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PARLIAMENTARY DEBATES
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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 12 October 2017

11 am

Prayers—read by the Lord Bishop of Chelmsford.

Oaths and Affirmations

11.06 am

Lord Neuberger of Abbotsbury took the oath, and signed an undertaking to abide by the Code of Conduct.

Brexit: Financial Settlement Question

11.07 am

Asked by Lord Spicer

To ask Her Majesty's Government when they expect to report to Parliament on their negotiations on reaching a financial settlement with the European Union in the Brexit talks.

The Minister of State, Department for Exiting the European Union (Baroness Anelay of St Johns) (Con): My Lords, the Prime Minister provided an update to the House of Commons on Monday following the September negotiations. This covered finances and was repeated in this House. The question of the EU budget can be resolved only as part of the settlement of all the issues that we are working through. We are approaching discussions constructively and are confident we can achieve an outcome in the interests of both sides.

Lord Spicer (Con): I take the point, but when does my noble friend expect the valuation of EU assets to be completed? Is it not the case that if proper account is taken of the assets, we could even end up with the EU paying us, rather than the other way round? You first heard the idea here.

Baroness Anelay of St Johns: What a very interesting idea my noble friend puts forward—I hope the EU Commission is listening very carefully. However, he makes the serious point. When we issued the Statement back in July, we made it clear that we will honour our obligations, both legal and moral, to the European Union but also that that is reciprocal. There are obligations from the EU to us, including the valuation of assets. It is a technical matter and part of the discussions. I urge the Commission to get on with the work of carrying out that valuation and considering a fair apportionment of the amount.

Baroness Ludford (LD): My Lords, the wording of the Florence speech may have been seen as helpful here, but I fear that in Brussels and Berlin it was seen as opaque in its real commitments to the budget hole and obligations such as pensions—where I declare an interest—and future relations. If we are hoping that the European Council next week will at least widen a

little the mandate of Mr Barnier to prepare for phase 2, would it not be wise to put some figures on those sums?

Baroness Anelay of St Johns: My Lords, this is a technical matter which will decide the future not only of this country but the rest of Europe. One does not go into that kind of negotiation by just opening the doors of the Treasury and offering a certain number of millions or billions of pounds. What we will do is look very carefully at the paper put forward by the Commission during the summer, in which it set out the list of treaties and the clauses of those treaties and regulations that it says form the legal basis of the money that should be paid by this country. We want to be able to face the British people and say: this is our obligation, this is why we agreed to pay it, and we can justify every part of that money.

Lord Morris of Aberavon (Lab): My Lords, will the settlement take into account the failure of the auditors of the Community to certify the accounts for more than 10 years?

Baroness Anelay of St Johns: The noble and learned Lord makes a vital point, and I certainly hope that it might.

Lord Soley (Lab): My Lords, I was in Brussels this week and I heard welcome for the Florence speech, but does the Minister accept that this is not just a matter of the figures—that comes in the longer term—but a question of process. Where I and others are worried is that the British Government do not seem to be clear about a willingness to go on sorting out the bills between both parties over a series of years, which will go beyond 2019.

Baroness Anelay of St Johns: My Lords, we have made it clear that we understand that some of the discussions about our future relationship will involve continuing investment in projects across Europe. Clearly, the initial discussions about the withdrawal agreement are focusing on those areas where there are identifiable obligations. It is important that we move on to the next stage about our future relationship because, as the noble Lord has just pointed out, there will be continuing commitments that we may indeed wish to make.

Lord Cormack (Con): My Lords, are we not singularly fortunate in having a Chancellor who is entirely sensible and optimistic, who looks forward to a good deal and who realises that no deal would not be good for this country, and should we not give him every possible support?

Baroness Anelay of St Johns: Yes, my Lords, the whole of the Cabinet is in the same frame of mind.

The Earl of Erroll (CB): My Lords, may I ask the Minister whether the huge value of our fishing rights to 80% of our fish stocks will be included in the settlement, either financially or by being repatriated?

Baroness Anelay of St Johns: My Lords, this is clearly a crucial matter for all those involved, not only in the industry at first cast but throughout the supply chain. It is a matter for discussion as we arrange the details not only of the withdrawal agreement but about our future relationship. I assure the noble Earl that the interests of all those involved are being taken deeply into account on that matter.

Baroness Hayter of Kentish Town (Lab): My Lords, the *FT* today says that the Brexit talks are at a “virtual political standstill”. One official involved says that:

“There was nothing, zero, no progress”.

The British Chambers of Commerce says that further delay in opening trade talks risks a “lose-lose scenario”. How many more dire warnings about what this will do to the economy and jobs do the Government need before they start negotiating seriously?

Baroness Anelay of St Johns: My Lords, it was made clear by Monsieur Barnier and others that the Prime Minister’s speech in Florence added new momentum. That momentum has continued, and that was made clear in the Prime Minister’s report to Parliament on Monday. This week’s negotiations have proceeded at a technical level, and we will hear later statements from the Secretary of State and Monsieur Barnier about that. However, as we move to the stage of wanting to have negotiations about our future partnership, there will be political decisions to be made about that. I and my colleagues have been engaging across Europe in setting out the reasons why we think that it is right, for the economy of all countries of Europe, that we move to that negotiation swiftly.

Lord Ashdown of Norton-sub-Hamdon (LD): My Lords, is the Minister at all struck by how united the Brussels team is on behalf the European Union and how divided ours is?

Baroness Anelay of St Johns: My Lords, I am struck by the way the negotiating teams are carrying forward the interests of their countries as a united front. Whatever the media like to report, the fact is that decisions taken are done so at Cabinet level in unity.

Lord Dykes (CB): My Lords, can the Minister please be candid with the House? Can she say whether anything substantial or major has been definitively agreed in phase 1? Can she give some examples and assure a doubting Chamber?

Baroness Anelay of St Johns: My Lords, I have given several examples in the past and I am happy to give some of the latest now, but until there is a full agreement there is nothing agreed. To give an example of the agreements so far, we have agreed most aspects of social security co-ordination, which means that we have confirmed that EU and UK citizens will continue to benefit from the co-ordination rules for aggregating contributions made in the EU and the UK, both before and after exit, and the rights that flow from such contributions with regards to an uprated state pension and reciprocal healthcare. I am very grateful to the noble Lord for asking for detail.

Nuclear Energy: Small Modular Reactor Question

11.15 am

Asked by **Viscount Hanworth**

To ask Her Majesty’s Government when they intend to report on the progress of the competition to design a Small Modular Reactor for the United Kingdom.

Viscount Younger of Leckie (Con): My Lords, in March 2016 the Government launched a competition to identify the best-value small modular reactor for the UK. The competition has attracted considerable interest from industry, and 33 eligible expressions of interest have been received. We expect to provide an update on the competition’s progress shortly. The focus of the competition is engagement with industry to help inform government policy. It does not involve the down-selection of a reactor design.

Viscount Hanworth (Lab): My Lords, I thank the Minister for that Answer. The Government announced the competition for a small modular reactor in March 2016, as we have heard, but it was expected that phase 1 of the competition would be completed by autumn 2016, with the publication of a road map. We are still waiting for that. Meanwhile, some UK companies have invested heavily in developing their solutions. I am told that, without a clear government road map, those companies will have to decide by the end of year whether to continue to invest in SMRs or walk away. Should they walk away, Britain will lose much of our nuclear competence. I must ask the Minister: in that case, would the Government be content to rely on foreign suppliers for our nuclear equipment?

Viscount Younger of Leckie: The Government acknowledge that industry is eager for greater clarity on the approach we will adopt on small modular reactors. Nuclear power is an important part of our diverse energy mix, and it currently supplies around 20% of our electricity demand. Today, I can announce that the Government are providing up to £7 million over the next two years to increase the capacity of the UK nuclear regulators to support and assess new and advanced nuclear technologies, such as SMRs. Investment from international partnerships is forthcoming, and we expect there to be more of interest in the future.

Lord Howell of Guildford (Con): Is my noble friend the Minister aware that British firms are making considerable progress in this technology, particular Rolls-Royce? Is he also aware—I am sure he is—that China, Korea, the United States and other countries are all pushing forward with this new technology very rapidly? Would he consider, for the medium term down at Hinkley Point, that installing a series of these much more reliable and possibly cheaper nuclear installations—there is a learning curve, as each new product cuts the costs—may be a much better way forward than continuing with the present plan of the giant, out-of-date design, and staggering cost, of the present project down there, which will impose a vast cost on the British people for years ahead?

Viscount Younger of Leckie: The main focus of my noble friend's question was the siting of SMRs, which is certainly being looked at with great care. The picture is complex, and the House will have to be patient in understanding that there is an awful lot to consider in where the SMRs might be sited and the funding for them. To take up his point about Hinkley Point, and perhaps other nuclear facilities, it could well be sensible initially to site the SMRs in or around the larger nuclear capabilities, for all kinds of good reasons.

Lord Wigley (PC): My Lords, does the Minister understand that the ongoing delays with the SMR decision are not only critical to the companies involved but to possible locations for the SMRs. For example, the Trawsfynydd location, which has been decommissioned for 20 years, has been identified as a possible location for SMRs, but that brings in a planning blight for other developments while this is still in mid-air. Please can the Government make progress?

Viscount Younger of Leckie: We are aware of the interest in Wales as regards that particular siting. However, as I said earlier, a decision has not been made on where the sites might be. Perhaps I can reassure the noble Lord that as much as possible is being done to look at the early rolling-out of the SMRs, but it is a complex matter.

Lord Teverson (LD): My Lords, I welcome Rolls-Royce's great expertise in this area, but as the term "modular" suggests, the only way in which these reactors can become commercially economic is if they roll off a production line, which it is estimated requires some 50 to 60 reactors to be produced over a lifetime. Is that not wildly optimistic? Surely it will never happen, certainly given changes and developments in other technologies in the energy field.

Viscount Younger of Leckie: The noble Lord alludes to the different types of reactor. We are not necessarily looking at one small modular reactor; it is much more complicated than that. Some micro-reactors might be helpful, for example, in introducing the SMRs into districts to help with heating for multiple schools and so on. The claimed advantages for SMRs include easier-to-finance projects with lower up-front capital costs. They are smaller projects which are quicker to build. There is a lower construction risk and a greater deal of efficiency in their manufacture. So there are advantages, but there is more work to be done.

Lord Hunt of Chesterton (Lab): My Lords, will HMG also consider, as I understand they are doing, fusion modular reactors? They represent a considerable area of research in the UK, and I declare an interest as having quite a leading role in it.

Viscount Younger of Leckie: I note the point that the noble Lord has made. There are a number of different types of reactor which are slightly beyond my ken—fast reactors and so on—but, yes, that is definitely being taken into account.

Lord West of Spithead (Lab): My Lords, this is really not good enough. All political parties bear a responsibility for the abandonment for a number of

years of a proper civil nuclear programme, whereas at one stage we led the world. In terms of energy security, wealth creation and jobs, it is crucial that we move forward on this. Does the Minister not agree that we really need to move now in a number of these areas? It is all very well saying how complicated it is, but this is a chance for us to grab the initiative and get going. Does the Minister not believe that we must move faster?

Viscount Younger of Leckie: We are moving as fast as we can. We will soon be closing the current phase of the SMR competition and making further announcements on the next steps for SMRs in the coming months, potentially as part of the nuclear sector deal.

Railways: Capacity Question

11.22 am

Asked by **Lord Berkeley**

To ask Her Majesty's Government whether they intend to bring forward proposals to create extra capacity on the railways, as outlined in their 2017 manifesto; and if so, when.

The Parliamentary Under-Secretary of State, Department for Transport (Lord Callanan): My Lords, we set out in July requirements for the railway from 2019 to 2024, and we announced today the statement of funds available for it, continuing our record investment in the railways. I am delighted to say that Network Rail will be investing £47.9 billion in our railways over that period. By the end of this year, we intend to publish a rail upgrade plan, which will set out the start of the process of specific rail enhancements that we are investing in. We are fully committed to HS2, northern powerhouse rail and passenger rail franchises, all of which will contribute to this Government's continuing development and investment in new capacity across the entire network.

Lord Berkeley (Lab): My Lords, I declare an interest as chairman of the Rail Freight Group. I welcome what the Minister has said today and the Secretary of State's Statement, which refers to continuing investment in the rail freight network. However, the statement of funds available is an eight-page document, four of those pages being blank. When does the Minister intend to put a few figures in it? I hope that the Government in doing that will provide a holistic solution and commitment to things like the northern powerhouse. We have heard in the past few months about the cancellation of certain electrification projects and then about £5 million to be spent on the digitalisation of one line in the northern powerhouse. The Government are acting as a kind of pop-up café for the railway. I hope that we will have a long-term commitment to an industry that needs long-term funding.

Lord Callanan: My Lords, I totally agree—I have given the noble Lord the figures for our long-term commitment for the control period from 2019 to 2024. He mentioned northern powerhouse rail. Let me tell him exactly what we are doing. We are spending £13 billion on northern transport in this Parliament, the largest sum in government history, and providing

[LORD CALLANAN]

better rail journeys through the Northern and TransPennine franchises and the northern rail project. The train operators, Northern and TransPennine Express, will deliver brand new trains, including more than 500 new carriages, room for 40,000 extra passengers and more than 2,000 extra services a week. By 2020 all the trains will be brand new or completely refurbished and all Pacer trains will be gone. We are committed to northern powerhouse rail and are getting on with delivering it.

Lord Framlingham (Con): My Lords, nothing better illustrates the gap between the Government and the understanding of the people than the infamous infrastructural albatross that is HS2. It is going to cost between £57 billion and £100 billion and has been criticised by all who understand it. Very few benefits are going to accrue. With all the other problems in the country at the moment, why not scrap this ridiculous vanity project—for that is what it is—and spend the money on all the rest of the railway infrastructure that needs it?

Lord Callanan: I have had the pleasure of discussing this subject with the noble Lord before—

Noble Lords: Oh!

Lord Callanan: That was not meant as a joke. I know that the noble Lord has strong feelings on the subject, but he will know that I simply do not agree with him. We are spending £55 billion on HS2, not the sums he mentioned. It is a vital project to increase capacity, reduce journey times, unlock regeneration and create thousands of jobs. It is not stopping us progressing with additional projects. I mentioned the sums we are spending on additional rail enhancements; I should have said that that is in addition to the money we are spending on HS2. HS2 is a vital project for this country and we are committed to proceeding with it. So far, it is on time and on budget.

Lord Alton of Liverpool (CB): My Lords, while the noble Lord is right to draw attention to the very welcome announcement of the improvement of rail services between cities such as Liverpool and Manchester, will he also tell the House what might be done to link the northern Pennine towns in Yorkshire and Lancashire, particularly the reopening of proper express services, a Hellifield link and many other things that could be done for towns that have suffered acute poverty and often feel neglected and completely forgotten?

Lord Callanan: The noble Lord makes an important point. He will be aware that we are working closely with Transport for the North, which we have given £50 million to develop transport proposals for the north of England. It is something I believe passionately in—I use those services myself. We are committed to the project, we are proceeding with it, we expect to receive the final proposal from Transport for the North later this year and we will announce that we are proceeding then.

Lord Bradshaw (LD): My Lords—

Lord Blunkett (Lab): My Lords—

The Lord Privy Seal (Baroness Evans of Bowes Park) (Con): My Lords, it is the turn of the Liberal Democrats. If we have a short question I hope we will be able to hear from the Labour Benches as well.

Lord Bradshaw: Today's announcement about railway investment does not extend to the larger investment schemes, which may account for the four blank pages referred to by the noble Lord, Lord Berkeley—schemes such as that at Reading and the one on Crossrail. There are very long-lasting benefits from such schemes and that is not reflected properly in the current appraisal programmes. Will the Minister meet me and other interested Peers to discuss the appraisal of schemes where most of the benefits flow outside the public purse and we are left having spent the money but not reaping the benefits?

Lord Callanan: By their very nature, transport projects are long-term commitments. That is why we do five-year investment projects. Transport infrastructure investment projects deliver long-term benefits to all sectors of the economy. I will be happy to write to the noble Lord to set out our appraisal of these schemes.

Lord Blunkett: My Lords, many travellers in the north of England would welcome a pop-up café.

The Minister is committed to this area, so my question to him is: what guarantees can we have that the announcements, which have been reinforced today, will actually be carried through given the stop-start nature of all the announcements about investment in the northern powerhouse?

Lord Callanan: We are committed to the northern powerhouse rail project and the TransPennine project. We are proceeding with them. We have announced the funding available two years in advance of the start of the funding period. I cannot do any more than tell the noble Lord that we are totally committed to the projects. We need to continue to review amounts made available in the light of developments in the economy, but because we have delivered a successful economy we are able to spend record amounts investing in our rail infrastructure, our road infrastructure and all aspects of our transport system.

Health and Social Care *Question*

11.31 am

Asked by Lord Hunt of Kings Heath

To ask Her Majesty's Government what is their response to the conclusion of the Care Quality Commission in its annual state of care report that 1.2 million adults are not getting the care they need as the health and social care system is "straining at the seams".

The Parliamentary Under-Secretary of State, Department of Health (Lord O'Shaughnessy) (Con): My Lords, the Government are committed to improving the quality and availability of adult social care in England. The Care Act 2014 introduced, for the first time, a national

eligibility threshold for care, and the Government are increasing funding for social care by £2 billion over the next three years to meet growing demand.

Lord Hunt of Kings Heath (Lab): My Lords, two days ago, in answering a Question on this report, the Minister spoke of a 20-year search for consensus on the funding of long-term care. We had consensus about the Dilnot proposals which capped the amount a person would have to contribute to their own care. The Opposition co-operated with the Government in getting the 2014 Act through Parliament and the Government announced the cap at £72,000, but then they postponed its introduction and in the election they effectively abandoned it. No explanation has ever been given to Parliament about why the Dilnot proposals have been abandoned.

Lord O'Shaughnessy: There has been a 20-year search for a solution to this problem. It was not me who said that; it was the chief inspector of hospitals, who said:

"I think the one thing I regret is that 15 or 20 years ago when we could see the change in the population the NHS did not change its model of care".

This is something we have all grappled with, but we have not yet come up with the solution that we need. That is why, through this consultation, we will be looking not just at finance, but at quality of care, variation and sustainable staffing to rebuild the consensus that we need to move forward.

Baroness Finlay of Llandaff (CB): Given that the report has pointed out that staff resilience is not inexhaustible and that services are at breaking point, do the Government recognise the enormous contribution of voluntary sector providers, particularly—I declare my interest in the area—in palliative and end-of-life care and hospice services which are maintaining patients in the community and taking a great deal of pressure off statutory services? Are the Government giving any consideration to a national funding formula, such as I propose in my Access to Palliative Care Bill, which has had its First Reading?

Lord O'Shaughnessy: I join the noble Baroness in paying tribute to voluntary sector providers and volunteers, whether family members or others, who support care throughout the NHS and social care. There need to be more paid staff to meet the needs of our growing and ageing population, which is why the Secretary of State announced a 25% increase in the number of training places and more nursing associates. That is being put in place to make sure that the system, which is described in the report as stretched, has the capacity it needs to meet patients' needs.

Baroness Brinton (LD): My Lords—

Lord Davies of Stamford (Lab): I shall give the Minister another chance. He did not even begin to answer the question from my noble friend Lord Hunt. Why did the Government drop Dilnot?

The Lord Privy Seal (Baroness Evans of Bowes Park) (Con): My Lords, we will hear from the noble Baroness, Lady Brinton.

Baroness Brinton: My Lords, the CQC report has shown that over the past two years there has been a reduction in beds in nursing and care homes while the *Lancet* published the results of a research project in the summer showing that we will need an extra 9,000 beds per annum by 2025—that is more than 70,000 beds. What are the Government proposing to do to make it easier for more homes to be set up and run and to fund the beds we clearly need urgently, not just in 2025 but from now on?

Lord O'Shaughnessy: The noble Baroness will know that there has been a small reduction in the total number of residential nursing home beds, although it is a fairly flat picture over a long period of time. We have also seen an increase in the amount of domiciliary care. One of the things we need to get to the bottom of, and this is what the consultation will look at, is the imbalances that exist between the funding regimes for residential and domiciliary care. We have to get the bottom of it, because it creates an imbalance on the provider side as well, so that we can have proper funding for the kind of care that people need regardless of whether it is in a residential nursing setting or at home.

Lord Davies of Stamford: Could I perhaps try again? I would like to give the Minister a chance to answer the very important question from the Lord, Lord Hunt, which he completely ignored. Why did the Government drop Dilnot?

Lord O'Shaughnessy: The Government have not dropped Dilnot. We will be consulting on both the cap and the floor in the proposals that come forward on social care funding, which build on the Dilnot proposals.

Lord Forsyth of Drumlean (Con): Does my noble friend recognise that the importance of the cap on people's contributions was that it made it an insurable element, and therefore it could be incorporated in people's long-term pension and other plans? Will the Government please revisit the idea of abandoning the cap, which was a central part of Dilnot?

