and technology. Not only big projects such as aerospace benefit from pan-European collaboration. Even small sciences and high-tech start-ups require a critical mass of internationally mobile people. The EU has been a critical catalyst across the whole range of Wissenschaft.

In my Cambridge college, there is an especially strong cohort of EU students, many from Hungary, Poland, the Czech Republic and other nations with a strong academic tradition. We are surely right to welcome them—in their own interests and those of Europe. They see themselves as Europeans, with a shared culture. They hope our continent can be a progressive political force in a turbulent and multipolar world, where the challenges cannot be tackled at national level. Indeed, the science and university-based arguments against Brexit, compelling though they are, are trumped for many of us by these broader European aspirations.

It is sometimes argued that it is not the EU but the rest of the world with which we should engage, as though there is a conflict between these goals, but the opposite is the case. We will be less attractive to mobile talent and collaborators from the US or India if we cannot offer open links to European networks. Indeed, the worry is that even if the funding streams were sustained for participation in the ERC, Horizon 2020 and the Erasmus exchanges, Brexit would still weaken

us. Skilled people from overseas already feel less welcome, their families less secure. The Chancellor has assured international bankers of special treatment but there has been no comfort for any other sector.

We can learn lessons from the past. This year's Nobel Prize in Physics was shared between three Brits for work carried out mainly in the UK around 1980. All three defected to the US during the Thatcher years, when university budgets here were heavily squeezed. Fortunately, our situation has brightened since then, substantially due to the strengthening of mainland Europe's science and the EU. Indeed, we have had genuine "brain gains". Among them are the current Royal Society president and the discoverers of the wonder material graphene, who came here from Russia, via a stay in Holland. Would they choose Britain today? Post-Brexit, such gains will be at risk. The prospects of new collaborations may be jeopardised. Outstanding foreigners will not want to work here as much. Many who are already here will feel that they will be better off abroad. Ambitious young people considering science as a career will wonder whether they can do their best work in this country.

That is why, incidentally, the contentious Higher Education and Research Bill is proving so unfortunately timed. Universities and researchers need to focus on damage limitation. What they do not need is a major and distracting reorganisation. As the noble Lord, Lord Haskel, said, the Bill should surely be shelved.

However, these issues are not just a matter for academia. The whole country suffers if our hard-won expertise in science and our universities spiral into decline. The maxim, "If we don't get smarter, we'll get poorer", will apply even more powerfully if we have to contend with the fallout from Brexit.

2.03 pm

Lord Judd (Lab): My Lords, I declare an interest as an emeritus governor of the LSE, and I am glad to be a life member of court at both Lancaster and Newcastle Universities. In relation to those universities, I emphasise the importance of what my noble friend Lord Liddle said. Universities in the north are vital to the regeneration and future well-being of a largely deprived community. If we allow this situation to deteriorate, we shall never be forgiven. This is a grave and serious matter on which we need urgent reassurances.

I have sat as a lay man listening to this debate and have a sense of rapidly advancing disaster ahead. I do not say "disaster" lightly. Universities and higher education are fundamentally important, to not just the survival but the well-being of the United Kingdom. They need to be cherished, encouraged and supported in every way. If I were to say nothing else about the messages that I have heard today, what worries me is that the effectiveness of universities, their spirit and the quality of their work are related to their morale. It is upsetting to hear the accumulated evidence of plummeting morale in universities as uncertainty prevails.

We are discussing this issue in the context of not just Brexit but the higher education Bill, which is rapidly coming towards us. We will all need to keep going back to the fundamental point of asking: what are universities for? They are of course there to provide

[LORD JUDD]

the resources of knowledge, expertise and the rest that are essential to the running of any community. However, they are about not just that but originality, challenging and the ability to put forward vision, as the noble Lord, Lord Smith, said so well. How much I should like to have back the Britain that he wants to get back to in terms of values and attitudes.

It is impossible to have a relevant university in the modern world—which is, above all, highly interdependent—if it is not by definition an international community. It is not just about the different experiences that people bring in their own academic work; it is the social and psychological reality of students and staff approaching their work and lives together in the context of feeling every day that they belong to a global community. It is there in their university. Unless that is preserved as a high priority, our universities will quickly wither and become irrelevant.

The important point, above all, is vision. In some ways we are facing, in the context of this debate, the consequences of a trend that has been developing too fast—a tendency to see universities simply in their utilitarian contribution to the well-being of society. Our past strength and future is and has been related to people being prepared to challenge and think outside the established routine, and to look ahead. How on earth is that to happen if we do not have the richness of the international community in our midst? This is an urgent debate and we need evidence—I do not see any—that the Government are giving it the priority it deserves.

2.08 pm

Lord Paul (Non-Aff): My Lords, I thank the noble Lord, Lord Soley, for introducing this timely debate and declare an interest as the chancellor of the University of Wolverhampton.

The outcome of the EU referendum was not the result that most in the higher education sector wanted, wished for or indeed expected. However, a decision has been made, and we must all accept the result and work constructively with the Government to support the best possible outcome for the UK during the negotiations and beyond.

Universities have a key role to play. They are a national asset that has played and will continue to play an essential part in promoting and driving economic growth, as well as ensuring that we offer and deliver a fairer society. I am certain that our British universities can thrive and prosper post exit but they must receive the right support from our Government. There is too much to lose.

The UK university sector is innovative, entrepreneurial and responsive. That is thanks largely to the autonomy of the sector—something we hope this House will seek to preserve and retain when the Higher Education and Research Bill is considered soon. We have seen positive signs of intent from the Government recently and I am very pleased to note the extension to the government guarantee for funding European Structural and Investment Funds projects. This complements similar guarantees regarding Horizon 2020 research funding.

So there are some good signs but much more needs to be done. We all understand that the Brexit negotiations

will be complex, tricky and time consuming, but we must not allow our universities to be unnecessarily and unhelpfully constrained. Our approach should enable them to enhance and promote international research collaboration, with partners both in Europe and across the world; to gain access to increased levels of investment in research and innovation; and to develop workable policies to promote the UK as an attractive destination for all international students and staff, including considerate and pragmatic immigration policy reforms. Collectively, we have some 125,000 EU students and 43,000 EU staff at our universities—all adding value to our economy. We should also enable universities to foster and grow global opportunities for UK students and staff by enhancing mobility programmes, as well as create an environment that facilitates the recruitment and retention of the best available talent.

The UK university system is well respected around the world and we must not jeopardise this good standing. To do so would be detrimental on a number of levels. The figures do not lie. Last year the total value of knowledge exchange interaction between UK universities and their partners across the economy increased to £4.2 billion, and the higher education sector generates nearly £11 billion per annum in export earnings. We lead the world in return on investment from the commercialisation of research, and we match the US in our level of engagement with industry.

Universities help to create new jobs and new businesses in communities. Last year alone, more than 4,100 new start-ups were founded by UK graduates, a great many nurtured by our universities. The University of Wolverhampton has recently created the Caparo Management Suite as a forum space in which business leaders, academics and students can all come together to exchange ideas and promote new business opportunities and development. It is essential that we keep our education system international. Our universities do much for our foreign students but the UK benefits significantly in return.

At Wolverhampton, we pride ourselves on being the university of opportunity. We openly welcome foreign staff and students, who in turn contribute an awful lot in terms of talent, ability and commitment. They add value to the system and we must continue to attract and retain that talent.

2.13 pm

Baroness Dean of Thornton-le-Fylde (Lab): My Lords, although it is repetitive, I too thank my noble friend Lord Soley for achieving this very interesting debate. I declare my interest as a member of Nottingham University Council. There will probably be Members in the Chamber today who attended one of the 45 events that Nottingham University organised in Parliament last Tuesday.

That touches on the point made by my noble friend Lord Judd a few moments ago—how important universities are to their local communities. Nottingham has a proud record in that regard, as it does with international students coming to Nottingham and our students going abroad, particularly to the campuses the university has had for a number of years in China and Malaysia.

Last Tuesday was a clear example of just how entrepreneurial universities are in our community today. Those 45 events were organised by the university but were supported by more than 100 companies in the area, as well as by all the MPs in and around Nottingham. It was a very successful event, demonstrating clearly the important role of the university in the community.

There may be those who say that today's debate is a case of special interest pleading because it is about universities and funding. I do not take that view. It is about us as a nation. Universities are not separate from or outside our nation; they are an integral part of it and of what we are in many respects. As we have heard today—I will not repeat the details; I have had to throw to one side all the facts that I had as they have all been given—our universities' success depends on attracting talent and research funding. It is about getting out more than we put in in Europe, and it is about two-way collaboration—and not just with the EU and, separately, internationally. We have good international research because we also have good, successful European research. That is assisted by the 16% of academics from within Europe and the 12% of international academics from outside Europe. Together, all those issues determine success or failure. It is like a small jigsaw puzzle: they all live together; they are all interrelated; and they all contribute to the huge success of our university sector. They are all interdependent.

I think that the Chancellor of the Exchequer was trying to be helpful when he said, "Don't worry. The research funding you lose, we will meet". However, it is not just a matter of money; it is about culture and expanding the boundaries of the talent that we can bring together to work in the best interests not just of Britain but of the globe—it is something from which we all benefit.

This debate goes to the heart of what the United Kingdom will be after Brexit. Do we stumble into it, as one might read from this debate? Will we have self-inflicted wounds—or what some might call "vandalism"—if we do not, as a nation, deal with this issue? We are looking desperately to the Government to show leadership and to guide us. We are not looking to them to say, "We're not going to discuss every line of our negotiations", or, "We're thinking about it and will come back to you". That is not good enough. The point made about Nissan was exactly what many of us feel. My background is in industry. Although none of us knows the details, I was delighted to hear about Nissan last week. However, with all due respect to Nissan and its importance to this country, what it contributes is only a small proportion of that contributed by our university sector to the nation's economy and sense of well-being. Some 180 countries send students to the United Kingdom. For a little island like ours, that is a huge success. It is no good repeating the mantra, "Business will help". Business in the UK does not generate even the average amount of research funding in Europe. In that respect, our universities are second only to those in Germany. So we cannot rely on business because it is not successful in bringing in research money.

Universities are right to ask these questions. The Government have a responsibility not to keep pushing it away but to give an answer—a whole, rounded answer—to the question: what is our position on universities for the future?

2.19 pm

Lord Bilimoria (CB): My Lords, when I visited CERN in Geneva, I realised that the experiments that led to the famous Higgs boson discovery, ATLAS and CMS, were both headed by British scientists: Professor Dave Charlton from the University of Birmingham, and Professor Sir Tejinder Virdee from Imperial College. And of course it was Sir Tim Berners-Lee who actually created the world wide web at CERN. Then, this year, we had the gravitational waves proving Einstein's theory of relativity, 100 years later, with 1.3 billion light years being measured. Who were two of the principal scientists behind that? Professor Alberto Vecchio and Professor Andreas Frieze—EU scientists at the University of Birmingham. What makes this country great—this 1% of the world's population, as my noble friend Lord Kakkar said—is not our natural resources but our talent. The jewel in our crown is our universities, which are the best in the world, along with those in the United States of America.

I declare my various interests, including being the proud chancellor of the University of Birmingham, chair of the advisory board of the Cambridge Judge Business School and the president of the UK Council for International Student Affairs, representing the 450,000 international students in this country, of whom 180,000 are from the EU.

I say that we achieve all this excellence in spite of underspending on HE. We spend way below the EU and OECD average, and we are well behind the United States of America. When it comes to our research and development spending as a proportion of GDP, South Korea spends double the percentage that we do and we are way below the EU average, let alone that of the United States. What is scary is that the proportion of GDP spent on R&D, 1.6%, has been falling from 1985 to 2013. Will the Minister acknowledge this?

We heard from my noble friends Lord Rees and Lord Smith and others that at the University of Cambridge, around 16.5% of university staff are EEA nationals. When it comes to PhD students, that figure is 27%, and for MPhils, it is 21%. Look at the awards: UK institutions have won more ERC awards than any other country—989 compared with France's 577.

On the implications and opportunities of leaving the EU on science and research, the University of Cambridge's response is that,

"it will create significant challenges for Universities. We recognise that there is a great deal of uncertainty".

Everyone has said that today. But the university also said that the political instability raises significant questions in the following areas. It refers to,

"our recruitment and retention of the brightest and best staff and students regardless of nationality ... the future of our substantial European research funding",

and the point that many noble Lords have touched on,

"the extensive global network of the University's collaborations".

[LORD BILIMORIA]

Sixty percent of the UK's internationally co-authored papers are with EU partners. The mobility of our scientists is phenomenal—I have given you just one illustration. Professor Alice Gast of Imperial College, one of the top 10 universities in the world, said:

“Foreigners improve the creativity and productivity of home-grown talent, too”.

They enrich our universities, both academics and students.

Cambridge was the highest recipient of EU funding allocated under Horizon 2020, about which lots of Peers have spoken. I want to ask the Minister about intellectual property. In the event of Brexit—which may not happen, by the way—the value of any EU-based research for exploitation may be limited. Does the Minister agree with that? The UK has played a key role in shaping the design and implementation of the EU's research programmes to ensure that the funding has been allocated on excellence. That has not been mentioned so far. Legislating for the ERA could have potential negative impacts on our current world-class systems.

People talk about the drop in the number of EU applicants, which is real—will the Minister confirm that? But the other aspect is that as the Royal Society said, the scientific community often works beyond national boundaries on problems of common interest and so is well placed to support diplomatic efforts that require non-traditional alliances of nations, sectors and non-governmental organisations. This is known as science diplomacy.

I conclude by saying that what worries and saddens me about this whole situation is that here we are talking about excellence and Britain being the best in the world, and yet my noble friend Lord Smith spoke about hate crime. I have lived in this country since I came here from India as a 19 year-old student in the early 80s. In 35 years I have never experienced any hate crime except for this year—and this year I have received it in abundance. Whether it is tweets, emails or letters, I cannot even repeat what people have been saying to me. It has saddened me. And yet this is the country that Liam Fox talks about opening up to the world. The world is laughing at us. They see us as closing up to the world, inward looking and insular, not open, not diverse, not plural, not tolerant and not brilliant. The headline of an Indian newspaper would read: Lord Bilimoria—this is not the Britain that I know and this is not the Britain that I love.

2.25 pm

Baroness Garden of Frognal (LD): My Lords, I too add my thanks to the noble Lord, Lord Soley, for introducing this vitally important debate. The only interest I can possibly declare is that I was once educated at and by Oxford, but I assure my old university that my mistakes are all my own.

At this, the tail-end of the debate, we have heard so many distinguished and expert speakers that it is a challenge for those of us speaking at this stage to produce any new evidence. However, I would like to add my voice in support of much that has been said. It is always a pleasure to follow the noble Lord, Lord Bilimoria, who brings such energy and enthusiasm in his support for universities.

In all the publicity and dialogue during the referendum campaign, too little notice was taken of the impact on our universities of severing links with the European Union, which have been so productive and valuable over many years, as we have heard from all around the House today. In fairness, not only did the Leave campaign not highlight the impact on universities, the Remain campaign did not speak up loudly enough either. It was apparent that university communities understood, as they tended to vote in large numbers to remain. They appreciated the value of all the many connections that the EU offers, for scholarship, research, cultural and economic reasons. We must remember that scientific research is one of the UK's strongest assets.

That is one reason why my party is arguing for clarity over the Brexit negotiations and for Parliament and the people to decide, when the options are much clearer, whether the new deal is the one that the country really wants and needs. After all, the battle bus promise of £350 million to the NHS if we left the EU is not looking as though it will be a promise kept in the near future. So it is just possible that the Brexiteers' sunny uplands may turn out to be not so sunny, nor indeed so up.

In an insightful article in the *Guardian* this week, Peter Scott from the Institute of Education set out some of the threats to universities, which we have heard again today. First, as this debate highlights, is the threat to the UK's participation in European research programmes, access to funding and to student exchange schemes such as Erasmus. The Government have done nothing to reassure EU nationals, staff and students of their continuing welcome here. Yet, we know that teachers and researchers from the EU play a key role in maintaining the UK's enviable position in global league tables. In a number of important disciplines, we need European students to fill deficits in domestic demand, particularly in science, engineering and medicine, as the noble Baroness, Lady Wolf, and my noble friend Lady Walmsley and others have set out. I repeat the question: what assurances can the Minister give of continued working rights for current EU staff and their dependants at UK universities and for those who take up positions during the transition period before the UK has left the EU? In the longer term, will universities be sure that they can continue to recruit the talented staff they need from all over the world without overly burdensome visa requirements?

We have heard from the noble Baroness, Lady Blackstone, about the importance of academic mobility, and the noble Lord, Lord Soley, mentioned the burdensome visa requirements that may well be a hindrance to some of those we really want to attract to our country. We can all be cynical about league tables, which we know can distort, mislead and be totally unreliable, but it is nevertheless gratifying to find that Oxford heads the global table of universities, with Cambridge and Imperial close behind. These positions are held by virtue of attracting talent from around the world, and notably from within the EU.

A further threat which Peter Scott described in his article, and which has been set out by the noble Lords, Lord Smith and Lord Bilimoria, is that the UK has established itself as a nasty country. Why should the

brightest and best scholars and students choose to come to a country which is loath to welcome those in real distress and puts up barriers for genuine students, insisting that they be classified as immigrants and therefore included in the numbers that the Government are intent on reducing? We heard this from the noble Viscount, Lord Ridley, from the noble Lords, Lord Hannay, Lord Liddle, Lord Smith and others around the House. How can it be encouraging to know that the UK is reluctant to accept you because it wants to accept as few foreigners, including foreign students, as possible in order to meet an imagined ideal number? We urge the Minister to have students removed from immigration figures. That is logical. They are, after all, not here to stay. The vast majority return home at the end of their studies. It is right and it makes economic sense.

We need to do much more to recapture our reputation as an open, friendly and welcoming country, which will be much more difficult once we have shut the door on partnership with our closest geographical friends and neighbours. I too support the importance of networks, which the noble Lord, Lord Willetts, my noble friend Lady Smith and the noble Baroness, Lady Dean, all referred to. The networks are as important as the funding. Other countries are not being slow in extending the hand of welcome to students who might well have chosen to come and study here.

Our withdrawal from the EU makes it even more important to increase and improve our ability to communicate with the world in languages other than English. Over the years, we have lost influence within the EU because not enough of our brightest and best opted to work in Brussels, and when they did they were frequently hindered by not having mastery of at least one and preferably more foreign languages. Without the umbrella of the EU, we are now on our own, negotiating collaboration, including on academic, trade and security matters, with countries where English is not the preferred language. What plans do the Government have for improving our language proficiency in preparation for our withdrawal from the EU?

Funding to keep us at the forefront of research in science, technology and engineering is of fundamental importance, but so too is funding for the ability to communicate internationally. Our universities deserve every encouragement and support in their promotion of modern languages. Networking is all the more effective when there is respect and fluency in people's native languages. Within that context, I add my voice to others around the House on continued support for Erasmus and other programmes that encourage understanding, not only of other languages but of other cultures. There is immense value to our students of having the opportunity to live and study abroad. Exchanges promote international relations and understanding, and they in turn promote peace and security.

We heard from the noble Lords, Lord Hannay, Lord Rees, Lord Haskel and Lord Giddens, the noble Baroness, Lady Wolf, and others that we will shortly be receiving in this House the Higher Education and Research Bill. Sufficient unto the day—there will be time enough to scrutinise this controversial Bill in the

coming months, but it is worth raising within this debate the fact that the Government appear intent on adding to the sector's challenges by wishing to impose some astonishing and unprecedented changes on this, our most highly regarded of sectors. We shall hear more than enough about that Bill in good time, so I simply note that universities facing Brexit probably should be spared home-made challenges from an intrusive and unhelpful Government. I also note the comments of the right reverend Prelate the Bishop of Portsmouth on the dangers of seeking to rank universities' teaching in gold, silver and bronze. The Girl Guides and the Boy Scouts have some good ideas, but this is possibly not a good one to apply to universities. As the noble Baroness, Lady Wolf, reminded us, the metrics for teaching excellence are extremely dodgy—I do not think that she used that word because it may be unparliamentary, but that is a fact.

The noble Lords, Lord Kakkar, Lord Mair, Lord Hannay and Lord Broers, referred to the learned bodies—the Royal Society, the British Academy and the Royal Academy of Engineering. We have in our country these amazingly highly regarded institutions and the Government would do very well to pay attention and to seek advice from the people they represent.

Our world-renowned universities are facing uncertain and difficult times and in this House we shall do what we can to encourage the Government to work with them to consult, support and not compound their difficulties—indeed, to meet the tests of the noble Lord, Lord Fox. This debate has enabled us to air some of the concerns and solutions, to ensure that our universities flourish into the future. I hope that our universities have heard the support that they have had from all around the House for their future well-being and our concerns for the difficulties that they currently face. I look forward to the Minister's reply.

2.34 pm

Lord Mendelsohn (Lab): My Lords, I thank my noble friend Lord Soley for introducing this debate. It has been substantial, with a high degree of consensus across the House. We have heard many distinguished contributions from leaders in the fields of academia and research and in the administration of universities.

I have two interests to declare. The first is that I have a daughter at Leeds University and three other children yet to apply to universities because of their age. I have to confess that my eldest son, who is about to go through this process, recently needed and still needs some persuading to choose a UK-based institution, given the nature of where we are. That is not a situation that I thought I would be in, but to me that is quite alarming in showing how he sees the future of Britain, its connection with other people and as an open home.

The second—this speaks more to where I am—is that I am an investor in our science and research base. I believe very strongly in the strength that we have in this country, and I have put money to work in the great genius of people developing great businesses out of great scientific insights. I recently enjoyed visiting some of these facilities, particularly Harwell in Oxford. Harwell is a leading science and innovation campus in Europe. Some 5,000 people work there in more than

[LORD MENDELSON]

200 organisations on what is a 710-acre site. Organisations currently based there include: the Science and Technology Facilities Council, with £1 billion-worth of infrastructure; the Diamond Light Source's synchrotron; the ISIS neutron and muon investigations facility; the Central Laser Facility; computer data storage; RAL Space; and the European Space Agency.

Located fairly close by is the Oxford Business Park—one of our largest business parks—and many businesses have been spun out of that tremendous facility. I remember going to see one business there with a group of others who were looking at investing in that business. We went into a very small but classic business park building. An American investor who was with us said that, in the United States of America, there would have been a three-hour journey into the middle of the desert for such a huge facility, with lights, for the very same thing. We much undervalue that which we have. In my area of interest, I share not just the concern expressed by the noble Lords, Lord Mair and Lord Paul, about how we energise our start-ups, but about how we effectively commercialise all the ideas and businesses that we have and make them world-leading. That has become a greater concern.

Since our Brexit decision, these issues have been thrown into sharper focus, especially the people dimension. As you walk across Harwell, you are met by people from many nations and nationalities—many different people who are researchers, technicians, engineers and people starting businesses. Some of those people, who hitherto saw their futures there in working on healthcare, medical devices, space, detector systems, security facilities and satellite enterprises, do not necessarily see themselves staying in our country any more. It is very important that we get the people dimension absolutely right.

As was pointed out early on in the debate, by the noble Lord, Lord Willetts, my noble friend Lady Blackstone and the noble Baroness, Lady Smith of Newnham, networks and internationalism are absolutely crucial to modern academic and scientific research. Since the 1980s, research has become rapidly international. In the UK, 15% of papers were co-authored in 1981; that figure is now over 50%. Of the UK's international collaborations, 80% include an EU national. The European Union's commitment to the development of science and technology, to become the greatest hub of excellence in the world, is an intentional policy for dealing with the consequences of having to change: to meet the needs and requirements of agriculture; to have a different ability in manufacturing; to spur innovation; and to trigger, in modern industrial economies, the right sort of economy. We have been in the driving seat of this process and that has been of great benefit to us, and therefore we have to face up to the tremendous challenges that Brexit brings.

I also agree with the point about government funding of science and technology, which has been stagnating. In many ways, we have piggybacked on the EU, and we have moved to around 0.5% of GDP, as has been raised. I share the concerns expressed by the noble Lord, Lord Kakkar, who first highlighted this issue, and those of my noble friend Lord Hunt, who agreed with him. I agree with the noble Viscount, Lord Ridley, that the private sector does not play its part in this, but

I disagree that it is about EU regulation. Although that is an important consideration, it is not the fundamental issue. The noble Lord, Lord Bilimoria, put it well when he talked about our general R&D spend and HE spend compared with our peers. These have always been areas where the genius and great achievements that we have had have made us punch above our weight. We ought to be concerned, in a situation where we are facing difficulties, that we do not over-rely on those assets that we have been able to depend on hitherto.

Increasingly, we are hearing concerns expressed about the consequences of leaving. My noble friend Lord Liddle mentioned the problems faced by Lancaster University in continuing to participate, and there have been many similar reports. A famous one concerns the Department of Physics and Astronomy at the University of Sheffield, which was thrown out of an EU research consortium after the referendum. There are many of these stories that reflect the problem which we have to address.

The negotiations will be very important. We can be involved in a variety of projects. Withdrawal does not mean that we will have no form of activity, but in my view—to meet the test set by the noble Viscount, Lord Ridley—to leap ahead requires us to be more than inventive and more than just associated with these programmes, and indeed to do a lot more. The noble Baroness, Lady Garden, made a good point about the European projects that we have to remain involved in; that is tremendously important. Let us consider the sobering story of what has happened in Switzerland, which after its referendum faced a situation where there was a drop in students under the Erasmus programme, funding was withdrawn and access to initiatives was closed. Now, the Swiss pharmaceutical industry is losing its place because it is no longer able to participate in the EU's Innovative Medicines Initiative. We have to make sure that we retain our place in these areas.

We welcome the Government's extension of student funding for current research projects, but it is insufficient. Sticking your finger in the dam is not a long-term strategy. We have to think about what will need to be done in the future—a point made by many noble Lords. We also have to consider the European development funds which provide support for science parks, science-based initiatives and innovative businesses. Some €3.6 billion has been allocated to the UK for the period 2014 to 2020, of which very little has been spent thus far.

I welcome the decision of the High Court this morning to reaffirm the sovereignty of Parliament, and I hope that the Government think about this wisely and do not appeal it. I do not think that it is about blocking; it is about making sure that we deal with these challenges in the right way. As the noble Lord, Lord Paul, said, we need to be constructive. I hope, as many other speakers have said, that we make sure that we can see a detailed approach by the Government; they need to say more rather than less.

The huge degree of consensus and concern across this House on this merits the Minister setting out why there cannot or should not be—I hope that he will announce that there will be—a permanent or long-established framework for consultation and collaboration

with those affected, as suggested by the noble Lord, Lord Willetts. We also need an approach to addressing the future of students, researchers and others. They are the people we need in our country, we want them to work here and we want students in our institutions in order to make sure that they are properly financed.

We need a clear statement of commitment to the ambition for universities and for research. That plays not just to the question of our ambition for those areas; it is also, as my noble friend Lord Liddle said, about what sort of country we want to be. My noble friend Lord Judd highlighted that it is about what sort of country we want to be not only in the south but in the north. That also accounts for the concern of the noble Lord, Lord Smith of Finsbury, about racism and xenophobia. The noble Lord, Lord Bilimoria, made an important point about how outward-looking we are and how others see us—what we say is not what they see, because what we have done is not the act of those who look outwards.

The Government should be very concerned about the Higher Education and Research Bill. We have heard many speakers, including the noble Lord, Lord Rees of Ludlow, my noble friends Lord Giddens and Lord Haskel, and the noble Baronesses, Lady Wolf and Lady Garden, comment that the Government ought to withdraw it and think about it again. I agreed with the noble Lord, Lord Broers, when he talked about the problems around putting Innovate UK into the research councils, while the right reverend Prelate made a good case for how to deal with the issue. The Government are running the risk of the Bill receiving a great deal of scrutiny and a desire for the use of the instrument of a Select Committee—used previously but only rarely—to make sure that we get the detail right.

Finally, I should like to stress the point about making sure that these matters are adequately covered in the Autumn Statement and in the industrial strategy, and how these things are linked. I turn also to the question put by the noble Lord, Lord Hannay. If the CEO of Nissan can get a meeting, why cannot the heads of our tremendously important and economically significant institutions get the same sort of access and the same sort of assurances?

2.45 pm

Viscount Younger of Leckie (Con): My Lords, I am grateful to the noble Lord, Lord Soley, for securing this debate on the potential impact of the UK's withdrawal from the European Union on funding for universities and scientific research. This is an important topic which is of great interest to the House, as reflected by the number of distinguished Peers contributing today. I shall start by addressing the important and sobering point raised by the noble Lords, Lord Smith, Lord Bilimoria and Lord Mendelsohn, about hate crime. We have been working closely with the police at both the national and the regional level to monitor hate crime since the referendum result. Local forces have the necessary assistance and guidance to respond. On 26 July we published a comprehensive cross-government hate crime action plan, which includes education plans. Ministers and officials have met the ambassadors and high commissioners of EU states to offer reassurance.

As many noble Lords have commented, we are right to be proud of the strength of our research and innovation base and the quality of our universities. Research, innovation and knowledge are the drivers of our global competitiveness and a key source of economic advantage. Indeed, in one of her first major speeches as Prime Minister, Theresa May said that she wanted the United Kingdom to formulate a new industrial strategy. British science is one of our truly outstanding national assets, which along with our other areas of comparative advantage will surely be one of the main building blocks. I thank my noble friend Lord Ridley for mentioning that we should use the current changes as an important way of taking a leap forward and see them as an opportunity, although by no means being complacent about the issues we have to face.

We have continued to recognise that the result of the EU referendum has brought with it some uncertainty for our universities and researchers, and I am mindful of today's news. I will go on to talk about the important steps that the Government have already taken to address those concerns, but it may be helpful to start by reflecting on the UK's research and innovation landscape. I appreciated the historical perspective highlighted by the noble Baroness, Lady Wolf, and how the climate was somewhat different 20 years ago.

In the global league tables today, the UK has four universities in the world's top 10 and 18 in the top 100. UK universities are home to both world-class teaching and innovative research. At this point I should like to address some of the concerns raised about the Higher Education and Research Bill, notably those expressed by the noble Lords, Lord Haskel, Lord Giddens and Lord Rees, and the noble Baroness, Lady Garden. We believe that the current higher education regulatory system is sub-optimal and was designed for an era of grant funding. It needs to be brought up to date. The reforms in the Bill will drive innovation, diversity, quality and capacity, ensuring that we remain attractive internationally. It will provide stability, putting in place the robust regulatory framework that is needed. It joins up the regulation of the market, which is essential to ensure that students are protected and that both they and the taxpayer receive good value for money from the system. The right reverend Prelate the Bishop of Portsmouth, the noble Baroness, Lady Garden, and the noble Lord, Lord Mendelsohn, raised the issue of the teaching excellence framework and the rating system. The TEF has the potential to enhance the reputation of UK higher education. Students will have a better idea of what to expect from their studies compared with anywhere else in the world, while providers with high scores in the teaching excellence framework will be able to market themselves even more effectively.

The noble Lord, Lord Broers, made a point along the same lines about why we are aiming to bring Innovate UK into UKRI. We believe this will bring benefits to business, researchers and the UK as a whole. It will help businesses identify partners and it will mean research outputs are better aligned with their needs. Researchers will benefit from greater exposure to business and commercialisation expertise. I look forward to addressing the details of the Bill when I help to take it through the House quite soon.

[VISCOUNT YOUNGER OF LECKIE]

The UK science sector is one of the very best in the world, as many Peers have highlighted. It is highly efficient, competitive and internationally successful. The noble Lord, Lord Soley, highlighted the strong, essential interconnections that are so important with other countries. Within the G7 we have the most productive science base in terms of papers and citations per unit of GDP. As the noble Lords, Lord Kakkar, Lord Fox and Lord Mendelsohn, said, we punch well above our weight. With only 0.9% of the global population and 3.2% of R&D expenditure, we produce 15.9% of the most highly cited research articles, which provides a measure of the quality and impact of UK research. We have a long-established system that supports, and therefore attracts, the brightest minds at all stages of their careers. We will continue to fund excellent science wherever it originates and, importantly, ensure there is academic freedom to tackle important scientific questions.

As I have previously said, we appreciate that the result of the referendum has raised understandable concerns, given the multiple interactions between UK and EU institutions and structures that impact on UK researchers and universities. We have acted quickly to provide important reassurances. Just after the referendum result the Prime Minister wrote to Sir Paul Nurse, the Nobel prize-winning scientist and chief executive and director of the Francis Crick Institute, to reassure him of,

“the government’s commitment to ensuring a positive outcome for UK science as we exit the European Union”.

I reassure the noble Lord, Lord Trees, that this is a priority. I note his points about the importance of science and animal research.

As my noble friend Lady Eccles mentioned, in August this year the Chancellor committed that the Treasury will guarantee all competitively bid-for EU research funding that is applied for before our departure from the EU and is successful. The Government have communicated this announcement widely through our embassies, and we are grateful for the efforts of UK stakeholders who have been reinforcing this message through their networks. It is very positive for the sector that the nearly 4,000 UK participants currently working on Horizon 2020-funded projects can be reassured that they can continue to collaborate on excellent research and innovation.

This is not just about academic research; our innovative businesses are also doing well in securing Horizon 2020 funding—€411 million since 2014, putting us in second place in the programme. This August’s announcement should encourage businesses to continue to participate in applications for EU funding.

Lord Hunt of Chesterton: For how long will this continue? Will it just be to the end of the existing programme in 2020? That is the question nobody knows the answer to.

Viscount Younger of Leckie: It is a question that has been raised in the debate. I cannot give any further reassurances on that, but I and other Ministers have laid out exactly where we are at the moment. Clearly, discussions are under way. I am sure all will become clear.

I listened carefully to the speech of the noble Lord, Lord Broers, about innovation. He is right to distinguish between curiosity, or pure research, and research-linked productivity and industry. We will discuss these important matters when we discuss the Higher Education and Research Bill.

The Chancellor also confirmed that structural and investment fund projects signed before the UK departs the EU will also be guaranteed by the Treasury after we leave. Funding for structural and investment projects will be honoured by the Treasury, so long as they meet the value-for-money criteria and are in line with domestic strategic priorities.

To reassure EU students planning to come to study in the UK, we have announced that the rules regarding the student loans that EU nationals receive from the Student Loans Company are unchanged and remain in force. Therefore, current EU students and those starting courses in the 2016-17 and 2017-18 academic years who are eligible for student support will continue to be able to access this support for the duration of their course, even if this continues after we have left the EU. Student Finance England will assess these applications against existing eligibility criteria, and will provide support in the normal way.

Baroness Blackstone: My Lords, a number of contributors to the debate asked whether the Minister could say what will happen in 2018-19, which is likely to be before the UK exits the European Union, and after that. The Minister has given no answer to either of those questions.

Viscount Younger of Leckie: That is true. I am unable to give an answer; I can be candid about that. However, I reassure the noble Baroness that this is a very important point and that these matters are being discussed and will continue to be discussed as we move forward in this particularly challenging process.

We are also grateful to the European Commission for the swift reassurances it has provided. Commissioner Moedas said in July this year:

“As long as the UK is a member of the European Union, EU law continues to apply and the UK retains all rights and obligations of a member state”.

This means that we still have the same terms of access to European research funding, such as Horizon 2020, for as long as we are still a member of the EU.

Lord Liddle: Following on from my noble friend’s question, I point out that we will not have left the EU by the start of term in September 2018. Does the fact that EU obligations continue to apply mean that EU students will be eligible for British loans to come to our universities in autumn 2018? Will the Minister give us that assurance?

Viscount Younger of Leckie: I have laid out exactly what our guarantees can be, but I can only say again that I am unable to comment beyond those guarantees. I hope I have reassured the House that this is a very important matter.

Lord Liddle: Would the Minister write to me about this point?

Viscount Younger of Leckie: I can certainly write to the noble Lord and copy other noble Lords into a letter about this matter, but I fear I am not able to go further than other Ministers have gone. I understand the point that the noble Lord makes.

To continue on Horizon 2020, I acknowledge the enormous contribution my noble friend Lord Willetts made to the strength of the research base while he was Minister for Universities and Science. I understand that he played an important role in discussions that led to Horizon 2020 being a well-funded part of the EU budget and simpler for researchers to navigate. I am also grateful to my noble friend for his suggestions on how we can continue to collaborate with the EU on Horizon 2020. He raised one or two points, including the possibility of parallel funding. I can assure him that this will be part of those discussions.

Commissioner Moedas has also made it very clear that UK participants are not to be discriminated against when they apply for Horizon 2020 grants. He said:

“Horizon 2020 projects will continue to be evaluated based on merit and not on nationality. So I urge the European scientific community to continue to choose their project partners on the basis of excellence”.

The Minister for Universities, Science, Research and Innovation, Jo Johnson, continues to be in close contact with Commissioner Moedas. BEIS, the new department, working closely with all relevant departments such as the DfE, remains vigilant and open to any evidence of problems. As a reassurance, we have a dedicated inbox for people to send in details of any concerns. I know that the noble Lords, Lord Liddle and Lord Bragg, cited specific examples of where there may be problems. The noble Lord, Lord Bragg, also mentioned Leeds; my son graduated there this year. I noted with concern also the news from Cambridge about the 14% reduction in applications from EU students.

Although we have had some anecdotal evidence of people being asked to stand down from consortia or project-lead positions, there are no clear-cut examples specifying projects or consortia that have turned down UK participants. These anecdotes show that there has been some adverse reaction following the vote, but we also have anecdotal stories of UK researchers who were initially told that they were no longer welcome in consortia, but then later the position changed—possibly connected to the funding announcement. We are engaging with the people who emailed us to check whether any new or other issues are being experienced, because this is an important matter. The announcement on underwriting Horizon 2020 funding has led to a slow-down in people contacting us and we want to make sure they keep sharing their information with us.

I want to reference comments on Horizon 2020 made recently to the Higher Education and Research Bill Committee by Sir Leszek Borysiewicz of the University of Cambridge. He said:

“We are quite confident that we can deal with the assurances that the Government have given in the short term ... We have not experienced what many institutions have experienced, with people not being asked to continue on grants”.

Looking to the future, we will work with all stakeholders to ensure that our universities and researchers

are protected as the UK establishes its new position in the world. So how can we be sure that the UK continues to excel?

First, I say in response to the noble Lords, Lord Fox and Lord Lipsey, that EU nationals who have lived continuously and lawfully in the UK for at least five years have an automatic and permanent right to reside under EU law. EU nationals who have lived continuously and lawfully in the UK for at least six years are also eligible to apply for British citizenship if they would like to do so.

As mentioned earlier, what happens after Brexit is up for negotiation. We are clear that we need to understand the impact of any changes we make to the UK’s immigration system on the different sectors of the economy and the labour market, including in terms of the highly skilled staff, both academics and technicians, who underpin university departments and businesses. I know that the noble Baroness, Lady Blackstone, raised this issue and I hope that this gives her some reassurance that we are taking this matter extremely seriously.

Let me be clear that we recognise that EU researchers have contributed greatly to the diversity and talent base of the UK’s workforce. We hugely value the contribution of EU and international staff. This has been emphasised in recent statements by the Secretary of State for Exiting the European Union, where he has said:

“If we are to win in the global marketplace, we must win the global battle for talent. Britain has always been one of the most tolerant and welcoming places on the face of the earth. It must and it will remain so”.

Secondly, we must ensure that excellent collaboration in cutting-edge research can continue with European and international partners—this important point was raised by my noble friend Lord Willetts and others. We are now more ambitious than ever to build global research partnerships that not only put the UK at the forefront of international research on emerging global challenges but support the economic development and social welfare of developing countries around the world. We should remember that academic and research co-operation in Europe predates the EU by centuries, and the community of European academic institutions has always been much wider than the EU.

The noble Lord, Lord Giddens, and my noble friend Lord Willetts asked what type of consultation the Government were engaging in on post-Brexit research funding. I can reassure the House that the Government have been talking extensively to stakeholders. Jo Johnson announced during last week’s Select Committee inquiry into similar issues that he would invite a number of senior representatives of UK research and innovation to a high-level consultative forum to discuss the opportunities and issues arising from the UK’s exit from the European Union.

Thirdly, we must ensure that UK researchers continue to have access to, and leadership of, world-class research facilities. We have access to major research infrastructures across the world, such as the Large Hadron Collider, in which the UK plays a leading role. We are a major partner in building new infrastructure such as the Square Kilometre Array, whose global headquarters

[VISCOUNT YOUNGER OF LECKIE]
will be based at Jodrell Bank—I think the noble Lord, Lord Bilimoria, raised that point.

Finally, we need to ensure a supportive funding and regulatory landscape. As a Government, we recognise the contribution that our world-class research base makes to our economy and well-being. This is why we have committed to protect the science budget in real terms. The reforms that we are introducing through the Higher Education and Research Bill will give us a best-in-class regulatory system for higher education, and UKRI will be a strong voice for UK research and innovation on the global stage.

I am a little short of time; I will address as many questions as I can in the time available. Otherwise, as the House would expect, I will write to noble Lords.

My noble friend Lord Willetts and the noble Lords, Lord Broers and Lord Kakkar, spoke of the concerns for science and innovation in relation to the new industrial strategy. It was mentioned that VAT changes might be made; for example, charges on buildings cohabited by business and universities. I can reassure the House that the Prime Minister, the Chancellor and the Business, Energy and Industrial Strategy Secretary are clear that building a productive, open and competitive business environment is vital. Key to this Government's aims will be delivering a comprehensive industrial strategy that gets the whole economy firing. The objective of the industrial strategy is to deliver the Prime Minister's vision of an economy that works for all. There are three key themes. First, we can look again at the regulatory environment. We have to work hard to make sure that the European framework covers excellent research and innovation—data protection is an example of that. Secondly, we can look afresh at how we optimise international collaborations, mentioned in debate today. Thirdly, we have an opportunity through the industrial strategy to put research and innovation at the heart of what we do.

I shall stop there. As I said, I will write to noble Lords addressing the good number of questions that were raised in this long debate.

3.06 pm

Lord Soley: I think we all look forward to that letter, which I hope is a very full one. I thank profoundly just about every Member of this House for the thoughtful, insightful comments that have been made across the field. There is no doubt in my mind that scientific research and development are critical and they are one reason why this country has had such a leading role going back to the Industrial Revolution, when we were the first country to do that. We are continuing that process.

I do not want to delay the House, but I simply say to the Minister that he must have heard the concern in this Chamber and outside it about the uncertainty over funding and the ability of staff and students to move and keep up those transnational links that are so important to this area of society. Will he take back to Ministers, and particularly to the Prime Minister, how important that is? He might like to consider the need for a bespoke agreement covering science, research and development. There is no reason to think that the

European Union wants a deal with the United Kingdom that is not also beneficial to it. It may be possible to reach a bespoke agreement at least on research and scientific development—the university aspects might be a little more difficult—but the Government need to move on this urgently if we are to maintain our position.

I am grateful to everyone, including to the Minister for his answers. I look forward to his letter.

Motion agreed.

Air Quality Statement

3.08 pm

The Parliamentary Under-Secretary of State, Department for Environment, Food and Rural Affairs (Lord Gardiner of Kimble) (Con): My Lords, with the leave of the House, I shall now repeat in the form of a Statement the Answer given by my honourable friend the Parliamentary Under-Secretary of State for the Environment and Rural Life Opportunities, Dr Thérèse Coffey, to an Urgent Question in the other place. The Statement is as follows:

“Improving air quality is a priority for this Government and we are determined to cut harmful emissions to improve the health of the people that we all represent and to protect the environment. The UK currently meets the legal limits for almost all pollutants, but faces significant challenges in achieving nitrogen dioxide—NO₂—limit values. We are not alone, in that 16 other EU countries are facing similar challenges.

We have already achieved significant improvements in air quality across a range of pollutants. However, transport is responsible for 80% of nitrogen oxides—NO_x—emissions at the roadside in areas where we need to act to reduce levels. That is why transport has been the focus of our action on air quality. We have committed more than £2 billion to green transport initiatives, including supporting the early market for ultra-low emission vehicles between 2015 and 2020. The main reason for the difficulty in meeting NO₂ limit values is the failure of Euro standards for diesel vehicles to deliver the expected reductions in NO_x emissions in real-world conditions. Since 2011 we have been at the forefront of action in the EU to secure more accurate, real-world emissions testing for diesel cars.

The Transport Act 2000 gave powers to councils to introduce measures that would help on tackling air pollution. The national air quality plan for NO₂, published last December, set out an approach to improve air quality and achieve compliance. We are mandating five cities to introduce clean air zones and targeting the oldest and most polluting vehicles. The consultation on this framework was launched last month to ensure that a consistent approach is taken.

The plan that we had, Mr Speaker, was based on the best available evidence at the time. We have been pressing for updates to COPERT emission factors and got these in September. We said that when we got the new factors we would update our modelling and that is exactly what we are doing.

I am writing to councils to ask them what they are doing themselves to tackle air pollution. Our local authority grant fund was launched in early October

and we are encouraging all local authorities to apply. We will shortly be launching a consultation on policy options for limiting emissions from diesel generators. In addition, funding was announced last month to boost the uptake of ultra-low emission vehicles.

We accept the judgment of the court and will now carefully consider it, and our next steps, in detail. But legal proceedings are still ongoing, so I may not be able to answer the question of every honourable Member in detail. I can assure you, Mr Speaker, that this is a top priority for me. It is a top priority for the Secretary of State. As the Prime Minister said yesterday:

“We have taken action, but there is more to do and we will do it”.—[*Official Report*, Commons, 2/11/16; col. 887.]

My Lords, that concludes the Statement.

3.11 pm

Baroness Jones of Whitchurch (Lab): My Lords, I thank the Minister for repeating that Statement, but I am sorry to say that the Government’s handling of this issue has been a disgrace. It should never have ended up back in court. Scientific evidence is showing that this is a huge public health issue, with around 50,000 early deaths a year, so I pay tribute to ClientEarth for its determination to bring the Government to account on our behalf. It is not good enough to lay the blame on local authorities when we need robust national intervention to tackle this issue.

Can the Minister tell us what the new deadline will be for wiping out illegal levels of air pollution? Can he clarify what the Government have in mind? Can he confirm that there will be a nationwide network of clean air zones covering all polluted cities, not just the five announced so far? Will he confirm that discussions are now taking place with the Department for Transport to introduce urgent curbs on the use of diesel cars and commercial vehicles, which, after all, lie at the heart of this problem?

Lord Gardiner of Kimble: My Lords, I assure your Lordships and the noble Baroness that the Government and my department take air quality extremely seriously. We are well aware of the health consequences of this and that is why it is important that we get the plans right. We received the judgment 24 hours ago, and it is essential that we consider the next steps in the light not only of the ruling but of the recent updates on data on emissions from diesel cars. Indeed, we are already working on that, having received them at the end of September.

On timing, I hope the noble Baroness will understand that the judge has given the parties seven days to reach agreement on an order setting out the timetable for developing new plans, and we are liaising with ClientEarth to agree this. I hope the noble Baroness will therefore understand that I am not in a position to give a categorical timing, but action is already taking place and there are existing powers, as I said. We are working with the devolved Administrations and with the five cities where mandatory clean air zones are intended, and tackling the oldest and most polluting vehicles. We are also working with the Department for Transport and the Treasury together to seek ways of improving what is clearly a hugely worrying and unsatisfactory situation.

Baroness Featherstone (LD): I thank the Minister for repeating the Statement, but I am sorry to say that I find it totally unacceptable for a Minister say that the Government have mandated five clean air zones when 50,000 people a year are dying. I seek an assurance about all the people who are dying who are not in those five mandated cities. How urgent does he regard this? The Statement says it is a top priority. Can the Minister assure me that the whole country will be a top priority and not just five cities?