Lord O'Shaughnessy: I reassure my noble friend that he is quite right to point out the benefits that attend to a cap. The intention is to consult on both the floor and the cap.

Lord Warner (CB): My Lords, I declare my interest as a member of the Dilnot commission but I will not actually go down that territory. Are the Minister and his department aware that over the last three or four years there has been a considerable surge out of publicly funded social care by all providers, particularly nursing homes? What risk assessment has his department made of the implications of that, particularly for the NHS?

Lord O'Shaughnessy: The CQC report, which I am sure the noble Lord has looked at, talks about agencies and indeed nursing home providers deregistering. It also talks about the ones that are registering. There is a fairly consistent turnover in the number of those, so it is about balance. There is a similar number of providers within the market—again, with slightly fewer

[LORD O'SHAUGHNESSY]
residential nursing and slightly more domiciliary to reflect the kind of balances of care that we have discussed.

Lord Clark of Windermere (Lab): My Lords, as the figures today show that the number of registered nurses in Britain is actually falling, and bearing in mind that the existence of care beds depends upon nurses, will the Minister answer the Question that I asked earlier this week and give us a progress report on the number of students who entered nursing courses at universities this September, so that we can make a judgment on the current position?

Lord O'Shaughnessy: I think the noble Lord is referring to the King's Fund report on nursing. It is important to stress that there are still greater numbers of nurses overall compared to 2010; indeed, over 11,000 more on wards. There are some particular shortages in mental health and community nursing, which have been alluded to before. In terms of the nursing numbers, he will know because we have discussed this before that there is a ratio of about 2:1 in the numbers of applications for nursing places. I do not have a more recent update than that. My expectation therefore is that that was the position going into September. I shall certainly write to him with the details. I emphasise that this increase in the number of training places, with funded clinical placements, is designed to address the issue that we have about the need for more nurses as we have a growing and ageing population.

Business of the House

Timing of Debates

11.38 am

Moved by Baroness Evans of Bowes Park

That the debate on the motion in the name of Lord Smith of Leigh set down for today shall be limited to 3 hours and that in the name of Lord Knight of Weymouth to 2 hours.

Motion agreed.

HMP Long Lartin

Statement

11.38 am

Baroness Vere of Norbiton (Con): My Lords, with the leave of the House, I shall now repeat in the form of a Statement the Answer to an Urgent Question asked in another place on HMP Long Lartin. The Statement is as follows.

"I can confirm that there was an incident at HMP Long Lartin last night and that it has now been resolved without injury to staff or prisoners. The incident is of course a cause for concern and we will need to properly investigate what drove the actions of a relatively small number of individuals. This will take a number of weeks to ensure that all intelligence is properly examined and that we then learn lessons and apply them to prevent any recurrence.

We cannot speculate on the cause of this incident but we know that the prison was running a full regime and that this was not linked to any shortfalls in prison officer staffing levels. Its last inspection report found it to be to be 'calm and controlled' and although there were improvements to be made, the inspectors felt that the prison was 'both competent and effective'.

The incident itself remained contained on a single wing of the prison and involved 81 prisoners. I commend the actions of the staff, who acted swiftly in response to the incident, locked down the wing, ensured that the rest of the prison remained settled and prevented any public protection issues or escalation.

Our specialist staff were deployed to the prison from across the country. They swiftly resolved the incident in just over an hour, securing all prisoners without injury. Once again, they demonstrated their bravery and professionalism, for which we should all be very grateful.

We do not tolerate violence in our prisons and are clear that those responsible will be referred to the police and could spend longer behind bars".

11.40 am

Baroness Chakrabarti (Lab): My Lords, I thank the noble Baroness for her Statement, in particular for her support for prison staff, which is echoed on this side of your Lordships' House. I also understand the desire not to speculate prematurely on what happened in the disturbance last night. However, we saw statistics in March of this year suggesting a 6.9% shortfall in prison staffing levels nationally and an 8% shortfall in Long Lartin in particular. Can she tell us the shortfall as of today?

Baroness Vere of Norbiton: I thank the noble Baroness for her question. Staffing has been discussed in your Lordships' House many times recently. We are investing £100 million in new staff. There will be an additional 2,500 prison officers by the end of next year. We have already recruited nearly 900 of those and are on target to fulfil what we promised. We are also making sure that we retain our most experienced staff; it is essential to have that experience on the wings. As for Long Lartin in particular, as she will know, it was and is running a full regime. That means it has sufficient staff to do so and does not have an urgent need for additional staff. However, I assure her that additional staff are being recruited; indeed, five additional prison officers will be there before December.

Lord Marks of Henley-on-Thames (LD): My Lords, from these Benches, we join the Minister in commending the Prison Service and its staff for the effective way in which they dealt with this dangerous incident without injury to staff or prisoners. Nevertheless, the underlying crisis in our prisons remains serious. Long Lartin is a category A prison, where most of the prisoners are serving very long sentences. Notwithstanding the generally favourable report in 2014, in the past month, two prisoners were convicted of murdering a third at Long Lartin. That is the fourth homicide in that prison in four years, and there is a history of serious incidents of violence. When investigating this incident, will the Government ensure that the Prison Service concentrates on the particular problems faced by long-term prisoners

arising from overcrowding, low staffing levels, excessive time spent by prisoners in their cells—and the frustration that goes with it—and the lack of opportunity?

Baroness Vere of Norbiton: Of course, none of the issues that the noble Lord just raised was a factor in this case, because they did not exist in Long Lartin: there is no overcrowding and the staffing level is sufficient. However, Long Lartin houses our category A prisoners. They are the most challenging prisoners on the estate. Violence is, thankfully, a rare occurrence, but it is the nature of the business of prisons, particularly category A prisons, that they can become very volatile. In a volatile situation, I think noble Lords would agree that we are fortunate to have the specialist trained staff, the Tornado teams, available to come in. In the case of Long Lartin, they put a stop to the incident within an hour. I think that should be commended.

Lord Lexden (Con): Could my noble friend comment on the state of the morale of prison staff in this particular jail, and tell us whether there is a serious drug problem within it?

Baroness Vere of Norbiton: My Lords, I am not able to comment on morale in this prison as I have not had the opportunity to visit it, but I hope to soon. With regard to drugs, again, I cannot comment on this prison but drugs are an increasingly serious problem in our prisons, principally because of the different drugs now being smuggled in—the psychoactive substances. We are doing what we can to stop the supply of drugs, and the demand. To tackle the flow of drugs, we are doing a pilot on scanners. Two types are being used: the millimetre-wave body scanners for the top levels of individuals as they come in, but also X-ray scanners that can look inside to see if there are any concealed drugs. We are also trying to stop the demand for drugs by working very closely with the NHS to make sure that we get the treatment services we need in our prisons.

Lord Judd (Lab): Does the Minister agree that, while everyone must accept that the nature of the challenges in a place such as Long Lartin are immense and the staff are to be commended for their work on our behalf, whatever the size of the challenge, the ultimate objective must remain rehabilitation? That is sometimes terribly difficult when you are dealing with prisoners of this kind, who are in for a long time, but it makes it all the more important. Can the Minister reassure us that, in the approach to the aftermath of this incident, that objective will remain paramount?

Baroness Vere of Norbiton: I thank the noble Lord, Lord Judd. Rehabilitation is a very complex and difficult subject. I refer noble Lords to the review by my noble friend Lord Farmer, which was debated in your Lordships' House yesterday. The conclusion of that review was that rehabilitation and successful reduction in reoffending is a three-legged stool. I think all noble Lords agree that we are looking at improving education, and that we need to make sure that there are opportunities for employment. The strand identified by the noble Lord,

Lord Farmer, however, is making sure that prisoners can maintain family ties outside prison to ensure that there is no reoffending and stop intergenerational crime.

Baroness Bloomfield of Hinton Waldrist (Con): Many of us were here yesterday for the excellent debate on the review from my noble friend Lord Farmer, so we are not blind to the issues of overcrowding and understaffing. We welcome the Government's announcement of 2,500 extra staff being put into the prison estate. Would my noble friend the Minister confirm that the prison transformation programme itself, including the new building and design of prisons such as HMP Berwyn in north Wales, will result in a prison estate far more suited to current needs?

Baroness Vere of Norbiton: I thank my noble friend for that. I have been down to the other place and I can confirm that, because I was listening to the Prisons Minister when he said that we are still on course to build 10,000 modern and well-designed prison places, which we need to replace the old Victorian places that are, frankly, not fit for purpose any more. It is a long-term project and necessarily so, and we have committed £1.3 billion to make that transformation over the course of the Parliament.

Lord Lee of Trafford (LD): My Lords, our prisons are a powder keg at present. Yesterday it was Long Lartin—where will it be next week? The Government do not seem to grasp the urgency of the situation. Could the Minister tell the House how many times the Tornado squads have been used this year?

Baroness Vere of Norbiton: My Lords, I reject the term “powder keg”—that is simply not the case. But violent incidents occur and I am very grateful that we have the Tornado teams. I do not have the stats in front of me but I shall write to the noble Lord with exact figures on how many times they have been deployed. However, I think we can all agree that they are a necessary feature of our security.

Lord Spicer (Con): My Lords, I was the Member of Parliament representing Long Lartin for 25 years, and I am very surprised by the intervention of the noble Lord from the Liberal Democrat party. I should have thought that the problem was the reverse of what he said about people being confined to their cells. It is a very sophisticated prison with a very sophisticated outer defence security system, with a great deal of freedom—I think too much—in its central part. I think it is the opposite of what the noble Lord said; it has been terribly lax in the centre, and in some ways it was an accident waiting to happen.

Baroness Vere of Norbiton: I respectfully disagree with my noble friend. In the Ministry of Justice we are making sure that our governors have more powers than they had before. Long Lartin is running a full regime, it will be under the control of the governing governor and, as my noble friend says, it is a very sophisticated prison. Going back to the estate transformation programme, the point is that we need

[BARONESS VERE OF NORBITON]

to build more of these sophisticated prisons, because they enable us to look after our more violent and dangerous criminals while giving them some sort of—I will not say quality of life—time outside their cells.

Lord Brown of Eaton-under-Heywood (CB): Can the Minister kindly confirm that the 2,500 additional staff now being recruited are in addition to however many staff it is necessary to replace in the interim?

Baroness Vere of Norbiton: I will have to write to the noble and learned Lord on that precise point. However, one strand I think I mentioned earlier is that we are focusing on retention, which is absolutely critical. Her Majesty's Prison and Probation Service is a professional service. We want it to provide to its staff with very attractive and varied careers, so we are looking at financial incentives to retain staff, opportunities for promotion and, as importantly, key areas of development and training to allow members of staff to develop their skills and extend a long-term career in the Prison Service.

Housing: Availability and Affordability

Motion to Take Note

11.51 am

Moved by Lord Smith of Leigh

That this House takes note of the impact of Her Majesty's Government's policies on the availability and affordability of housing.

Lord Smith of Leigh (Lab): My Lords, this is a timely debate for this House and I am grateful for the number of noble Lords who have expressed an interest in participating. I am sure that we will have a lively and interesting debate, and I see that we have a Minister who has considerable experience of housing in the past. I need to start by declaring my personal interests: I am leader of Wigan Council and also a vice-president of the LGA.

Both the Prime Minister and the Secretary of State for Communities, speaking at the Conservative conference last week, told us that the housing market is broken—we can all agree with that statement, I think. But there are many views on the way forward to fix it. The Government are really just tinkering around with the problem, not looking at the fundamental issues that will lead us to improving that market. Whatever way we want to look at housing, the market is in crisis. This country is failing to deliver the number of houses we require by a substantial margin. It is suggested that we need a minimum of 250,000 houses a year—300,000 is probably nearer the mark and was the number in the Conservative manifesto for the last election, so let us see what comes from that. The latest figures show that we are well over 100,000 short of that figure. The contribution of council houses was a mere 1,600—and there are 1.2 million people on council house waiting lists.

We can see the impact of the shortfall on both houses prices and rents in the private sector. In 2000, house prices were about four times average income; they are now about eight times average income. One in

seven of those renting is spending more than half their income on rent. This increase in housing costs has the biggest effect on those who are trying to get into the housing market in their 20s and 30s and on those who have the lowest incomes. Too many families are trapped in poor-quality housing. It affects their health, their children's education and their whole life experience. We are failing to give these families their right to decent housing.

In advance of the Prime Minister's contribution to the Conservative conference, it was trailed that we would see a return to the era of Harold Macmillan. When he was a rather reluctant—I understand—housing minister in the Churchill Government of 1951, he managed to achieve an amazing 300,000 houses a year, of which 250,000 were council houses—an amazing proportion. The Prime Minister's statement promised a figure that seemed generous but when it was unspun meant the delivery of an additional 5,000 properties for social rent per annum. That is nowhere near the figures that Macmillan achieved and obviously not the figure we need.

However, I welcome the Government's recognition of the role of council houses. It is about time that we recognised that local authorities have a role in providing them, but we do not need these little initiatives which will not stimulate the sector. The Government need to change fundamentally the restrictions on council housing to ensure that local authorities have the freedom to borrow for housing. Why can they not do this? They borrow for other things: why not housing? It is incredible.

The right to buy is controversial, but why should local authorities not keep all the moneys from the right to buy as that would enable them to build more new properties and give them greater flexibility to use the assets of housing as security against borrowing? Councils need not more money but freedom and flexibility to enable them to get on with the task of building more properties.

Local authorities clearly also have a role through housing planning. The Government seem to think that in the last few years a blockage has arisen in the planning system and that local authorities are not approving houses in sufficient numbers, so they have reduced the ability of local authorities to refuse planning permission. However, at the end of the day over 90% of applications to local authorities have been approved. The problem was that not all those approvals led to real building. Sometimes developers held onto land, hoping that its value would rise even more before they would commit to building.

The Government have previously stated that they prefer development on brownfield sites, which is a principle that I think we can all share. However, although the principle is fine, the practice is not quite what it seems, because Defra has reduced the subsidy for remediation of brownfield sites. In many areas such as my own, former industrial sites need to be cleaned up before new developments can be built on them. The Government reduced the grant for that and now it has gone away totally. That affects the balance of costs between building on greenfield sites and building on brownfield sites. The balance is moving more towards building on green-belt, undeveloped land.

The Prime Minister said in Parliament in February that the Government were very clear that the green belt must be protected. However, that commitment is not what it appears, given the pressure to meet housing targets. The Prime Minister ought to have been aware of that as her area, the Royal Borough of Windsor and Maidenhead, has a housing plan which includes putting 6,000 additional properties on green-belt land. I am not saying that is the wrong strategy for the royal borough, but it adds to the pressure on green-belt land.

In my own authority a proposal to build an estate on green-belt land was submitted in an area which already had quite a lot of housing. The proposal was vigorously opposed by the local community and the local council. After we turned it down, the developer appealed, so it went to the government-appointed planning inspector. The government appointee chose to overturn the local authority's view, permitting development on a green-belt site. The justification was that although we were expected to have a target of around 1,000 new properties a year and the council had given planning permission for them, because the developers had not actually built those houses there was a shortfall of housing and this justified development on the green-belt site. That is my example, but it is not the only one I could give because I know that neighbouring authorities have had similar experiences. So what is the real strategy for green-belt sites? Are the Government being flexible or have they changed their policy? If they have not, why do they tell their inspectors to carry out what is actually government policy instead of doing their own thing?

The most extreme example of the failure of the housing market is obviously homelessness. In big cities and in smaller communities, we can see with our own eyes that the number of people who are rough sleeping has increased dramatically over the past few years. It is a disgrace for us as a society to see that happening. However, people who are rough sleeping are just the tip of the iceberg. I have some figures from Manchester City Council, which has a number of people to accommodate, and it says that it probably has to deal with 75 to 100 rough sleepers. That is bad enough, but on the back of that are 500 families living in temporary accommodation and 500 single people in inappropriate accommodation—but it has housed them—along with a further 900 people in supported accommodation. In other words, the number of people who do not have homes is much greater than the number of people who are sleeping on the streets.

In Manchester the biggest cause of people becoming homeless is eviction by private landlords; the second is domestic violence. Eviction by private landlords is not normally associated with not paying rent; it is simply to do with changes in the strategy of the landlord and moving on and so on. I think we all recognise that. However, we need to admit that the causes of people becoming homeless are many and varied. If we are going to reduce homelessness properly, we need to provide not only appropriate additional accommodation but a range of supporting services to help those who for various reasons have chaotic lifestyles. They often do not have access to health services, particularly mental health services. Many in the north are

ex-servicemen who come out of the Army and cannot adjust back into society. They have played their part but they are not given the support they need. As I say, it is not just a problem of getting more accommodation; it is a question of providing support for these people.

I understand that the Prime Minister is visiting Greater Manchester today and will be making announcements on both housing and homelessness. I am not claiming any credit for the fact that the Prime Minister is going to my home patch and making these announcements, but it is likely that your Lordships will recognise that our debates may have an influence on national affairs. I do not want to seem to be ungrateful. If the Prime Minister is giving some more money to Manchester, I will accept and thank her for it, but for me it is just an example of more tinkering at the edges and not looking at the fundamental causes of the housing crisis in this country. If the Government could only develop a strategic plan to get more houses built nationwide, that would provide support not only for Greater Manchester but for the whole country. This House would be behind such a strategy.

The housing crisis of course is not just about bricks and mortar; more importantly, it is about people whose lives are being blighted because of its impact. Housebuilding should be regarded as an investment in both the physical and social fabric of our nation. Let us commit ourselves to that investment, and I am sure that in the long term we will reap the benefits.

12.05 pm

Baroness Neville-Rolfe (Con): My Lords, I congratulate the noble Lord, Lord Smith of Leigh, on securing this debate. It was a subject I wanted to debate myself so I was almost the first to sign up. Then fashion and the Conservative Party conference caught up, and there are many more of us here today.

I have two perspectives on housing. The first is social. Lack of adequate housing growth, alongside population growth, is undermining society in this country. In 1991, 67% of 25 to 34 year-olds owned a home. By 2014, this had fallen to 36%. According to PwC, Generation Rent—those aged 20 to 39—would have to save for 19 years to buy a home, and more in London. At the other end of the life cycle there are more and more elderly people, and more and more of them are living alone, often in a state of fragility. We seem to have lost that social glue which had generations helping each other. The noble Lord also mentioned the problem of homelessness.

My second preoccupation is productivity, although it can be a slightly disheartening issue to focus on given the flatlining since 2010. I think I achieved a lot more productivity-wise when I worked at Tesco, when we were conscious that £1 in every £7 was spent in our stores and we took pride in good management of people, in discipline and in improvement in processes. That included building techniques and cleaning up brownfield sites, which are relevant today; driving small-scale innovation and investing in ICT and skills. It is the combination of capital, skills and management that makes a difference. Housing could be a critical driver of greater productivity, as well as helping mend the country's social fabric. I should confess that I am no expert, although we did build some houses when

[BARONESS NEVILLE-ROLFE]

I was at Tesco as part of mixed-use schemes. I should also declare an interest as the landlord of a cottage close to our Wiltshire home which is rented to a local couple.

Reading the papers for this debate, I was struck by the sheer complexity of the subject and the plethora of policies and regulatory changes. It was not surprising that February's White Paper was called *Fixing Our Broken Housing Market*. I am a big fan of the Secretary of State, Sajid Javid, but he should be allowed to be more radical. Housing is in crisis, as the noble Lord, Lord Smith, has already said.

I am not going to distinguish between housing in general and affordable housing, as I am of the view that the way to lower prices is to increase the overall supply. We are in a bad place: during the last three and half decades, the number of housing units completed per 10,000 inhabitants has declined and is exceptionally low by international standards. Housing is also in the wrong place, as the centres of economic activity have shifted south. The authorities have failed to predict that, or to predict the level of immigration and the needs of the ageing population, and have, I think, been too ready to believe that planning restrictions redirect housing development rather than restricting it. Elements of the development industry and incumbents like prices to stay high. Nimbyism is also one of the strongest forces in the British countryside.

I have six proposals, mainly to increase supply. First, and most important, the best way to do this is to change the planning system. My own view is that the green belt should be relaxed. Small and undistinguished sections of the green belt could, as I understand it, make a space for as many as a million homes in areas around London, Bristol, Oxford and Cambridge, helping us to support growth and productivity in these areas, which contribute so much to our economy. We should also look creatively at height restrictions, not everywhere of course, but where slightly taller buildings could provide more homes without environmental damage. We should also free up public land for housing, alongside public buildings, rail tracks and motorways, with double glazing and noise reduction transforming what is possible. I appreciate that the politics of this are very difficult but we are in a crisis, and a commission of wise people might be needed to establish what should be done as a matter of national urgency.

Secondly, the private sector should lead the way in housebuilding, but we should encourage small builders as well as the larger developers who can produce at scale. It might be worth considering a tax break for them for this purpose. Local authorities are being given a bigger role but, as far as this happens, the focus should be on areas unlikely to attract private investment, such as public land, and it should not be confined to areas governed by the particular local authority. It would be more cost effective for councils where land is expensive, such as in central London, to fund building elsewhere in cheaper areas.

My third point concerns building standards. I am free market in my attitudes but I am a keen supporter of modern building standards. These have helped to reduce noise, prevent fires and encourage a step change in energy efficiency. However, there are weaknesses.

New tower blocks, rightly, require sprinklers, but how could anyone have agreed that this standard did not apply to blocks being expensively renovated?

My fourth point is joined-up infrastructure and housing development. One problem that we have is that housing, infrastructure and other development are looked at in different boxes. That is one reason why, in the autumn spending statement last year, we announced what I call the "roundabout fund"—the money for which local authorities can bid for local road and roundabout improvements. These ease congestion and can free up land for housing or business parks.

Fifthly, with regard to incentives, we need a market that can work so that people can buy and sell their houses and move around in pursuit of work. They need to upsize and downsize according to need. Council house sales have been a major driver of physical and indeed social mobility, and we should encourage more of that. The huge increases in stamp duty above the lowest levels have, to my mind, been a mistake, discouraging mobility.

Finally, good regulation and simple administration are needed to encourage building and planning. In the interests of time, I will cite just one graphic example concerning a former civil servant. His housing associations were being merged, and that required two "referenda" of the housing association membership within the space of a couple of months, with all manner of documentation, consultations and financial assurances—weightier, as he said, than the Brexit decision process.

12.12 pm

Lord Greaves (LD): My Lords, that was an interesting speech and an interesting view of the future but not one that we share. However, I agreed with a substantial amount of what the noble Lord, Lord Smith of Leigh, said, and I thank him for introducing this debate. I remind the House of my local government interest as a member of a housing authority.

Year after year the Government say that they want to build more houses. However, they do not succeed; indeed, in recent years the situation has got worse. The philosophy is wrong, the analysis is wrong and the solutions are wrong. They continue to be wrong and things are not going to improve on the basis of present policy.

One real problem common to all Governments is that they are addicted to the idea of one policy fitting all—top-down rules, top-down planning and top-down restrictions. They do not allow local authorities and local people to get on with doing things appropriately in their areas, and it does not work. Then they always blame the planning system. I keep saying in your Lordships' House that the plan-making part of the planning system is bust, but that is very largely due to the ever-growing plethora of top-down restrictions, top-down instructions and top-down attempted control by central government—something that we are now seeing again. By and large, the blame does not, in my view, lie with the development control system. Local authorities give planning permission for new housing and that new housing simply is not taken up. It is estimated that nearly 700,000 planning permissions have not been carried through.

Then we have council housing. We have a continuing central prejudice against local authorities buying and owning houses. The noble Lord, Lord Smith, referred to Harold Macmillan. Harold Wilson, who followed some time later as Prime Minister, used to refer to the 13 wasted Tory years in the 1950s and early 1960s, but those were the years when huge numbers of council houses were built. Building all those council houses was one of the greatest improvements made in the last century to the lives of ordinary people in this country. Yet we cannot do it anymore. We might refer to the 13 wasted Labour years we had before 2010, when the building of council houses dried up.

Why is this? Why is there such a prejudice against local authorities centrally? It is accepted that local authorities are the most efficient part of the public sector, and certainly the most democratic part. There is the problem, because democracy results in diversity: people do different things in different areas and solve problems in different ways. The civil servants and their ministerial colleagues at the centre simply do not like that, because it is out of their control.

A consultation is ongoing on *Planning for the Right Homes in the Right Places*. I keep reading and trying to understand this 60-page document in which the Government are offering to impose new housing numbers on local authorities. These local authorities have all established or are developing local plans and have worked out their housing numbers, and now they are all to be changed. Some will go up and some will go down. These are the numbers that the Government say will have to apply in each local authority, and yet they will not apply until there is a review of established local plans. That is nonsense. There will be a figure in the local plan, which everybody is using, and another figure handed down by the Government. In some places, such as my own authority in Pendle, the Government's figures will be considerably lower than those in the local plan. In many other places, they will be higher.

Imagine the chaos that this will cause at planning inquiries when people appeal against the refusal of planning permission. Imagine the anger when local authorities say that they have to give planning permission for extra houses in the local plan, even though the Government are saying that the number might be half or two-thirds of what the plan states. There will be complete chaos. This is total madness.

How these numbers have been worked out is a mystery. The consultation document talks about a proposed approach to calculating the local housing need and to viability assessment; proposed numbers for housing growth, which can change radically from year to year; and something called the "median affordability ratio". I do not know whether the Minister understands the median affordability ratio; I have tried to and I do not. I cannot imagine people walking down the street saying, "Have you heard the latest about the median affordability ratio? It's a disgrace. What are we going to do about it?". This is the kind of thing that brings government and local authorities into disrepute.

I say trust the locals. There is growing evidence around the development of neighbourhood plans that if you give local people the power to work out the

future housing numbers and where they should be, they will suggest building more houses than the local plans say. Give local people and local authorities the power to work out what is needed in their area, in the light of the plans for those areas and what the people think is right, and they will provide the houses. All this detailed, top-down technical planning that changes year after year causes complete chaos.

12.19 pm

The Lord Bishop of Chelmsford: My Lords, I too thank the noble Lord, Lord Smith of Leigh, for securing this debate and the noble Lord, Lord Greaves, for his comments. I would like to make a slightly different point about housing as a spiritual issue. It is not just about meeting physical needs but about providing the stability and security without which no one can grow and flourish. I think we all agree, therefore, that there is little doubt that the scarcity of affordable housing is one of the most urgent crises facing our nation, for it affects our cohesion, our well-being and our prosperity, and the growing homelessness on our streets is the outward sign of an inward and debilitating spiritual malaise.

We heard about figures in Manchester. The housing charity, Crisis, estimates that on any one night in Britain at the moment, 8,000 people are sleeping rough. There are 39,000 households living in hostels and 60,000 people surfing from sofa to sofa. That is before we have considered the thousands of people who want to get on the housing ladder but cannot afford it. I am involved with a number of homeless charities in Essex and east London where I serve, and see the sad and exhausting consequences of this day after day.

The cost of a home—and I underline the word "home"—whether bought or rented, is at the mercy of market forces. London is in danger of becoming a city where teachers, nurses, social workers and even Christian ministers can no longer afford to live, and where ordinary and even relatively well-off middle-class families, the young and the disadvantaged are forced out by escalating prices. Yes, we need a strategic plan.

Jesus famously said that:

"In my Father's house there are many homes".

Today, we need a progressive and imaginative housing policy that has many types of homes within it—a much greater diversity. We have heard, and I am sure we will continue to hear in the course of this debate, many statistics. I will not read out a load more, but I want to make it clear that while we applaud what has been done and what is being done, more needs to be done, and it needs to be more joined up.

The challenge in rural areas is particularly acute. The effect of the lack of appropriate housing in rural areas is starting to show in terms of the lack of public services. Primary schools that two decades ago had enough pupils to provide high-quality education are now struggling. The recent change in the funding formula for schools will, I fear, see many more close, and it is housing policies that will enable families with children to return to the heart of rural communities. But it is not only schools that suffer. This lack of social diversity, with predominantly older people in villages and hamlets and long-term families priced out of communities where they would have expected to

[THE LORD BISHOP OF CHELMSFORD]

live in the past, means that a wide range of public services—health, social care, transport and so forth—are under threat.

Again, I see this at first hand in rural north Essex and in many Essex council towns. But as well as rural, the diocese where I serve is urban. In Walthamstow, average house prices have risen by nearly a third in the last couple of years. Even small houses in Walthamstow can now cost £500,000. Historically, this was a community for working-class people, but no longer, and we know that this is repeated all over London. Younger people with families who bought shared equity or other forms of starter homes are unable to move into larger properties. But housing developers favour larger houses with larger prices. I therefore find, as I go about, that I hear stories of children of different genders having to share a bedroom long beyond the ideal age—which in other policies such as the bedroom tax the Government have set at 10—and children and parents having to sleep in the sitting room in order create enough sleeping space. We are in danger of creating ghettos where high-income and low-income households live separately. In London and in the countryside that is getting acute. So we not only need more building, but variety and diversity of tenure and in the right place.

In rural areas, it used to be required that the development of smaller plots included social housing. However, that requirement has been removed and it is unclear from recent Parliamentary Answers to Written Questions from the right reverend Prelate the Bishop of St Albans whether any monitoring of this policy's impact has been made.

Finally, I want to say something about the difference between a house and a home, a housing estate and a community. A house becomes a home, and a housing estate a community, when it provides for not just a physical need but contributes to the diversity of provision for individuals and families through a wider network of the schools, healthcare, other services, recreation—of course, I will also say—churches, mosques, temples and synagogues that make a community work.

The Church, with our roots in every community, is able and willing to help; already we are, in our own small way, pioneering a number of imaginative solutions. In Gloucester, a vicarage redevelopment is providing a new vicarage and a load of other social housing as well. In east London, our diocese is planning to redevelop a number of church sites where the church buildings were either badly built or badly designed. We reckon we can provide 600 affordable housing units, as well as worship space and community facilities.

We need imagination and conviction as well as investment. It is not just about building houses, but building homes; not just about new estates, but flourishing communities; not just about putting a roof over someone's head, but a foundation beneath their feet.

12.26 pm

Baroness Young of Old Scone (Lab): My Lords, we have already heard how too many people and families are struggling with unaffordable housing and homelessness. More than 1 million families remain on the housing waiting list as we speak. There is a clear need to build more affordable homes in the medium

term but that is not as easy as it sounds. In England last year, only 163,000 new homes were completed and only 32,000 of them were classed as affordable. That was the lowest number for 24 years. In many cases, those houses were priced at levels we would not regard as affordable for many families.

I support my noble friend Lord Smith in the points he made about the restoration of the local authority's role as a builder and provider of housing of all sorts and in all tenures—particularly focusing on affordable homes. I want to draw attention to three issues I think need to be sorted in the short term, making reference to the findings of last year's ad hoc Select Committee on National Policy for the Built Environment, where all three of those points were highlighted.

First is that wonderful and quaint proposition on planning with which we struggle: a viability test. It is absolutely clear that, in a planning sense, local authority targets to achieve affordable housing are not being met. I believe one of the significant reasons for that is the frequent undermining effect that developers produce by using viability assessments to argue down the numbers of affordable homes they will build, subsequent to the original planning permissions being granted and the original number of affordable homes agreed. It is a David and Goliath contest: developers have sharp-suited lawyers with sharp elbows, but planning authorities are depleted, not only in the number of planners but the skills they have. They are no match, quite frankly, for developers.

I welcome the Government's consideration of helping planning authorities by allowing them to charge increased fees, but that is moving far too slowly and we need a rapid progression of the commitment to allow councils to increase planning fees by 20%. We also need a commitment to allow every council the flexibility to increase planning fees by up to 40% while a fair and transparent scheme of local fee setting is tested. We simply cannot continue at our current pace, otherwise we will continue to see these unequal struggles on viability between planning authorities and developers.

I was pleased to be part of the Select Committee on National Policy for the Built Environment. Almost every witness we saw raised the current operation of the viability test as an issue, so we need to do something about it. I urge the Government, first, to introduce complete transparency in viability assessments. Currently, they are not public documents. Developers say that they are commercially confidential. That may be the case in the initial stages where land assembly is still taking place, but the reality is that once that has happened there is nothing commercially confidential about them. Yet they are still not in the public domain. The viability process needs to take place in the open so that local communities have at least half a chance of understanding the reasons behind reductions in affordable housing and challenging the calculations that result in developers reneging on their undertakings to provide affordable homes as part of their planning permission.

Secondly, the viability test should become an exception rather than the rule. It is almost the rule now that a developer will go back and argue under the viability

test that they can no longer provide the public goods that were agreed. I recognise that the Government are pondering a minimum affordable homes requirement of 10% in all planning applications above a certain size, but that does not say anything about the post hoc renegeing and renegotiating which the viability test currently allows.

Building more homes will impact on land take on green fields, green belt and the environment. Local authorities feel deeply under the cosh to meet housing targets. The Government have introduced severe penalties for local authorities which do not provide adequate plans for housing targets or deliver them. That takes away their decision-making rights, it allows developers a free rein on development anywhere and it removes access to special funds. For obvious reasons, local authorities are now considering easy greenfield sites, often with poor infrastructure, poor transport and poor employment access, rather than more difficult, piecemeal, previously developed land and urban infill where there is better access to services. If I had a pound for every “garden village” that makes me want to throw up in my handbag, I would be a very rich woman, because they are neither gardens nor villages; they are lightly disguised new settlements inappropriately plonked in the middle of the English countryside providing individuals with no access to infrastructure, schools and transport. We have to do something about that.

We must not see affordable housing as a dash for the bottom. People need affordable houses, not cheap and nasty houses. We are currently providing the smallest houses in Europe. We need a minimum standard for housing. There is huge dissatisfaction with quality. The Select Committee indicated that there had been a sharp decline in the number of developments that undertook design review. Support and encouragement for design review has been diluted and left to local authorities, which cannot afford it. Affordable housing must not mean a dash to build cheap, mean, little houses in poorly designed neighbourhoods with insufficient access to employment, affordable transport, schools and health facilities. They will rapidly become our future slums. We need to learn from the past.

12.33 pm

Lord Stunell (LD): My Lords, I welcome this debate and thank the noble Lord, Lord Smith, for introducing it. There have been some very good contributions, not least from the noble Baroness, Lady Young, and my noble friend Lord Greaves. I am strongly tempted to follow some of the tracks they set out, but I want to pick out one or two specific points and try to take a more strategic look at some of the questions that we are facing.

First, I want to give credit to the Government. I am sure that they actually believe that we need 1 million homes; I am sure that they want 300,000 homes a year, as their manifesto stated—I have heard spokesmen over the years as diverse as Michael Gove, Grant Shapps, Gavin Barwell and of course the Minister say so repeatedly—but the fact is that it has not happened. I do not think that the Government do not get the problem that we need more homes: rather, they have not spotted the problem with the solutions that they are offering.

The most important problem, which never seems to get a proper airing, is that there is an absolute ceiling on the number of private homes which will be built by developers without subsidy. It has never exceeded 180,000 homes a year since 1945 and it has usually been significantly lower than that: you cannot get builders to build homes that they do not believe they can sell and they will not do it unless you pay them to do so. That has very little to do with planning. There are 600,000 or more planning permissions lying waiting to be built. It is much more to do with economics.

I remember, as a very junior Minister in the Department for Communities and Local Government, how much joy there was when planning permission was given for the Ebbsfleet development in Kent: 20,000 homes. Out went the press releases and the spads went wild in the media—“Another 20,000 homes for our glorious Government”. I was at the back saying, “Hang on a minute—how soon are we due to get these 20,000 homes in Ebbsfleet?” I do not know whether the Minister has the current number; I think we may have got up to 1,000 having been built so far: perhaps he can confirm that. The reason the other 19,000 have not been built despite the planning permission is that if they had been built, 19,000 empty homes would be sitting in Ebbsfleet without people buying them. We need to reflect on the fact that planning is not the bottleneck. Incidentally, I support my noble friend Lord Greaves in saying that if instead of 20,000 homes at Ebbsfleet there had been 200 sites with 100 homes on them we would have had far more homes built by now because we would have had small numbers on 200 sites rather than small numbers on one.

My second point is that affordability is very double-edged. Who actually wants cheaper homes? Do existing owners want cheaper homes? Do builders want cheaper homes? Do developers want cheaper homes? Will any party have a policy objective or a manifesto commitment to halve the value of your home? I do not think so. So the private sector will deliver what the private sector will deliver—and after that, someone else has to pay. If this Government or any Government want more houses, more homes, they have to pay.

The policy issue therefore is surely, what is the cheapest way of buying those extra homes? The Government have tried Help to Buy, which is a very good way of inflating house prices. It is, of course, a demand and not a supply-side issue and was described quite correctly at the Tory conference as “economically illiterate” by Steve Norris. Help to Buy is not the way to go. Affordable rents have been explored—but, of course, as affordable rents become higher and higher, so the local housing allowance cost balloons as well. We now have a £30 billion LHA budget. The least central government cost looks therefore to be the lowest rent that can be managed—which would lead, of course, to a lower local housing allowance payment.

The Government followed that by putting a cap on housing association rents, which means they can no longer invest in building homes through that route. So some of these things have unintended consequences which totally defeat the purpose of the game and you come to the view very quickly that the way to go is to get local authorities to invest in council housing in the

[LORD STUNELL]
 traditional way. It is not ideological; it is value for money. The Tory brand of competence and the efficient management of money may have taken a few knocks recently, but surely this point cannot have escaped them.

I make a further point about this. We talk about the housing pipeline; it is not a pipeline, it is a hosepipe. At the moment we have a model where the Government and successive Housing Ministers stand at the kitchen door like a five year-old, manipulating the tap to the hosepipe, and the construction industry stands at the far end—the business end—of the hosepipe, sometimes trying to direct an empty hose on wilting seedlings and sometimes looking down the pipe to see what is happening and getting a splash of water in its face. The fact is that we need steady, consistent investment in public sector housing in order to reach the targets we need.

Finally, I raise a different and more immediate point. Whether the target is 200,000, 250,000 or any number we care to choose, who exactly is going to build these houses? The biggest demand for homes, the most acute housing pressure, is in London and the south-east. Barratt gave evidence to the all-party group last Session that 54% of its workers in London working on its housing programme were from the EU 27. The RIBA reports that 25% of registered architects in London are from the EU 27. Estimates vary from trade to trade and function to function, but at least 30% of the construction force in London is from the EU 27—so what exactly is going to happen? Delivery of housing and of every other kind of infrastructure depends on that labour force, and I urgently say to the Government that they must give an assurance to those EU 27 workers, and to their successors, that they will be there to build the housing we need. Talk of targets and objectives—

Baroness Chisholm of Owlpen (Con): My Lords, the noble Lord's time is up, I am afraid.

12.40 pm

Lord Kirkham (Con): My Lords, my clear views on the vital importance of housing have been shaped by my personal experience, first as a child who grew up in a rented terraced house in a pit village and was happily able to get on to the ladder of home ownership at quite an early age; secondly, as a sofa salesman for more than half a century, who witnessed many thousands of times the sheer joy that people experience on buying new furniture as they anticipate the move into their first real home; and, thirdly, as chair of the Duke of Edinburgh's Award and deputy patron of the Outward Bound Trust, often working with disadvantaged young people and seeing the importance of a secure and stable home to their mental and physical health, attitudes and prospects.

I do not pretend to be an expert on housebuilding or home-owner finance or to have any pat solutions to offer, but I implore the Government to listen carefully to the best expert advice available, which we are getting in this Chamber today, and take whatever action is needed—action, not more plans—to increase the supply of decent, affordable and secure housing in this country. In my judgment nothing, including Brexit, matters

more to our prospects of being a society that offers genuine equality of opportunity across the generations and is fundamentally content and at ease with itself. That is because housing is about so much more than the provision of shelter by putting a roof over someone's head. For a young individual or family, moving into a first home is on a par with getting married, entering any long-term relationship or having a first child. It is a source of excitement and pride and of security and status. Becoming a householder, whether the property is owned or securely rented, effectively confers membership of society. It is no exaggeration to say that it is the one thing that truly gives any of us a stake in the country. For young people, it is the great life event that genuinely allows them to take responsibility for themselves and their dependants, if they have any, to put down roots and to become an engaged member of the community. The knock-on benefits of housing the young and the not so young have to be huge by any measure, not just in the direct savings to social services but to the NHS too, particularly by mitigating stress and anxiety and generally improving mental health.

We in the Conservative Party have traditionally been the party of home ownership and I truly believe that that remains the gold standard to which we should all aspire, although if tenure is secure, you do not need to own your home, desirable as that might be. Nevertheless I naturally warmly welcome the extension of the Help to Buy scheme to 2021, with the promise that this will help around 130,000 would-be homebuyers, but above all we must secure a more than matching increase in the supply of new homes, so that this additional money does not simply drive property prices up still further. Just look at the yawning gulf that already exists between average wages and house prices in many parts of the country, particularly London and the south-east. I was married at 20 and had a daughter at 21 and for a short time my family was housed in the front room of my parents' rented house, which had neither a bathroom nor an indoor toilet. Noble Lords can imagine the sheer delight, pride and relief we experienced on moving into the first home of our own, and in the mid-1960s that was a realistic prospect on a furniture salesman's wages. It would not be possible now, and ultimately that is an issue of supply and demand.