Lord Gardiner of Kimble: I thank the noble Baroness. It is essential that we deal with the compliance area in the plans we are going to bring forward and, yes, it is well beyond five cities. That is where we were mandating action, because there was such a significant problem, but I would not for one minute want to suggest that all areas of the country having the current levels of air pollution is a satisfactory position, because clearly it is not. That is why, in 2011, when we were in coalition with the party of the noble Baroness, £2 billion was allocated for green transport initiatives. We are actually in a world-leading position on ultra-low emission vehicles, for instance. With that £2 billion we are seeking improvements. I know that everyone is frustrated—I share that—but we really do want to make progress on this.

Lord Smith of Finsbury (Non-Affl): My Lords, while action on diesel, however feeble, is welcome, and while five cities is a start—although nowhere good enough—if the Government are serious about improving air quality, how on earth can they have taken such a confident decision about the expansion of Heathrow, where nitrogen oxides are already in serious breach of health limits?

Lord Gardiner of Kimble: My Lords, the Government believe that the Heathrow north-west runway scheme can be delivered without impacting on the UK’s compliance with air quality limit levels, with a suitable package of policy and mitigation measures. Indeed, final development consent will only be granted if we are satisfied that, with mitigation, the scheme is compliant with our legal obligations.

Lord Hunt of Chesterton (Lab): My Lords, would the Minister like to consider that in London there is a system called airText, which provides warnings for people, particularly those suffering from air pollution? It seems to me that that could be done quite immediately. The financial support and the arrangements need to be expanded, but we could roll it out throughout the country and if people know that tomorrow is going to be bad, they can then take steps. It seems to me that that should be done urgently—and of course, it is done in other cities.

Lord Gardiner of Kimble: My Lords, in order to give the noble Lord full details, I will take that point away, but it is very important that we provide information, particularly for vulnerable people. Given the air quality zones and the knowledge that Defra has on air quality across the nation, I suspect that that is within scope and that we could do it, but I will take this point away and inform the noble Lord and others about it.

Lord Whitty (Lab): My Lords, does the Statement mean that the Government now accept that the national air quality strategy produced by the Minister's department was found by the court, in what has been a bad week for the Government in court, to be flawed in its evidence and lacking in ambition to meet the targets? Although the Government endorsed the five cities that the Minister referred to, did not the Minister's own officials recommend that clean air zones should be established in more than 20 cities? Lastly, 60 years on from the Clean Air Act—probably the only remaining positive outcome of the Eden Government—do the current Government accept that we need a new clear air Act, and possibly a clean air commission, as recommended by Clean Air Alliance UK? I declare an interest as the president of Environmental Protection UK, one of the members of that alliance.

Lord Gardiner of Kimble: My Lords, I would be the first to say that I think that the Clean Air Act and some of the improvements we have seen since that time have shown that Governments of all persuasions have taken this matter very seriously indeed. As I say, we got the judgment 24 hours ago and it is very important that we consider all the measures. We accept the judgment, and we now have to work speedily and constructively to ensure that we remedy a situation that we all wish to be much improved.

Lord Hain (Lab): My Lords, will the Minister indicate how, under this ruling, diesel cars purchased in recent years that do comply with EU standards can themselves be phased out?

Lord Gardiner of Kimble: Obviously, we will have to look at diesel. As I mentioned earlier, the updates we received on emissions at the end of September mean that we are going to be looking at this area very carefully indeed. The most important thing is that we wish to target our work at the oldest and most polluting vehicles. We have been working on that with the five cities, but many other cities will be working on it and we need to work together because we need to get it right this time. I assure your Lordships that the department and its officials want to make this a lasting settlement on this issue.

Lord Greaves (LD): My Lords, local authorities throughout the country have a duty to test pollution levels—for example, on main roads passing through their towns—and they can declare zones where the air quality is not high enough, yet they have no real powers to do anything about it. What is the purpose of this exercise?

Lord Gardiner of Kimble: My Lords, my understanding of the Transport Act 2000 is that local authorities do have the powers. Referring to the question of the noble Lord, Lord Whitty—which I should have answered more fully—we believe that there are existing powers for local authorities to set up clean air zones. The ability of charging authorities to introduce a clean air zone was clearly set out in the Transport Act 2000.

Education: A-levels in Creative Subjects

Question for Short Debate

3.21 pm

Asked by **Baroness Brinton**

To ask Her Majesty's Government what action they intend to take to ensure that exam boards continue to offer a range of creative subjects at A-Level.

Baroness Brinton (LD): My Lords, I asked for this debate because of the decision of the awarding body AQA to discontinue its offer of A-levels in history of art and archaeology, as well as a reduction in the offer and take-up of certain creative and arts subjects at A-level, which has sparked a fresh debate on what is offered in the current curriculum. Does the Minister agree that a good range of subjects being taught in schools and colleges is very important to broaden the learning horizons of all our young people? His own Government's current mantra is "a Government that works for all" so we will assume that that means an education that works for all, too.

How important is it, therefore, that the offer includes creative subjects? Part of the UK's problem has been a narrowing down of the curriculum post-16 because of the gold-star standard of A-levels compared with other international comparators, which in the past has resulted in far too many students choosing either arts or sciences. To some extent, AS-levels broadened that base for year 12 but, compared with the USA, France, the Netherlands and Scotland, with its Highers system, the English system remains narrow in its offer. David Laws, as Schools Minister, introduced Progress 8, an accountability measure, to ensure that schools are rewarded for offering a broad and balanced curriculum. But the reality is that the opposite is now happening.

It is worth looking at the specific problem of the history of art A-level. It is true that numbers for the take-up of history of art are low, especially from students in state schools. AQA says that in 2016 there were 719 entries at AS-level and 834 at A-level. These entries were from a total of 99 schools and 20 further education colleges. A mere 16 out of more than 3,000 state secondary schools, plus a further 15 sixth-form colleges, currently offer it. By contrast, more than 90 fee-paying schools offer the subject. Michael Gove was quick via Twitter to claim no responsibility for history of art's demise.

The history of art A-level content was reformed and it exists if another awarding body decides to offer it. Other creative subjects have also been reformed and are ready for teaching. Their respective creative communities will be promoting them to schools, no doubt, but is this enough? Surprisingly—and perhaps ironically—it was Mr Gove who posed the very serious question in last week's discussions on history of art. He said:

"Why were so few state schools offering the subject? Why aren't more heads anxious to promote it? Who on earth thinks it's 'soft'—not me".

Perhaps for Michael Gove nothing with history in its title can be soft—not sure about the art bit, though.

However, there is a larger and more strategic picture here. Frankly, I think it arises out of the EBacc culture, the Government's focus on STEM and, perhaps most critically, the funding mechanisms. Since the introduction of the English baccalaureate—compulsory in state-funded secondary schools—the take-up of creative subjects has declined. Why? The culture of targets that has been set by EBacc means that far fewer students now take those creative subjects at GCSE. Music is a case in point. The Incorporated Society of Musicians carried out research earlier this year which found that just over a third of our secondary schools have no pupils taking GCSE music at all. As a pupil, you cannot do A-level music without a good A* to C grade in GCSE music; nor will a school attract excellent music teachers without a keen commitment to providing the academic qualifications for students with musical aptitude, not just some general music provision. The root of the problem is that music is not an option within the rigid EBacc. Other qualifications, such as the international baccalaureate, are as rigorous but more flexible in subject matter, allowing students and schools to choose topics and subjects within a framework. That is why the Bacc for the Future campaign championed by the noble Lord, Lord Lloyd-Webber, and many other professional musicians and teachers is so vital.

One in 11 of jobs in our society is creative but this year alone we have seen an 8% drop in the uptake of arts subjects from the previous year. When I was chair of the Cambridgeshire Learning and Skills Council just over 10 years ago, there was already considerable concern that school sixth forms might be too small to offer a broad enough A-level curriculum. The development of effective and larger sixth-form colleges seemed to be a good response. The economies of scale meant that students could mix and match A-levels and AS-levels across the arts and sciences. But recently the further education sector has been managing severe and continuing budget cuts. The Sixth Form Colleges Association reports that the sector's funding is 20% lower than funding for 11 to 16 year-olds, and nearly 48% lower than for universities. A recent survey it carried out showed that the cuts in funding have resulted in the majority reducing or removing the extracurricular activities available to students, including music and drama; two-thirds believe that the funding will not be enough to support students who are educationally or economically disadvantaged; and colleges are struggling to provide 15 to 17 hours a week of tuition per student, whereas funding in Singapore provides for more than 30 hours a week. Inevitably, this reduces the range of courses in the UK.

There are many reasons for this decline and some of them are, as the Department for Education is keen to point out, cyclical. But we are in a perfect storm which is now severely impacting on arts and, more specifically, creative subjects post-16. Head teachers are thinking about their schools' performance tables. EBacc subjects get priority because they know that is how their schools will be judged, reducing options for post-16 students whose options were limited at GCSE. Funding for teacher training on EBacc core subjects is also a priority, resulting in a supply crisis in certain arts subjects. Students and parents are told by schools that EBacc subjects are where they need to concentrate,

without understanding the limitations on future options. Although Ofsted is open to the thinking that an outstanding school is one that also offers creative subjects, it has to follow the government framework. As the Creative Industries Federation's report *Social Mobility and the Skills Gap* observed:

"In 2015, more than a quarter of students in academies (28 per cent) took seven GCSEs or fewer. If such students have to take the EBacc in future, there would be no space for other subjects, even if these subjects were offered".

A year ago, the DfE published its consultation on EBacc implementation and laid down a target of 90% of students taking the EBacc. The education and creative industries communities responded to explain the negative impact that that target could lead to. We still await the Government's response to this consultation.

The targets and focus within the EBacc are beginning to distort priorities, and the unintended consequence of its narrow focus is now having a direct impact on what post-16 institutions offer. Within a short few years, the capacity of our workforce emerging from apprenticeships and degrees will be evident in the labour market. So I ask the Minister: do the Government still believe that students studying A-level need the breadth of subjects offered, particularly in arts and creative subjects, given the current focus on STEM subjects? Will the Government drop the target of 90% of children doing the EBacc, as long as schools can demonstrate that pupils are achieving good attainment targets and progression? What are the Government doing to remedy the funding crisis in the post-16 sector, most particularly in sixth-form and further education colleges, which have been unfairly targeted compared to the rest of the education sector? Will the Government continue to press for Progress 8 in full, ensuring that schools are held accountable for a truly broad curriculum? Will the Government publish a progress report on the Henley review of cultural education?

In recent months, I have watched the dedication and skills of clinicians, healthcare and associated professionals who are caring for my granddaughter at the wonderful Evelina children's hospital. Almost everyone I have seen, from consultants through to play workers, from speech and language therapists to teachers, visiting writers, musicians and artists all use creative skills and techniques in what they use to heal our children. It is not just medicine. The toys designed to stimulate children at some of the worst times in their lives, even if they are digital and engineering-based, have all been designed by people who understand arts and creativity. It is not just engineering. Creativity is everywhere about us and as important as the vital skills of science, technology, engineering and mathematics which we need in UK plc. There is one important letter missing from STEM; it is "A" for arts. Without a core place for arts and creative subjects, our country cannot steam ahead into the future. It must also be at the heart of our education system.

3.32 pm

Baroness Nye (Lab): My Lords, I thank the noble Baroness, Lady Brinton, for initiating this important debate about ensuring that there is a wide range of creative subjects at A-level. As she put it so well, this is not only vital to the pipeline that feeds our creative

[BARONESS NYE]

industries but essential to the life of our nation and makes us who we are. I make no apologies for fearing that the Minister is going to hear the same song sung many times in this debate, although he may have got used to that in the previous debate.

I, too, received an email from AQA explaining its decision. I accept that it was a decision not taken lightly but the fact remains that, even though the take-up of the history of art A-level was small, it was an important educational opportunity to get into a creative world that many students may never have considered. Given the long campaign of the Association of Art Historians to increase awareness of the importance of art history and to expand its uptake in schools and at university, this is a worrying loss. I hope that the Minister will be able to update us today on whether an alternative awarding body has been found.

The Government need to ask themselves why there was such an uproar from the creative community about the loss of a single, albeit hugely symbolic, A-level. It has been put to me that it was seen as part of the creeping dismantling of creative and cultural education. The Government are seemingly blind to the unintended consequences of their aim to get a 90% take-up of the EBacc by 2020 and the Progress 8 measures, which sideline creative subjects, because the subjects taken at GCSE will of course affect the choices at A-level and what happens afterwards. Numeracy, literacy and academic rigour are of course essential to our future success but creating a false hierarchy between subjects taught in our schools is not the way forward. It is a common phenomenon that what is not measured is not valued. This has meant that secondary schools are faced with putting less time and fewer resources into creative education, in a bid to climb up the league tables. One way in which the Government could prevent this is by making it impossible to get an excellent rating from Ofsted if there is no significant cultural offer. I hope that the Minister will say something about why the Government are against that.

Surveys by the National Society for Education in Art and Design and the Cultural Learning Alliance show that there has been a marked reduction in curriculum time, that courses have been lost and that there are significant shortages of teaching staff. This has resulted in a significant decline in the number of students taking GCSE, AS and A-levels in creative subjects, as shown in this year's figures where the lowest percentage of students sitting art and design A-levels in 10 years has just been recorded. Counter to the culture White Paper's claim that:

"Access to cultural education is a matter of social justice",

the Creative Industries Foundation has found that schools with a high proportion of pupils eligible for free school meals have been twice as likely to withdraw arts subjects. This is an out-of-date and old-fashioned curriculum, almost identical to what was in place in 1904—although that curriculum included drawing.

The new Digital and Culture Minister said recently that in post-Brexit Britain:

"This nexus of art and technology is how Britain will pay her way in the 21st Century".

However, it has been said that:

"This narrow academic curriculum will severely limit access to technical and creative subjects of the very kind needed in our new digital age".

Those are not my words but the words of the architect of the national curriculum, the noble Lord, Lord Baker of Dorking. In a recent report for the Edge Foundation he called, among other things, for the Government to introduce a broader EBacc which would include creative and technical subjects as well.

At a recent meeting of the All-Party Parliamentary Group on Art, Craft and Design in Education, of which I declare that I am vice-chair along with the noble Earl, Lord Clancarty, we had a presentation from the Derby High School, which was the very first science and arts college. The students conveyed to us their thoughts on their education. These are some of their words:

"We are on an incredible journey to who knows where ... Fast forward to 2025 ... We will be applying for jobs that don't even exist back in 2015 ... In fact experts believe that almost 50 per cent of occupations today will be redundant ... So how can we be educated for those unknown jobs?"

We were told by the Derby High School that it believes its pupils should be educated to see science and the arts as complementary, and that each discipline has something fresh to offer the other when taught holistically. In that way, those students are being educated for those unknown jobs. Those students are right: automation and artificial intelligence may make today's jobs redundant but they will not replace creativity.

I hope that the Minister will listen to those students—I am sure that they would come to give him the presentation if he wants—and to his noble friend Lord Baker of Dorking. I hope that he will listen as well to the very many educationalists, practitioners and employers who are asking the Government to change their mind on the EBacc and ensure that the pipeline of creative talent is nurtured and not damaged irrevocably. I also hope that in his response today, he can go a little further than the "in due course" answer we keep getting as to when the Government are to publish the results of the consultation on the EBacc. I also hope that the Government will use the consultation process to change the situation where England is the only nation in the UK to have no national plan ensuring that all children and young people are offered a high-quality cultural and creative education. I very much look forward to his response this afternoon.

3.37 pm

The Earl of Clancarty (CB): My Lords, I thank the noble Baroness, Lady Brinton, for her excellent introduction to this debate. Following the announcements of the discontinuation of history of art and archaeology A-levels on 12 October—three weeks and one day ago—there was an immediate outcry, which has not died down. Yet so far we have had no satisfactory response from the Government, so today I will listen to the Minister's answer with great interest. This outcry is all the more remarkable—tens of thousands have signed petitions and hundreds have written to the AQA—considering that relatively few students presently study either of these courses. I will argue that many

more could, yet it is clear that the value of these subjects to the country as a whole is the more significant consideration.

For instance, Mike Heyworth, director of the Council for British Archaeology, has said that the decision to discontinue archaeology is “disastrous”, telling the *Times* that this is,

“just at a time when we were looking to expand our support for the revised A-Level and its link with apprenticeships”.

The Royal Academy, the Courtauld Institute and many schools are among those who criticised the art history decision. Deborah Swallow, director of the Courtauld, has said:

“History of art is a rigorous interdisciplinary subject that gives students the critical skills to deal with a world that is increasingly saturated with images”.

Simon Schama tweeted,

“this government determined to impoverish the next generation”.

It is difficult, if not impossible, not to see such developments except within the wider context of the more general downgrading of the arts within the school educational system. Last year, for example, we also lost creative writing as an A-level. We also have a GCSE system, the EBacc, referred to by the noble Baronesses, Lady Brinton and Lady Nye, which excludes arts subjects from the core subjects. This year that has already led to a drop of 5% in take-up in art and design subjects, and it is having a detrimental influence on the teaching and perception of arts subjects at every key stage. On the subject of the EBacc, can the Government give further news of when they will respond to the consultation, since it will be one year this Wednesday since it opened?

One of the reasons given for the discontinuation of art history is the number of students studying it, yet teachers are repeatedly saying that the course is so popular that they have to cap the numbers. The BBC reports Godalming College, a state sixth form, as saying this, and Rose Aidin, who runs the A-level course at the Wallace Collection, says that there is a waiting list for this course which includes state school students. This again raises the issue of what subjects are encouraged to be studied in our state schools as a whole and whether the demands from students are being properly met.

A criticism of art history that has been made, notably by the art critic Jonathan Jones, is that it is a so-called posh subject. It is true that around 75% of students come from private schools, but this still leaves a quarter of students from state schools. If the course is cut, state school children will be barred for ever. Private schools will still run art history courses, and they will be right to do so to maintain the balance between arts, humanities and sciences which is increasingly denied within the state school system. Private schools will then own the subject, and their students will have the advantage in continuing on to degree level despite what AQA has said to the contrary. Again, this will be part of pushing the arts further into the hands of the better-off, which is already happening with music and drama.

Indeed there is nothing that says that art history or indeed any art subject is inherently posh. In 2013, in a talk on global citizenship Sir Nicholas Serota said:

“Art is a fundamental part of the public realm. In their work, artists express ideas, attitudes and beliefs. Often, these are central to politics, society and economics”.

This is true of all ages, and visual literacy should, in the 21st century, be a central aspect of our education.

One irony about the history of art A-level is that the new syllabus is intended to appeal to a wider range of students and to cover a wide range of cultures, as it is concerned with art on a global scale rather than concentrating on the history of western art. Learning about the arts is inherently about reaching out to other cultures, the importance of which, in our current more insular climate, we are at risk of dangerously underestimating.

The provision of creative subjects in primary schools and at key stages 3 to 4 lays the foundations of a rounded education which will give children the most informed basis for making a more specialised choice, a choice which should be as wide as possible if students’ needs and capabilities are to be fulfilled. Yet, in recent years, we have been cutting down on that choice. Justine Greening said last week that girls need to be encouraged into STEM subjects. A lot of them are studying arts subjects and would like to continue to do so. We could just as easily turn this question around and ask where are the boys in arts subjects. STEM needs to be expanded to STEAM.

AQA has also cited as a prime reason a lack of competence in marking art history and,

“the complex and specialist nature of the exams”.

I do not believe for one moment that there is not the expertise in this country to address this. Will the Government intercede on this matter in particular? In the end, it is not AQA which should be held responsible. The Government are responsible for our education, and they need to be held to account.

I do not know what the Minister is going to say about the future of the threatened A-levels. I hope he will not hide behind the reasons given by AQA and that he will supply us with good news about the continuation of these subjects that will at least make one or two of our arguments redundant.

3.44 pm

Lord Clement-Jones (LD): My Lords, I applaud my noble friend Lady Brinton for initiating this important debate, and I make no apology for covering similar ground to noble Lords who have already spoken.

The dropping by AQA of the history of art A-level forms an important part of the worrying context of the debate today. AQA said in its briefing that, although it recognises the huge importance of the study of the history of art, in the process of developing and obtaining accreditation for its new A and AS-levels in history of art, it had concluded that the new qualifications, developed from the Government’s criteria, would be extremely challenging to mark as a result of the large number and specialist nature of the options creating major risks when it came to awarding grades safely. I interpret this to mean that AQA’s decision to drop history of art A-level was partly based on the fact that there were insufficient experienced examiners. This rightly had the *Sunday Times* art critic Waldemar Januszczak choking on his carpaccio.

[LORD CLEMENT-JONES]

The second reason appears to be the low number of students taking the subject. As AQA said, these issues are exacerbated in the context of very low student entry numbers for these key stage 5 qualifications. Why is that? As my noble friend said, since the introduction of the English baccalaureate, we have seen a decline in the take-up of creative subjects. I shall add only one fact and figure to my noble friend's dismal facts and figures: 21% fewer arts GCSEs were taken in 2016 compared to 2010. The provision of creative subjects has fallen most significantly in schools with a higher proportion of pupils on free school meals. It is clear that despite assurances by successive Secretaries of State for Education, the introduction of the English baccalaureate has sent a clear message to schools, teachers, parents and students about which subjects are seen as of value. For the sake of completeness, I should add that AQA is adamant that this decision is not driven by commercial or financial factors.

There is great concern at the decision to drop this A-level. The Association of Art Historians has commented:

"The decision to withdraw History of Art at Key Stage 5 marks a considerable loss to young people's access to—and understanding of—a range of different cultures, artefacts and ideas".

It also said that the symbolic space,

"the subject occupies within the school system is also fundamental in developing awareness of art history at undergraduate level and beyond".

It is that "beyond" that creative industry leaders, in all disciplines, are worried about. These industries are grappling with some real issues, particularly skills gaps and shortages. For example, several creative occupations are currently featured in the tier 2 Migration Advisory Committee's shortage occupation list, which is for non-EEA recruits. One can only imagine how this will look if there is a hard Brexit. Universities specialising in creative industries are keen to recruit their students from the widest pool possible, because talent and skills in these industries are at a premium.

There can be no argument about the importance of our creative industries. They are celebrated for outstanding economic performance in addition to their contribution to the UK's culture and soft power. The Prime Minister herself has recognised our creative industries are a key strategic sector. For example, the success of UK television and film production, highlighted in official government figures last week as one of the,

"best performing sectors of the UK economy",

which has helped to,

"maintain growth in a time of post-Brexit vote uncertainty",

is attributed not only to the tax breaks that the sector enjoys but to the skills and talent base for which it is internationally admired. We simply cannot afford to lose this.

We need therefore to ensure that our education system supports the sector and that a good range of relevant creative subjects are taught in schools. As the Creative Industries Federation's recent paper on the possible impact of Brexit, mentioned by other noble Lords, points out:

"Long-standing skills shortages in the creative industries stem from inadequate training and provision at schools ... Brexit will compound this problem ... It is crucial that education and training policy is formulated with a proper understanding of the needs of industry".

How will the creative industries flourish if creative subjects are elbowed out of the curriculum? These subjects are opening horizons and signposting to possible careers. They can accelerate learning, attainment and success in students following a more traditional academic structure—including the so-called sought-after STEM subjects. My noble friend referred to the Creative Industries Federation's other paper last month on the creative education agenda, which recommended four matters to the Government. It has done us a service with those recommendations. First, it says:

"Drop the 90 per cent target ... The EBacc should not be the headline assessment measure for schools, but used as part of Progress and Attainment 8".

Head teachers would be able to offer creative subjects as part of a balanced curriculum and it would send a clear message that the wide variety of skills and knowledge that they represent are important to our economy and our society. Secondly:

"Limit 'outstanding' to schools that warrant it", a point made, I think, by the noble Baroness, Lady Nye, and my noble friend. It goes on:

"A school must teach at least one creative subject, in lesson time, in order to be eligible for an 'outstanding' rating".

Thirdly:

"Audit the skills gap ... The Department for Education should conduct a proper audit of the skills and education needed by the creative industries as part of an industrial strategy".

Fourthly, and finally:

"Adopt proper careers advice ... The Government should work with industry to launch a sustained national campaign demonstrating the range of jobs in the creative industries and the subjects that lead to them".