If we continue to fail to increase the supply of housing to meet growing demand, we are going to create a problem for ourselves of monstrous proportions that will ultimately threaten the very stability of the country. Growing numbers of already disillusioned young people are likely to become increasingly angry and ultimately desperate because they cannot find a secure and affordable place to live, which is of course the key to achieving any and every other dream that they may hold for their future. So when the Government commit themselves to deliver 1 million new homes by the end of 2020 and half a million more by 2022, they must actually deliver. My experience of the City as chairman of a plc taught me that the way to investors' hearts is always to underpromise and overdeliver, and I am sure that is the way to voters' hearts too. My experience also taught me that the only way of actually delivering is to set out all your plans to overdeliver and then wait for "events, dear boy" to do the rest.

I fully recognise the magnitude of the challenge and I cannot offer any easy answers. I merely wish the Government to acknowledge that this is a vital and pressing issue of national welfare and security. The noble Lord, Lord Smith, used the word “crisis” at the outset of the debate, and I believe it is. I urge the Government to leave no stone unturned in resolving it boldly and with the urgency that it deserves. There is really no place like home, so let us build some.

12.46 pm

Lord Cashman (Lab): My Lords, it is a real pleasure to follow that contribution from the noble Lord, Lord Kirkham. I was born into a council flat. Just as he found, the joy of an inside toilet and bath, which was utilised once a week—the bath, that is—was an incredible luxury. My first home was a housing association flat. Those same options would not be available to people today. That is why I believe the policy has failed to deliver. Figures in report after report confirm this. As other noble Lords have said, the people sleeping in shelters, on our streets, in our parks and open spaces and on our sofas attest to the failure of housing policy and the so-called affordability of social housing.

Public housing policy, public housebuilding, has been castrated, and no amount of trying to pretend otherwise will change that fact. It is not about Governments expressing concern; if only it were. It is about making homes available for people to live in. However, I believe there is no political will in government to do the right thing, which is to build more public, affordable social housing. If central government will not build then it must allow councils, housing associations and others to borrow the money to do so—if necessary, to borrow against current housing stock, as has been referred to by other noble Lords, particularly my noble friend Lord Smith of Leigh, whom I congratulate on initiating this debate. Such investment is called the regeneration of our towns, cities and neighbourhoods and investment in the greatest thing that we have in this country: our people and their future.

Yes, I am angry, but the anger I feel is nothing compared to the deadening anger of despair experienced by hundreds of thousands of people who live with the reality of inadequate homes, sheltered accommodation, emergency accommodation that stretches on for weeks or months, or no home at all. The utter hopelessness and worthlessness that some of these people experience is almost unimaginable, and it shames us all. It shames every single one of us that it occurs in our wealthy economy. It shames us that the basic right to a home is unachievable for hundreds of thousands of people. The right to bring up one’s family in decent accommodation and see one’s children learn and develop within such a home are basic rights that lead to other rights and obligations, but also the obligations of the state.

If people feel that I am overstating the case then I make no apology, because these people’s voices are not being heard. I recognise and applaud the activists and the organisations, but they too are being ignored as the situation worsens. Are we hearing the children in families sharing almost uninhabitable emergency accommodation with others, sleeping in the same bed as or beds adjacent to their parent or parents and

siblings, having no environment in which to breathe, grow, learn and develop? The longer there is an absence of housing, the longer we will continue to blight generations yet to come.

We have failed, and there is no sense, no joy and nothing to gain from making party-political points; that serves absolutely no one in need. We must look failure in the face, accept responsibility and bring people together to build the number of homes necessary. We must bring an end to the cap on housing benefit, which traps so many people in desperate situations; we must bring an end to buy to let, which has failed to fill the gap created by a lack of public housing and affordable rents; and we must bring to an end the concept of housing as purely an investment vehicle. The Right to Buy scheme inflicted unimagined damage on public housing stock, and that stock has never been replaced. We must end the rollout of universal credit, too.

From the Government’s own website, we can see that at the end of quarter 2, 2017, there was a total of 78,180 households in temporary accommodation, and the number of children in temporary accommodation at the end of that quarter was 120,170. The total number of children in temporary accommodation has been increasing year on year. There are also specific figures for the number of households with children in bed and breakfasts, and these, too, are shocking. There was a 650% increase in households with children being in B&Bs for more than six weeks from quarter 2, 2010, to quarter 2, 2017.

It is clear that much needs to be done, and we must not forget those who are most vulnerable. In 2014-15, the Albert Kennedy Trust undertook a thorough survey of LGBT youth homelessness. It revealed that LGBT young people are more likely to find themselves homeless than their non-LGBT peers, comprising up to 24% of the youth homeless population.

In closing, I thank Crisis, Shelter, the National Housing Federation, Stonewall, the Albert Kennedy Trust and so many others for their dedication, their action and the information that they make available to us, the policymakers, that gives us the opportunity to deal with the reality of the public housing crisis in this country. In the words of the National Housing Federation:

“We have an urgent obligation—the Government, local government, housing associations and private developers—to act now, and work together to end the housing crisis”.

We cannot say that we have not been warned.

12.52 pm

Baroness Jones of Moulsecoomb (GP): My Lords, it is a little daunting to follow the noble Lord, Lord Cashman, after such a passionate speech, which I wholeheartedly agreed with. I was also born in a council house; I live now in a council flat, albeit privately owned, and I love the sense of community and security that living on a council estate can offer. I also thank the noble Lord, Lord Smith, for bringing this debate to the House. It is a crucial time: the situation is worsening daily and we need dramatic action.

I want to make three specific points on what is obviously a huge topic—I should like to speak for much longer than six minutes. I have three specific

[BARONESS JONES OF MOULSECOOMB]

questions to which I would appreciate an answer. My first question is about an issue which the noble Lord, Lord Smith, referred to: land banking by developers and builders, which often delays the supply of housing and makes it more expensive when it does come on stream. Have the Government thought about land value taxation, which is a very simple method that will make everything much better. It would remove the incentive for land banking and holding back on building houses.

My second question is about the demolition of estates. It seems to be happening quite a lot—I have seen council estates demolished against the wishes of the residents themselves. It is absolutely wrong to do that, if residents like the place they are living in. What happens is that estates are demolished and less affordable, social housing is then brought in—and some of the housing is sold off privately and very expensively. I understand why councils do it; they have been kept short of money by this Government. But if you demolish estates against the will of residents, you are not listening to people who understand how that development works. That is extremely damaging.

My third point is about community housing. It has been said already that more housing could be built, but sometimes nimbys are blocking it—but in fact many communities are stepping up and providing more affordable homes through community-led housing. Such groups have already built 800 homes in recent years, many in areas of outstanding natural beauty, having won support for more homes than the local council thought likely or even possible. In the spring of 2016, the Government announced the community housing fund, designed to help community-led groups build affordable homes. It could help them to build a further 12,000 homes over five years. The first year's money went directly to councils, but the Government have still not released any funding for this financial year, more than halfway through the year. When I asked the Government in July when the money would be released I was told, "In due course". The appropriate time would have been in March, after the sector submitted a detailed proposal to the Government. The longer it waits, the more projects get stuck in limbo and the fewer homes acceptable to local communities can be built. A decision from the Government on the community housing fund is long overdue. When will it happen?

As I have a little more time, I shall react to some of the things that I have heard. The noble Baroness, Lady Young, mentioned the garden villages, which are so revolting. I would add Poundbury to that mix—it is a truly vile development, and how he got away with it I have absolutely no idea.

I take the point about undistinguished green belt, but it may be quite valuable for biodiversity. One person sees brambles and another sees habitat for all sorts of birds, insects and mammals. So we have to be very careful. There is even an issue about building on brownfield sites, which can be incredibly biodiverse. Every single site should be assessed properly before anything is built, and green belt should be the last option, simply because it is part of our heritage and incredibly valuable for us to breathe and relax in.

The clean growth plan was released today, which offers all sorts of opportunities for not only reducing our carbon burden but making life better for people on very limited incomes. One issue that I would very much like to see included is energy storage solutions in the home. Greens often talk about things for 10, 15 or even 20 years before they get picked up by the majority of other parties, so I would like to say, "Please put this on your radar". Home energy storage solutions would be an incredible way in which to reduce people's expenditure on energy and take pressure off the national grid.

12.58 pm

Lord Horam (Con): My Lords, many noble Lords may recall the name Lord Harmar-Nicholls, now sadly no longer with us. I remember him when we were both Members of Parliament along the corridor, when he was the MP for Peterborough. He famously retained the seat with a majority of 12, on one occasion, and subsequently with a majority of three. He always said that his ambition was to double his majority. I mention him because, as the humble Mr Harmar-Nicholls at the Conservative Party conference in Blackpool in 1950, he raised the cry, "Three hundred thousand houses a year must be built". The noble Lord, Lord Smith, in his excellent introductory speech referred to this occasion. That cry was taken up from the hall enthusiastically and, as the story goes, Lord Woolton, a famous chairman of the Conservative Party, was listening intently and whispered to the head of the Conservative research department sitting next to him, "Can it be done?". The word came back, "In theory, yes, it can be done". Lord Woolton terminated the debate by saying, "This is magnificent; it should be done. It should be Conservative Party policy". Imagine it: a conference where Conservative Party policy was actually decided at the conference—those were the days. And so it was. It became Conservative Party policy.

In 1951, the Conservative Government were elected and the Prime Minister, Winston Churchill, called on Harold Macmillan to be his Housing Minister. As the noble Lord, Lord Smith, again rightly pointed out, Harold Macmillan had really wanted to be Minister of Defence, but Winston Churchill said to him, "Harold, you'll be loved in every humble home in this land if you can deliver 300,000 houses a year". A glint came into Harold's eye—he was not without ambition, as noble Lords will be aware—he realised the possibilities and got to work. He renamed the department the Department of Housing and Local Government, sacked the Permanent Secretary and brought in Evelyn Sharp, a famous civil servant. He brought in Sir Percy Mills, who had been a prominent industrialist in the Midlands during the Second World War, and appointed Ernie Marples, who had experience in construction, as his dynamic Parliamentary Secretary. He divided the country into 10 regions and got to work. In 1954, 317,000 houses were built. Not all of them were great houses, I have to confess. There a bit of rubbish there as well, but that target was achieved.

I mention all this because, obviously, it has been done. The target has been achieved, and I do not believe that it cannot be achieved again. It also shows the sort of drive that is needed to get something like

this achieved. Crucial in all this was the fact that Harold Macmillan got the full-hearted support of not only Winston Churchill, who was then Prime Minister and for whom it became a personal commitment—as it is of our Prime Minister today—but Rab Butler, the Chancellor of the Exchequer. Ironically, in view of future political events, Rab gave him full authority to raise the money to get on with building these houses. I fear that the problem today is the Treasury. Why was there a limit of £2 billion and 5,000 houses a year in the recent statement at conference? It is the Treasury—the dead hand of the Treasury. The fact is the Treasury is limiting this, and the reason it will give is that we have a deficit of 80% of our GDP at the moment and how can we possibly add to that. Well, in Harold Macmillan's time, the deficit was 250% of GDP and they still did it. They did not worry about that too much then. The reason is the Treasury today is making no distinction between current and capital expenditure. I am all in favour of balancing current expenditure over the economic cycle, making some allowances, and indeed paying off some of our deficit. That is absolutely right and, as a Conservative, I totally support that. But it is madness to include capital expenditure in that.

As the noble Lord, Lord Cashman, pointed out in his speech, we should be borrowing against our assets. We are creating assets, against which the local authorities should be able to borrow. The noble Lord, Lord Cashman, may be interested to know that, in today's *Financial Times*, there is an article making this very point: they make a distinction between current and capital expenditure in the Treasury in New Zealand and, therefore, New Zealand has a long-standing patient infrastructure programme, which we have never had in this country under any Government. So this is a problem for the Treasury, I think. We are also facing the possibility of a recession in 18 months or two years' time. This would be a counter-cyclical policy, so it is good not only on housing grounds but economic grounds.

The House may remember that there was an excellent book produced by Anthony King and Ivor Crewe, *The Blunders of Our Governments*. I think I will produce a sequel: "The Mistakes of our Treasury"—unless it gets some sense in all this and behaves like an ordinary private company would. A private company would never get away with one number as the deficit; it would obviously have an account that would take into account the fact that it was spending money on development, research and building up assets. My plea to my noble friend, when he replies, is that he takes the views expressed in this debate today, with the urgency in which they have been made, to the Treasury. The job can be done, but it will not be done unless we get the Treasury right behind it.

1.04 pm

Baroness Donaghy (Lab): My Lords, it is a pleasure to follow the noble Lord, Lord Horam, and I invite him to join these Benches—on this side.

Lord Horam: I have tried that. It was a big mistake.

Baroness Donaghy: I am grateful to my noble friend Lord Smith of Leigh for initiating this important debate, and I want to say something about the areas of

greatest need, the Government's potentially conflicting policies and the need for some cross-party work on this giant project, which will take longer than one or two Governments to achieve.

I turn, first, to homelessness, temporary housing and the impact on black families and older people. DCLG's own figures reveal a 134% increase in rough sleeping between 2010 and 2016. The number of households in temporary accommodation increased by 60% in the same period. Whether this is because of a housing shortage, drastic reductions in local authority budgets, changes in housing benefit or a combination of all three, it is still the responsibility of the Government. What is happening to the weak and vulnerable is shameful. The drop in home ownership has seen black families affected the most. Less than one-third of black households are headed by owner-occupiers, compared with two-thirds of white families and 58% of Asian households. If we had more age-appropriate housing for older people, it would contribute to solving the wider housing crisis and might alleviate some social care and loneliness issues. The chair of the Communities and Local Government Committee, Clive Betts, when he launched the committee's inquiry into housing and older people, said:

"Many pensioners may be interested in downsizing, but ... are restricted from doing so by a lack of suitable options".

The Government's target to build 1 million homes by 2020 is commendable and I do not want to sound churlish, but even that target will not solve the affordability problem. By the way, if we do nothing else, can we ban the use of the word "affordable" where it does not belong? I checked the *Concise Oxford English Dictionary* this morning; it says, "have the means", or "be rich enough". It does not say "receive minor subsidy on overinflated full-price option". As Shelter has pointed out,

"Developers are allowed to use secret 'financial viability assessments' to show that they're not going to make a 'competitive' profit"—

my noble friend Lady Young has already covered this very ably—

"A whole industry now exists to provide such assessments, showing that affordable housing isn't viable any more".

Savills has forecasted that a further 100,000 homes are needed each year to have any effect on affordability—real affordability. The worrying contraction in the construction industry has not been felt so keenly in the housebuilding sector, although it has slowed down. Another concern is that we import a significant proportion of building materials and the costs have increased this year because of the weak pound.

The Prime Minister has promised to "make it my mission" to solve the housing problem. This is powerful and welcome. However, the extra funding that she announced for councils and housing associations—as the noble Lord, Lord Horam, has already said—will build 5,000 houses a year, bringing the projected total to 32,000 new council and housing association properties per year. This is good news, but a modest start. Mood music can be important, however, and perhaps council housebuilding will become so respectable that they will not have to be sold off afterwards.

[BARONESS DONAGHY]

I turn to Help to Buy, which presses all the political buttons for the Government. It accounts for a third of private sales of new homes. Like a flock of migratory birds, Help to Buy moves south to warmer climes, favouring areas that are not traditionally Labour heartlands. It is great that 135,000 families have benefited since the launch in 2013, but most of the beneficiaries of taxpayers' money could have afforded to buy a home without such a scheme and 40% of the lucky households earn more than £50,000 a year. Experts as varied as Shelter and the Adam Smith Institute have said that Help to Buy will do nothing to meet real housing need and pushes up property prices.

I am all in favour of building companies reaping rewards for their work, but the five largest stock market listed builders made £3 billion worth of profit last year. The chief executive of Persimmon is likely to receive a £130 million payout, and half of Persimmon's house sales are through the Help to Buy scheme. If we are to subsidise building companies—I am not fundamentally opposed to this—it should be done to build properties for people in greatest need. The Adam Smith Institute said of Help to Buy:

“This scheme is being used by investment bankers and doctors. They are certainly not the sort of people who the taxpayer should be subsidising”.

I pay tribute to John Healey, the shadow Housing Minister, for his hard work and clear message. He has built up a formidable knowledge of the housing crisis and what is needed to fix it over a period when six government housing Ministers came and went—if they had been tenants, no landlord would have wanted them. Labour has promised to create a government department for housing and will launch the biggest council housing programme for 30 years. It will make 4,000 new homes available to people with a history of rough sleeping. This would not mean borrowing from current spending but a return to the level of capital investment we had in the last year of the Labour Government. John Healey feels that the public loss of faith in the power of the state is due largely to the Government's “small state” thinking, and that Governments have an important role in leading the way on housing. He calls for a cross-party consensus on public and private housebuilding, and I wholeheartedly agree with his views.

1.11 pm

Lord Stoneham of Droxford (LD): My Lords, I am pleased to speak in this debate from these Benches. These days I am not able to speak very often in the House but, given my experience of chairing three housing associations over the last 14 years, I would like to contribute to this debate. I declare my register of interests, particularly as chair of Housing and Care 21, a housing association providing retirement housing.

Housing associations are not perfect but I have always appreciated that there is huge potential to improve their performance and make their operations more effective. That is what I have done in that sector over the last 14 years. Housing associations are a force for good. They have huge commitment, the potential to build many more homes and a record of delivery.

I asked the chief executive of my housing association what he considered was the single most important proposal that we could put to the Government in this debate. He said that we simply need greater certainty and continuity of appropriate policies.

The problem is that housing does not benefit from the mentality of politicians who are always looking for short-term fixes, prefer policies which provide partisan and party advantage and whose timeframe does not go beyond five years. Over the last seven years, the Government's partisan advantage and focus has been to get people to buy more homes. The coalition had to work hard to engender any interest in social housing but at least we delivered on what was agreed. The higher rent policy—the so-called affordable rents—provided the mechanism to build so-called affordable homes for rent to reduce the amount of grant paid out. We on these Benches warned at the time that it would be more expensive in the long term to do this and would simply put pressure on the housing benefit bill, which it has. Now, despite commitments from the Government to the contrary, we face a 1% reduction in rents, which has simply led to housing associations reducing their development and investment plans. We also have the unresolved issue of the housing allowance rent caps. Certainty on those two issues going forward is now essential.

What other issues should we be looking at as a sector? First, it has been mentioned already in this debate that it is absolutely ridiculous for the Prime Minister to say that she will take charge of housing. As Michael Heseltine said last weekend, we need a gauleiter for housing at Cabinet level. That person should bring in people from the sector who know how to deliver on housing, exactly as Macmillan told us how to do it in the 1950s.

The second issue we need to resolve is that housing associations should concentrate on their social purpose, which is to build homes for people of modest means. In my view it is hugely worrying that they are being diverted into speculative building as part of a new business model to fund social housing. If this goes on, it will end in disaster and is a distraction from housing associations' proper focus and what they are good at doing.

Stability and continuity of policy and partnership working are essential. I agree with every single word of the speeches of the noble Lords, Lord Kirkham and Lord Horam. As my noble friend Lord Stunell said, one problem is that private builders will not build more than 150,000 to 180,000 houses per annum. Sadly, their business model depends on rising prices and they will not want greater supply bringing prices down. I say with respect to the noble Baroness, Lady Neville-Rolfe, that this business is not like Tesco. It is a cyclical business full of huge risk. Every time we have a cyclical downturn, capacity in the sector is wiped out. That is why it is very difficult to get productivity up unless we have continuity. I emphasise that the most important thing Macmillan demonstrated was that for the sector to be effective a partnership is required between the public and private sectors. That is needed if we are to increase the supply of homes. That is the lesson from that time and that is what is urgently needed now. Now we also have housing

associations to provide a major source of potential for more development. They can also act in a countercyclical way, as the noble Lord, Lord Horam, explained.

I share the scepticism about short-term fixes such as Help to Buy. That scheme may be good politically but it has led to price increases. Somebody described it as a cocaine fix for private developers. We have to recognise that in many respects that policy has put housing out of reach for even more people. There is a huge capacity for improving the supply of housing but it requires leadership, partnership between the private, public and voluntary sectors and a realistic timeframe for achievement.

1.17 pm

Viscount Hanworth (Lab): My Lords, the tenets of a political ideology can endure for a very long time, even when they have become utterly inappropriate to current circumstances. The nostrums of Margaret Thatcher were absorbed by members of the present Conservative Government when they were adolescents or young political aspirants and they have been followed by some of them without a second thought. One of the aims of Margaret Thatcher's Government was to ensure the growth of a so-called property owning democracy. The idea was a simple one: by giving ownership of their houses to council tenants, a significant number of erstwhile Labour supporters could be converted to property-owning Conservative voters.

Under the Housing Act 1980, which established the right to buy, local authorities, which had hitherto been responsible for as much as a third of the nation's accommodation, would have their responsibility for housing radically curtailed. Their role would be taken by commercially orientated housing associations and by a building industry no longer entrained by the interference of government. Half the proceeds from the sales of council houses were paid to local authorities; but, instead of being allowed to spend the money on building more homes, they were compelled to use it to reduce their debt. It is remarkable that, in spite of this programme, the objective of increasing property ownership is now further from being realised than at any time in recent history. According to official figures, the proportion of home ownership in England has fallen to its lowest level since 1985, while the number of people privately renting is now higher than it was in the early 1960s.