These are all sensible proposals and should be adopted. I look forward to the Minister's reply.

3.51 pm

Lord Bilimoria (CB): My Lords, yesterday, I drove down from the University of Birmingham, where I am proud to be chancellor, and spoke to my mother. She is a proud graduate of that university, as were her father and brother. She studied history of art there, and said to me that it changed her life. It introduced an appreciation of the arts for ever, which she then passed on to her children. I thank the noble Baroness, Lady Brinton, for initiating this debate.

Under the headline, "Top experts' letter pleads for art history A-level", the BBC reports that:

"Hundreds of academics have signed an open letter to an exam board, condemning plans to axe art history A-level ... The decision to cut the A-level comes when 'society has never required its insights more', argues the letter. AQA said the change 'was not about money or whether history of art deserves a place in the curriculum'".

The AQA is the only exam board to currently offer the art history qualification. The decision will result in a subject of profound social, cultural and economic importance disappearing from the UK A-level landscape. There were 220 signatories, ranging from representatives from the University of Oxford, Sotheby's and the Courtauld Institute of Art, to emerging art historians.

A reformed history of art specification, which was due for first teaching next September, would have given students the opportunity to study the most pressing social and political issues we face today, from war to environmental change, from identity to migration, played out through the visual and material world. It was an exciting and inspiring prospect. The plan was to support and encourage a greater number of schools and colleges, particularly in the state sector, to offer the subject to 16 and 18 year-olds. The exam board's decision not to go ahead represents a vital loss for students. According to the letter:

"By denying young people access to the study of art history at a vital juncture in their lives, the AQA decision will actively discourage the next generation from pursuing careers in the arts and place current successes in real danger".

In the 2015-16 academic year, as we have heard, 838 students—fewer than 1,000—took A-level history of art, with 83% attaining A* to C grades and 10.5% gaining an A*.

The decision comes amid—we must remember this—a series of changes to the curriculum set by our infamous former Education Secretary, Michael Gove, who proposed cuts to the number of creative and arts-based courses to make way for more challenging, ambitious and rigorous subjects. What was he thinking? Can the Minister confirm that other subjects to be axed include statistics, classical civilisation and archaeology? Many of these are not available on any other boards. The Association of Art Historians said that the decision could have a detrimental effect on the wider industry, as students would be far less likely to gain an interest in or gain access to a subject if it was no longer made available to them before the higher educational stage.

Hear the reaction from experts. Simon Schama tweeted:

"Art history A level axed as 'soft'. SOFT?? tell that to Kant, Hegel, Ruskin, Burckhardt, Panofsky, Schapiro and the rest".

Sir Anthony Seldon, a friend of mine, former master of Wellington, currently Vice Chancellor of the University of Buckingham tweeted:

"Rembrandt weeps. Can you believe that our history is no longer being offered at A level? Philistines must not prevail".

In a statement, the AQA board said that the decision had not been made lightly, but that the subject was too complex:

"We've identified three subjects—Archaeology, Classical Civilisation and History of Art—where the complex and specialist nature of the exams creates too many risks on that front. That's why we've taken the difficult decision not to continue our work creating new AS and A levels in these subjects".

Does the Minister agree that that is pathetic?

"Why I don't buy the argument that History Art A-level was axed for being 'soft'" is the title of an article by Laura Freeman. She writes:

"Soft? Soft? History of Art is as soft as Carrara marble".

This decision should be a spur to offering history of art in all schools: state, grammar and academy. It should be a wake-up call. The AQA has confirmed that it will not be offering it, but EdExcel might come in as a white horse. Does the Minister know and can he offer us some encouragement?

The noble Baroness, Lady Brinton, spoke about creativity. I was told throughout my childhood, through all my schooling, "Karan, you are doing well academically. Keep going, but you are not creative". Why? Because I

was useless at art. I started piano. At grade 1, I was told, "Karan, give up; you are tone deaf. You are not creative". Throughout my schooling, college and universities, I thought I was not creative. Then I started my own business. I realised that one of the most important skills of an entrepreneur is the ability to be creative and I had it in abundance, but it had been wasted all my childhood. Now, when I give talks around the world and I ask audiences, "How many of you think you are creative?", half the hands go up. Just imagine if 100% of the hands went up. It would encourage creativity in our schools from primary level all the way through. The GDP of this nation would double.

There are many reasons why it makes sense to encourage the creative industries. The arts make self-starters, develop emotional intelligence. The arts are stretching. Arts students are highly sought after by employers. Arts reach the parts other subjects cannot reach. Arts reach the students other subjects cannot reach.

Look at the response of the University of Cambridge to the decision. It deeply regrets the decision by AQA and says that it is really damaging. It states:

"The cultural and creative industries are one of the UK's greatest selling points",

and,

"a mighty economic engine ... Art history is a rigorous, ambitious and highly vocational subject which should be open to students of every background, and celebrated as an essential tool to enable greater understanding of cultural life in both the UK and abroad".

Art History Link-Up states:

"Only eight state schools in the country currently offer History of Art".

We need to change that. Our museums are the best in the world. The Tate Modern has 4.7 million visitors. The National Gallery has 5.9 million visitors. The Victoria and Albert has 3 million visitors. The Ashmolean in Oxford has almost 1 million visitors. The Birmingham Museum and Art Gallery has almost 1 million. This is amazing. This is not elitism.

The criticism is that history of art should not be there because it is elitist. I spoke about Cambridge because I chair the advisory board of the Cambridge Judge Business School. Birmingham University has the famous Barber Institute, one of the finest University museums in the world. Over the past two years, 95% of Birmingham's art historians have secured a graduate-level job or further study within six months of graduation. The DCMS report on the creative industries estimates that they account for 5% of Britain's GDP. It is much more than that if you include everything that comes within the history of art.

To conclude, my daughter Zara is at Wellington College studying history of art. She came here on a visit with her teacher Mr Rattray, who studied history of art at Cambridge. When I took the students round, I learned more from Mr Rattray and the students about the architecture, history and art of our Parliament than I had learned in 10 years. That is the brilliance of the subject. Do you know what my daughter said to me when AQA made its announcement? "But Daddy, he is going to be out of a job". We cannot let that happen.

3.59 pm

Lord Berkeley of Knighton (CB): My Lords, I am most grateful to be allowed to speak briefly in the gap. I absolutely endorse what we have just heard, as well as the concerns about music articulated by the noble Baroness, Lady Brinton.

There are two particularly important dividends from giving students access to music and the arts. The first is social. As a schoolboy, I have to admit, I was a late developer academically—almost embarrassingly so—but my music master, Mr Lambert, recognised a musical spark of promise in me and guided me through O-level and A-level music. This gave me respect from my peers and, much more importantly, self-respect—a feeling of achievement. It set me on the path to where I am today as a composer. I want every young person to have this outlet.

The other dividend is economic. The Government often, rightly, congratulate the creative economy for what it contributes to the Treasury, so surely it is vital that they go on creating access, for this generation and the next generation of creative people, for what they will bring to the Treasury of this country.

4 pm

Lord Watson of Invergowrie (Lab): My Lords, I congratulate the noble Baroness, Lady Brinton, on securing the debate and for her excellent opening speech, which set the tone very effectively.

“Whoever neglects the arts when he is young has lost the past and is dead to the future”—

a truism if ever there was one. Those are the words of the playwright Sophocles, written around 2,400 years ago. Just four years ago, those very words prominently began the Government’s response to the Henley review of cultural education. Sadly, somewhere along the way since 2012, it seems that the Government have lost their belief in the value of the arts and creative subjects in schools.

This issue has come to prominence largely because exam boards have dropped history of art and archaeology A-levels, as noble Lords have said. These have always been very much minority options that not many students have had access to, but the fear is that this is merely the tip of a sizeable iceberg. Squeezed school budgets, a growing emphasis on the STEM and English baccalaureate subjects, and government reforms of qualifications are reshaping what our young people study.

Ministers believe that students should mostly take what they refer to as “facilitating subjects”. I will not list them, because noble Lords are well aware of them, but there is an absence of creative subjects from the list—let me say only that ancient Greek is included but not art and design or computer science. Ministers claim that, because these are the subjects that Russell group universities want, every pupil should take them. In fact, although the Russell group prioritises these subjects, it actually says that only two of the three A-levels should be from this list.

But the Government prefer the absolute position, which chimes with their pushing the EBacc subjects at GCSE. They regard other subjects as “soft options”.

This was never more obvious than when, in November 2014, the then Secretary of State for Education claimed that, for children, choosing arts subjects at school would,

“hold them back for the rest of their life”.

That was not just downright nonsense but an extremely damaging statement, suggesting a one-size-fits-all regime that ignores the strengths of many pupils and demeans their choices. Given that the creative industries are now such an important feature of our economy, does the Minister agree that we should not be sending a message to schools and young people that creative and technical subjects are not valued?

The benefits of creative subjects are not merely economic. Subjects such as drama and music are widely taught in independent schools and, until recently at least, were also offered at larger sixth-form colleges. But, in recent years, the colleges have suffered funding cuts, while the continued absence of a VAT refund scheme for them—which is available to academy sixth forms—leaves the average sixth-form college with £385,000 a year less to spend on front-line education. How can the Government justify their intransigence on this issue?

Cuts to sixth-form college budgets have resulted in the need to reduce their range of courses in order to increase class sizes in the remaining subjects. They are also reducing the possibility of taking additional subjects to AS-level, partly because they cannot afford the extra teaching and partly because the AS itself has been downgraded by the Government. The English sixth-form curriculum has traditionally been narrow, with just three subjects at A-level. The efforts of the Labour Government to increase breadth through the AS-level are being reversed by a mixture of cuts and policy, which particularly affects creative subjects that might be taken as an “extra”.

This impacts on the decisions of exam boards. With the costs of managing small-uptake A-levels already an issue, boards must be feeling an additional financial pinch with the loss of AS-level income now that A-level is a stand-alone exam. The numbers studying music at A-level have never been large, but they are dwindling. Schools across the country have already reluctantly decided to stop offering music as an option, and the likelihood is that more will follow.

Even modern languages, one of the EBacc subjects, is not safe. Last week, the Sixth Form Colleges Association published a report based on a survey of its members, which found that more than one-third of colleges have ended courses in modern languages, including A-levels in German, French and Italian. Indeed, evidence points to languages suffering a slow death. This year, fewer than 4,000 students sat German A-level and French entries were down to fewer than 10,000. Schools and sixth-form colleges with pressurised budgets are forced to choose which courses to keep and which to cut. Not enough modern teenagers want to study a language, it seems, which is a great shame because a language is more than just a qualification; it is a skill for life. As the country becomes mired in acrimonious negotiations on leaving the EU and turns ever more in on itself, the future looks bleak for the study of languages.

In a trend that leads directly to the reduction of A-levels in creative subjects, the Sixth Form Colleges Association report also found that almost six out of 10 colleges have reduced extracurricular activities, including educational visits, music, drama, sport and Duke of Edinburgh award schemes, or cut them altogether.

There has been a great deal of discussion about the need to close the divide between academic and vocational education, but with the EBacc the Government are unequivocally promoting the superiority of the academic pathway. If the reduction in the availability of creative subjects is the result, should we be surprised? Less than 50% of students took the EBacc in the past academic year, yet already there has been a significant effect on other subjects since it was introduced—most notably on what I argue is the key subject of design and technology, for which there has been a 30% drop in take-up. The curriculum should not be driven by the needs of the minority who are going to the most selective universities—what my noble friend Lady Nye described as a false hierarchy of subjects taught. Every student should have elements of the EBacc subjects in their curriculum. Equally, they should have artistic and practical elements. Many of the essential work-related skills that the CBI says are in short supply may well be better developed in artistic and practical contexts.

More investment from government is essential if sixth-form colleges and school and academy sixth forms are to continue providing young people with the breadth of high-quality education, including creative subjects, which they need to progress to higher education and employment. Failure to do so risks turning sixth-form education into a narrow and restricting experience. That would be bad for students, bad for society and bad for the economy.

4.06 pm

Viscount Younger of Leckie (Con): My Lords, I thank the noble Baroness, Lady Brinton, for securing this debate. We have heard some thoughtful contributions. I agree with her and other noble Lords who have mentioned the importance of the creative industries. The creative industries are a cultural and economic success story, a high-value, high-growth sector, worth £87.4 billion to the UK economy in 2015. The noble Lord, Lord Bilimoria, rightly mentioned our world-class museums.

The arts also enrich children's lives. The Government fully recognise that they help develop the self-confidence, resilience, communication and team-working skills that will stand young people in good stead throughout their adult lives, a point raised by the noble Earl, Lord Clancarty. Again, the noble Lord, Lord Bilimoria, is right: the creative arts help develop critical skills for business, as he will know from his experience. The Government are determined that all young people should have access to an excellent, well-rounded education, and the arts are central to this.

The noble Baroness, Lady Brinton, asked about the action that we intend to take to ensure that exam boards continue to offer a range of creative subjects at A-level. What do we mean by creative subjects? The noble Baroness, Lady Nye, claimed that the Government have no definition of a creative subject. It is true that

we do not set out to be too prescriptive about such a definition. For example, in some subjects, students design and create their own works of art or products, but many other subjects, such as computer science, involve other types of creativity. The Government have recently reviewed the content of every A-level, with input from universities and subject specialists, so that they fully prepare students for further study. Almost 50 new A-levels will begin to be taught between 2015 and 2018, including many arts subjects.

The noble Baroness, Lady Brinton, the noble Earl, Lord Clancarty, the noble Lord, Lord Bilimoria, and many other Peers raised specific concerns about AQA's recent decision not to develop new A-levels in history of art, archaeology, classical civilisation and statistics. I studied history of art at a fine institution on the East Neuk of Fife in Scotland and recognise how such subjects help our understanding of societies and foster skills in critical analysis. The noble Lord, Lord Bilimoria, cited his own personal example. I therefore share your Lordships' disappointment about this decision. However, contrary to some media reports, I assure your Lordships that this was not a government decision but was taken by AQA. Our intention has always been that there should continue to be an A-level in history of art and archaeology, which is why we published subject content earlier this year. In AQA's judgment, there are challenges in delivering the qualifications because of the breadth and specialist nature of options, which are taken by a small number of students. These issues are not new. AQA has also cited the difficulties in finding examiners who not only have the subject expertise but the sound assessment knowledge to ensure that all students are awarded the grade they deserve.

The noble Baroness, Lady Nye, and other noble Lords wanted to know what action the Government are taking to secure the future of these qualifications. I can reassure the House that we are taking the matter seriously. As soon as AQA notified us of its decision we opened urgent discussions with the other exam boards on the option for them to offer the subjects. It is of course for individual exam boards to decide which qualifications to offer so I am not in a position to make any undertakings today, but I can say that discussions have so far been positive. I can also reassure the House that students currently studying these subjects for examination in 2017 and 2018 are not affected. The OCR exam board will continue to offer A-levels in classical civilisation beyond this date, and as the House will know, there are alternative qualifications in art history such as the Cambridge Pre-U, which are accepted by universities and count in school performance tables.

While noble Lords, myself included, might wish all young people to have the opportunity to study history of art, and archaeology if it is available, at school—the Government are engaged with other exam boards so that this may happen—we should recognise the wider context. The numbers of students currently studying the subjects are low, and universities do not require an A-level in these subjects as a pre-requisite for degree-level study. However, I am aware of the efforts that the arts world is making to improve take-up, including the fast track AS-level offered by the Wallace Collection.

[VISCOUNT YOUNGER OF LECKIE]

While small numbers of pupils are likely to study history of art A-level, the national curriculum for art and design ensures that many more pupils have an introduction to this important subject. Its aims include ensuring that pupils evaluate and analyse creative works and know about great artists, craft makers and designers. The noble Lord, Lord Clement-Jones, mentioned careers advice, which is a very important point. Young people should have a good understanding of the world of work and the skills needed to do well in the labour market, which is why we are investing over £90 million during this Parliament to ensure that young people have equal access to life-changing advice, including funding for the Careers & Enterprise Company. This will help to ensure that pupils develop skills in visual literacy, which the noble Earl, Lord Clancarty, asked about; this reflects the points made about history of art.

The national curriculum is compulsory for maintained schools and includes music, drama, dance, and design and technology. Academies and free schools can use their freedoms to innovate and build more stretching and tailored curricula to meet the particular needs of their pupils or the particular ethos of the school, including promotion of the arts. On the point raised by the noble Baroness, Lady Brinton, on the EBacc, I reassure the House that this core academic curriculum can sit alongside a high-quality education in the arts. We have never said that pupils should study the EBacc subjects and nothing else. Indeed, the EBacc is deliberately limited in size, so that there is flexibility for pupils to take additional subjects of their choosing. On average, pupils in state-funded schools enter nine GCSEs and equivalent qualifications, rising to 10 for more able pupils. For many pupils, taking the EBacc will mean taking seven GCSEs, and for those taking triple science, it will mean taking eight. Therefore, there will continue to be room for pupils to study other subjects, such as the arts, which reflect their individual interests and strengths.

We are also committed to ensuring that all children receive a high-quality arts education, including those from disadvantaged backgrounds and those with special educational needs and disabilities. Between 2012 and 2016, this Government invested more than £460 million in a diverse portfolio of music and arts education programmes designed to improve access to the arts and to develop talent across the country. There are too many to mention here but the programmes include the Saturday Club Trust's art and design club, which provides 14 to 16 year-olds with the opportunity to attend free Saturday morning classes at their local art college or university. These programmes are a direct result of the Henley reviews into music and cultural education—a point raised by the noble Baroness, Lady Brinton.

The noble Lord, Lord Clement-Jones, spoke about the film industry, which does not surprise me, given his interest. He may be interested to know that the Department for Education provides £1 million for the BFI Film Academy, which I suspect he will know. This is one of the programmes suggested by Darren Henley, whose reports were mentioned by the noble Baroness, Lady Brinton.

In addition, some schools use pupil premium funding, worth over £2.5 billion overall and up to £1,900 per pupil, to provide cultural enrichment opportunities for disadvantaged pupils.

The noble Baroness, Lady Brinton, highlighted the issue of post-16 funding and I should like to address the points she made about sixth-form funding. This Government believe that every young person should have access to an excellent education and we have protected the base rate of funding for all types of providers until 2020 to ensure that this happens. We have ended the unfair discrimination between colleges and school sixth forms. All providers now receive funding according to the same base rate and we now ensure that funding is based on student numbers rather than discriminating between qualifications. On top of this, we are providing more than half a billion pounds this year alone to help post-16 institutions support students from disadvantaged backgrounds or with low prior attainment. We have also introduced extra funding for large programmes, including those for high-achieving students taking four or more A-levels.

In this short debate, I hope that I have been able to reassure the House that the Government are fully committed to developing young people's creativity and to ensuring that a wide range of high-quality A-levels is available in the arts and other creative subjects. I have explained that the Government share noble Lords' concerns about the AQA's decision to withdraw from history of art and archaeology, and are working with other exam boards urgently to see if a solution can be found. However, these are exceptions; our wider A-level reforms include many arts and creative subjects which are not under threat and will give a fresh, new impetus to the study of arts and the mastery of creativity.

Housing

Motion to Take Note

4.17 pm

Moved by Lord Griffiths of Burry Port

To move that this House takes note of the impact of the shortage of housing on the desire of people, particularly the young, to live in the communities where they were born, raised and educated.

Lord Griffiths of Burry Port (Lab): My Lords, I am grateful for this opportunity to address a subject about which I feel passionate. It is a small way to begin to discharge a debt owed by people of my generation to those younger than us. I should also like to express my gratitude to those who will speak later in this debate. I trust it will lay bare an existential need to bring imagination, compassion and resource to the housing needs of young people.

I am a Methodist minister working in London, where the City of London and the boroughs of Islington and Hackney all come together. A Peabody housing estate and blocks of flats built by our local authorities attest to the provision of social housing in earlier times. These dwellings have been inhabited by thousands of lower-income families, many of whom are reached

by the ministries of our church. It is with the children of these families that I want to begin. We work hard to raise their aspirations, broaden their horizons and help them strike out towards a bright future. A philanthropist friend has contributed millions of pounds to allow a steady stream of inner-city boys and girls to take up places at the Leys School, our Methodist school in Cambridge. He has also helped us to set up a small fund that helps dozens of our young people who head off for university, where some have gained very impressive qualifications. It is what happens next in the lives of these young people—educated, talented and multi-ethnic young people—that has led to my seeking this debate.

I should put alongside those young people from my congregation the pupils of two splendid inner-city secondary schools—one for boys in Islington and the other for girls in Tower Hamlets—which together form the Central Foundation Schools of London. One hundred and fifty years ago, this foundation was set up to provide for the educational needs of middle-class children. Both schools have undergone exponential change in recent years and are now among the best-performing schools in London. They send young adults on to higher education and into the world of work, and there are brilliant mentoring schemes with local enterprises. It is what happens to those pupils when they leave school that concerns me. They were born, have grown up and are being educated in this part of London. As they begin to establish their own lives, it is becoming virtually impossible for them to root those lives in the communities they know, close to friends and support networks.

If this were a sermon—which of course is a craft I know something about—I would begin with a text by St Theresa:

“If you’re young, you’ll find it harder than ever before to own your own home”.

That is quite an opening blast from an incoming Prime Minister, especially when we remember all the experience that she gained in her years at the Home Office. So we hang on to the pledge with which she followed that declaration. She promised to make Britain, “a country that works for everyone”.

Everyone includes, of course, young people, and it is in the spirit of that pledge that I offer my remarks today.

At this point, I suggest that there is little point in trading statistics across the Floor of the House—we must surely all be aware of the housing crisis facing us. Nor do I think there is much to gain from comparing the achievements or failures of successive Administrations. Everyone has tried to respond to the crisis but no one can honestly say that they have cracked it. This Government and their coalition predecessors brought forward their Starter Home scheme and offered Help to Buy equity loans. The Communities Secretary has recently called for 1 million new homes to be built by 2020. We can only wish him well. It is not the first time that that same call has been made—indeed, an identical target was abandoned only recently—but by all means let us have another go.

To meet the target, the maths are not difficult—just divide 1 million by four—but it has been notoriously difficult to get anywhere near the figure that results

from that equation. The best that anyone has done in recent times was 10 years ago, in 2006-07, when 219,000 homes were built. Last year it was just 170,000 and the previous year a miserly 145,000. Even the 100,000 prefabs mentioned in the media this week as perhaps one way of helping to reach the jackpot would only scratch the surface of our housing problem.

A little YouTube clip that has been watched by millions of people says it all. It shows a young couple living in rented accommodation and trying hard to save up for a deposit on a house. Their joint earnings amount to £58,000 but they still cannot get enough money together for a deposit. Average rents have risen by 20% in the last five years, while average wages have risen by only 5%. Again, the maths are simple. Rent in London has now soared to a median of £1,400 per calendar month. As London First—a splendid coalition of London employers, the housing charity Shelter, the FSB and the CBI—puts it, as part of its Fifty Thousand Homes campaign:

“For workers in sales, customer service and care, median rents in Inner London and Outer London are close to or above 100% of ... typical gross earnings”.

It points out that even entry-level bankers will struggle to afford these rents.

The rented sector offers little solace for young people. Evidence of that was readily available in the Homes and Property section of yesterday’s *Evening Standard*. It looked at the rent levels of people seeking to live in one room. The borough of Bexley offers the cheapest such accommodation at £500 per room—that is per room, not flat. It was a frightening feature article and made it clear just how the rented sector proves such an attractive arena for private landlords who can so easily exploit the housing shortage to their benefit.

In the next few months, I will be moving from my tied accommodation into the housing market for the first time in my life. Initial exploration has revealed to me the risks, the lack of security and the costs that are involved in trying to find somewhere to live, whether to buy or rent. This hits young people hardest. It really is time that people of our generation come clean about the mess we have left for our children and grandchildren.

There has been much talk about the need to invest in large capital projects as we face an uncertain economic future. The Crossrail project is nearing completion, the nuclear power station at Hinkley Point has got the green light, HS2 is stuttering its way into life and a new runway at Heathrow seems to have got approval. The mood music is clear, but here come my questions. Why cannot we put the provision of housing on a par with all these grand projects? Is not the need to have a roof over our heads and a decent place to live a fundamental human right? Why can we not commit to a national plan to meet the housing targets that we continue to set for ourselves? Why can this not be bipartisan? Why can this obvious social need not command the best energies of us all in a concerted effort to change things? Is it really impossible to provide more support to local authorities that want to start building again? Is it really impossible or politically inexpedient to abolish the restrictions that prevent local authorities borrowing against the value of their

[LORD GRIFFITHS OF BURRY PORT]

housing stock, especially where this would be done within prudential limits? Is ideology or a refusal to recognise past failures always going to win on this matter?

The housing market is so totally skewed in the part of London where I live. Block after block of luxury flats is being built, and five years ago, the cheapest in a development 50 yards from my home was going for £650,000. There seems no end to the demand for these flats, yet nobody seems to live in them. Speculative building is taking up all our space, driving up demand, and contributing to the increasing unaffordability of housing for local people and thereby gentrifying our community. In 2010, 50% of pupils entering our local boys school were registered for free school meals. Six years later, this year, that has dropped to 16%. If this meant that local residents were becoming more affluent, it would be fine, but of course it does not mean that at all. It simply points to local people being edged out of their accommodation as wealthier people buy into it. Social change is a weird thing when it is forced by these artificial market forces.

I see these things from my metropolitan point of view. However, I am happy to acknowledge submissions I have received from other parts of the country from charitable bodies that work across England, and from the Countryside Alliance in respect of rural communities. They offer a broad measure of support for the case I am seeking to establish. The current housing crisis should be recognised as a national emergency and treated as such.

Shelter, that admirable champion of those seeking decent housing, has worked out a formula it calls the living home standard and applied it to the needs of young people. Shelter offers this standard as a, "housing equivalent of the living wage".

Unsurprisingly, it breaks down the essential elements of that formula into five basic components: affordability, space, stability, decent conditions and neighbourhood. It is the lack of provision across all these requirements, especially as they affect young people, that has led me to seek this debate today.

I am currently helping an author who has written the biography of Sir Kingsley Wood, an important Conservative politician of the 1920s and 1930s. At his untimely death in 1943, he was Winston Churchill's Chancellor of the Exchequer. His most significant government service was in the Department of Health, first as assistant to Neville Chamberlain and then, later, as Minister in his own right. In those days, responsibility for housing fell within the Department of Health. Wood worked it all out: if people are decently housed, they are likely to enjoy better health. In 1925, as a Conservative Minister, he was brave enough, as he put it,

"to take a risk in the national interest",

by directing £14 million then being spent on the treatment of tuberculosis towards housing on the grounds that such an investment offered a way of preventing the progress of the disease and, in the end, would save money.

I remember the research of a young scholar in our congregation who was examining the relationship between the conditions in which people live and their mental

health. He was clear that mental illness was frequently a consequence of bad housing and the social environment in which people lived. He is now a professor in McGill University, Montreal, and his skills are sought globally. In other words, proper attention given to housing is likely to show good results across the board: employment in the construction industry; dignity in people's personal lives; well-being and good social image; protection and security for ordinary people; and a better future for our young people, who are currently in danger of being locked out of the housing market and moved out of the neighbourhoods that have nurtured them. I hope that, in some small way, people will have heard my voice articulating their concerns.

4.31 pm

Lord Horam (Con): My Lords, we are all grateful to the noble Lord, Lord Griffiths of Burry Port, for introducing his debate on housing, which we all know is a central issue of our times. He did so with all the fluency one would expect of a minister of the Church without it ever quite sounding like a sermon. He was right to pinpoint the issue of the obligation of our generation and perhaps the generation after us to young people, who are finding this problem extremely difficult to overcome.

From having taken part in many debates on housing in the past 12 months, particularly on the Housing and Planning Bill, which had a difficult passage through this House, I feel encouraged now that the Government really do get it. The noble Lord quoted St Theresa, and I am encouraged by feeling that the Government now understand that this is a central issue which they have to tackle and which has to be judged accordingly.

Secondly, I am very pleased at the way that the new Ministers in charge of this area after the change of Government are tackling the issue, particularly Sajid Javid, the Secretary of State, who is an economist and former Treasury Minister, which is important in this context as he has the right sort of background to understand this issue, and Gavin Barwell who, as the noble Lord will know, is a London Member of Parliament and understands the problems that are particularly acute in our capital city. I am confident that they are the right team to tackle this.

Thirdly, I praise ourselves because in the report by the Economic Affairs Committee of this House, chaired by the noble Lord, Lord Hollick, we had the right sort of solutions to the problems we face. He made a number of points, of which two particularly struck home. The first is that, above all, this is an issue of supply. The Government are saying that we must build up to constructing 200,000 homes a year. Our committee's report said that was not enough. We should be building up to 300,000 houses a year. I know that that is a steep climb from 150,000 to 170,000 homes, which is where we are at the moment. Incidentally, that figure does resonate: it was the number that Harold Macmillan achieved after three years as Housing Minister. It is not an unfair aim for a Conservative Government to reach in due course.

The second major point made in the Hollick report, if I can call it that, was that the private sector will not do this. We have to encourage social housing, whether through housing associations or council housing.

They must build far more than they have done in recent years. That is fundamental because we will never get anywhere near what is necessary if we rely on the private sector, which has different objectives, above all around profit and so on, so clearly we have to get a grip on the social sector. In my view there are three areas that the Government should be looking at to tackle the issue.

First, as the noble Lord, Lord Griffiths, has just said, the Government should abandon the cap on local authority spending on housing. He instanced a number of infrastructure projects that are going ahead in place of housing. It is ridiculous that local authorities can build swimming pools ad lib but cannot construct housing beyond a certain point. As he said, there are issues of prudence which councils can adhere to in order to prevent them being reckless in how they handle their finances.

Secondly, public land should be organised. A great deal of public land is available for housing, as it is for other things. I believe that the Government should organise it properly and relax the Treasury rules on getting good value for land. It should be more sympathetic to settling on a slightly lower price for relevant bodies. Indeed, I understand that the Secretary of State is looking at direct commissioning, whereby the Government will directly commission new housing on public land released at the right sort of value to make that possible.

Thirdly, the Government should encourage the formation of housing associations. I declare a former interest as the first chairman of the Circle 33 Housing Group, which is now the Circle Housing Group. It undertakes housing projects in the London area and around East Anglia, and it could do far more. Shortly I will be attending a meeting being held by the National Housing Federation—as, I am sure, will many other noble Lords—headlined “Ambition to Deliver”. We can and should be building more houses, and I believe that housing associations can do so.

The Government are heading in the right direction and they have the right team in place. I look forward to the White Paper that I believe will be published this month or in December, which will put more flesh on the bones of this critical issue of our time.

4.37 pm

Lord Whitty (Lab): My Lords, I too thank my noble friend Lord Griffiths for initiating this debate. When 3.5 million young people are either forced to live with their parents or are sleeping rough, we have a very serious societal problem. It applies not only to the inner cities to which my noble friend referred, but to many smaller towns and in particular to rural areas. Young people in our countryside cannot afford to live and work in the villages and towns in which they were born and brought up.

The same applies in urban areas. Not far from here there used to be communities of people who did not need an excessive income to be able to buy or rent premises. Nowadays, the new generation is having to move out and its homes are being replaced by the kind of buildings referred to by my noble friend. As I say, this is a serious societal issue.

There are some great names among past government housing Ministers, from Maxton to Bevan to Macmillan and, indeed, Kingsley Wood, but the last 30 years of delivery on housing policy by successive Governments has been appalling. Young people in particular are not able to get on the housing ladder and we have a private rented situation that is, in effect, highly exploitative in areas of great housing stress and very insecure.

The noble Lord, Lord Horam, is absolutely right about completion of new-build houses. This is a supply issue. New-build houses have been running at about half the rate of household formation for nearly 20 years. Indeed, the housing that is being built is, of course, housing where developers can make money. For the most part it is not only high-end, unaffordable and out of reach for large proportions of the population, it is also, in its physical proportions, singularly inappropriate for single people, young couples with small families, or pensioners who want to move out of larger premises and thereby make way for younger families. I include in that, of course, retiring Methodist ministers. Instead, we have so-called luxury flats, which distort the housing market in our city centres, and restrictions on building in small towns and villages.

Provision of social housing has drastically fallen over recent years. Even now, with the social housing that still exists in our inner cities, we face sell-off, demolition and exile for the tenants and leaseholders in those premises. I am not making a party-political point. Councils of all persuasions have found themselves, because of the financial restrictions, forced into engaging in activities that break up communities and disadvantage the younger generation in particular.

Local authorities need to be able to play a much more positive and effective role. They need new-build programmes. Again, here I agree to a large extent with the noble Lord, Lord Horam. They need to have the cap on their building and finances removed. They need borrowing powers. We need to regard housing as a vital part of our infrastructure strategy. We need to ensure that we replace homes that are sold off by the extended right-to-buy provisions on a one-for-one and like-for-like basis, and that we produce housing that meets the needs of single people and young families.

Only a determined and new form of housing strategy will resolve the problems of the younger people and the wider housing crisis we have. This is not only a social and economic problem, as my noble friend implies, but a moral problem. There are great and growing divisions in society; generational divisions are some of the most dangerous. Compare the young people stuck at home with their parents or living in inadequate conversions, bedsits and multiple occupation with extortionate rents and poor premises, with our generation and that immediately below us, who by and large had acquired housing, were owner-occupiers, or were secure social tenants in council or housing association buildings. That is building up significant resentment on the part of the younger generation. It adds to the resentment of them having lower incomes and lower wages and the absence of potential pension provisions, as contrasted with us and the over-50s. This resentment is only part of the effects of the failure to deliver appropriate and affordable housing

[LORD WHITTY]
to our younger generation, but it creates not only immediate problems of policy but very dangerous social divisions.

4.43 pm

Baroness Greider (LD): My Lords, I thank the noble Lord, Lord Griffiths of Burry Port, for initiating this all-important debate and his eloquent summary of the current situation. I am registered as a vice-chair of the All-Party Group for the Private Rented Sector. I think we are all agreed on one thing: we would not start from here and 30 years of lack of housebuilding, in all mixes of tenure, has led us to this point.

At the end of this chain—on the front line—are homeless young people. Once a year, the charity Depaul UK, which works with vulnerable young homeless people, has a “CEO sleepout” to raise funds and awareness. On Monday night 200 of us, including some parliamentary colleagues, slept out. Just one night on a cold slab of concrete serves as a sharp reminder of where roughly 1.3 million young people have at some point ended up; namely, sleeping rough or in an unsafe place.

I recall lobbying both the Major and Blair Governments for the charity, Shelter, about the desperate need to solve supply at that time and even then having a limited impact. All Governments at some point have had within them great advocates for the need to promote supply, particularly of social housing, as the noble Lord, Lord Horam, has shown. But it is never enough.

In the coalition Government, the Help to Buy scheme, bringing empty homes back into use through the empty homes premium, increasing support for self-build and a small increase in the building of social housing were not enough. Even if we were to close down both Houses of Parliament—no, let us close down the whole of Westminster—trained everyone in the area, reskilled them in the skills now lost to the housebuilding industry and started to build in earnest, it would still take too long for the supply of homes to meet current need. As the LGA says, we need to build a minimum of 250,000 homes a year—in the Liberal Democrats, we believe that it should be 300,000. But last year, as the noble Lord has already explained, around 170,000 homes were built.

If we would not start from here, my question for this debate is: is the private rented sector now part of the solution? According to the *Financial Times*, No. 10 is starting to think that it may be. Now that 20% of the population is living in this sector, with a growing number of people renting throughout their adult lives, perhaps it is. However, our private rented sector in too many cases is simply not fit for purpose, for families or for young people.

Perhaps then this is a moment when this Government should take a long hard look at security in the private rented sector. There can be small but essential changes. My own Private Member’s Bill, to make provision for the rights of renters, will be in Committee in a fortnight—all are welcome to come along. There are two central proposals in it. First, if there is to be a database of rogue landlords, and we welcome that change in the Housing and Planning Act 2016, we believe that it

should be open. If a landlord is designated as a rogue landlord under the new Act, a tenant should know that. Secondly, for too long, lettings agents have been able to double-dip into fees: they charge the tenant, who has no choice when it comes to who their letting agent is, having already made the difficult choice of a place to live and the landlord they will have. Instead, lettings agents should charge the landlords only. They are the party who can shop around and make the choice about which lettings agency to use. The law has been successfully changed in Scotland with little impact on either rents or the lettings agent sector.

Yesterday, I met a 41 year-old who has just started renting near Liverpool. He has paid £300 to a lettings agent for “admin fees”, with no transparency and no explanation of what it is for. He has also paid a deposit of just under £1,000. The flat is so damp that water is seeping up through the lino in the kitchen. So what is that £300 for? It is clearly not for checking whether the place was in good order in the first place.

People who rent are faced with significant up-front costs and often very short tenures, and they have to pay more fees and find large deposits every time they move. Young people in particular have to move often, especially in London. In England, the length of a let is always so short that they face those up-front costs again and again.

If the rented sector is part of the solution, or the stop-gap between here and the vision of housing in the future that I think many of us have, it is a market badly in need of reform. Shelter has published with YouGov a detailed survey of more than 3,000 private renters and a study of the differences in legal status of renters elsewhere in Europe. It is entitled *Time for Reform: How our Neighbours with Mature Private Renting Markets Guarantee Stability for Renters*. The findings are fascinating. I urge the Minister to read it and use it in the current DCLG working group that is looking, right now, at the private rented sector. The report explains that we are the nation with the least stable renting laws in Europe, the only exceptions being Switzerland and Portugal. In all other countries, including Poland, Slovakia and Greece, private renters are given greater security of tenure. Eighty million renters across the countries studied rent in markets where more than a year’s minimum security from eviction without grounds is the legal norm. Both Ireland and Scotland have recently introduced these changes.

We have heard the phrase “take back control” a lot over recent weeks—it is something of a mantra—but young people renting in this country have no or limited control. When the quality is poor, it affects relationships, plans to raise children, travel to work and health. It is time for a generation that has little choice but to rent to have much greater control over how they rent.

The Earl of Listowel (CB): My Lords, it is a pleasure to follow the noble Baroness with her long career in campaigning on homelessness and her detailed knowledge of the area. I too am very grateful to the noble Lord, Lord Griffiths, for securing this timely and important debate—

Lord Young of Cookham (Con): If the noble Earl looks at the speakers list, he will find that he is next but one.

4.51 pm

Baroness Healy of Primrose Hill (Lab): My Lords, I, too, congratulate my noble friend Lord Griffiths of Burry Port on securing this important and timely debate. The housing shortage is harming many in our society, but there is one group I wish to highlight today. Women prisoners face many problems on release, one of which is homelessness. Without safe and affordable housing, they are at high risk of both exploitation and reoffending. Most are likely to have been victims as well as offenders. There is a high level of unmet mental health need, often resulting in self-harm and suicide. Some 19 women have died in prison this year.

Most women should not be imprisoned. Few women prisoners are notorious for horrific crimes. The majority are in for non-violent offences, serving short sentences which serve little purpose, apart from further disrupting their already chaotic lives. I hope that the government strategy to improve the treatment of female offenders in custody and in the community, promised today for early 2017, will reassess the use of these short sentences to rehabilitate and cut reoffending and instead support women's centres. The Prison Reform Trust and Women in Prison recently published a research paper, *Home Truths*, which calls for preventive action to deal with women having no home on release. A recent HM Inspectorate of Prisons report found that women had been issued with tents and sleeping bags for want of suitable accommodation on release.

Ensuring appropriate accommodation for people who offend is the foundation for rehabilitation, resettlement and risk management. Accommodation is one of the nine pathways to reducing reoffending for women recognised by the National Offender Management Service. It was identified by people who offend as second only to employment in improving their chances of resettlement and reducing reoffending. Yet women in trouble with the law may find themselves declared intentionally homeless, deemed ineligible for housing or cut off from housing benefit and evicted for rent arrears. Without a home, it is much harder to care for children, get a job or training placement, register with a GP and access healthcare, or arrange benefits. No wonder that a lack of suitable housing can be a driver to offending and reoffending. A homeless woman may commit a crime out of desperation to have a roof over her head, albeit in a police or prison cell. Women sleeping rough are even more vulnerable to attack and illness than men on the street.

Women in unsuitable accommodation may offend to obtain essential items of furniture, clothing or food, often for their children. The abolition of the Social Fund and the harsh benefit sanctions regime leads to despair, as Ken Loach showed in his recent film "I, Daniel Blake". Local strategies to reduce women's offending and imprisonment must take account of their housing needs, including the needs of those with dependent children, many of whom were separated from their mothers by imprisonment. This has a generational impact, especially if children end up in care, many of whom will go on to offend. Importantly, the time limit for eligibility for housing benefit for sentenced prisoners should be extended from 13 weeks to six months to reduce the risk of eviction for rent arrears.

In England and Wales, women are imprisoned on average 64 miles away from home. Families may find it hard to keep in touch, reducing the chance of rehabilitation, and distance makes it difficult for women to liaise with housing providers and support services on release. Most women receiving prison sentences are incarcerated for less than 12 months and 61% are in for six months or less. A third of women may lose their homes while in prison and six in 10 women do not have a home to go to on release.

Research suggests that people who commit offences are likely to have a volatile housing history, and 15% of prisoners were homeless before entering custody. The St Mungo's report *Rebuilding Shattered Lives* revealed that almost half of the homeless women it worked with had an offending history, and over a third had been to prison; 19% of women in prison were not in permanent accommodation before entering prison, and 10% had been sleeping rough.

Accommodation needs to be safe. Women who return to unsuitable accommodation—for example, with an abusive partner or in a mixed hostel where they can be vulnerable to predatory men or where there is easy access to drugs—may feel that committing another crime to return to prison is a safer option. Sentencers need to consider that imprisoning a woman may lead to loss of housing and a cycle of reoffending; conversely, they should not imprison a woman because she is homeless or of no fixed abode by refusing bail. Pre-sentence reports need to contain sufficient information to enable courts to make appropriate decisions.

Nearly half of women entering custody do so on remand, and the majority of them do not go on to receive a custodial sentence. Women on remand spend an average of four to six weeks in prison, which can jeopardise their accommodation through rent arrears, with the resultant devastating impact on their children. Only 5% of children with a mother in prison are able to stay in their own home. Of course, local authorities are under extreme pressure but could have a crucial role in helping these vulnerable women. Local and national government must acknowledge the importance of housing women on release as the long-term fallout will affect generations to come. Unstable housing situations reinforce a cycle of crime at a cost to individuals, communities and, ultimately, society.

A transparent, co-ordinated approach and greater co-operation and information-sharing between local authorities, prisons and other agencies could improve women's resettlement prospects. We urgently need a cross-government strategy to improve the housing pathway for women. I hope the Homelessness Reduction Bill will be part of that strategy. In the end, a greater provision of social housing—affordable and secure for the most vulnerable in our society—is the only way forward, as this debate has shown.

4.57 pm

The Earl of Listowel: My Lords, I apologise to the noble Baroness for jumping the gun. I thank the noble Lord, Lord Griffiths, for securing this important debate. It is important because it is young people who are most important to the future success of any society. I remind your Lordships of my interests in property, as noted in the register.

[THE EARL OF LISTOWEL]

The noble Lord's Motion emphasises the need to provide local housing to sustain communities. We are all becoming increasingly aware of the importance of sustaining relationships for the healthy development of children and young people. Continuity of relationship is the key to recovery from trauma for children and young people in care but it is vital for all our young people.

I hope I may thank the Minister for the priority that the Government have given to housing since the last election. We have had a housing Bill. The noble Lord, Lord Horam, talked about the forthcoming White Paper. The coalition Government legislated in the area of looked-after children for staying put—allowing many care leavers to stay with their foster carers or close to home up to the age of 21. The Government are looking now at staying close—allowing care leavers from children's homes to remain close to those homes and the important relationships there. In the Children and Social Work Bill, currently being considered, we are looking to support all care leavers up to the age of 25. Between 80% and 90% of care leavers aged 18 to 21 are now described as being in satisfactory accommodation, and Ofsted has recently begun inspecting care leavers' services. These are all most welcome changes.

I should like to concentrate on housing for young people in care, care leavers, foster carers and families in temporary accommodation. The lack of affordable or suitable housing for care leavers is an issue of grave concern. Over the years, many of those in care and leaving care have expressed these concerns to me and I am particularly grateful to Jordan Morgan, a care leaver who produced his own report on care leaver housing issues from his own experience and those of others. He kindly wrote to and met me recently. I am also grateful to the charity the Who Cares? Trust for its work on the housing of care leavers.

Care leavers are suffering from the lack of affordable housing. They are often forced to rent in the private sector. They are dependent on benefits and can often be in worrying rent arrears, which can become exacerbated by the cut to their housing benefit that occurs at age 22, as they move into the shared room rate. No parent wants to see their child homeless or unable to afford to live safely in the area that they call home. However, many care leavers, unable to benefit from staying put, are facing real challenges in accessing safe, secure and suitable housing. Care leavers are offered homes that they will not be able to afford if they stop receiving benefits and move into work, particularly in London. This leaves individuals either reliant on benefits or facing a move when they find employment, adding increased pressure at an already stressful time. Care leavers are three times more likely to face benefit sanctions than their peers and two-thirds less likely to challenge those sanctions—yet when they do, most sanctions are overturned. Many continue to pay council tax and, too often, face the bailiff for failure to pay.

The tools and resources for individuals moving off benefits and into work are not often available to young people from care. Faced with anything of up to six weeks before their first salary payment and signed off

from benefits, some care leavers still have to turn down employment opportunities. There is no consistency across the country for care leavers' access to local authority accommodation, with some care leavers qualifying for a priority banding only if they have additional vulnerabilities. Fixed-term tenancies can act as cliff edges, forcing young people to move on regularly—often into accommodation of ever-decreasing quality, as the price of rent increases beyond their income.

In their strategy for care leavers *Keep on Caring*, the Government made a variety of commitments to improve outcomes for care leavers, including experiencing stability and feeling safe and secure, as well as achieving financial stability. I would be grateful to know how the Minister's department is working with other government departments to increase the amount of suitable housing stock that is available for care leavers to access and how it plans to tackle some of the problems outlined above. I would also welcome an update on what the Government are doing to ensure that homeless young people aged 16 and 17 receive appropriate support during the crucial years of transition to adulthood. Perhaps the Minister could write to me on these issues. I would be grateful if he might consider sharing my concerns with the noble Lord, Lord Nash, and the Minister of State, Edward Timpson.

The charity Fostering Network has significant concerns about the impact of housing shortages and benefit cuts on foster carers. Staying put—allowing young people to remain with their foster carer to the age of 21—is most welcome but it puts pressure on the sufficiency of foster placements. Furthermore, two-thirds of foster carers report facing reduced financial support for their staying put role, while a quarter say that they cannot afford to provide staying put because of that lack of support. Local authorities are unwilling to assess families for fostering if they are in insecure housing, as they increasingly are. By far the majority of foster families are on low incomes. Foster carers' homes are often of an inadequate size; this is exacerbated by the bedroom tax. The housing shortage prevents their biological children from moving on, so they lack the capacity to foster. The empty nesters are in decline. It has become more difficult to place sibling groups with foster carers. It is often important to keep together brothers and sisters who have been taken into care. It was reported to me that one foster carer had to sleep on the sofa to accommodate the sibling group of five whom she had felt moved to keep together.

I turn to families in temporary accommodation and their children. I am very grateful to Shelter for its campaigning in this area and its report on families in emergency accommodation, published today. There are 120,000 homeless children in Britain, the highest level since 2007. The number of families in bed and breakfast accommodation is 18% higher than last year—nearly 20% higher. The report looks at 25 families in depth. They all live in a single room, more than half of the parents have to share a bed with their children, three-quarters have to share lavatories and bathrooms with others and two-thirds describe their rooms as being in disrepair.