The Government's reaction to the difficulties of first-time buyers, in the face of the scarcity of accommodation and exorbitant house prices, has been to establish the Help to Buy scheme, in pursuit of the Thatcherite nostrum. In 2013, George Osborne set aside £7 billion for this purpose and, on the eve of the recent Conservative Party conference, a further £10 billion was promised. It is extraordinarily inappropriate to address the scarcity of affordable properties and the problem of inflated house prices by a scheme that can serve only to stimulate demand.

We also need to ask who is being helped to buy. The truth is that many people who can well afford to purchase property from their own resources are being helped with their mortgages. No less an authority than the *Daily Mail* has recently drawn our attention to this extraordinary misdirection of public funds. The paper has asserted that four in 10 recipients have been earning

more than £50,000 per annum and one in 10 has been earning at least £80,000. More than 5,000 purchasers have had six-figure incomes.

It is also reported that the major housebuilding firms have made unprecedented profits as the housing crisis has worsened. Together, the four most powerful companies—Persimmon, Taylor Wimpey, Barratt and the Berkeley Group—made more than £2 billion in pre-tax profits last year. Much of this money has come from Help to Buy. Moreover, these developers have been able to evade their responsibility to provide a modicum of affordable housing by exploiting the provisions of the Growth and Infrastructure Act 2013, which has allowed them to appeal against the requirements of the local authorities.

At a time when housebuilding has been at its lowest level, the private rented sector has ballooned in size. It now accounts for just over 4.5 million households—nearly double the 2.3 million of 2004. The new figure represents 20% of the total, whereas in 2002 it was only 10%. On average, those buying their home in England with a mortgage spent 18% of their household income on mortgage payments, whereas rent payments were 28% of household income for social renters, and swallowed up 35% of the household incomes of those renting privately.

Of course, many properties in the private rented sector are former council houses that were once provided by councils at affordable rents. The inflated costs of renting such properties are being met in part by the payment of housing benefit, which makes a major demand on the Government's finances. The Office for Budget Responsibility has forecast that spending on housing benefit in 2016-17 will amount to £23 billion.

There is a clear need for a far greater supply of affordable properties. The only effective way of providing this is to give local authorities the remit to oversee a major housebuilding programme. The Government have at last become aware of this necessity. They have plans for a new generation of council and housing association homes and they have set aside £2 billion for the purpose. The inadequacy of this provision is stunning. It should be compared with the far greater sums of money that have been devoted to Help to Buy and it is dwarfed by the size of the annual budget for housing benefit.

It will not be an easy task to revive the housebuilding activities of local authorities. Most of the organisational structures that served the building programmes of the 1930s and 1950s have been lost. The architects' offices have closed and the direct labour force has evaporated. It will be perilous to rely on the services of the large contractors, which have hitherto profited hugely at the public's expense. I also observe that the planning regulations, which had been developed and refined over many years, have recently been junked by the Conservative Government in the act of vandalism that established their National Planning Policy Framework. The next Labour Government will face a gargantuan task.

1.24 pm

Lord Best (CB): My Lords, I congratulate the noble Lord, Lord Smith, on initiating this excellent debate, which has demonstrated an incredible consensus across the whole House on a number of the key issues. I am

[LORD BEST]

only sorry that I can do justice to only one aspect of the housing availability and affordability debate. However, as a preface, I congratulate the Government on much of the policy thinking in their earlier housing White Paper, and now the announcement by the Prime Minister of a £2 billion grant fund for councils as well as housing associations to deliver 25,000 new homes for so-called social rent. This may be a modest part of the 1.5 million homes to be built by 2022, and obviously is only a start, but the Government's action signifies a recognition of the need to target those who can afford only a modest rent, demonstrating a significant move away from the higher-rent policies that have been leading even the charitable housing associations to turn away the poorest in society.

The issue of affordability also highlights the crying need for the good intentions of Ministers at the Department for Communities and Local Government not to be continually undermined by the Department for Work and Pensions. The DWP has been disastrously cutting, capping and freezing the support it provides to enable poorer people to afford a proper home. This interdepartmental conflict is currently undermining the provision of supported housing for vulnerable and older people, and it undermines the Homelessness Reduction Act that I had the honour of piloting through your Lordships' House, because the DWP freeze on the local housing allowance, which caps rent for those who rely on benefits, causes homelessness when landlords inevitably turn out or turn away anyone in receipt of benefits.

The issue I want to address is the nation's abject dependency on the sector which creates by far the majority of new homes: the private housebuilders. Despite making record profits, this industry, dominated by half a dozen volume housebuilders, is failing us badly. The catalogue of failures includes: poor quality in construction and design; bad customer care; miserable space standards; rip-off leases for houses, with escalating ground rents—on which the Government are acting, and I congratulate them; deteriorating satisfaction of buyers; avoidance of housing for older people, where profits are lower; rejection of brownfield sites and a concentration on the easier greenfield opportunities; little concept of creating properly planned places; sitting on land with planning consent until prices go ever upward; and, perhaps worst of all, reneging on Section 106 agreements and wriggling out of obligations to provide affordable homes for local people, on opaque grounds of “viability” and housebuilders' “right” to make at least 20% profit on the deal. While the major housebuilders' shares have risen by 127% in the past four years, compared with 21% for the FTSE All-Share Index, and profits in companies such as Persimmon rose by more than 30% last year, I believe the private housebuilding sector has lost the confidence of the whole nation.

What is to be done? After the last war we nationalised the development of land and in theory what is built is determined by the community, in particular the local planning authority. But we are dependent on a planning system that has been starved of resources and now sorely lacks the capability to enforce quality housebuilding and place making. If planners can stand firm, it is the

price paid for the land that meets the cost of including affordable homes and achieving quality. We must restore authority and capacity to the planners, who are our front line against the social and environmental costs that we will otherwise suffer at the hands of overpowerful housebuilding interests. I am pleased to note that discussions are afoot, led by the RIBA president, Ben Derbyshire, on the sharing between councils of good practice in design and place making, strengthening the resolve and raising the profile of the planners upon whom we depend.

I confess to being very surprised by the announcement at the Conservative Party conference, to which other noble Lords have referred, that a further £10 billion was to be provided for the Help to Buy scheme, dwarfing the new investment in social housing. Alastair Stewart, analyst at Stockdale Securities, calculates that purchasers are paying 5% to 7% more for a Help to Buy property in order to take advantage of the government-funded equity loan that does not attract any cost for five years. Help to Buy may well turn out to be a very bad deal for purchasers, who have to start paying escalating fees five years down the road and must pay back the whole of the equity loan when they move, but who seem unlikely to get back what they paid for the property. Although the housebuilders are hooked on this subsidy, I am certainly advising my 30-something year-old son to avoid the temptations of Help to Buy. It is unwise for government to feed the housebuilders' addiction.

Therefore, there have been important steps forward for availability and affordability of housing. But sadly, with housebuilders apparently too big to displease, there has also been a step back. The Minister's response would be much appreciated.

1.30 pm

Lord Morris of Handsworth (Lab): My Lords, I welcome the housing needs of the nation being, once again, back on the political agenda. In recent weeks we have heard announcements on housing from the Prime Minister and the leader of the Opposition. In this debate I will resist the temptation to say, “Too little, too late”. Instead, I will say thanks to my noble friend Lord Smith of Leigh for bringing forward this important debate. As a recent past chairperson of Midland Heart housing association, I maintain an interest in the debate on social housing in general.

For many families the current debate on housing is like waiting for a bus. You stand at the bus stop in the pouring rain and keep looking at your watch for what seems like hours, but there is not a bus in sight. Then, without warning, two buses turn up together. Sadly, they are both full and you cannot get on, so the wait continues. That is the hypothetical experience of many families today. I use that analogy because in the current conference season both major parties made bold pledges on how to solve the current housing crisis. I use that term because that is precisely what it is—a crisis. There is more homelessness, more rough sleepers and little hope for the upcoming generation.

During the recent conference season both major political parties pledged to build or make available significant numbers of additional units. The homeless believe that there is hope, but that hope has to be

transformed into practical results. Housing is not just about politics; it is about life and reality. The housing shortage underpins a degree of selfishness in our society. We must therefore find a way to resolve the lack of political capital being expended.

If we paid half the attention we pay to Brexit and used half the energy we expend on it on housing instead, I suspect the housing crisis would disappear almost overnight. As we have heard, the Prime Minister has announced an additional investment of £2 billion in affordable housing, which is equivalent to 2,500 homes over two years. However, those with housing needs are not persuaded, and for good reason. It is to be noted that there has been a downward trend in the number of affordable houses being built. The figures are arguable, but it is suggested that around 60,000 were built in 2010 and only around 32,000 in 2015-16. There is therefore a challenge as to how that figure can be increased, because the demands are growing daily.

The Chartered Institute of Housing confirms that the Government's focus is on affordable homes and not social homes. The social homes requirement is being left behind. There is therefore a debate to be had about equity and justice with regard to public concern about housing. As we speak today, the current rate of housebuilding by government is at its lowest level for generations. It is clear that there is a crisis in the sector. It is widely reported that estate agents have the lowest stock of homes in 40 years, with new instructions falling for the 14th consecutive month, driven by political uncertainty that is underpinned by Brexit fears. It is highly likely that, as the economy tightens, the housing sector will be subjected to further pressures and uncertainty. What is now required to maintain confidence and stability in the housing sector is leadership and support from government.

All of us are therefore required to make a contribution by advocating a recognition that housing is a human need and demand. Today's debate takes us further towards that reality.

1.36 pm

Baroness Grender (LD): My Lords, I thank the noble Lord, Lord Smith of Leigh, for this debate, although not necessarily for the timing. If I am slightly less coherent today, it will be because last night I slept out for the charity Depaul UK, along with my colleague, my noble friend Lady Suttie. Depaul helps young people across the country who are homeless or at risk of homelessness. I got about two hours' sleep on a pretty damp and cold paving slab, but as I left to get a bus and return in the morning to my warm home I passed plenty of people along the Strand for whom it is much more than one night. The Depaul Sleepout is a powerful event to change perceptions about people who experience or are at risk of homelessness. It is, as their CEO Mark McGreevy, says,

"a humbling, valuable and memorable experience".

It has been a challenge to be here today, but it has given me a small insight and I am grateful only that I am addressing your Lordships and not handling heavy machinery right now. Unless we solve the issue in this worthwhile debate and dramatically improve the availability and affordability of housing,

more people will end up at the very end of the food chain we have been describing, and too many will face homelessness.

Last March in this Chamber there was a jaw-dropping moment. The noble Lord, Lord Forsyth, set out with some eloquence the need for councils to build more homes and for capital to be released to do that. In the debate on the report entitled *Building More Homes* from the Economic Affairs Committee on 2 March he shared with us his ideological struggle to reach that conclusion. It was a startling moment for anyone who has campaigned on housing over a sustained period. Surely, if he can be persuaded, the day is won, the economic argument is won, and even the driest monetarist can see the value. Substantial building of council housing will start straightaway. My natural Lib Dem optimism was getting the better of me.

On the morning of the Prime Minister's speech at her party conference, the headlines of a new era of Macmillan housebuilding gave me another burst of optimism. With Gavin Barwell in No. 10—a former Conservative Housing Minister who understood the bigger picture—council housebuilding in vast quantities was surely about to be realised. No, wrong—again my natural optimism got the better of me. Twenty-five thousand properties were promised over a five-year period—5,000 a year, nothing like the 300,000 council houses in one year alone that Macmillan built. Once more, we are condemning a generation to accept that affordable housing, whether for rent or ownership, is beyond their reach.

The announcement was, as the noble Lord, Lord Best, said, a welcome step, but as the Resolution Foundation said at the time:

"If Theresa May wants to lead the way on facing up to our housing challenge she will need to ensure building happens on a scale we haven't seen for a generation, with councils backed all the way to do so".

I ask the Minister to look again at the superb report from the Economic Affairs Committee, about which I have a central question for him today. Does he agree with the main argument that the committee made:

"Local authorities and housing associations must be incentivised and enabled to make a much greater contribution to the overall supply of new housing. Without this contribution it will not be possible to build the number of new homes required"?

In other words, if local authorities can borrow to build swimming pools but not to build houses, we will not find a long-term solution to this problem of affordability. In particular, I would like his view of the one central recommendation on that from the committee. How can we reach a point where local authorities are unfettered and allowed to borrow above the cap, as in Scotland? The committee saw this as the surest and simplest way to increase housing volume. I very much appreciate there is no silver bullet, but it seems to me that that is a good bullet to explore.

In the House of Commons on 14 September, Wera Hobhouse, our spokesperson for this area, asked Sajid Javid about this issue. He said:

"I have been clear that where local authorities believe that the borrowing cap is in the way of their ambitions to build more, they should come and talk to us because we want to do deals with them".—[*Official Report*, Commons, 14/9/17; col. 1018.]

[BARONESS GRENDER]

Could the Minister update us on that and tell us how many local authorities have approached the Government, how the Government have ensured that local authorities are aware of that option and whether the Government have assessed the impact in Scotland of the lack of restrictions and a cap? My understanding is that this has not had the significant or terrible impact that seems to be suggested down south.

I would also like to ask very quickly about replacements. Since 2015, this Conservative Government have overseen the sell-off of more than 25,000 council homes and replaced fewer than one in three of them. I remember a very significant period of negotiation when David Cameron wished to announce right to buy. We were in the coalition Government and said there had to be a commitment to one-for-one replacement. Does the Minister still believe it is possible to reinforce that one-for-one replacement and does he regret the failure so far to do it?

Where do we end up without sufficient building? Too many families on low income in the private rented sector and 80% of all public investment in housing spent on benefits rather than an asset for the future. The reality of that is 118,960 children in temporary accommodation. Only a dramatic change in government policy can turn this around. I hope we see one soon.

1.43 pm

Baroness Warwick of Undercliffe (Lab): My Lords, I congratulate my noble friend Lord Smith of Leigh on securing this debate on one of the most pressing issues affecting this country. I wholeheartedly endorse both his analysis and his conclusions. I declare an interest as chair of the National Housing Federation, the trade body representing England's housing associations.

I want to focus on the positive role of housing associations in increasing the availability and accessibility of housing. At times, unfortunately, that has been in spite of government policies. I hope that is changing. Last week, the Prime Minister announced £2 billion of additional funding for affordable homes, including those for social rent. After years of distrust and misunderstanding of the social housing sector, the Government have finally grasped the nettle of the housing crisis in this country. This could in itself be a watershed moment for housing.

It is not enough to talk about the aspiration for home ownership. As a nation, we have neglected housing for the most vulnerable. The debate slipped away from where need was greatest, at times forgetting the fundamental principle that every person deserves a quality home they can afford. No event has highlighted this more painfully than the tragic fire at Grenfell Tower. Whatever the outcome of the public inquiry, it is clear that the residents of Grenfell Tower were failed by the system that should have protected them. We must ask whether successive Governments have put in place sufficiently robust measures to protect residents.

In 2010, government disinvestment from social housing, combined with a sudden drop in funding for local government, meant far fewer homes were available and affordable. Research by the National Housing

Federation shows that the nation's commitment to building homes fell from £11.4 billion in 2009 to £5.3 billion in 2015—from 0.7% to 0.2% of total GDP. This was at a time when more than a million families remained on the housing waiting list. Furthermore, the cumulative impact of welfare policies, including universal credit, has made many people less secure in their homes and put them at risk of rent arrears.

Policies such as right to buy may support people in their aspiration to reach that first rung of the housing ladder, but when this is not balanced by building truly affordable homes, the market cannot work. The cost and distribution of land is an additional barrier to the availability of affordable housing. I entirely agree with the points made about this by my noble friend Lady Young of Old Scone and the noble Lord, Lord Best. Too often, in planning and viability assessments, economic value is prioritised over the social value development can offer, leading to unaffordability. Will the Government give public bodies the powers to dispose of land based on quality, tenure mix and speed of delivery?

Housing associations and local government have campaigned tirelessly for those left behind by the broken housing market. They have maintained delivery of affordable homes, despite Government and private developers looking elsewhere. Nearly 50,000 social-rented starts were made last year by housing associations, 74% of which were delivered outside the affordable homes programme. The housing association sector has a track record of finding innovative ways to continue to provide homes for those who need them the most, while also investing in communities as part of our enduring social purpose. This is not something the sector has been able to do on its own: it needs support from the Government but, importantly, it also needs a positive relationship with local authorities. I am heartened to see how housing associations and local authorities work together when united in a single purpose of increasing the supply of new homes.

I am glad that the Government are at last catching up. The newly announced money can go some way towards tackling the huge numbers of people on the waiting lists for housing. Even 5,000 homes a year will make an immeasurable difference to the lives of the families within them, and I for one unequivocally welcome this policy as a much-needed first step. I hope the positive outcomes that housing associations will generate from this additional investment will encourage the Government to invest further in social rent in the future. I also welcome the long-awaited certainty about the future of housing association rents. The rent cut imposed in 2016—this one policy—took £3.9 billion out of the sector's business plans to build more homes. The Government need to do more long-term thinking and to consult with the sector and tenants to design a long-term approach to rents.

I want to make one final point about social housing. For older people, the homeless, those with mental and physical illness, and the victims of domestic violence, supported housing is their only way to access housing that will enable them to live independently. Some of the most vulnerable people have been hit by the Government's proposed application of the local housing allowance to supported housing. Recently published

data showed an 85% drop in the number of new supported-housing homes that are planned to be built. The Government have to sort this out. We can only say we have a fair housing market when these lifeline services are protected.

Both the Government and the Opposition recently committed to a comprehensive review of social housing policy and how it serves communities. We have a rare opportunity to make a real, meaningful change and to rebalance our housing market to help those left behind. This is an issue that now goes beyond party politics. It is the beginning of a journey to make housing available and affordable for all. I hope that all sides of the political debate are now united in delivering more homes for those most in need and, as my noble friend Lady Donaghy said, in ensuring that those homes are genuinely affordable and accessible.

1.49 pm

Lord Shipley (LD): My Lords, I remind the House of my vice-presidency of the Local Government Association. I thank the noble Lord, Lord Smith of Leigh, for enabling us to have this debate. It has proved to be extremely important: it could serve as a compendium for the Government of both what is wrong with housing in this country and what they should do about it.

From these Benches, my noble friend Lord Greaves reminded us that the Government have promised to build more homes but their policies have not delivered them. He also emphasised the need for greater local flexibility. He said, rightly, that the planning system is not to blame because nearly all planning applications are approved, with several hundred thousand unfulfilled permissions as we speak. He also reminded us that neighbourhood plans can build more houses than is the case with top-down planning.

My noble friend Lord Stunell reminded us that the Government want to build more homes, and I agree that they do, but he pointed out the obvious problem, which is that there is a ceiling on the number of private homes that a private builder will build without a subsidy. He also reminded us that planning is not a bottleneck, and he emphasised the importance of building on smaller sites because you build more quickly. He then asked how we build the extra homes. He said that to deliver a steady, consistent investment, we require local authorities to build more and that they can produce best value for money. He too pointed out the impact of Help to Buy on rising prices.

My noble friend Lord Stoneham of Droxford talked about the value and potential of housing associations, but he pointed out their need for certainty and continuity of policy. He raised the question of policies on rents—subsidy levels, the impact of rent levels on the ability to build more new homes and the impact of rent levels on those of modest means. He also reminded us of the problems caused by the business model of private housebuilders and the need for us to focus on and promote public/private partnerships. He too raised questions about Help to Buy.

My noble friend Lady Grender reminded us of the scourge of homelessness. She too, in the hours before the Prime Minister's speech, experienced that burst of

optimism that the Government were going to build council housing at a level not seen for a generation. However, that shows no sign of being fulfilled. She asked the Minister whether the Government would ever get to the situation where it replaced sold council houses on a one-for-one basis.

The last 20 years have seen 15 Housing Ministers and over 100 Bills affecting housing policy. Despite all that effort, we have built 100,000 homes too few every year for those 20 years. The Government admit that we have a broken housing market. In recent years, public investment in housebuilding has declined by half, when housing benefit costs have almost doubled because of the shortage of homes and rising rents. The Government need to build more homes that people can afford to live in—that should be the Government's strategic aim.

Surely it was foreseeable that, unless action was taken to build more social homes for rent, rents, homelessness and government costs would rise. We have ended up in a situation where 20% of households in this country are in private rented accommodation. The total has risen by 1 million households in the last 10 years. The Government are still not getting to the root of the problems of housing supply, and that is because they promote owner-occupation to the exclusion of building enough homes for affordable and social rent. As an example of the problems that this causes, since 2015 the Government have overseen the sell-off of over 25,000 council homes, replacing just one in three of them.