One family I have been in touch with over the past year began in Southwark, moved to a refuge from

domestic violence in Hackney, then to a one-bedroom for the mother, her 16 year-old daughter and one year-old granddaughter, then, following eviction, to a bed and breakfast single room. In that period, the mother's worst fear was of being rehoused possibly as far afield as Manchester, where she would know no one. This is a common experience nowadays. Thankfully, it now appears that Hackney will provide for her.

I should finish. Does the Minister share my concern for these families? What does he have to say to the increase in the use of bed and breakfast accommodation? When does he envisage the number of children facing homelessness declining? Will he bring forward a cross-departmental strategy on homelessness, as the Select Committee on Communities and Local Government in the other place recommended on 31 August? I look forward to his response.

5.06 pm

Baroness Dean of Thornton-le-Fylde (Lab): My Lords, I thank my noble friend Lord Griffiths of Burry Port for obtaining this debate. I declare that I am a board member of Places for People, a registered housing association.

Although this debate deals with young people, whom I shall speak about, we have a problem with housing right across the board in both tenure and supply. In 2008, 68% of the population were owner-occupiers. In just four years, it dropped to 65%. It is quite shocking that today an average young working family will take 12 years to save for a deposit to buy a house. It takes six and half years, on average, for couples who do not have children, so it is clear that people have choice of whether to have a family and wait longer to get a deposit, or to forget a family and get a deposit earlier. That has led to more young people being dependent on their family for longer and living with them. In 2014, Shelter reported that just 23% of people aged 20 to 34 wanted to live with their family and 77% wanted to be independent and live by themselves. Irrespective of that, all young people today face higher housing costs than any generation before them. There is not much optimism in the future for them. That means that we have delayed family formation, which has strong implications for us as a society.

In addition to availability—and housing is in short supply—cost can be a real hurdle. Places for People looked at what it could do to help, apart from providing some cheaper accommodation. It has a personal loan service because young people are particularly vulnerable to being short of money, taking out a loan and finding themselves in a spiral of owing money and being in debt. Places for People has a scheme to make small loans of between £250 and £3,000 at a cheaper rate than normal, and 8,500 people have taken advantage of it. Pennywise in Bristol has a pilot scheme with one-to-one mentoring to help people develop and manage their financial affairs. It has engaged 1,700 people on the one-to-one scheme and another 1,000 people have received group mentoring. Quite often, people go into a tenancy and have a problem paying. It is interesting that 55% of those who were in at-risk tenancies are now in secure tenancies. It has helped to turn them around. There were also improvements in mental health for 35% of them—health has been mentioned in this

debate—and 20% moved into work. There are small things that can be done to help, but we are still left with the big problems of shortage of supply and, sometimes, of cost.

What can be done? We need to look at what part of the problem is first. There is no overall planning, in the sense that the local authorities have become reactive. They are short-term and have low levels of resource—we all know that. Even where there is a vision and capacity to plan, there are too few organisations now able to partner with them. For instance, between 2007 and 2014, the number of housebuilders delivering 30 or fewer homes—small housing developments, which of course are particularly found in rural areas—reduced from just over 5,000 to 2,200. There are fewer builders available to provide the housing, which creates big delays. In 1995, firms building fewer than 100 homes delivered a quarter of our new housing stock; today, it is one in eight. So we have a capacity problem, quite apart from the issues that this debate raises. In addition, of course, housing associations have faced the rent reductions that were introduced last year, which mean that social housing rental income has reduced by approximately 12%. The figures came out just in June this year: housing association starts were down by 6%. It is a big problem that needs tackling.

One means through which the Government could increase housing supply is tax incentives such as those that apply in France and the United States. We carried out some research with De Montfort University and Cambridge University. The outcome, which I am quite happy to share with the Minister if he wishes, convinced us that there was merit in that. We certainly need triggers to encourage housing associations, which face rent reductions and have balance sheets they need to secure. They need more incentives to build than they are getting. The 6% drop by June this year is very worrying—I would certainly be worried if I was in the Minister's shoes. We need to look at different incentives. Planning is one aspect, trying to build capacity is another and tax incentives might be yet another. I leave that thought with the Minister.

5.12 pm

Lord Palmer of Childs Hill (LD): I too thank the noble Lord, Lord Griffiths, for securing this debate. The Motion talks of young people's desire to live in communities where they were born, raised and educated. Sadly, more often than not, young people looking for a home cannot meet any one of those considerations when moving from a family home.

It must be a fundamental requirement that in order for the young and others to live fulfilled lives, they need a decent home at a cost they can afford. Access to housing is fundamental to our liberties, our opportunities and our hopes for the future. Homes need to be a mix of owned and rental. I thank the noble Lord, Lord Horam for his contribution, because he drew attention to the fact that houses do not have to be built only by the private sector, although in fact, sadly, this Government are currently going very much in that direction. The noble Lord also said that public land should be brought into use for housing. I would add to his deeply felt remarks that the houses built should be for both rent and purchase, not only for the latter.

[LORD PALMER OF CHILDS HILL]

Not everyone will be able to purchase a home. Some may not want to purchase a home but want to rent. Conservative and Labour Governments have made the situation worse by the wholesale sale of council housing. Local government's housing stock has been decimated—in many London boroughs, it is just not there any more. The Conservative argument that I have often heard—that even after sale someone is occupying the home—does not address the problem that these properties were never intended to be bought and sold in the way they are, often to people not in need. They were intended as properties for which a fair rent was charged—exactly the type of provision for those to whom this Motion relates.

UK housing provision is in the emergency ward. Tory and Labour Governments have for years and years failed to encourage the building of enough homes. The nation has an industry producing half the houses we need. What do the Government intend to do about the hoarding of building land? Our major housebuilders do not build to meet a need; they build so that they can sell at a good profit. Thus, on large sites with planning permission, builders will rarely sell more than 150 units per annum. This ensures that they sell the properties at a price to satisfy their shareholders.

What plans do the Government have to force or encourage a faster building programme? The Conservative Government's reforms in the Housing and Planning Act will lead to less social housing being built, which will certainly affect young people from low-income backgrounds. How do the Government intend to address that problem?

Young people are increasingly having to stay in their family home with their parents because they are unable to rent privately and save a deposit at the same time. Those in Generation Rent have often had to spend more than half their monthly income on rent and household bills. The noble Baroness, Lady Dean, talked about 12 years to save a deposit. Sadly, at the end of those 12 years, the price of houses will have risen, so the deposit needs to be even greater. I echo the comments of the noble Baroness, but it is even worse than she said, because the price of houses rises.

Liberal Democrats have long called on the Government to set out a long-term housing plan to meet the housing needs of future generations. My noble friend Lady Grender said, and I repeat, that we should include a housebuilding target of 300,000 new homes per annum, including 10 new garden cities, targets for development on unneeded public sector land, the removal of the local authority borrowing cap, to which other noble Lords have referred, reintroduction of the zero-carbon homes standard and a government-backed housing investment bank.

The Government's idea of what constitutes affordable housing is laughable. Tell the young that they can buy a starter home in London for £450,000. I am not sure that they will laugh; they will cry. The mortgage required will be on another planet for those in need of housing. We are told that an average home in the UK costs five times the average person's income. I believe that in London, this is a gross underestimate. The young are in most cases earning less than an average income, which magnifies this insurmountable problem.

Meanwhile, rents have risen, which in turn results in increased housing benefit. Housing eats up 20% of typical family outgoings. What are the plans for garden cities, as only by a bold plan will we have any chance of solving the problem? Otherwise, we are just nibbling at the edges.

During the coalition, Liberal Democrats played a key role in helping young people to get on the housing ladder through the Help to Buy scheme, as my noble friend Lady Grender said, bringing empty homes back into use through the empty homes premium and increasing support for self-build. Can the Minister update your Lordships' House on those initiatives?

An increased building programme needs an increase in apprenticeships and training in the construction industry if we are to meet our needs and objectives. Do the Government have plans for that need? What thought has been given to retaining the cohesion of local rural communities? Is there still a use for hostels? Have we as a nation failed to provide key worker accommodation for police and nurses?

We have not discussed the overseas purchase of properties for investment, which is destroying and reducing the number of houses for purchase and rent. They are often purchased by people from overseas off the planning board before they are even noted for sale.

Buy to let has distorted the market by reducing the number of homes to purchase to live in, although it has increased the number of privately rented properties. One current factor in the reduction of affordable homes to rent must surely be the rise of Airbnb, which does not fulfil a need for short-term lets. People must have a right, and even encouragement, to let out their homes for short periods—however, there must be stricter enforcement to stop multiple and professional landlords from converting long-term lettings into more profitable, short-term lets.

As the Motion states, the provision for housing which retains for the young a local and family connection has so many advantages, including that of family cohesion and stability.

5.20 pm

Lord Kennedy of Southwark (Lab): My Lords, I congratulate my noble friend Lord Griffiths of Burry Port on securing this debate today. I refer noble Lords to my entry in the register of interests; I declare that I am an elected councillor in the London Borough of Lewisham and a vice-president of the Local Government Association. Many of us agree that housing and the supply of housing which is truly affordable across a range of tenures—as my noble friend Lady Dean referred to—is crucial to ensuring that our communities flourish, and that it is so important for young people to be able to stay and be part of the communities where they were born, raised and educated, as my noble friend Lord Griffiths states in his Motion.

A number of factors come into play in the housing market, all sorts of statistics, plans and pledges. What is needed—and what the Housing Minister, Mr Gavin Barwell, says that he wants—is to build housing across a range of tenures. If he does this, he will have our full support. No debate on housing should fail to note and comment on the fact that home ownership is falling and is at its lowest level for 30 years here in the UK.

The UK now has the fourth-lowest home-ownership rate in the European Union, after years of soaring house prices and soaring rents, which make it difficult for people, especially the young, to save enough money for deposits. According to the most recent comparable figures published by the European Union, only Denmark, Austria and Germany have lower home-ownership rates, which is shocking. If we want to help people to own their own home then we are going to have to do something about it—and the answer is not starter homes—otherwise we are on a path with an increasing private rented sector which does not work for everyone and a declining percentage of people who own their own homes.

A number of factors impact on young people's ability to live in the community they grew up in, if that is what they want to do. In some cases, people want to move away, or work and other circumstances take them away, and if that is what they want then that is fine. But there needs to be a range of affordable housing that meets the need of the community. If we look at the statistics for population growth and the expected growth in the number of households, particularly the increase in the number of one-person households, we have a huge challenge to meet the projected demand for housing over the next few decades. The pressure on housing in all tenures affects young people particularly hard, as my noble friend Lord Whitty referred to. Some of the factors they have to cope with include the level of wages they earn, the level of rents in the private sector, the lack of social housing available to the young, the amount of income they spend on rent, and the ability to be able to save for a deposit if they want to buy. Looking at these points in turn we find that, on average, young people's wage levels have fallen.

The level of rent that people have to pay in the private sector as a percentage of their income is a serious issue. We have all heard of Generation Rent, as referred to by the noble Lord, Lord Palmer of Childs Hill—young people who continue to face serious housing affordability problems. I have told the House before that I live in Lewisham; I often look in the window of my local estate agent and there are houses both for sale and for rent. It is very easy to find properties with rents considerably in excess of the median figure of £1,452 a month for a modest property in a part of south London. This is the problem. If you are a young person, your wages are lower than young people in similar circumstances were earning, say, 10 or so years ago, but rental costs are increasing and taking a larger part of your income, which makes your ability to save for a deposit to buy a home even more difficult, which can then force you out of the area you were born and grew up in because you just cannot afford the rent there.

I grew up on the Aylesbury estate in Southwark, and I am always grateful for the opportunities that living in social housing gave us. My parents were some of the first tenants on the estate. Although there were problems in later years with the design of the buildings, these homes took families out of some truly appalling, cramped, damp, dreadful accommodation. Both my parents worked, the rent was at a level that was truly affordable, the property was warm, safe and dry and we were very happy there. Thinking back to those

days, I just do not see how my parents would have been able to cope if we were living in the private rented sector today, paying the sorts of rents that are commanded, while trying to bring up a young family, so council housing was very good for us. It was a step up and me and my three siblings are home owners today. Council housing helped us. Therefore, it is important to build social housing in large quantities to enable people and families to flourish, grow and better themselves. I feel ever more concerned that the Government see council housing as housing for the poor, people who are never going to be able to move on up, and that it is restricted to the smallest number possible. I hope that I am wrong on that, but unless we see real growth in the number of council homes and other social housing at rents that are truly affordable, we will stack up problems for ourselves and reap a terrible reward.

My noble friend Lord Griffiths of Burry Port was right to say that we can all trade statistics about who did what, who built this and who did that. However, as he said, we need to build more affordable homes. Why cannot we commit ourselves to the national plan for getting homes built that my noble friend called for? I agree with the noble Lord, Lord Horam, that we need to build more council housing. The noble Baroness, Lady Grender, called for private tenants to be able to find out whether their landlord was a rogue landlord. We discussed this many times during the passage of the then Housing and Planning Bill. She is absolutely right. Why cannot those tenants do that? I supported that call and the call for action on letting agents' fees.

In conclusion, I again thank my noble friend for tabling this Motion and enabling us to again discuss the important issue of housing, and how we provide enough good homes to enable people to live in the communities in which they grew up.

5.26 pm

The Parliamentary Under-Secretary of State, Department for Communities and Local Government and Wales Office (Lord Bourne of Aberystwyth) (Con): My Lords, I thank noble Lords who have participated in this debate, which has touched on many areas and has been conducted for the most part in a fair, fluent and non-partisan way.

The noble Lord, Lord Griffiths, is a living legend in the Methodist Church. In my own Methodist church in Golders Green, he is very well known for being articulate and fair, as he was in setting out his stall today. I thank him very much for bringing forward this debate on an area of key importance. In relation to what he said about some of the work of the Methodist Church, I pay tribute to the work of faith bodies, which help massively with this agenda, as does the third sector—the charitable and voluntary sector. Indeed, the noble Lord, Lord Bird, has made a fantastic contribution via the *Big Issue*. We need to recognise that, whatever successes we have, there will always be a role for those sectors to help on a local basis. I am most grateful for that, as I am sure we all are. I recently visited a cathedral and found in conversation with the people there just how much they were doing to help people sleeping rough by providing meals and assistance. That indicates that in areas where there is a gap the faith-based institutions provide massive assistance.

[LORD BOURNE OF ABERYSTWYTH]

I will try to respond in a non-partisan way as most noble Lords made very fair points. After all, all three major parties have been in government over the last 25 years and this problem has not suddenly arisen; it has existed for many years. There is no silver bullet. As I think all noble Lords have recognised, this is a very far-reaching problem. The one point on which we are probably all agreed is that the main issue here is supply. We are simply not building enough houses and not providing enough houses for purchase or for rent. That is undoubtedly true. To put that in context, some of that is exacerbated by demographic factors. The country's population has grown in an unprecedented way in the last 10 to 15 years. Demographic changes have resulted in families being structured differently. We probably need to provide units for smaller families than used to be the case. Therefore, these factors need to be fed into the situation as well.

However, rising house prices have pushed home ownership further and further out of reach for families, for "just managing" families and for the young. My right honourable friend the Secretary of State has made clear that he agrees that this is a problem: we are simply not building enough houses. I thank noble Lords who mentioned the contribution that he and Gavin Barwell, the Minister in another place, are making to change the agenda, and it has been recognised that the Prime Minister regards this as a priority. Indicating that this is important has certainly been a hallmark of her coming into No. 10. With regard to announcements made on money for housebuilding, £3 billion will go to a help-to-build fund and £2 billion to direct commissioning. To relate that to points made by my noble friend Lord Horam, we have announced that we are putting money into direct commissioning and that there will be some pilots; we are looking into pilots in Gosport and elsewhere with regard to building in the public sector. I accept entirely the point made by the noble Lord, Lord Kennedy, about the importance of building in the public sector under both his part and mine, particularly in the 1950s and 1960s, which made a massive difference to the housing situation in this country. It is a different type of country now, and we will need different responses.

The noble Baroness, Lady Dean, talked about the importance of aspiration to home ownership and said that home ownership has fallen. It has fallen consistently since 2003 and has plateaued now. However, we certainly need to take measures, as we seek to do, to encourage home ownership and provide assistance for it.

We are being pressed to do two things, which are not inconsistent. One is to help home ownership, which is absolutely right. The other, which is also right, is to provide assistance for other forms of tenure; for example, to provide encouragement for the private rented sector. I think this will be reflected in the White Paper—we have not clearly nailed down the wording on housing yet—but as my noble friend Lord Horam said, this will see the light of day either this month or the next, therefore before recess, and will indicate some of the thoughts and challenges we face. I hope it will be a seminal White Paper that will look at some of the challenges we face and how we can transform the position, which means building far more. To come

back to that, clearly it is partly about financial help; prices will come down if we are able to tackle the current shortage. The Neighbourhood Planning Bill, which will also come to this House before Christmas, does some things on compulsory purchase and planning, which will help that process, so it is not just about injections of cash but about seeing how we can make the planning process speedier. On the issue raised about people holding land and not developing it, again, I hope we will be able to use the housing White Paper to get thoughts on that so that we do not have long periods between planning permission and building. Those points were well made.

I will pick up some of the points that were made. I think the noble Lord, Lord Griffiths, referred to prefabs; we like to call them "modern prefabs" because they are very different from those that came before. They will make a massive difference and they come in some bold, innovative and rather attractive designs and have been broadly welcomed. A survey was done in the *Daily Mirror* in the last couple of days which indicated a 67% approval rate of these modern, 21st-century prefabs, so they can make a difference.

The noble Lord, Lord Whitty, said that this was a generational problem and that we are a lucky generation. That is undoubtedly true, and it is exemplified not just in this field but in others such as pensions. It is a fair point that we need to tackle these issues for the young on a moral basis, not just because of the housing issue but across the board, in many other areas. Again, I hope the issues raised by Treasury rules will be addressed through the housing White Paper.

The noble Baroness, Lady Grender, talked about the important work of Shelter. I underline and acknowledge that; it is an important partner. That does not mean we always agree with Shelter but it carries out important work in this sector. She talked about sleeping rough, and there is undoubtedly an issue, particularly in large cities such as London. In the most recent survey in England, it was found that 3,569 were found to be sleeping rough on a single night. That is clearly unacceptable and we need to see how we can address that problem. We are taking action on homelessness and money has been put there; I hope we can make use of the trailblazing money that has been made available for particular areas that have come forward with plans. We hope to roll out more widely the social impact bond, which operates successfully in London.

The noble Baroness, Lady Grender, also mentioned self-build. We are taking that forward. The policy was initiated by the previous Government but we are taking it forward. I took through the regulations in this House a couple of weeks ago. We hope that will help not only supply but with speed and design. In virtually every other country on the continent there are far more self-build houses than we have here. The attitude is changing here and I hope the regulations will help and be part of the answer.

The noble Baroness, Lady Healy, fairly raised the issue of women prisoners, who are often victims as well as offenders. That is absolutely true. I recently visited a troubled families programme where this issue came up. The matter is particularly acute because there are so few women's prisons, which is a good

thing but a difficult issue when the family is affected and the mother is some way away. I take the point that the noble Baroness makes about the need to provide suitable housing for them. The issue also ties in with domestic abuse and, as she probably knows, we are about to make an announcement of funding, which we hope will help in that area.

The noble Earl, Lord Listowel, had almost two bites of the cherry but I thank him for his contribution. He has done so much in the field of helping vulnerable children, children in care and foster carers. The Government acknowledge his work and the fact that he keeps us on our toes. Perhaps I may respond to him in writing on some of the more detailed aspects, and on other issues that have been raised, and will send copies to other noble Lords who participated in the debate. Any issues that I miss we will pick up in a write-around and ensure that all noble Lords are copied in.

The noble Earl, Lord Listowel, talked about children in care and I acknowledge that there is a particular issue there, as there is regarding children in foster care. He asked more generally about what we are doing about homelessness and young people. He will know that families with young children are prioritised for temporary accommodation, on which we are having to rely on far more than I or anyone would want. We obviously do not want it but it is better than the alternative. It remains a serious issue. I will write to the noble Earl on those points. I should like also to offer him the opportunity to speak with officials to pick up the issues and, I hope, involve the Departments for Education and Work and Pensions. It is a global issue.

The noble Baroness, Lady Dean, referred to the financial challenge of getting together a deposit to buy a house, which is a problem I readily acknowledge, along with the capacity issues she mentioned. I will take back her point about tax incentives, which have a broader compass within government, and look at the Treasury position, too. There is an incentive given as regards the right to buy when people are purchasing public sector property. However, I take her point that she is looking at this on a broader front.

I thank the noble Lord, Lord Palmer, for the long list of issues that he raised. I will certainly seek to write to him about them. He asked, for example, about garden villages, and we are taking that matter forward in relation to Ebbsfleet, Bicester and elsewhere. I will ensure that he receives a more detailed response that will be copied to other noble Lords.

The noble Lord also asked about rural homelessness. He is right that there is a particular issue there because wages are still lower in rural areas. We need to ensure that we have a supply of housing in those areas. At this point, perhaps I may say that there is often a tendency to respond in a certain way when we address these issues. As soon as the Government come forward with a plan to build more houses or to provide for a permitted development, whether offices or residential, there is a tendency to cry foul and say, "We want you to do something but we don't want you to do that". So I just temper what I say by adding that I hope we will get support for some of the detailed policy points. Generally, if we get support to do something, that

translates across to necessary action. The rural situation is recognised. The department is discussing it with Defra; in fact we were discussing it yesterday. I hope we will be able to tackle it somewhat when the housing White Paper goes out for consideration.

The noble Lord, Lord Kennedy, put the case very fairly. Rightly, he sees that there is no silver bullet—no single thing that we can do. What is required is almost a change of attitude and a change of mood music, identifying that this is a really serious issue going forward. As the noble Lord, Lord Whitty, rightly said, it is a generational issue, as well as a serious political issue, and it ticks two important boxes, if I can put it that way. I hope that we will get a chance to look closely at the housing White Paper and, on a non-partisan basis, to see a way forward, ensuring that we do the right thing for the country and particularly for young people.

I thank noble Lords very much for their participation in the debate. I will ensure that all points are picked up and that a detailed response is sent. Once again, I thank noble Lords for a very interesting, important and well-informed debate.

5.41 pm

Lord Griffiths of Burry Port: My Lords, I add my word of gratitude to the Minister and to all those who have taken part. It has been a very enlightened and, I think, non-partisan debate on an issue that we all recognise as very important. It needs a degree of urgency, which perhaps has not been commanded up till now. I thank all those who have spoken. I am glad that my speech, being not quite a sermon, triggered a response from the noble Lord, Lord Horam. I am very pleased to have received his words and I thank him for them.

Lord Horam: I think we are all glad that, at least in the House of Lords, the Labour Party still owes more to Methodism than to Marx.

Lord Griffiths of Burry Port: Perhaps the noble Lord will add to that and let me have it in writing. I repeat that I am most grateful. As I conclude, I just want to remind noble Lords that it is a great privilege of the life that I live that I have the ear of untold numbers of young people from a variety of ethnic and social backgrounds. In presenting my remarks, I have sought to articulate the point of view that they have helped me to formulate, and I hope that will add a degree of urgency to the way that we look at this issue.

Motion agreed.

Party Funding Reform

Question for Short Debate

5.43 pm

Asked by Lord Wallace of Saltaire

To ask Her Majesty's Government what plans they have for further reform to party funding.

Lord Wallace of Saltaire (LD): My Lords, party funding reform is rather like Lords reform: we come back to it every other year, or at least once every

[LORD WALLACE OF SALTAIRE]

Parliament; we possibly get round to setting up a working group; the parties fail to agree; we go away and significant change is rarely made. I note that the last debate on the matter in this House came after the breakdown of cross-party talks in late 2013, and I wound up on behalf of the Government after the coalition parties had failed to come to an agreement between themselves.

The reasons for returning to the subject are very clear. The first is the funding of the referendum campaign, which had a number of troubling aspects. According to the report last month from Transparency International, more than half the total funding to both sides in the referendum campaign came from 10 sources, both individuals and corporations. Indeed, 95% of the funding came from as few as 100 donors. That is not exactly popular sovereignty or popular participation among the masses.

The absence of limits to cap individual donations is clearly becoming an acute problem in our democracy, and there have been other recent developments in the funding of politics. In the 2015 election, Conservative spending was far higher than that of any other party, and some of it was on the outside edge of current rules, as we can see from the number of Electoral Commission investigations at this time. The current situation builds in a structural advantage for the Conservative Party in access to finance and pushes other parties into chasing major donors, wherever they can find them, in order to compete. There has been a substantial increase in income from large donors. When writing about the resignation of the noble Lord, Lord Feldman, from the chairmanship of the Conservative Party, the *Financial Times* estimated that the Conservatives had raised £250 million under his chairmanship.

Then there is the question of more professional techniques—what the Russians call political technologies—which also cost a good deal more money: for example, computerised analyses using sophisticated search engines that allow personalised messages to be sent to assorted individual voters from central party organisations, and focus groups to refine messages. These techniques also mean that, within the parties, there is a shift in the balance of influence from local parties to the centre, which I think has caused a certain amount of discontent over the past few years in the Conservative Party, as well as in others. The competition among parties in this way means that there is a harder drive for funds. There has also been a rise in corporate donations to political parties, which the Transparency International report estimates as £125 million over the past decade.

We have also had the Trade Union Bill of 2015, on which a Lords committee reported in March. We still await the Government response to that, and perhaps the noble Baroness will be able to tell us something about that as she winds up the debate. I intend to leave further comment on that to my noble friend Lord Tyler, who was a member of the committee.

The continuing globalisation of wealth and the rise of the super-rich, living largely offshore, means there is concern in Britain and other countries about foreign donors and foreign donations—that is, from wealthy foreigners within the UK and from the British abroad, not on UK electoral register, who have been living in

tax havens for a very long time. There is particular concern about the super-rich living in London from autocratic states such as Russia and the Gulf monarchies.

There are also concerns related to this House: honours for donors, from all parties. This is a recurring theme. Most famously, my father once met my party leader of many years ago, Lloyd George, so I can “almost” say that Lloyd George knew my father—there were several thousand other people in the room at the time, but never mind. More recently, I recall the investigations of 2006 and 2007. The Transparency International report identified that 28 Peers created over the past 10 years were created primarily for their donations to particular political parties—I stress that that relates not just to one party.

The popular and press assumption is that donations buy influence. They certainly buy access. The Conservative offer of special access for large donors in the Conservative Leaders Group, to which one pays apparently a £50,000 entry fee, is estimated to have brought in £5 million from 100 donors since January 2013. The attractions of this access are strongest when a party is in government, and build in a structural advantage for a party in government. Mr Cameron’s resignation Honours List has increased concern still further, but I stress again that all parties take part in this competition, partly because they have to.

Recent proposals from the Government to cut support for opposition parties by imposing cuts in Short Money and Cranborne Money have also raised issues about funding for democratic activities. There was a clear perception that the Conservatives were trying to bias the political rules in their favour, including those for party funding, which feeds into popular cynicism about politics. Then this August, we had a letter from the Chairman of the Committee on Standards in Public Life, to which I hope the noble Lord, Lord Bew, will refer in his speech.

We have seen the developments in the United States, where the extraordinary influence of the very rich on politics is becoming even greater, where congressional politics is distorted by the continual search for campaign funding, and where Donald Trump has funded a great deal of his own political rise. That does not yet happen in our politics, although in Richmond Park we have someone who has very substantially funded his own political rise. We have seen the aggressive political campaigning that the use of major funds allows in the United States, and we have seen the politics of fear in similar campaigns in this country. All this drives popular mistrust of politics as such as a plaything of the rich, as inherently corrupt and as excluding the voices of ordinary people. A Transparency International survey suggests that 76% of respondents think that rich people have undue influence on politics, and 28% think that all politicians are corrupt.

That raises some major issues. The funding of the Vote Leave campaign and the role of Arron Banks and the company he founded, Better for the Country Ltd—which appears not only to have given £2 million to Grassroots Out, but to have lent £6 million at a nil rate of interest to the Vote Leave campaign in three separate transactions—raise large questions about getting around current rules about party funding.

All parties pledged further reform in their 2015 manifestos and all have particular preferences to defend. We need to reopen cross-party talks and recognise that we need a serious intent to achieve at least some limited reforms to restore public confidence in participatory politics. We all know what happens if people do not feel they have a chance to engage in parliamentary politics—politics moves on to the streets. We have seen that once or twice in the last 15 years and it could easily happen again if there is a strong sense that politics in Britain has become dominated by money, and in particular money to the advantage of a particular party.

Francis Bacon said at the beginning of one of his best essays,

“Money is like Muck, not good except it be spread”.

That is a good democratic principle. We could agree that limits on corporate donations and trade union donations should have to be considered together. We could agree a cap on donations to start at £50,000 or even £100,000, and then gradually reduce it. We should at least consider making individual donations up to a certain level open to gift aid, comparable to charitable donations contributing to public life. We need to strengthen the policing role of the Electoral Commission in local as well as central spending, and in campaigning innovations. We need to police donations from outside the UK more carefully, and possibly from ex-pats—no representation without taxation. Our overall aim must be to reduce the impact of money on politics, to widen the pool of donors, and to encourage ordinary citizens to contribute and feel that they are making their own contribution to democratic life.

5.54 pm

Lord Leigh of Hurley (Con): My Lords, first, I apologise to the House and to our friends in *Hansard* for my voice. It is not at its best, having completed a half marathon for Water Aid just a short while ago. I should also make a declaration of interests, not all of which are in the register of interests because they are not required to be so, but I am a senior treasurer of the Conservative Party, and I have been a treasurer of the party for some 16 years. I am also chairman of the aforementioned Conservative Leaders Group. I hope to remain in the job and that it does not become redundant. I congratulate the noble Lord, Lord Wallace, on securing the debate. Surprisingly, I agree with quite a lot of what he has said. Somewhat ironically, he and I both served on a committee to investigate aggressive fund-raising by charities. I hope that there is no need for a committee to look at aggressive fund-raising by political parties.

I start from the initial premise that parties ought to be self-sufficient and not reliant on state funding for their resources. I was lucky enough to be invited to the ACRE dinner this week at which the Edmund Burke award was presented to John Howard, the former Prime Minister of Australia. We were reminded that the source of political parties some 220 years ago, largely thanks to Edmund Burke, was created from a loose coalition of people who had roughly the same ideas. Since then the precise nature of a political party, its ownership, rules and structure, has changed and evolved over time, and unlike the emergence of limited

companies or professional partnerships, they are complicated organisations which defy the normal textbook rules of ownership and governance.

While some countries have looked to the state to finance independent political parties, we in the UK have had a very proud history of ensuring that our political parties are just that: independent and not reliant on state financing. State funding, in my view, would be a dangerous road to take and could threaten the existence of political parties. It would be extremely unattractive and unacceptable to most people in the UK to see our political parties in any way dependent upon the state, which then might have influence, directly or indirectly, with direct or indirect threats, nudges, promises, hints—however subtly done—about the ongoing nature of that state funding.

We can be proud that in the UK we have a plethora of parties at the moment, all of which exist because people with passion and vision have helped to create them and have invested both their time and their personal financial resources to make them what they are. I accept that there is some sort of soft state funding in the form of Short money, and I note that the other place has voted for greater transparency in this source of funding. Perhaps we could see the same for Cranborne money, all of which is, of course, taxpayers' cash. Disclosure and transparency is the key. The Conservative Party is unique in that every member of the Conservative Leaders Group—*[Interruption]*. I will carry on.

As I say, there is some soft state funding through the Short and Cranborne money, and there has been a move in the other place for greater transparency. I think that the Conservative Party is unique in that members of the Conservative Leaders Group who attend dinners with Prime Ministers all have those names disclosed on a quarterly basis. That is not a legal requirement, it was something that David Cameron proposed voluntarily and it continues to this day. Again, I believe that disclosure and transparency is the key against any undue influence.

In my opinion, party funding is not, in the nature of the world, big money. Big money does not go to the parties and is not needed by the parties. I know that the noble Lord, Lord Wallace, will not agree, but the sums involved are small and they are decreasing. In the 2015 election, the total spending by all parties was £37.25 million as opposed to £31.5 million in 2010. All the candidates combined spent a further £11.7 million in 2015 in the short period as opposed to a much higher £14 million in the corresponding 2010 short period. Additionally, if one looks at the long period in 2015, the spend was £10.7 million as opposed to £11.2 million in 2010. Overall, the important numbers are as follows: £59.8 million was spent in the whole of the 2015 election as compared to £56.8 million in 2010. The whole of that increase is explained by the Labour Party's spend in 2015 of £12 million, as opposed to £8 million in 2010, so congratulations must be extended to the new Labour Party treasurers on doing a great job, more on which anon.

Let us put these sums into context. To run your Lordships' House alone costs some £100 million a year, just on day-to-day expenditure, excluding capital

[LORD LEIGH OF HURLEY]

costs. Each and every year this House spends more on running costs than the whole amount spent in a general election in the UK by every political party combined, and that is only once every five years. Looking across the pond at the topical American elections, which the noble Lord, Lord Wallace, invited us to do, the figures are extraordinary and give us some perspective. As of last week, the disclosed figures are that the Democrat party had raised \$1.3 billion and the Republicans some \$800 million for the 2016 election alone. The predictions have been for a total spend in the US elections of some \$5 billion, which is quite some distance from our £57 million.

It is perfectly true to point out that the Conservative Party manifesto made a commitment to,

“continue to seek agreement on a comprehensive package of party funding reform”,

but the key word in this sentence is “agreement” rather than “reform”. It is worth pointing out that on the same page of the manifesto is a pledge to,

“cut the cost of politics”,

which seems to rule out any state funding. We are therefore left looking only at existing donors to parties. I wonder whether my noble friend the Minister would agree that we need to do more to encourage individuals to be donors to political parties, and that people will be so encouraged only if they feel a sense of pride in their contribution to British public life through these donations. At the moment there is a very unhealthy and unsatisfactory tendency for people who choose to donate money to political parties to be castigated for so doing. Currently the press uses the adjective “party donor” as a pejorative term. In reality, of course, the reverse is true.

All of us who have had any involvement with campaigning on the ground, as I think nearly every Peer speaking will have done, come across those who give their time tirelessly to a political party. I disclose my interest in this as president of the Westminster North Conservative Association.

Lord Taylor of Holbeach (Con): I must remind my noble friend that this is a time-limited debate. He is limited to eight minutes and he has now had eight minutes.

Lord Leigh of Hurley: I am most grateful to my noble friend. I apologise. There was a disruption in the middle of my speech.

I conclude by saying there is room for further progress on party funding reform, which will be to the benefit of all parties, to be achieved through agreement between them around a table—perhaps with the people here tonight—rather than elsewhere. But what is paramount is that we encourage citizens to step up to the plate and be proud of their role in helping UK political parties, of whatever colour, and that the Government take their part in achieving this ambition.

6.02 pm

Lord Whitty (Lab): My Lords, like the noble Lord, Lord Leigh, my voice might give out, so I will try to keep it brief. I do not have the same excuse as him, either.

Like others on the speakers list, I served on the Select Committee on the then Trade Union Bill a few months ago, under the chairmanship of the noble Lord, Lord Burns. That was in the context of a Bill to restrict activities for trade unions. It focused on the political funding for one party and from one source. The Bill intended to put restrictions on, and increase greater transparency of, that source, I think its proponents would say. Following the Select Committee, its recommendations and decisions of this House and of another place, some of those restrictions were slowed down, but nevertheless they will have a serious impact on the ability of trade unions to fund political parties, and therefore on the funding over time of the Labour Party.

I did not support the proposals in the Trade Union Bill. I do not really approve of even the revised proposals. But the important point tonight is that those changes affected one source of funding and, in effect, one political party. They had no effect on other institutions or individuals, and no effect—as it stands at the moment—on other political parties.

As I have said in the House before, in the five years up to the last election about £148 million was given in political donations by organisations as distinct from individuals. Some £65 million of that was from trade unions; therefore more than £80 million was given by other organisations. Trade unions are all required to have a separate political fund; they are all required to make a decision on that political fund and its retention every 10 years; they must all allow a member to opt out of it and, as a result of the Trade Union Act, members will eventually be allowed only to opt in. None of the other organisations, companies, trusts, friendly societies or partnerships which make the bulk of the institutional donations to parties—the great majority of which go to the Conservative Party although some of it goes to other parties, including my own—has such restrictions applied to it. There is now a requirement for listed companies to take a vote, but only once and without any separate political fund.

Although I opposed the restrictions on the trade unions, the whole experience of that Select Committee brought home to me yet again the unfairness and lack of principle underlying our rules on political funding. I think that I can speak for all members of the Select Committee, including those from the Conservative Party, in saying that we were shocked when Ministers came to tell us that absolutely nothing had been done by the Government to fulfil their election manifesto commitment to seek agreement with other parties. We noted this in paragraph 138 of our report and urged the Government to reconvene cross-party talks and seek agreement. In the months since then, nothing has happened. Like the noble Lord, Lord Wallace, I hope that the Minister will tell us tonight what is being done to address this issue.

This is not just a question of equity and balance between parties; it also relates to the health of our democracy. It is not healthy for any political party to depend on significant donations from the super-rich—and a very limited number of them. It is not healthy for a decreasing number of institutions, large corporations or private companies to provide support to political parties. I also accept that it is not healthy for a

political party to depend solely or mainly on the admittedly reduced sources of funding from trade unions either.

We all know that in principle none of this is justifiable to the public or, quite often, to ourselves. We all know that we need to look at the level of political expenditure. The noble Lord, Lord Leigh, said that it is small here compared with other things, but as far as the public are concerned it is still a significant overspend, particularly in general elections. We need to look at limits on such expenditure and at enforcement of limits at both national and local level by the Electoral Commission and others.

I disagree profoundly with the noble Lord, Lord Leigh, that state funding should be excluded. We have the lowest level of state support for political parties in the whole of Europe and many other parts of the world—there is even significant state funding in the United States, even though you would think that they were awash with money in the first place. The health of and support for those other European countries' political democracies are not diminished by a significant role for state funding in their operations. I do not want utter dependence on state funding; I hope with others for more encouragement for small donations to political parties and for a wider range of institutions to give relatively small donations. However, there is a role for state funding; it is not an entirely new principle—we have significant funding in terms of Short money and Cranborne money. We also have security subsidies for our conferences and freepost at election times; and, if one counts the BBC and the other television companies as part of the state, we have free airtime for party-political broadcasts.

So it is not a principle but, when we look at it again, the balance between state funding and the form of that political funding should be part of that review. As we said in our Select Committee report, the reality is that the public do not like the present situation. They consider it unhealthy and potentially corrupt. The prospect of state funding of political parties by the taxpayer is not particularly popular either, but in terms of balance it may well be regarded by the public as the lesser of two evils. I do not wish to see a situation where political parties are utterly dependent on the state, but I see state funding, along with limitations on the level of expenditure, as part of the package. Above all, as we said on the Trade Union Act 2016, whatever comes out of the talks that I hope that the Minister will tonight announce will be convened must be equitable between political parties, and seen to be by our electors.

6.11 pm

Lord Oates (LD): My Lords, the rules that govern the funding of political parties are a barometer of the health of a democracy. Where lack of transparency and the domination of big-donor funding prevail, politics is undermined and democracy sickens. One only has to look across the Atlantic, as has been alluded to by other noble Lords, at what is going on in the current US election to understand the corrosive dangers of big money distorting democratic ideals and undermining popular faith in what, until recently, has been the remarkable genius of democracy in America.

We have been relatively fortunate in that our party funding rules, the relative transparency of our system and the general practice that has been adhered to compares favourably with many other democracies in Europe and around the world, but we should not be in any way complacent. There is a crisis of democracy around the world and we are not immune from it. Public faith in politicians is at an all-time low, brought about in part by a series of scandals and suspicions around party funding. No party is immune from error in this regard and it would be a brave person who would preach from the mountain top on this subject when, too often, party funding rules have operated in the valleys. Political parties want advantage and money buys advantage, whether through more party staff with greater skills, a bigger budget to deliver direct mail into the homes of constituents or the funds to buy social media advertising. Increasingly, it buys the capacity to crunch bigger data and tailor individual messages.

So it is no surprise that parties want the money to out-compete one another. Nor is it any surprise that the party with the advantage is unlikely to wish to give it up and almost by definition—although not quite—the party with that advantage is most likely to be the party in government, and therefore in a position to make or break party financing reform; which, with honourable exceptions they nearly always break. At each election in recent years the main parties have promised comprehensive party funding reform but almost always it does not happen, although it should be noted here that the Labour Party in power after 1997 did much to make our system more open and transparent and got precious little thanks for it.

In 2010, the Liberal Democrat manifesto promised that we would:

“Get big money out of politics by capping donations at £10,000 and limiting spending throughout the electoral cycle”.

The Conservative Party manifesto boldly proclaimed:

“We will seek an agreement on a comprehensive package of reform that will encourage individual donations and include an across-the-board cap on donations. This will mark the end of the big donor era and the problems it has sometimes entailed”.

Labour's manifesto stated rather more modestly:

“We will seek to reopen discussions on party funding reform, with a clear understanding that any changes should only be made on the basis of cross-party agreement and widespread public support”.

In doing so, it gave the Conservative Party the perfect let-out during the coalition talks on this subject, which it eagerly took advantage of. Undaunted by the failure to reach any sort of agreement or understanding in the 2010 Parliament, the parties were back at it in their 2015 manifestos, although the Conservative Party, having spent some time in government, had rather more modest promises this time.

Despite all that, nothing has happened and nothing looks likely to happen. The Conservatives currently hold the advantage and, as the rather extraordinary complacency of the speech of the noble Lord, Lord Leigh, suggests, they have absolutely no intention of giving it up. This is worrying because while we may fare better than other countries around the world, we have done so because we have had comparatively tight rules on election funding at constituency level and

[LORD OATES]

because the transparency rules and other changes introduced after 1997 helped shine a light into hitherto dark corners.

If a democracy is to function in the interests of the electorate and not of a wealthy few, it is imperative that it cannot be bought by wealthy individuals. Here the funding and expenditure rules drive each other. Back in 1997, when I was first an election agent, the rules on constituency expenditure were pretty tight and were carefully monitored by all the parties. The amount you were allowed to spend was modest and it was possible for anyone who had significant public backing to raise funds for a constituency campaign. Rules on national spending in constituencies were adhered to, so that direct mail funded from party headquarters could not mention anything that would identify it as relating to a particular constituency.

Those rules were largely adhered to in 1997, 2001 and 2005, when I was last involved in running a campaign. But at some point after that, either the rules changed or the parties' interpretation of them did, because in the 2015 general election there was a deluge of nationally funded literature into marginal constituencies from the Conservative Party. I was deluged with a large number of letters and leaflets from Mr Cameron, telling me that while I might very much like my local Liberal Democrat MP—as it happens, I did; I was his best man—in Kingston and Surbiton I simply could not take the risk of Ed Miliband and Alex Salmond running the country. In case I was in any doubt as to how ghastly a prospect that would be, these letters and leaflets were helpfully illustrated with a picture of Alex Salmond and Ed Miliband standing on the threshold of No. 10. I have never asked my Conservative friends why it was Alex Salmond instead of Nicola Sturgeon but I think I probably know the answer. More pertinently, I am not quite sure why they thought that the Deputy Prime Minister's chief of staff was a potential swing voter, but that is a whole different matter.

The serious point here is that the volume of direct constituency-focused mail is significantly distorting the political process. We have recognised the principle of limiting constituency spending in law but that principle is no longer adhered to in practice, and the impact is to make national funding of political parties a much more significant factor in the election of our local representatives. Therefore, the need for funding reform is even more acute. It is not just the funding of political parties we should be concerned about. As my noble friend Lord Wallace of Saltaire has outlined, the funding of the recent referendum campaign is a cause of very serious concern. As he said, popular sovereignty it certainly was not.

We have the basic building blocks of a fair and equitable funding system via the 2011 Committee on Standards in Public Life report, although we believe that additional state funding is not required and the redistribution of existing funding could work. We need to act now; if we do not, our system will increasingly be distorted by big money. As the governing party, the Conservative Party needs to live up to its 2010 manifesto commitment to end “the big donor era”.

6.19 pm

Lord Bew (CB): My Lords, I thank the noble Lord, Lord Wallace of Saltaire, for his initiative in raising again this very important issue of party funding in modern Britain. I speak as chair of the Committee on Standards in Public Life. Our report of 2011 has been referred to a number of times, as well as my various letters to Prime Ministers—plural, now—and the leader of the Opposition on this subject. As I have said in this House before, the replies that I received from the Conservative Party have not exactly raised my hopes of dramatic reform in the near future. It is a matter of justice to say that today I received a letter from the Labour Party, and I can assure your Lordships that it did not raise my hopes either. There was really no difference in helpfulness in that hapless correspondence with my office.

During the passage of the Trade Union Bill, the 2011 report of the Committee on Standards in Public Life was discussed. I said then that we were aware of problems with that report. I genuinely believe that its basic approach, its insistence on consensus and cross-party agreement and its attempt to provide the basis for that was completely right. Although the Conservative and Labour members of our committee both dissented, I think they were sympathetic to the broad approach. They both had disagreements on points to which I will return. But I was also well aware that, five years later, some of the statistical material in our report was now out of date.

I promised on the Floor of this House that the Committee on Standards in Public Life would commission new research, and we have so done. The work we commissioned from the distinguished academic Dr Michael Pinto-Duschinsky, who has worked in this field for a long time and advised the committee on a number of occasions in the past, is published in your Lordships' briefing pack for this debate. I will not refer to that work, which brings the figures up to date—although it touches on the point raised, for example, by the noble Lord, Lord Leigh, on whether there really is an arms race going on in electoral expenditure. That report has been published and in that respect, I have kept my promise to the House. I add that today we are publishing a second report, based on YouGov polling which we commissioned earlier, by Dee Goddard of the University of Kent. For simplicity, I will call it the Goddard report.

That report, *Public Attitudes to Party Funding in Britain*, has been published this afternoon by the committee and is available on our website. Because we have limited time, I will obviously not go through every point but it is an important addition to the already important work published by Dr Pinto-Duschinsky. The Goddard report shows that the issue of party funding is considered of greater importance than it was the last time YouGov did this polling in 2011. A substantial majority of respondents, 93%, believe that large party donations are motivated by hopes for influence or special favours—the most obvious example being peerages—from a given political party, while 79% of those asked believed that this was a common motivation for donors. Equally, on the other side of the argument, I totally accept that all our

previous polling shows that 80% of the British people do not want to see state funding for parties. One immediately sees the complexity and inherent difficulty of this issue.

Ninety per cent of respondents in the new report believe that MPs “very often” or sometimes decide what to do based on what their donors want, rather than on what they really believe. Even 48% of those who said that they had high trust in their MPs believe that sometimes the interests of donors played a role in political behaviour. The public are clear in their belief that this behaviour is unacceptable: indeed, they are probably more concerned than they were over the role of large donations in British politics. That said, because nothing is served by presenting an oversimplified picture of this debate, when they were asked about a cap on donations 42%—a largish block—said that they did not know whether it was a good idea or what the level should be. Again, that indicates the difficulty and complexity of public attitudes. But it is the role of my committee to at least bring attention to the most up-to-date information that we can to further debate.

In September, the Institute for Government produced a report using data based on more recent polling—our polling was done in April and May. The report was headlined:

“Trust in government is growing”.

That surprised me as over the years I have read endless reports showing that it was dropping. The report showed that more people now believe that the Government are doing their best and have proper priorities than believed it in 2014. The figure is up by 8%. Equally, the number of those who believe that MPs are self-interested persons concerned only with their re-election is down by 8%. At the moment, there is a slight upwards spike—a better direction than the normal pattern of gloomy figures about trust in politics. I have never believed that one should take these figures too seriously because trustworthiness is a different thing, but the public have these concerns and we cannot afford to ignore them, while not taking these matters absolutely literally. There is a slight spike upwards and trends are more positive, but the Institute for Government is quite right to say in its headline that further work is needed on this point.