In March this year, the Chartered Institute of Housing said:

“The government's ambition to solve the housing crisis will not be possible if an imbalance in housing funding continues”.

The institute pointed out that just £8 billion of the £51 billion earmarked for housing up to 2021 will directly fund affordable homes. The consequences of that policy are clear.

As we have heard, there is some evidence that the Government are responding in aspirational terms to building more homes generally. They now accept that there is a housing need amounting to 266,000 homes a year for the next 10 years. My question to the Minister is: do the Government have an action plan that will deliver those homes?

The Prime Minister's announcement at the Conservative Party conference that the Government would put in an additional £2 billion for affordable and social housing sounded better than it has proved to be. It is just one-fifth of the extra subsidy going into Help to Buy and from it we will apparently secure only an extra 5,000 homes for social rent a year. That is a very small number, which is described as “a start”, but we have known about this problem for some considerable time and we should not be in the position where we are still trying to start.

There is a value to be addressed here. I feel very strongly that someone on the living wage should be able to afford to live reasonably close to where they work. Many are not able to do so because of the cost of housing. If this is not addressed, things will only get worse. I suspect that the Government's announcement and their Green Paper will not do much to build the

[LORD SHIPLEY]

volume of social homes for rent that are needed. The Government acknowledge that there is a problem but it is very hard to see how the announcement by the Prime Minister will deliver a long-term solution to the unaffordability of housing for those on low household incomes. Social housing units now stand at 4 million, whereas there were 5.5 million just over 30 years ago. Successive Governments have not replaced homes sold under right to buy. I think that we are reaching the point where local housing authorities should have the right to decide whether homes in their area are sold.

As we know, home ownership is at an all-time low. For young people under 35, over the past 15 years it has dropped from 58% to 37%. That is a huge decline which cannot be allowed to continue. We have already heard the comment that I am about to make but I agree entirely that housing needs Cabinet-level representation—it needs a higher focus in Whitehall.

In addition, housing associations and councils must be seen as part of the solution, with sustainable long-term financial frameworks for councils to build more new homes, including for supported housing, through borrowing to build against their assets. I particularly appreciated the contribution of the noble Lord, Lord Horam, who identified a blockage in the Treasury on this issue.

I think that we have to redefine the meaning of “affordable”. The noble Baroness, Lady Donagh, explained the problem. Maybe it means about 30% or less of household income. We have heard about viability assessments not being public, and that is something that the Government have to look at. The Government too have to change the rules to ensure that public land disposal enables new homes to be built. We should not require public bodies to sell at best consideration, something that the White Paper promised. We should instead be using social return as a basis for decision-making, as well as financial return.

This debate is all about availability and affordability, and has turned into a challenge to Treasury orthodoxy. It has been a very good debate, but as we speak, homelessness continues to rise and more than a million households are awaiting a social home to rent. That is an unacceptable situation.

2 pm

Lord Kennedy of Southwark (Lab): My Lords, first, I join other noble Lords in congratulating my noble friend Lord Smith of Leigh on securing this important debate on the availability and affordability of housing. Secondly, as usual in these debates, I refer the House to my declaration of interests, in particular the fact that I am a councillor in the London Borough of Lewisham and a vice-president of the Local Government Association.

It is accepted that we are in the midst of a housing crisis, with people being let down on every front. As the noble Baroness, Lady Neville-Rolfe, said, to lower prices we need to increase supply. We have the lowest levels of home ownership for 30 years, and the homelessness crisis on our streets is a scandal. If you walk to this House from any of the nearby mainline

stations such as Charing Cross, Waterloo or Victoria, you will be met with people living on the streets. If you arrive at Westminster Tube station and go to the entrance to the Palace, you will usually be greeted by a rough sleeper. In the fifth-richest country in the world, in one of the richest cities in the world, that is truly shameful.

The Government did put the Homelessness Reduction Act on the statute book before the election, but they have provided completely inadequate sums of money for local government to deliver on its obligations. The cap on housing allowance, and the pressures that brings, means that more and more people are becoming homeless. Councils are housing over 75,000 families in temporary accommodation, including over 118,000 children. The situation is scandalous, and damaging to families and children and their development.

The noble Lord, Lord Bourne, who is not in his place today, has on many occasions expressed his determination to sort out the broken housing market, as have his friends the Secretary of State for Communities and Local Government and the Prime Minister herself, as did her predecessor. But the actions, no matter how well intentioned, have not delivered on the stated aim of fixing the broken housing market. The Government are clearly under pressure and struggling to find a way forward.

Just look at where we have got to in recent times. The Housing and Planning Act must rank among the worst, most ill-thought-out legislation promoted by any Government in recent years. Some of the more contentious measures were either formally dropped or lost in the department as the reality of implementation dawned: pay to stay and the forced sale of council housing, to name but two. We come then to the housing White Paper, the build-up to and crescendo of which never quite matched the reality. Then there is the recently announced housing Green Paper. It is fair to say that had we started with the Green Paper, the solution would never have been the Housing and Planning Act. We need more homes built across all tenures.

It is a laudable aim to want people to own their own home, but I wonder if there should be greater focus from the Government on building more homes. We need to consider carefully the serious problems with schemes such as Help to Buy, which overheated the market making homes even more expensive, rather than building more homes for sale.

I recall the debates on the Housing and Planning Act with the noble Baroness, Lady Williams of Trafford. We could never get a clear idea of the cohort that would benefit from the Starter Home programme. It never appeared to me to benefit the classroom assistant, the nurse, the teacher or the small business person. I agree with many of the comments of the noble Lord, Lord Kirkham, when he called for the building of more homes.

It is not councillors on planning committees or planning departments holding up development, but the problem of land that could be built on not being built on by the developers. Hundreds of thousands of planning permissions have been granted and not a brick has been put down. That highlights the problem,

as the noble Lord, Lord Stunell, said. But planning departments are underresourced and action needs to be taken, as nationally set planning fees mean that council tax payers are subsidising planning services. That really needs to end, as my noble friend Lady Young of Old Scone said.

I have told your Lordships before that I grew up in council accommodation. I will always be very grateful to Southwark Council for providing my parents with a council flat, and then a council house, that was warm, safe and dry and at a rent my parents could afford. My parents worked until they retired and they paid their taxes. They did not own a car when we were young, but could afford to take us on holiday every summer and pay for us to go on school trips. We were happy and able to take up the opportunities that were available to us. That was the benefit of council housing. It liberated our family and enabled us to get on. The right reverend Prelate the Bishop of Chelmsford referenced this in his remarks. I am the eldest of four children and we are now all home owners.

The Government must do more to support real affordable housing in the public sector at social rents. In London and other cities, the affordable rent product promoted by the Government is unaffordable, as my noble friend Lady Donaghy said. I hope that the Chancellor of the Exchequer will lift the cap on borrowing for local authorities for social housing. It really is needed to help tackle the broken housing market, not just for young families but for older people who want to downsize to a smaller property. There is a looming problem in sheltered and supported housing that the Government need to get a grip of, as my noble friend also said.

The private rented sector works for many people, and there are some excellent private sector landlords who provide homes that people want to live in. But there are also many problems with the rogue elements of the private rented sector, and much more needs to be done to solve this, as my noble friend Lord Smith of Leigh referred to.

I want to pay tribute to the work being done in Newham by the mayor, Sir Robin Wales, and his team. In 2013, Newham became the first local authority in England to require mandatory licensing of all private sector landlords operating in the borough. The scheme expires at the end of December 2017, and Sir Robin and his team applied to the Government for permission to continue it for a further five years. The figures in the first five years are quite startling. Newham has initiated 1,217 criminal prosecutions against landlords, recovered over £3 million in unpaid council tax and banned from operating 28 of the worst landlords. The police have made 745 arrests for a variety of offences during licensing operations, and £300,000 of housing benefit fraud has been detected and stopped. What Sir Robin and his team are doing is making a real difference: tackling rogue landlords, driving up standards, protecting private sector tenants, recovering unpaid council tax and detecting benefit fraud and other criminal activity, including slavery. The Government should be supportive of the excellent work being done by Sir Robin and Newham Council and look at ways that they can support this forward-thinking authority and encourage

other local authorities to develop similar schemes. I am not sure if the noble Lord, Lord Young of Cookham, is aware of this scheme or has been to Newham, but I know he would get a very warm welcome there—perhaps we could go together.

There are two other issues affecting the private rented sector that we need to see some action on. The first is client money protection. Following on from the Housing and Planning Act, a working group was set up, chaired by my noble friend Lady Hayter of Kentish Town and the noble Lord, Lord Palmer of Childs Hill. The consultation closed in October 2016 and the report was published on 27 March 2017. The next day, in reply to a Question from my noble friend, the noble Lord, Lord Bourne, announced that the Government were going to go ahead with a mandatory scheme. That was great news, protecting the money of both tenants and landlords from rogue letting agents.

Secondly, we have the ban on letting agent fees, such as inventory fees, tenancy review fees and agent admin fees. For tenants who are often forced to change homes every year, these charges cost hundreds of pounds of money that they do not have. The CAB reported recently that 42% of renters had to borrow money just to pay their fees, and that is on top of rent deposits. The ban was announced in the Autumn Statement in 2016 by the Chancellor of the Exchequer. It then appeared as a pledge in the Conservative Party manifesto and was announced in the Queen's Speech on 19 June. But since then there has been very little. Those two fairly simple measures, despite reviews, announcements, pledges and commitments, have made very little meaningful progress. No one could accuse the Government of acting in haste in bringing these measures into force.

Our housing association sector, whose very ethos is about people living in decent homes that they can afford, is struggling with a lack of investment in homes for social rent, so it has worked to deliver other forms of ownership and then cross-subsidised those with the lowest rents. The mandatory rent cut has taken £3.9 billion out of the sector business plan so far, as the noble Lord, Lord Stoneham of Droxford, mentioned. The sector needs certainty so that it can develop with confidence and play its part in delivering the homes that we need.

I also fear that the Government operate in silos. Housing benefit is now well over £20 billion a year. The Government find themselves in a perfect storm but refuse—for reasons that I hope the noble Lord, Lord Young of Cookham, will explain when he speaks—to tackle this with the urgent action needed. Home ownership is at an all-time low. Social housing is under pressure. The borrowing cap needs to be lifted so that more homes can be built. There is huge pressure in the private rented sector, with rents in certain areas rocketing, and the market is overheating. Housing associations, housing co-ops and other alternative providers are frustrated by the Government's failure to allow them to deliver what is needed. There has been a failure to deliver even small things that have been announced by the Government, such as client money protection and the ban on letting agents' fees.

[LORD KENNEDY OF SOUTHWARK]

It could all be so different. Lifting the borrowing cap would enable more homes at a social rent to be built. Whenever we have met the challenge of housing before, the public sector has had to play its part. That would help with the housing benefit bill and it would also take some of the heat out of the private rented sector, which would also help with the housing benefit bill. If the Government switched their strategy and looked at how we can shift some of the vast sums of money we spend on and with individuals into actual bricks and mortar, that would also have a positive effect on the housing benefit bill, as well as on family well-being, enabling families to thrive. That would have a positive effect on the home ownership market too. I very much agreed with the comments of the noble Lord, Lord Horam, that we need positive action from the Treasury on these matters.

I grew up in a council house and I rented in the private sector when I was younger. Today, I am a home owner. That is quite a normal aspiration for anyone and a positive outcome and something that government policy should enable to happen. But despite everyone seeing that as a reasonable way to proceed, the Government, for ideological reasons, have to date refused to take the big steps needed.

2.12 pm

Lord Young of Cookham (Con): My Lords, I join others in thanking the noble Lord, Lord Smith of Leigh, for selecting this subject for debate and for bringing to his opening speech his wealth of experience as leader of Wigan Council for 26 years—a local authority with major housing challenges. I thank all those who contributed, some of whom have taken an interest in housing for many decades. I first discussed housing with the noble Lord, Lord Best, when I was chairman of a housing association in the early 1970s. All those who spoke in the debate have been motivated by a sense of impatience—and a sense of anger, at times, from the noble Lord, Lord Cashman. That has run right through the debate: impatience at the lack of adequate progress over recent years to meet the legitimate aspiration of every family to have a decent home to live in.

I am conscious that I cannot respond to all the points that have been made in the debate—and when I do not of course I will write. As the noble Lord, Lord Smith, said in his opening remarks, and as others, too, have said, successive Governments have failed to provide the homes that we need. As a result, whether for sale or rent, housing is increasingly unaffordable. As the noble Lord, Lord Smith, told us, an average home to buy in England now costs almost eight times average earnings. Twenty years ago it was three and a half times average earnings.

The right reverend Prelate the Bishop of Chelmsford told us of the social consequences of moving towards a more polarised housing market and the dislocation for families who have to move, and my noble friend Lord Kirkham reminded us of the frustration of young people who cannot get a decent home of their own. Our manifesto commitment is clear: we want to deliver 1 million homes by the end of 2020 and 500,000 more by the end of 2022.

The noble Lord's Motion has two themes—availability and affordability—and I will address each in turn. I agree with what my noble friend Lord Kirkham said: housing is more important to the man in the street than Brexit.

On availability, in the last Parliament we set out over £25 billion of spending on housing up to 2021 and last week at the party conference we announced another £12 billion of spending up to 2021 in order to tackle the failures at every point in the system. This includes a further £10 billion of new funding for Help to Buy—I will say a bit more about that in a moment—which could help around 135,000 more people to buy their homes, and another £2 billion in additional funding for affordable housing in England.

As a former Treasury Minister, I will say that at a time when there has been intense downward pressure on departmental budgets, the figures that I have mentioned represent a very substantial commitment by the Government to investment in housing and show our determination to do better. As the noble Lord, Lord Stunell, said: yes, we will have to pay and yes, we are paying. I will pass on to the Chancellor of the Exchequer my noble friend Lord Horam's suggestions about the division of spending into capital and current.

If we want new homes to be built by councils and housing associations, we recognise that they need a stable investment environment. The noble Lord, Lord Stoneham, said that continuity was what his chief executive really wanted. That is why we have recently set out a long-term rent deal for social landlords in England, limiting increases to CPI plus 1% for five years; an announcement welcomed by David Orr, chief executive of the NHF, as, "a huge change in tone and approach".

I am grateful to the noble Baroness, Lady Warwick, for her generous comments on some of the recent announcements.

What everyone in this debate wants is to see these extra resources spent effectively and promptly and targeted at those in greatest need. Our policies are already having an impact. In 2015-16 we delivered nearly 190,000 homes in net additions. That number was up 11% on the previous year and was the highest level since 2007-08. We do not yet have the net additions figures for the most recent year, but measures of new-build starts and completions are up again. In the year to June 2017, new-build dwelling starts totalled 164,960—up by 13% compared with the year to June 2016 and the highest for nine years. During the same period, completions totalled over 153,000, an increase of 11% compared with last year. For the year ending March 2017, the planning system granted permission for 304,000 new homes, up 15% on the year ending March 2016 and up 70% on the year ending March 2012. We have policies, which I hope to come to in a moment, to ensure that these permissions are translated into homes for families more promptly than in the past—a point mentioned by the noble Lord, Lord Smith, in his speech.

The message from today's debate is that, however well we have done and however much better we may have done than our predecessors, it is not enough. We know that there is a lot more that needs to be done if we are going to address today's unmet needs, such as

on waiting lists, mentioned by the noble Baroness, Lady Warwick, and at the same time keep up with future demand while ensuring that we also deal with affordability. Our housing White Paper, which we debated earlier this year, sets out how we will: make more land available and help local areas plan for the right homes in the right places; build homes faster, giving local authorities the tools they need to drive new housing and hold developers to account and assisting local authorities where necessary with extra infrastructure; bring new players into the housing market, reducing the dominance of a few major housebuilders, as mentioned by the noble Lord, Lord Best; and champion modern methods of construction and support new investment, hopefully driving up productivity—a point mentioned by my noble friend Lady Neville-Rolfe. We also want to give local people a say over new development and ensure that they feel the benefits of new infrastructure.

Many noble Lords spoke about planning and the constraints it has imposed on securing the necessary consents. I may be wrong, but I think that there has been a shift in public opinion about the imperative for more homes, as more and more families have children or grandchildren who struggle to get a decent home. I detect a growing, but not universal, impatience with unjustified nimbyism. Of course we should be alive to the need to avoid development that is inappropriate, but in my last years in another place I detected a recognition of the need—and at times a welcome—for well-designed, appropriate development on sites that might have generated a more hostile response in earlier years, particularly if it was targeted at meeting local needs.

Often, the concern has been not so much about the development but about the infrastructure—a point made by several noble Lords in this debate, including my noble friend Lady Neville-Rolfe, who spoke about roundabouts. That is exactly why we have introduced our new £2.3 billion housing infrastructure fund to make sure that the infrastructure is put in first. We launched our prospectus on 4 July and applications closed on 28 September, with the ambition of reaching as many councils as possible. The fund is oversubscribed and we expect to start announcing successful bids in early 2018. The money will be focused on areas of greatest housing need, helping to deliver up to 100,000 new homes.

My noble friend Lady Neville-Rolfe mentioned the release of public land. Again, we are taking direct action there. Since 2011 we have released land or identified land to be released with the capacity for up to 249,000 homes. Once permission has been granted—I think it was the noble Lord, Lord Stunell, who said that there were 600,000 extant planning consents—we are proposing greater scrutiny and transparency of a site's delivery prospects. This includes more streamlined completion notice procedures and new guidance encouraging more active use of compulsory purchase powers by local authorities at stalled housing sites. Those are just some of the measures we have introduced to secure a step change in the volume of new starts.

Affordability is the other subject of the noble Lord's debate. Affordability has to be a priority for any Government. Traditionally, affordable homes were provided by local authorities and many questions have

been raised in the debate as to why we cannot do what we did in the 1950s. If we could build nearly 200,000 council houses in 1953, why can we not do so now, when the country is more prosperous? The House is grateful to my noble friend Lord Horam for his historical intervention explaining how that commitment came about.

The time has come to think again about our approach to social housing, not least in the wake of the Grenfell Tower tragedy. The noble Lord, Lord Stoneham, made the point that we need that review. In a speech to the National Housing Federation conference, the Secretary of State recently announced that the Government will be bringing forward a Green Paper on social housing in England—a wide-ranging, top-to-bottom review of the issues facing the sector. It will be the most substantial report of its kind for a generation, tackling head-on the issue of affordability—which was the motivation for the social housing movement several generations ago—and looking at the role of social housing in society today. I will ensure that all the contributions of noble Lords in today's debate are fed in to that review.

However, the context has changed since the 1950s and 1960s, and I will spend a minute looking at this. Housing associations were not significant players then and historically have been classified as private sector bodies. As a result, Governments of all parties have routed public funds for social housing to housing associations rather than local authorities, because housing association borrowings did not score as public debt. That meant that for every given public pound, the Housing Minister could get more social housing through housing associations than local authorities. I will avoid a theological debate as to whether that should score as public expenditure, but that is the reality and that has been a significant change.

There has been another since the golden years of the 1950s. Section 106 planning obligations were not there then; they mean that local authorities can secure the direct provision of, or financial contributions toward, affordable housing, with the cost borne not by the public purse but by landowners securing less of a windfall gain when they get planning consent. In 2015-16, over 12,000 affordable housing completions were fully funded, and 350 partially funded, through Section 106.

The final change is that local authorities are no longer the significant landlords they were. Since 1988, through large-scale voluntary transfer, some councils, with the support of their tenants, voting in a ballot, decided to transfer their housing to a housing association. They did this because it helped improve the standard of their housing stock, with faster access to investment. In many cases it got them a more benign rent regime and additional benefits such as greater tenant choice and participation. So the context has changed; but, having made those points, the Government do see a significant role for local authorities again. More than twice as much council housing has been built since 2010 than in the previous 13 years and more affordable homes overall delivered in the last six years than in the last six years of Labour government. The numbers of new council homes have been increasing year on year,

[LORD YOUNG OF COOKHAM]

and they are now an important source of new supply. In 2014 we saw the highest number of council house starts for 23 years.

We want to go further. We want to see a new generation of council house building and housing association homes. The extra funding and rent certainty we have just announced will further support councils and housing associations in areas of acute affordability pressure, where working families are struggling with the costs of rent and some are at risk of homelessness. We will be looking to the sector to show that it can make the best possible use of its resources and make a substantial contribution to building the homes that all noble Lords want to see built.

The chief executive of the National Housing Federation said:

“The additional £2 billion will make a real difference to those let down by a broken housing market. Building homes for social rent will make work pay and help bring down the housing benefit bill in the long run by moving people out of costly private lets”.

Those announcements build on the flexibilities that councils already have, following the self-financing settlement in 2012, which will enable them to build more homes to meet housing pressures.

A number of noble Lords mentioned the borrowing capacity of local authorities and wanted the ceiling lifted or abolished. There is still around £3.4 billion of borrowing capacity available to local housing authorities. Some £300 million of additional borrowing was made available to councils in England in 2013, but only £144 million was taken up by councils. There are also substantial reserves, not just in the housing revenue accounts of local authorities but in the reserves of those councils that have transferred their stock over to housing associations. The Government responded to the Economic Affairs Committee’s report. We had a debate on it, which I think I may have answered. In response to the noble Lord, Lord Kennedy, and others, on the issue of raising the capital on local authority borrowing, we will look seriously at any request from councils that will result in a significant investment in additional housing.

On the second prong of the Motion—affordability—we have plans to increase the output of affordable homes. Affordability is an issue for home buyers as well, as my noble friend Lord Kirkham mentioned. We are supporting first-time buyers to achieve their ambition of home ownership. That is why last week we announced £10 billion of new funding for the Help to Buy equity loan, which could help around 135,000 more people to buy homes by 2021, on top of the 400,000 households that have been helped by government-backed schemes—over half of them through Help to Buy.

We ran into a bit of headwind during the debate on Help to Buy; it was criticised by the noble Baroness, Lady Donaghy, and others. Some 39% of buyers had an annual household income of less than £40,000. An independent evaluation report of the Help to Buy scheme concluded that Help to Buy does not materially impact on house prices, it has helped to improve market access, especially among first-time buyers, and has encouraged more lenders into the new-build market. Help to Buy customers are satisfied with the buying process. The £10 billion for Help to Buy is different

from the £2 billion referred to earlier, in that the Government will get money in Help to Buy back. In effect, it is a loan that the Government get back, possibly with additional funds—depending on the movement of house prices—whereas the Government will obviously not get the £2 billion investment in housing back.

I want to touch on one or two of the points made by noble Lords. There has been a lot of focus on homelessness from the noble Lord, Lord Smith, my noble friend Baroness Neville-Rolfe, the noble Baron, Lord Cashman, the right reverend Prelate and others. We are committed to doing more to prevent more people becoming homeless in the first place. I am grateful to the noble Lord, Lord Best, for piloting through this House the most ambitious legislative reform in decades: the Homelessness Reduction Act. On resources, a point raised by the noble Lord, Lord Kennedy, we have allocated £550 million until 2020 to tackle homelessness and rough sleeping, as well as supporting the Homelessness Reduction Act. We are protecting £350 million of funding for local authorities and £149 million of central government funding for homelessness programmes.

There was much comment on Section 106 and the issue of viability assessments. I think there was a case, after the economic downturn, for having another look at some of Section 106 where, if no change was made at all, no houses would have been built. I take on board the criticisms made in the debate by the noble Baronesses, Lady Donaghy and Lady Young, the noble Lord, Lord Best, and others. Viability assessments are necessary to make sure that plans and individual proposals are deliverable, but we are aware—even more so now because of the debate—that their use can add complexity and uncertainty and lead to delays in and the reduction of affordable housing.

We are consulting on a new approach to viability with a view to speeding up the decision-making process by reducing the use of VA at the planning application stage. In response to demands for increased transparency, we are consulting on increased transparency so that local communities know what contributions are expected. The plans should set out how developers can contribute to infrastructure and affordable housing.

The noble Lord, Lord Best, spoke about the broken housing market being dominated by a small number of big players. Our housing White Paper set out our plans to encourage new players into the market through loan funding for small builders, custom builders and innovators. We are also improving transparency on buildout and proposing to make developers publish data on how quickly they build after getting planning consent.

A number of concerns were expressed about supported housing, a matter of great interest to this House which has been debated on many occasions. As noble Lords know, we announced proposals for a new funding model for supported housing, to kick in in April 2019. There have been a number of responses to that. We understand that the sector needs certainty now to plan delivery. We will announce next steps shortly in response to the consultation process.

I am conscious that I have about 15 pages of notes in front of me responding to the many very valid

points that noble Lords have made. If the House will accept it, I should like to write to them, in no way devaluing the importance of their contributions.

We have so much to do. Successive Governments have failed to provide the homes we need. Progress has been made, but it is not enough. This Government are determined to work with every local authority, organisation and business with a role to play to ensure that we build more of the good-quality homes this country needs, and help more people to achieve their dream of home ownership and help more people into good-quality rented accommodation at a price they can afford. We are committed to deliver on our promise of 1 million homes by 2020 and a further half a million by 2022, and the action that I have set out in this debate shows how we propose to achieve it.

2.32 pm

Lord Smith of Leigh: My Lords, I thank everyone for their contribution to the debate today. I think there was an overwhelming consensus on the scale of the problem. Considerable expertise and knowledge were shown. As the Minister reflected on, there were obviously criticisms of government, but they were criticisms of outcomes. There were a lot of positive suggestions from across the House on what we should do and what changes are to be made to see results.

I also felt a lot passion, again from across the House, with speakers understanding that if we are to help people achieve that aspiration for decent houses we have to do better than we are doing today. The Minister is well respected in the House and gave us a good summing-up—we will obviously read all that. It is an issue of supply, although it was not mentioned that the Governor of the Bank of England has already advised us that interest rates are likely to rise in the near future, which usually impacts on housing—and of course we do not know the impact of Brexit. My noble friend Lord Morris of Handsworth suggested that we might put as much emphasis on housing as we do on Brexit. I hope that he was not suggesting that we put David Davis in charge of housing, because that is something that I do not think that we could agree on.

The word that we heard across the House was “investment”: investment in buildings and investment in people. That should remind us that the benefits of housing are financial across the range for the Government. If we did a proper cost-benefit analysis of getting affordable housing right, we would see that we would save on housing benefit, on social welfare costs and right across the piece. I welcome the Government’s commitment to housing. We want to see a positive outcome—that was the mood across the House. I again thank noble Lords for their contributions.

Motion agreed.

Future of Work

Motion to Take Note

2.34 pm

Moved by Lord Knight of Weymouth

That this House takes note of the effect of globalisation, technology and demographic change on the future of work, and of the public policy response to those changes.

Lord Knight of Weymouth (Lab): My Lords, I am most grateful for this opportunity to open a debate on one of the profound political challenges of our generation. I am grateful that such a distinguished list of speakers have chosen to follow my lead. I am especially looking forward to the maiden speech of the noble Baroness, Lady Wyld, whose own family story in the north-east is a great one to reflect the changing nature of work.

I also noted that it took the Government a little while to decide who would respond from their Front Bench, perhaps it being less than obvious which department leads on this cross-cutting issue. I am delighted that the bottle stopped spinning in the direction of the noble Viscount, Lord Younger of Leckie, his background in HR and recruitment making him the perfect choice.

I have been thinking about this issue for the past year as a member of the Future of Work Commission established by Tom Watson MP, which will publish its first report soon. I am grateful to fellow commissioners and the secretariat for informing and inspiring me, as I am to all those who sent in briefings for this debate to accompany the excellent Library briefing.

Later this year, I am taking my mum to the grave of her uncle at Ypres, 100 years after his death in the First World War. It has inspired me to look a little more at my own family history. George, my uncle, and my grandfather, William, were both born in Wolverhampton and went to the local school run by the Sisters of Mercy for the children of Irish Catholic migrants. Their education was sufficient for the factory, and if it were not for the war their economic destiny was assured. One died, the other survived.

At the end of the Second World War, my mum, William’s daughter, started school. She later made the cut and was one of the lucky 25% to make it to grammar school, a system designed to meet the need to develop some talent for the professions and academia while the rest were mopped up by mass work in the factory.

By the time I went to school, the promise of working hard for exams to go to a great university to study under my noble friend Lord Giddens was that I could then get a well-paid job for life, a 25-year mortgage, a final salary pension scheme and retirement in my 50s. Well, what happened to that? It has all changed. The factories have largely gone. There are sectors which struggle to find people to want to do the work, like care or harvesting fruit and veg, and degrees and debt for around 40% is a more questionable investment for some.

My children, in their late 20s, are doing well but are a long way short of home ownership or saving for a pension. If they start a family, as I hope they do, it will be much later than it was for me or my mum; they are likely to work much longer and cycle through multiple careers.

I am very proud of them. They are likely to go through multiple careers. Their security is in their strength of character and agility to keep reskilling or choose careers particularly resistant to technology. My son is working directly in digital and my daughter has wisely found her vocation in opera direction, one of the last jobs that could be disrupted by robots and

[LORD KNIGHT OF WEYMOUTH]

much safer from deskilling than being a Member of your Lordships' House, although I suspect we are more likely to be enhanced by AI than replaced by noble robots. My family story is not uncommon. The economy of the last century may have had less mobility and opportunity than it has now, but it had more certainty and security than the one that we are custodians of in this Parliament.

Two weeks ago, Pearson, Nesta and the Oxford Martin School published an excellent report and analysis on the future of skills for 2030. They looked at the interaction of globalisation, technology, demographic change, climate change, political instability, urbanisation and income disparity. To make things simple, I have stuck just to the first three. My triumvirate of factors are not all bad. As the Library Note says:

“Globalisation has coincided with a decrease in extreme global poverty and a decrease in inequality between countries. However globalisation has also coincided with an increase in inequality within countries”.

Longevity and declining birth rates look challenging to the Treasury, but personally, I am a fan of longevity, so long as we do not get to total rejuvenation. With respect, the notion of immortality and a life peerage leading to an eternity with your Lordships might be a mixed blessing.

Tech change, be it digitisation, data, AI or robotics, can be and are all used for good. There is nothing inevitable about dystopia. The heart of this debate is our choice of how active we should be: first, in understanding the interplay of forces that are changing work, and then how active we want to be in promoting a more utopian outcome. What is the effect on work of the combination of technological change, globalisation and demographic change? In its briefing, the John Lewis Partnership told me that more than half of jobs in retail could be automated. The British Retail Consortium predicts 900,000 fewer jobs in retail in this country by 2020, but that more than 100,000 new jobs will also be created that need new skills. PwC's excellent *Workforce of the Future* report predicts 28% of jobs being at risk from automation, some being higher-paid, professional work. By contrast, a Salesforce-sponsored study predicts that, over the next four years, AI-powered customer relationship management activities will boost global business revenue by \$1.1 trillion and create more than 800,000 direct jobs and two million indirect jobs, surpassing those lost to AI-driven automation.

I am an optimist. My judgment is that new technology will create new work that ultimately compensates for job losses along the way. Our problem is that we do not know whether there will be a time lag between lost work and new work, or where the new jobs will be. Our responsibility is to ensure that the UK is well placed in terms of supply-side measures, such as skills and investment, and in terms of our relationship with globalised economic forces, to take advantage of the new work. The pace of change is certainly a worry. The first industrial revolution of mechanisation and steam power was highly disruptive, but we had just over 100 years for generations to adjust before the next revolution of mass production and electricity. We then had 70 years or so to adjust before the third revolution

of automation and computing. We are a long way from adjusting to that, while we now have to pivot again, as a society and an economy, around cyberphysical systems and everything being connected over the internet, and of data being more valuable than labour.

We see businesses making logical microdecisions for their efficiency that create job losses. Aggregated together they create a significant macro problem. The collected effect of those job losses is fewer workers, less consumption and therefore less spending in the economy to benefit those businesses. With less tax being paid, of course, the public sector is also constrained in responding. We urgently need new thinking that incentivises a rebalancing of management thinking around value. We need value for customers, workers and society to be balanced alongside shareholder value. We took a very wrong turn in management thinking in the 1980s. New economic thinking needs to appreciate the value of work. We need a stronger vision of good work, with dignity, security and empowerment available to all. In the latest British Social Attitudes survey, 62% of respondents said they would enjoy having a job even if they did not need the money.

As mental health problems rise across our population, we need a better appreciation that since mental health and self-esteem go together, so self-esteem and knowing that your contribution to society is valued also go hand in glove. Currently, the norm is to have your contribution valued through work. It can be no accident that growing political instability and the rise of the politics of fear has happened while work has changed to be more insecure and exploitative. There are now five million self-employed workers, 900,000 workers on zero-hours contracts and 800,000 agency workers in the UK. Since 2008, the number of self-employed workers has grown by 24%, the number of agency workers by 46% and the number of workers on zero-hour contracts by more than 400%. This insecurity may increase with Brexit and the ending of the Social Chapter and this Parliament needs to be cognisant of future work patterns when legislating for what follows.

I welcome the Prime Minister commissioning Matthew Taylor to review modern employment practices: many of his recommendations are a step in the right direction. I also hope that our friends in the trade unions are looking at new organising models. Their critical role in providing security for those in work must now spread into new generations and into the digital economy. While insecurity hits the low-skilled hardest, the evidence also suggests that many mid-skill jobs are more likely to change than be automated completely. Tasks are likely to transform over the coming decades, with more collaboration between machines and humans, but the jobs are likely to remain. The jobs, or part-jobs, least vulnerable to automation are likely to be those which involve our most human qualities: teamwork, empathy and imagination. When advising family members about their next career, noble Lords might want to think about the arts. It is a great scandal that our current EBacc accountability system is freezing these subjects in many of our schools.

It is worth exploring whether our whole education system is fit for purpose in this changing environment. There is an honourable argument that the job of education is to make people educated, not to meet the

utilitarian demands of the economy. I strongly disagree: that is a false dichotomy. What would education look like if it were to meet the future needs of the labour market? The employer demand is for higher-level cognitive skills that are cross-disciplinary and combine with excellent human skills. Employees must be agile learners, equipped with the motivation and learning skills to take new roles that currently do not exist. Surely a school curriculum must now achieve three things: a development of character that is empathetic and resilient; a sound framework of academic knowledge; and a strong set of practical, creative and learning skills. This whole-child education is vital. It is available in our best private schools but being diminished in our state-maintained schools.

Our schooling is designed around meeting the entry needs for university. For most, a bachelor's is the route to a professional career, with some signs of an arms race towards needing a master's—and more debt—to differentiate on the basis of academic attainment. Yet traditional graduate recruiters such as Unilever are now changing their recruitment practice to use AI and online games to sift and get a more diverse workforce. We can foresee the end of qualifications as the proxy for skills and the basis of sift by recruiters. That in itself will pull the rug from under our education system. Where will it leave the return on investment in a degree, especially given that you can now earn while you learn on a degree apprenticeship? Many forward-looking businesses are also becoming learning institutions themselves. This must be part of a revolution in adult skills that embraces work as an aspirant destination straight from school, that includes part-time degrees and unbundles the bachelor's degree to a series of courses with credits from different establishments that then can be given an accreditation wrapper by a university. The fact that part-time degrees have fallen by 61% since 2008-09 according to the Open University, especially among working adults, should really worry us in this context.

This adult skills revolution will need a new funding scheme, and I advocate individual skills accounts. These would be an extension of the apprenticeship levy, where employers, employees and the taxpayer pay in over one's working life to provide a source of finance for lifelong learning, both academic and vocational. I have plenty of other thoughts and no more time. Should we have a jobs offset scheme, akin to carbon offset, for responsible employers to generate investment in job creation? It could also invest in those areas of plentiful work, such as care and environmental restoration, that have no economic model to fund decent pay. Should we tax data flows rather than corporate profits? Should worker visas be easier but conditional on training a multiple of UK residents in the role? How do we incentivise an employment culture that embeds diversity of gender, race and orientation but also, critically, age?

I look forward to your Lordships' contributions. We need to legislate, having thought deeply, for a utopian future, not sit back on our comfortable red leather and allow a dystopian one instead

Baroness Sugg (Con): My Lords, this is a time-limited debate and the time limit for speeches today is five minutes,

not six minutes as today's list states. I remind the House that when the clock shows five minutes, the limit has been reached.

2.49 pm

Lord Patten (Con): My Lords, I shall have to be quick. There is nothing new in economic history in the ups and downs that we face at the moment, so we must be very careful when predicting what next and risk causing public or political alarm. So often, well-meaning research or better-meaning think tanks come up with scary predictions that fail the test of time. In the 1970s, we had the MIT-sponsored Club of Rome report *The Limits to Growth*, which saw us living in a limited, closed economic system likely to collapse round about now. That does not seem to have happened. Wait for it, new readers: it was going to happen because Governments would act to limit or actually stop economic growth, which is no longer a fashionable nostrum from academia. Politicians and experts must exercise great care. I like experts, particularly when they are my doctor or dentist, but it is rather easier for doctors or dentists to get things right in their diagnosis—they get them correct most of the time—than for we politicians or economists. I am not jeering at economists, but their predictive work is very much more challenging. Experts are, or should be, the servants of democracy advising, not dictating. We here in this privileged Palace must respect the democratic desires of people when shaping public policy responses, so people with lower incomes in the UK must be treated with respect. They must not be patronised; rather, they must be given more opportunities to advance, albeit with help from the living wage, benefits or whatever, to the better work to which the noble Lord referred.

I strongly believe that for adults employment at all ages, when brain and/or bodily health allows, is essential not just for economic reasons but for physical and mental well-being. Last week, the noble Lord, Lord Browne of Madingley, said in London that 70 is now the new 50. That is striking, but true. There is always up and coming angst whether geopolitical, such as about Korea, or technological, such as about the explosive growth of artificial intelligence and robotics, although I predict that we may be a little way off the creation of the first RoboPeer, to which the noble Lord, Lord Knight, referred, and we should beware of ever creating them because I am sure the first thing they would do would be to create a new class of hereditary RoboPeer.

At present new work is being helped by the unexpected long bull-market run of global stock markets producing stonking returns for workers in their pension funds, in the investment portfolios of our local authorities and into the deep, deep pockets of the Church Commissioners with all those crumbling spires to support. They are all benefiting, but just as markets go up as no one predicted, productivity stutters in the great unanswered productivity puzzle that has dogged all G7 countries since the 2008 crisis. There are lots of theories but fewer solutions to give immediate relief all round, let alone answers to questions such as why the neo-exponential explosion in higher education numbers since the 1960s has not produced productivity gains in parallel. I do not know why, and I wish someone would tell me. There are

[LORD PATTEN]

more medium-term remedies about, such as the Chancellor of the Exchequer's infrastructure proposals, which I warmly applaud. We certainly need more investment, as he has suggested, and there may be much to be said—I pick my words very carefully and am not misspeaking here—for a holy alliance between trade unions and investors, whether institutional or retail, who feel that companies should be investing more and should stop buying back their own shares, a form of financial engineering that consumes a company's economic smoke. It drives up its share price for sure, but equally certainly it greatly benefits the executives whose annual rewards shoot up when their share price targets are beaten. In this, combined with the increasing trend for short-termism introduced by the new quarterly targets for company performance, may well be found the seeds of future problems grown out of the current pandemic cult of short-termism in some, although not all, of our companies.

I am much more concerned about the impact of this stuff on what Matthew Taylor—I agree with the noble Lord, Lord Knight of Weymouth, about this—calls “good work” than about some new banking crisis. At the moment, our traditional joint stock investment banks are more regulated than they have ever been before and I do not think the risk of any systemic breakdown is high at the moment. There is a much greater likelihood that traditional joint stock banks, with their ageing, constantly patched, endlessly rebooted IT systems, with bits being bolted on in replatforming, are going to suffer terribly from the new cloud-based technologies and agile, starting-from-scratch new banks, like the globally dominating tech giants, the inherently scalable new worlds of Alphabet, Amazon, Microsoft and the rest. They are bringing new work to the UK in new settings, and that should be greatly welcomed.

As we struggle to explain the stutters of productivity—and if we cannot explain, that we cannot produce policies—we must all realise that the most important thing is that policy responses, whatever they are, should be enabling, not directive or dictatorial.

2.55 pm

Lord Giddens (Lab): My Lords, I congratulate my noble friend Lord Knight on having secured this debate, on introducing it so ably and on his mention of me. Perhaps I ought to say “Sit down at the back there and shut up”, as I used to in Cambridge. It was a very absorbing speech.

I want to discuss the impact of the digital revolution on the future of work. To me, the digital revolution is not technology; therefore I dispute the way it was described. It is technology only in the sense in which electricity is technology. As it is now everywhere, this world is driven, sort of overwhelmed, by data. We are living through a period of change perhaps as profound as the original Industrial Revolution, but which is happening far faster and is much more immediately global. When the telephone was first invented in the 19th century, it took 75 years to reach 50 million people. The first developed smartphone came to market only in 2007, and today there are 2.5 billion smartphones in the world. That is unbelievable. Each of them is far more than a phone. An iPhone 6 is something like

120 million times more powerful than the Apollo computer that sent astronauts to the moon. It is huge algorithmic power—AI, if you like—that is driving the digital revolution and which connects its other two elements, the internet and robotics.

It is very important to set this in context. Machines have been replacing humans for many years in some core sectors of industrial economies. Only just over 1% of workers in Britain are now employed in farming, which was once by far the most dominant occupation in the economy. The widespread use of robotics in manufacturing industry, which dates from about the 1960s, has had a similar effect: 40% of the UK labour force worked in manufacturing in 1950 but that proportion is now down to only 9%, a quite extraordinary statistic. It is only 8% in the United States and, whatever President Trump might say, 85% of those job losses have come from automation.