Expectations have clearly been raised by the change in government. There is no doubt that they have been affected by the Prime Minister’s speeches about standards in public life, and trust is an issue she has directly addressed. We are in a honeymoon period. We have temporarily reversed the downward trend, which is a good thing. If we choose to do absolutely nothing in these controversial areas of public standards—not just party financing, but lobbying and a range of other difficult issues, including revolving doors and so on—we will create a mood of disappointment, and things will plummet again. On party funding, it is clear that work could be carried out to promote small donations. It is entirely right to draw attention to these better figures, but I counsel against any complacency. Things cannot be left exactly as they are, even though I concede the inherent complexity of these issues of public funding.

6.27 pm

Lord Sherbourne of Didsbury (Con): My Lords, it is a pleasure to follow the noble Lord, Lord Bew, whom we had before our committee earlier this year and whose contributions are always extremely thoughtful and balanced.

We all agree that political parties are essential for the effective working of our democracy and that political parties need proper funding, but parties need more than money. They need popular consent, support and membership; otherwise they become the preserve of the political elite or, worse still, a part of the state. So the debate over party funding needs to take place in that wider context.

One of the great challenges facing western democracies today is that millions of people have on the whole tended to have less confidence in mainstream political parties. There is, as we all know, a growing disconnect between people and those whom they see as the political elite. It is happening in America and in parts of Europe and it is certainly happening here, so my starting point is that any reform of party funding should aim to halt that trend and, better still, to reverse it. I am therefore opposed to any change which would discourage and reduce voluntary donations to political parties to the extent that the state would then be called upon to step in to fill the gap. I accept the need for Short money and Cranborne money, but I am totally opposed to general state funding of political parties. If we were to go down that road, it would only confirm people’s suspicions that there is a self-appointed political elite running the show.

Political parties have a responsibility to go out and seek support, and they should not subcontract that job to the state. We know it can be done. Just look at recent developments. UKIP broke the oligopoly of the major parties in England, the SNP has broken the oligopoly in Scotland and Jeremy Corbyn’s leadership and appeal has swollen the membership and the coffers of the Labour Party. If we look at our democracy from that broad, non-partisan perspective, I see these as really interesting and in many ways encouraging developments. It is worth noting that both UKIP and the SNP have been the recipients of substantial donations from rich individuals. Would our democracy be better or worse off if those donations had been precluded by law, if those parties had never risen up and if their supporters had never been given a voice or representation?

We should not look at the question of party funding as if the party structure were permanent. A reformed system of funding should not freeze the status quo, it should not erect barriers against new entrants and it should not deter the rise of new parties where there is support for them. But if we are not careful, these could be the unintended consequences.

Let me paint a scenario which could perhaps occur. Donations are capped, the state then steps in to provide more funding from the taxpayer and as a quid pro quo there is felt to be a need for parties’ expenditure to be capped—all of this to be decided by an unelected Electoral Commission on which will be sitting members appointed by the leaders of the political parties. Meanwhile, local parties have less and less incentive to

[LORD SHERBOURNE OF DIDSBURY]

go out and raise money and recruit new members. The result? The political elite are further entrenched and the general population further alienated.

As the parties edge bit by bit along the road towards consensus on gradualist reform, as I hope they will, I also hope that they will keep all this in their minds.

6.32 pm

Lord Wigglesworth (LD): I am very pleased to follow the noble Lord in the comments he has just made. We are all anxious about the consequences of not doing something about this subject, and I have a tremendous sense of déjà vu this evening, because of the debates that have been held so often in the past on this subject. The solution to the problem that the noble Lord has just outlined lies with his own Government and with the Conservative Party. If they are not prepared to see reform taking place, and not even prepared to call all-party talks to try to get agreement, no progress will be made and the electorate will rightly be cynical about manifestos which promise things that are then not carried out. The Conservative Party manifesto, on this subject, is frankly not worth the paper it is written on, because none of the things that were suggested in it have been done.

We know from our experience in the coalition Government—from the Deputy Prime Minister and David Laws speaking to colleagues from the Conservative Party—that the Conservatives were not prepared to carry out what they had committed themselves to in their own manifesto. If the £50,000 cap that was promised had been introduced, a lot of these problems would not have arisen. I do not agree with the noble Lord about the cap having consequences. It would get rid of a lot of the cynicism about major donors running or influencing parties in their own interests, but it would also—I speak as a former treasurer of the Liberal Democrats—force the parties to go out and get more donors.

Look what President Obama did in the United States with crowdfunding; look what lots of venture capitalists are doing with it. If you want to do it, and make the effort, you can get the money from a substantial number of people. As party treasurer, I raised as much for the Liberal Democrats as the Labour Party raised from individuals and small businesses. In fact, most of the time I raised more, as the Labour Party has not historically needed to go out and get those individual funds in, because it has had the trade union funding. It would be an incentive if the cap was introduced, as well as getting rid of a lot of the electorate's cynicism towards the funding of political parties.

The Labour Party has shown that it is willing to shift its view. It introduced legislation when it was in government, and the report of the noble Lord, Lord Collins, which we looked at, which will lead to reform in the funding of the Labour Party, was a substantial step in the right direction—which I, frankly, never thought it would take—moving to individual donations.

The Government's response tonight is crucial. Are we going to make progress on this issue or not? I think

the Labour Party is willing to have discussions; the Liberal Democrats certainly are; I do not know about the other parties.

Look at what happened in the coalition days. The Deputy Prime Minister called for all-party talks—my noble friend was very much involved in that. We had a response from the Labour Party; we Liberal Democrats gave a response. We waited and waited for a response from the Conservative Party, but none was forthcoming until there was a scandal which led to the Conservative Party treasurer having to resign. On the day that that story broke in the *Sunday Times*, all of a sudden, the Conservative Party came up with nominees for the all-party talks. Surprise, surprise.

So I am deeply cynical about the seriousness of the party opposite ever reforming the system. I suspect that it will always be other parties that will introduce the reforms that are so necessary.

State funding could come in many forms. As the noble Lord, Lord Sherborne, said, there is already substantial state funding of political parties. I think the noble Lord referred to it as soft funding. Soft, hard, or whatever, it is a lot of money. Providing the funds for political parties to mail virtually the whole of the country with election addresses during a general election is a substantial amount of state funding. So are the Short, Cranborne and other funds that come in from the state. The principle has already been established; it is not new.

I do not know whether noble Lords opposite would be prepared to consider another alternative—giving tax relief to parties, as happens with charitable donations. There is a respectable argument for doing that. I agree with the comments made earlier that funding political parties is a noble thing to do. Democracy would be nowhere without resources being found to run our parties, and we should praise individuals for being prepared to support them by making contributions. If we believe that, we should consider tax relief on contributions. I do not know whether noble Lords opposite would regard that as state funding or whether they would be prepared to consider it.

There are various ways in which this problem could be overcome, but it will not be unless we all sit down together to talk about it. There is an immense obligation on the Government to get talks under way. It is the cynicism bred by parties breaking manifesto commitments and not doing the things they say they will that leads to the growth of the protest vote through the UKIPs of this world—and, indeed, the Trumps in the United States—those disillusioned with existing parties for not carrying out the things they say they will.

I urge the Government immediately—I hope that we will hear this from the Minister this evening—to get talks between the parties under way to try to reach some sort of agreement. With his report from the Committee on Standards in Public Life, the noble Lord, Lord Bew, has given us immense help and information to point us in the right direction. There is an agenda there that could achieve progress, and I very much hope that we will hear from the Minister this evening that that is what the Government are going to do.

6.39 pm

Lord Tyler (LD): My Lords, I start with a quote:

“Whether or not clause 10 is enacted, in whatever form, the political parties should live up to their manifesto commitments and make a renewed and urgent effort to seek a comprehensive agreement on party funding reform. We urge the Government to take a decisive lead and convene talks itself, rather than waiting for them to emerge”.

That was the unanimous recommendation of a Select Committee of your Lordships’ House, chaired by the noble Lord, Lord Burns, and which represented all groups in the House—three of which are here this evening, I am delighted to say—and it was of course subsequently welcomed on all sides of the House. The report was published on 2 March of this year. The convention is that the Government respond to a Select Committee report of your Lordships’ House within two months. It is now six months later and we are still waiting for any sort of response, let alone any action to fulfil that recommendation.

The Government are clearly becoming increasingly apprehensive that the traditional role of your Lordships’ House as the impartial guardian of the constitution, semi-detached from the rather more tribal activities at the other end of this building, will prove more popular than their own narrow partisan approach. Perhaps we should remind the Government that they were elected with less than a quarter of the eligible electorate giving them their support, so they have a doubtful mandate.

The Government should also be reminded, as they were by the Select Committee of the noble Lord, Lord Burns, that the Conservative manifesto had an explicit promise, as we have been told this evening:

“We will continue to seek agreement on a comprehensive package of party funding reform”.

Since the 2015 election, further evidence has emerged of the extent to which all parties—as my noble friend Lord Wallace has said—are now reliant on a small number of large corporate bodies and individual millionaires, when we all want to step away from that and try to make sure that we have a greater number of small donations. It is extremely important, as my noble friend Lord Wrigglesworth has just said, that we should look again at giving encouragement to smaller donations through a replica of the gift aid scheme that is available to those donating to charities.

Millions of modest donors must be better than millions of pounds from a very small group of special interests, trying to buy access, influence or patronage. That includes—as I think the noble Lord, Lord Sherbourne, would accept—those who have been supporting UKIP, and indeed the SNP, which have been reliant on a small number of very big millionaire donors. His argument would also go in the same direction.

I think we are all grateful to the noble Lord, Lord Bew, for giving us some brief information about this latest poll that the Committee on Standards in Public Life has commissioned. That is really useful and we will all look at it with considerable interest. But I just remind him that the last time that there was an indication of the public’s attitude to this, 77% were saying that big donors have too much influence—that would seem to have risen. However, at the same time, 57% believe

that state funding of politics is better than the present system when there is a direct comparison, which has gone up from 41% in 2014. So it is not such a clear picture about the state funding issue as has been suggested.

As my noble friend Lord Wrigglesworth has said, if you simply reallocate existing state funding—free postage being an obvious example—you could save a huge sum of money which could be better allocated to good effect. The noble Lord, Lord Bew, summarised the situation excellently after the general election when he said that:

“It is clear after the General Election that the issue of party funding remains a matter of significant public concern centred on the confluence of money, power and influence”.

I thought that his speech this evening underlined that brilliantly. Since 2015 and the CSPL report—and indeed since the general election—there have been some important changes in the relationship of the Labour Party and its main funders, but no movement on the Conservative side. The time is now really ripe for some movement there.

It is not just the donations issue that is resulting in the ever-decreasing public confidence in these aspects of our political system.

In the 12 elections that I have contested—I have won some and lost some, as we all have—I have always been reminded by my agent that every single pound spent to promote the candidature has to be carefully recorded, and, of course, it is restricted; otherwise, you could face an election court, with the potential for disqualification. My noble friend Lord Oates is absolutely right: the law that has been in place since 1883 to prevent anybody with large amounts of money seeking to buy a constituency, and thereby own the Member of Parliament, is now being circumvented by the current situation. The present rules are inadequate and simply do not meet the case.

The independent Electoral Commission said in its report on the 2015 UK parliamentary general election, published in February of this year:

“These experiences from the 2015 UKPGE reinforce our view that the relationship between regulation of candidate spending and political party spending that has been in place since PPERA was passed in 2000 needs closer examination. The law currently only requires political parties to report spending against separate limits for England, Scotland, Wales and Northern Ireland, which means it is difficult to assess whether and where political parties are choosing to target their spend, their campaign funds on a regional or constituency basis”.

Evidence to the Burns committee reinforced that. We had evidence in particular from the Minister in the coalition Government who was responsible for these matters, who told the committee that,

“the local constituency-wide spending limits were made a mockery of, first, because all this stuff was being mailed out centrally and, secondly—one has to acknowledge—because of some very ingenious, intelligent and smart, if ruthless, use of digital technology, which costs money ... Some of the hired guns of the Conservatives are already on public record as saying they spent far more than they should have done, but the question beyond that is that those slightly old-fashioned constituency-level limits can be easily circumvented through central funding, or through the use of ... database campaigning techniques”.

I say to the noble Lord, Lord Leigh, that Jim Messina, who claimed that the Conservatives spent £30 million,

[LORD TYLER]

far in excess of the national limit of £18.5 million, seems not to agree with him that there was not a general increase.

The Electoral Commission has made firm recommendations on this issue. Clearly, we have to listen to it because it is the statutory body responsible for electoral law. Since then, we have had the referendum, to which my noble friend referred. I simply say that I think the time has come to move on. Indeed, the report by the noble Lord, Lord Hodgson, on third-party campaigning adds to the need for a level playing field of funding constraints between them on one side and the political parties on the other. Taken with the CSPL evidence and the Burns Select Committee and, indeed, the report and draft Bill produced by the cross-party group in 2013, there is simply no excuse now for further delaying tactics.

6.48 pm

Baroness Hayter of Kentish Town (Lab): My Lords, this has been an interesting debate on an important issue. There is a lack of trust in parties, and therefore in the political system, which is deeply unhealthy. We have a duty to work to restore confidence, and tackling political funding is a vital part of that. The Kelly Committee on Standards in Public Life emphasised not only that,

“the regulatory regime must be fair to all political parties”,

but also must be,

“widely believed to be so”.

As my noble friend Lord Whitty made clear, the then Trade Union Bill failed this test, addressing just one party’s source of funding—a view shared across your Lordships’ House. As we have heard, the House then set up a Select Committee to examine the union party funding in the context of Kelly’s view that a cross-party approach was needed. As we have heard, the Government were urged to take a wider and consensual route. Well, they did not, and the trade union aspect was the only one looked at, which has now been legislated for.

There will be an opt-in to the political levy for new members, even though these are a mere 10p per week. The Certification Officer is now consulting on how to implement this, after which there will be a year to put the new arrangements in place. That means that we now have time to rectify the imbalance of regulating Labour but not Conservative funding, and to deal with the bigger issue of companies’ and individuals’ largesse. It is urgent.

The Government are determined to remove the 15-year time limit for overseas voters, handing a vote for life to an estimated 1 million expats, who have left and not paid any taxes to this country for decades. But even more seriously, as the Minister helpfully revealed in her letter to me of 24 October—her department having refused to answer my questions for the year before that—all these extra voters will also become “permissible donors”. As she writes:

“If a British citizen is able to vote in an election for a political party, we consider that they should be able to donate to that political party”.

I cannot think what political party she had in mind.

Therefore, unless we change the law, all these extra voters, long after they have left these shores, will be able to funnel unlimited—presumably untaxed, probably unearned—amounts into the coffers of a UK political party, in a country in which they do not live, giving to a party that makes laws which do not apply to them and which takes decisions which do not affect them. Clearly, therefore, although the noble Lord, Lord Leigh, says that the Conservatives are content with existing donors, they are not—they want to add these extra expats as well. As the *Mirror Online* says about this today:

“Tycoons who have not lived or paid tax in the UK for decades will be able to fund political parties under new rules drawn up by the Tories ... That means more foreign-based financiers will be able to push policy by pumping cash into the Conservative Party—where a £50,000 donation buys dinner with Theresa May as part of the ‘Leader’s Group’”,

as we heard today from both the noble Lord, Lord Wallace, and the noble Lord, Lord Leigh.

What does this look like to the general public? According to the noble Lord, Lord Wallace, three-quarters of the public think that wealthy individuals influence government to benefit their own interests, and the noble Lord, Lord Bew, said that nine out of 10 people think that large donations are motivated by hopes of influence. We have to deal with this. We must keep it simple and clean. There must be an upper limit on the size of the donation any one person—or company, trade association or a body corporate—can give. That was once accepted by the Conservative Party. Its 2010 manifesto promised,

“an across-the-board cap on donations”,

to,

“mark the end of the big donor era”.

Notably, this was dropped from the 2015 manifesto. Perhaps the Minister can explain this regrettable omission when she comes to reply.

A cap on individual donations is urgently needed, and at a level which avoids any perception—let alone reality—of bought influence. As Kelly emphasised, only a low cap will be seen as taking,

“big money out of politics”.

He thought £10,000 was low, as the noble Lord, Lord Leigh of Hurley, clearly does. To me, £10,000 is high. It could amount to £50,000 over a parliament from one individual. That sounds like big money to me, and to voters, if not to the noble Lord, Lord Leigh. A lower cap would signify that we are changing. In addition, we should not be afraid to discuss adjustments to public funding. The free post will, over time, become less of a necessity, and could be better directed, as the noble Lord, Lord Tyler, says.

A healthy democracy requires properly run and accountable parties, able to undertake serious policy work as well as campaigns, able to train and develop its elected representatives, able to engage with the electorate, and with MPs able to serve their constituents. This is a price worth paying for a healthy, functioning democracy. If it needs more public funding, so be it. What it does not require is unlimited donations from rich individuals. This matter is urgent. I hope that the Minister will take back what she has heard to Downing Street, with the message: “Something must be done”.

6.55 pm

Baroness Chisholm of Owlpen (Con): My Lords, I must thank the noble Lord, Lord Wallace of Saltaire, for tabling this Question, and all noble Lords who have contributed.

The current regime for the regulation of political parties was established in the Political Parties, Elections and Referendums Act 2000. Since that time, there have been a number of proposals for further reform, most notably a review of party funding by Sir Hayden Phillips in 2007 and a report from the Committee on Standards in Public Life in 2011. Cross-party talks followed on both occasions but no agreement was reached on a package of reforms. The most recent talks in 2012 and 2013 covered many of the issues raised by noble Lords today. Despite a decade of talks, there is still no cross-party consensus on the broad issue of party funding at this time. This is ultimately a matter for the political parties; the Government cannot impose consensus from Whitehall.

Many noble Lords called for a further round of cross-party talks to be convened, thereby echoing the Select Committee on Trade Union Political Funds and Political Party Funding. But before such talks can start, there needs to be a sense that all parties agree on the basis for discussion. Without such an agreement such talks are likely to fail. As many noble Lords will be aware, the Committee on Standards in Public Life in 2011 produced a comprehensive report but was unable to get cross-party support for all its recommendations and conclusions. Both parties opposite objected to at least some of the conclusions in the report.

It is interesting—I want noble Lords to hear this, and the noble Lord, Lord Bew, mentioned it—that research published by the Committee on Standards in Public Life in August 2016 showed that there has been no “arms race” in party funding. In fact, taking into account inflation, the research shows a steep fall in central party spending of the three main established political parties in general elections since 1997. It also showed that there was very little difference in the spending of the two main parties in the 2015 general election, and neither party came close to its spending limit.

There are major stumbling blocks to progress. The Committee on Standards in Public Life’s suggestions from 2011 included taxpayer funding of political parties under a scheme which was estimated would cost around £20 million a year at 2010 prices. The problem is that this would represent a considerable increase in taxpayer funding of political parties. As my noble friends Lord Leigh and Lord Sherbourne, and the noble Lord, Lord Bew, mentioned—and the Government agree—there is no case for more taxpayer funding of politicians and no public appetite for state funding of political parties. This is a widely held view. Indeed, in 2011, the Government said that,

“the case cannot be made for greater state funding of political parties at a time when budgets are being squeezed and economic recovery remains the highest priority”.—[*Official Report, Commons, 23/11/11; col. 25WS.*]

Those are not my words, but the words of Nick Clegg when Deputy Prime Minister in a Written Ministerial Statement. Instead, we believe that savings are needed

to help reduce the cost of politics. We are taking this forward, by reducing the size of the House of Commons, freezing ministerial pay and stopping the unanticipated hikes in the cost of Short money.

There are steps that we can take forward. Over the past decade, cross-party talks have focused on controversial and complex structural changes. This may be one of the reasons they have failed to reach a consensus. The Government are open to constructive debate on how we can move forward on this issue. A possible way would be to concentrate on smaller reforms, which may command broad support.

I repeat the offer made by my noble friend Lady Neville-Rolfe during the debate on the report of the Select Committee on Trade Union Political Funds and Political Party Funding. The Government would be willing to take forward work to find practical ways of encouraging smaller donations from a wider audience if there were a positive reaction to such a potential step from the main political parties. For example, technology has changed the way that people make small donations to charities. It may be possible to look into how such technology can be utilised by political parties, while ensuring that large donations remain transparent.

The Government would be willing to look at regulatory obstacles to small changes, while maintaining transparency around donations. If there were a positive reaction to such a step from the political parties, the Cabinet Office would be willing to take it forward for further consideration—for example, by publishing a discussion paper in the first instance.

I thank the noble Lord, Lord Bew, for his speech and for the important work that he has done on this matter over many years. I shall now turn to answering some of the questions that were raised during the debate.

The noble Lord, Lord Wallace of Saltaire, mentioned getting round donation rules by loaning money. Controls on loans were in place during the EU referendum, and it is for the Electoral Commission to enforce those rules.

The noble Lords, Lord Wallace and Lord Wrigglesworth, mentioned gift aid. I will pass all the issues raised in this debate to my ministerial colleagues in the Cabinet Office, including the point on gift aid in relation to donations to political parties and the question of tax relief, raised by the noble Lord, Lord Wrigglesworth.

The noble Lords, Lord Wallace of Saltaire and Lord Whitty, asked about the Government’s response to the Select Committee on the Trade Union Bill. I reassure them that the Government have taken account of the committee’s report. Indeed, many of the recommendations on union and political funds now form part of the Trade Union Act, as the noble Lord, Lord Whitty, explained. A formal government response is a matter for BEIS.

My noble friend Lord Leigh mentioned provisions being brought in for Cranborne money similar to those for Short money in the other place. This is a matter for the House of Lords to take forward. I echo my noble friend’s praise for the volunteers in all political parties. Along with, I am sure, everyone here, I have huge admiration for their dedicated work.

[BARONESS CHISHOLM OF OWLPEN]

The noble Lord, Lord Oates, asked whether the 2012 report of the Committee on Standards in Public Life should be used as the basis for discussions. As the noble Lord, Lord Bew, explained, the committee's recommendations in 2011 did not obtain cross-party consent. Indeed, dissenting opinions were expressed in the report and, for assorted reasons, the Labour Party and the Conservative Party disagreed with its conclusions. The report does not represent a basis on which to reform party-funding legislation.

The noble Lord, Lord Tyler, talked about revising the legislation on how political parties target, for example, their national spending in constituencies. The Government are currently considering the Electoral Commission's recommendation on party spending in support of candidates. They are also considering the proposals from the Law Commission on consolidating electoral law, as well as the review by Eric Pickles on electoral fraud.

The noble Lord, Lord Wallace, and the noble Baroness, Lady Hayter, mentioned votes for life and the letter that appeared in the *Mirror Online*. I reiterate that donations from foreigners remain banned. This has nothing to do with donations; this is about enfranchising British expats, as pledged in the Government's manifesto.

It will ensure that people who have given something to our country are allowed to participate in our democracy, including war heroes such as Harry Shindler.

Increasingly, expats have strong links with the United Kingdom. They may have families here and indeed they may plan to return here in the future. Modern technology and cheaper air travel have transformed the ability of expats to keep in touch with their home country. So far as the Government are aware, there is no evidence as to the voting habits of overseas electors. There is no reason to believe that expats are more inclined to vote for one party or another. In fact, a lead campaigner on votes for expats, Harry Shindler, is a Labour Party member.

The noble Baroness, Lady Hayter, also mentioned a cap on donations, as did several other noble Lords. Although it was not included in the 2015 Conservative manifesto, the principle of capping donations was considered in the cross-party talks held in 2012-13.

I reiterate that I will pass all issues raised in this debate back to my ministerial colleagues in the Cabinet Office. Perhaps now there really is the momentum for cross-party talks. I will of course write to noble Lords if I have failed to answer any questions raised.

House adjourned at 7.06 pm.