Britain today is overwhelmingly a white-collar service economy. The issue is that that economy is today in its turn being invaded and radically restructured by the digital revolution, particularly the dramatic changes and advances occurring in AI. What has happened in manufacturing could sweep through whole swathes of the rest of the economy over the next few years, so I would be much less sanguine about this than my noble friend Lord Knight. At the moment, there are high overall levels of employment, even if many jobs are unstable and part-time, especially in the so-called gig economy. What these figures mask is the retreat of work from the lifespan. I am sorry not to be able to quote a dentist; instead I have to quote a famous American economist, Jeffrey Sachs, who has provided an analysis of this. As Sachs says:

“It's amazing to reflect that for Americans 15 years and over, the average time”,

spent in paid employment,

“each day is now just 3 hours 11 minutes”.

People in jobs,

“average 7 hours and 34 minutes, but only 42.1 percent of Americans 15 and over are at work on an average day”.

I would like to know from the Minister whether he might have comparable figures for this country. We are talking here about the retreat of work from life.

The digital revolution is already starting to transform the legal profession, accountancy, management consultancy, architecture, journalism and many other areas. Andy Haldane, the chief economist—God, I am mentioning another economist—of the Bank of England, has calculated that 15 million jobs in the UK, roughly half of all jobs, are under threat from automation as AI and robotics advance. We have to remember that this is against the backdrop of the massive retreat of manufacturing work and agriculture. Today's smart machines are replacing not only brawn but brains, and this process is accelerating. Rather differently from what my noble friend said, we just do not know at this point how far new jobs will be created to replace them, whether there will be a sustained growth in unemployment or even whether humanity will win what has been called the “race against the machine”.

We are very much in unknown territory. As we seek to analyse the implications, we must avoid the old chestnut that following periods of innovation new jobs have always been created, and that the same must

therefore happen again. Active state intervention is needed at this point to track trends and set up proactive policies for a new world that is emerging at helter-skelter pace. New thinking will be needed across the spectrum, from secondary and higher education through to healthcare and other areas of benefits, which should be restructured to follow workers, not jobs. I know I have to finish but I cannot emphasise enough that this is unknown territory, and against this backdrop I still have my reservations about the Government's approach to higher education, where many students might be incurring huge debts for jobs that simply might not exist down the line.

3.02 pm

Baroness Wyld (Con) (Maiden Speech): My Lords, I am delighted to rise for the first time to speak. In the short time that I have been here, I have been deeply impressed by the expertise, authority and wisdom demonstrated by noble Lords. I am two months older than the baby of your Lordships' House, my noble friend Lady Bertin, which I suppose makes me a toddler, at least in House of Lords terms. I know I have a steep learning curve ahead of me so I am truly grateful for the other trait that runs through your Lordships' House: kindness. I thank the doorkeepers and attendants for their warmth and patience. I thank my supporters. My noble friend Lord Hill of Oareford was one of my earliest employers and has remained an informal mentor to me for almost two decades. My other supporter was my noble friend Lady Wheatcroft, who is a fantastic example of a woman who reached the top of her career in journalism.

I congratulate the noble Lord, Lord Knight of Weymouth, on this crucial debate, and I thank him for his welcome. Like so many others, work is at the heart of my family's story and my own journey. I was born in Newcastle and am a proud Geordie. My paternal grandfather fought in Burma, returning to Tyneside in 1945 and finding work in the Swan Hunter shipyard. My maternal grandfather was a coal miner and a Bevan Boy, and in later years he showed the power of retraining when he took himself off to night classes, often after a long day in the pits, and trained to become a safety consultant to various companies across Tyneside. My parents met at art college in Newcastle and went on to become teachers. I owe so much to my roots and the fact that each generation of my family was ambitious for their children.

I have had a varied career, much of it spent in business and, most recently, serving the then Prime Minister David Cameron in Downing Street. I pay tribute to him for supporting me through my career, including during my pregnancy and return from maternity leave after I had my third daughter. He allowed me to show that it is possible for women to combine babies and careers, even in fast-paced environments. I had to remind myself of this as I dashed from a meeting in No. 10 in order to make my daughter's starring role in her Monkey Music class.

When I started my career at the turn of the century, the path seemed obvious: emulate those above you, and start to climb the ladder. Then, in 2007, the year that the smartphone arrived in our lives, the person who was most in demand in the company where I was

working was one of the most junior. He was a graduate trainee who had embraced the technological revolution and the rise of social media. He was suddenly the most wanted man in the building. He was swiftly promoted and put in front of chief executives and prospective clients. The old barriers had been swept away. Those of us who were in charge of the so-called juniors had to open our minds.

For new and technologically literate entrants to the labour market the pace of change can be exciting, but one person's excitement is another's fear. We need only to look at the tremendous advances in artificial intelligence and robotics to see that technology will soon pose a challenge to jobs in every sector. The Government must use the tools they have to ensure that the labour market can adapt as nimbly as possible to an unprecedented pace of change. Education policy must be at the heart of this, and that is where I would like to focus my remarks today.

We should be excited that today's children have no idea what the working world will be like even in five years' time. It means they will have to be ever more creative, resilient and rounded, so the onus is on this generation of policymakers to ensure that the national curriculum equips them to be just that. In a world where technology is king, we must not forget what it is that makes us unique as humans: our empathy, creativity and ability to collaborate. It seems to me that technology should offer a great opportunity to free many people up to do more rewarding work that improves their own lives and those of others. It should enhance our well-being as well as economic outcomes. However, the mindset that we foster in our schools will determine whether the pace of change enhances, rather than threatens, human skills.

Of course schools must embrace technology but there will not come a point where a student can declare themselves "digitally literate", because the pace of change is too fast. So I was struck by recent research by the Prince's Trust and HSBC that showed significant numbers of pupils, teachers and workers agreeing that schools must do more to develop students' so-called soft skills. These include teamwork, confidence and communication. Worryingly, many of the young people interviewed said they did not feel they had the confidence that they needed to prosper in the workplace, and they said that this, rather than knowledge gaps, was what held them back. For a generation facing so many unknowns, resilience and the confidence to build relationships are some of the most precious tools that we can give them.

When I look at my own three daughters, of course I worry incessantly about their academic skills and their grasp of technology. Equally, I have lost count of the times that I say to myself, "I don't want to bring up a trio of robots". Whether students opt for academic or vocational subjects or indeed a combination, a common thread must run through our education system. The curriculum must be sufficiently rich and flexible to ensure that all young people develop the intellectual and emotional skills to continue to learn for life.

3.08 pm

Lord Sherbourne of Didsbury (Con): My Lords, it is a real pleasure to follow the maiden speech of my

[LORD SHERBOURNE OF DIDSBURY]

noble friend Lady Wyld. I congratulate her on a really excellent speech. It gave us insight into the path that has brought her to your Lordships' House, her strong family background in north-east England, her involvement with business and her political experience at the heart of government. I know that she is involved with various organisations, not only in the business world but much more widely—for example, she is a trustee of the Urology Foundation, where she advises people on what are often very sensitive issues, and she has trained as a Samaritan. I know she will be making contributions in this Chamber on the issue of mental health, which my right honourable friend the Prime Minister has rightly made a high priority. We can look forward to her contributions. She will be a very valuable Member of your Lordships' House and I welcome her to it.

Of all the speakers who came to our annual speech day at my grammar school way back in the 1960s, I can remember only one. I do not know who the person was, but he made one remark that I will always remember. He told us that, more important than all our qualifications, our GCEs and degrees, the one attribute that we would need more than anything else in the world that we were to enter was adaptability. That is why I congratulate the noble Lord, Lord Knight of Weymouth, on introducing this debate, because it challenges us to look at the changes—technological, demographic and global—which are already transforming all our lives, and will do so even more in future.

Many of these developments will take us by surprise, but we can be certain of some things. There will be growing interdependence and integration between economies across the globe. In Britain, we will continue to face ever-keener competition from the great emerging economies. Our lives will become ever more digital, and automation and artificial intelligence will take over more and more. They will not only do jobs that people currently do; they will also create wholly new activities and opportunities not even dreamt of.

There will also be other certainties. People will be living longer, there will be a larger percentage of people in retirement and they will have to be supported by a workforce which is a smaller proportion of the population. There will be pressure to provide pensions and an ever-increasing need for care for the elderly. There will be amazing medical breakthroughs. That is wonderful, but it will require more resources—both financial and human—to go into healthcare.

Those are enormous challenges, but I am optimistic because although technology will take jobs from humans, it will also create jobs for humans. To give just a few examples, websites have to be designed and platforms need quality control. Google is said to have an army of 10,000 raters who monitor videos and test new services. Facebook has announced that it will almost double the number of its moderators. Of course, this will grow much more as Governments everywhere rightly demand ever more content moderation. According to the World Bank, more than 5 million people already offer to work remotely on online marketplaces. Queries received on websites can often be handled by algorithms, but not always. Questions with no simple answer have to be routed through humans and, of course, humans will still be needed to train algorithms.

Nevertheless, technology, artificial intelligence and automation will release thousands of people from their current jobs. This will be happening just when the ageing population and medical advances are creating greater and greater demand for better healthcare and social care. My main point this afternoon is this. The greatest challenge we face is how we train those people whose jobs are being taken over by technology for the health service and social services, where they will be increasingly desperately needed.

3.13 pm

Baroness Bakewell (Lab): My Lords, I congratulate the noble Baroness, Lady Wyld, on her speech and welcome her to the Chamber. Unfortunately, as far as I am concerned, she is sitting on the wrong side of it but, as far as I am concerned, she is the right gender. My welcome to you.

I sit on the Artificial Intelligence Committee of this House, and we have already had several meetings and more than 200 submissions, so what I say draws on that experience. Yesterday, the BBC's technology correspondent, Rory Cellan-Jones, told us about the cycle of hype and warned us that AI is currently enjoying a huge hype. It is very much in the news generally. Only yesterday, Matthew d'Ancona, writing in the *Standard*, said that we have machines that can compose Bach, produce art and compose poems. Well, do we? Next week, there is a discussion at Portcullis House: "Will Robots Take Your Job?". Will they? Many questions are opening up and the "popularity"—I put that in inverted commas—of AI as a subject for journalists, programmes and investigation indicates an anxiety. One or two people suggested at our meeting yesterday that the anxiety was because automation was threatening middle-class jobs, and the middle class was more likely to be vocal about the issue. Perhaps that is a point. There is an indication that robotics and automation will enter the legal profession and make easy the incredibly extensive search routines that have to go on in law firms. So yes, slowly, without the hype, AI will be depriving a lot of people of their jobs.

I want to put two things to the Minister, some of which has already been mentioned by my colleagues. Healthcare will be one of the major needs of the future and there needs to be a revolution in our attitude towards it. Healthcare and the caring professions need to be elevated into a serious career option. There should be a higher status for them in our society. Students in schools should be offered by career guidance the prospect of a career in care. You will not be out of work if you take up a career in care. On the other hand, caring has a very low status, is very badly paid, has a high turnover and job satisfaction is often low, because the circumstances in which people operate are of huge pressure. However, I have had the huge pleasure of presiding at carers' awards ceremonies. People have come up to me afterwards and said, "I am a carer. I absolutely love my job". That is the key to the jobs we want for the future: jobs that people can love doing, that they can enjoy doing, that offer empathy with fellow human beings rather than the monotony and depression of routine jobs. That is my first question to the Minister.

My other concern is related to it, because it is about the ageing population. The retirement age is being extended but, for many people, it is ceasing to exist. People do not want to retire. They are under financial pressure to continue to work; their temperaments and health are such that they have energy to expend; and they want to continue working. What provision is being made for that? There needs to be a new structuring of work patterns that offers part-time work, reasonable rotas and different hours so that people over 60, or people over 70, can go on working and contributing without it being a strain on what they hoped would be a reassuring retirement. Attached to that is a strategy for continuum, lifelong learning, so that people who might retire at 50 with certain skills can return to study and take a degree in another set of skills which they can then use for the next 30 years. I speak as the president of Birkbeck, where of course we train people who are in jobs to have second careers. This is enormously important. It is proving very difficult to get the message out that part-time learning is worth doing and is available—it is difficult to get grants, and loans are tricky. We need a major rethink about this country embarking on a huge lifelong learning strategy not for a few early retirees but for its entire population.

3.19 pm

Lord Rees of Ludlow (CB): My Lords, the big social and economic question is: will this new machine age be like earlier disruptive technologies, or is it really different this time in terms of job creation? Machines will take over more and more of the work entailed in manufacturing and retail distribution. Moreover, AI can take over many white-collar jobs: routine legal work, routine accountancy, medical diagnostics, even surgery. Through their ability to handle immense data streams, computers can control traffic flows, the electric grid and such-like far better than humans, which is an unambiguous benefit. In contrast, some skilled service jobs, such as plumbing and gardening, will be among the hardest to automate, and it may be a long time before truck and taxi drivers are redundant. As a parallel, think of civil aviation. Most flying is on autopilot; a real pilot is needed only to cope with emergencies. But because the pilots are passive and superfluous for 99% of the time, they do not acquire the experience—the thousands of hours of being really at the controls—which the earlier generation of pilots had. There will be analogous problems with the transition to driverless lorries, which I guess will be accepted by the public only in controlled environments—in limited city-centre areas where they have the roads to themselves—or maybe on motorways. Robotic interaction with the real world is still clumsy. Robots can play great chess, but they cannot move pieces on a real chessboard as adeptly as a child. They cannot tie your shoelaces, but sensor technology, speech recognition and so forth are advancing apace. So we do, indeed, need new jobs.

The digital revolution generates huge wealth for an elite, but preserving a healthy society will require redistribution of that wealth. There is talk of using that money to provide a universal income, but the snags of implementing that are well known, and the societal disadvantages are severe. It would surely be

far better to use that wealth to foster redeployment of labour into real, socially valuable jobs where the human element is crucial, and where there is already a huge unmet demand—above all, carers for the old.

It is true that robots can take over routine aspects of care. At present, wealthy people are the only ones who have the choice, and they want personal carers not automata. I think everyone in their old age would like to be cared for by a real person.

Another topical example is the predicament of lonely, elderly or disabled people expected to access the benefits system online. Think of the anxiety and frustration when something goes wrong. Such people will have peace of mind only if there are enough computer-savvy carers to ensure that they are not disadvantaged. A humane society should vastly enhance the number and status of those who carry out these caring roles, and there are other jobs that would make our lives better and provide worthwhile employment—gardeners in public parks, custodians, and so forth. To what extent can that be achieved consistent with the current mantra of austerity and the small state?

We should also promote a resurgence of crafts of all kinds and enhance the esteem of those who excel at them. We have seen the emergence of celebrity chefs, and we will see more esteem for talented exponents of other crafts. Again, if we see the choices made by the wealthy, who have the most freedom, we find that they spend money on labour-intensive artefacts or activities to provide employment. The touchstone for a progressive Government should surely be to provide for everyone the kind of life and work that the better-off choose to have.

Other speakers have highlighted the corrosive effects of inequality in this country, but inequality between countries will lead to growing embitterment and instability, because those in poor countries are now, via IT and the media, far more aware of what they are missing. Moreover, if robotics makes it economic for wealthy countries to reshore manufacturing to within their own borders, the developmental boost that countries in the Far East receive from lower manufacturing costs will no longer be available to countries in the Middle East and Africa, which would be a severe challenge for international relations and the control of migration.

Finally, I echo the noble Baroness, Lady Bakewell, in emphasising the importance of coping with these changes, which is linked to another need—enhanced provision for lifelong learning.

3.24 pm

Baroness Morris of Yardley (Lab): First, I congratulate my noble friend Lord Knight on bringing this debate to the House. He is a leading thinker in this area, which was reflected in his opening remarks. I am always grateful to him for the thinking that he does in our shared area of interest of education. I shall return to that later. I also congratulate and welcome the noble Baroness, Lady Wyld. It was a lovely speech, and I very much enjoyed it, with its mix of wisdom and common sense, which is relatively rare. We look forward to hearing more of that in future and hope you enjoy your time here.

[BARONESS MORRIS OF YARDLEY]

We are not the first generation of people in this House to talk about a revolution in terms of workplace and jobs, but I accept the argument that what we are in the midst of now is probably different from many previous such revolutions, partly because it is more complicated and coming about more quickly, partly because we cannot foresee the future, and partly because it is wrapped up with a series of other changes, such as globalisation, changes in communication, political uncertainty and changes to the environment, which makes it all very different from the technological revolution, which was a hallmark of my early days at work. There is no doubt that part of our population is excited by the changes, but it just makes others feel less secure—and we have witnessed the consequences of that. For myself, I experience both those thoughts at different times, depending on what it is and how I feel.

We can learn lessons from previous workplace revolutions—and I wanted to mention some of those. Too often, we talk about policy as it should serve the economy and jobs, but in this revolution we have to learn from previous mistakes. The policy has to serve individuals, too. While we talk about change in the workplace and employment, every previous workplace revolution has affected individuals' lives. It has affected how they see themselves and their family and community; it has often caused greater differences in wealth and opportunities in our society. Public policy tends to chase up and mitigate those disadvantages decades after policy changes have brought them about. My first plea is to look at the impact on the individual as well on the economy in looking at this revolution.

I wanted to pick out education and training as an area to comment on. In describing the education scene that we think will deliver for the world that we are getting into—and my noble friend Lord Knight did that, so I shall not repeat it—as much as I am an admirer of our schools, universities and colleges, I cannot hand on heart say that it is fit for purpose. I share my noble friend's view on this. Our education system has always served the economy and society well when it has been a gatekeeper. When it has kept people out and only allowed a few in, it has always done that very well—but when it is invited to be a gate opener and let lots of people through, it is less sure of how to do that. Comprehensive schools serve the economy less well in some ways than the old grammar schools did for the economy that they served. We still have differences in ability and attainment. The biggest difficulty that colleges went through was when they moved from high-qualification courses to having to include courses for people who were unemployed. As for universities, they seem to be in some sort of crisis now, which has coincided with the 50% target and having to be less selective and more open. That is a problem, because if we do not have a school and education system that can effectively serve the economy and serve individuals well, at a time when it has to be a gate opener and keeper, we have a problem. I am not sure what the answer is, but part of the issue is that, at schools, we have a system that treasures top-down change and we are good at measuring progress on a narrow range of subjects at fixed points. I sometimes feel that with our school system we are really good at

training people to pass and getting people qualifications to do a job, but we have become far less tolerant of the rebel and the person who does not fit in and far less able to be flexible about somebody who wants to work outside the formal structures.

When I was a teacher, we used to say that they were a pain in the back but really streetwise and would do well. I just have a feeling that that sort of person might have exactly the skill set and attitude needed to flourish in a digital world. I have often thought that what an education system needs to do in a digital economy is to use skills, place and people in a different way. Apart from the Open University, I cannot cite many educational institutions that have managed to do that over the decades of my life. My contribution, in inviting comments from the Minister, is to ask: what can we do bring about that change in education? That will help us to serve both the economy and individuals in the revolution in which we find ourselves.

3.30 pm

Baroness Wheatcroft (Con): My Lords, I congratulate the noble Lord, Lord Knight of Weymouth, on securing this debate and opening it with such insights. There have been some excellent and wide-ranging speeches and, in particular, I congratulate my noble friend Lady Wyld on such a perceptive maiden speech. She is clearly going to be a great asset to the House.

We have heard about globalisation and its effect on jobs, but globalisation should be a force for good—a process by which the world is becoming increasingly interconnected, as a result of massively increased world trade and cultural exchange. Sadly, too often, it is not perceived that way, but seen as a negative and not working for the benefit of populations. This is not new. It is more than a decade since Samuel P Huntington, the American economist, coined the term “Davos Man”. This was meant as a critical term, symbolising those people who congregate in the ski resort every year to discuss what is wrong with the world and how they can put it right. Davos Man was the embodiment of the global elite.

More recently, David Goodhart, in his book, *The Road to Somewhere*, has drawn a different version of the global elite. He termed them the “Anywheres”, as opposed to the “Somewheres”. The Anywheres were the citizens of the world who made a lot of money at the expense of the Somewheres, people who were rooted in their community and suffering as a result of globalisation. This view permeates deep into the political world, of course. A senior politician quite recently said that if you were a citizen of the world, you were a citizen of nowhere; you did not even understand the concept of citizenship. If you were a citizen of the world, you were a rampant individualist with no care for anyone but yourself. Sadly, some people have given citizens of the world a bad reputation.

Nevertheless, I believe it is possible to be both a citizen of the world and a patriot, and that we need people with that global view to benefit our workforce generally and, more particularly, the workforces in countries that, for a very long time, have suffered. Global trade has been a force for good in many parts of the world and will continue to be so. It would be a great shame if our Government or others in the western

world decided that, for the benefit of their own workforces—some of whom have undoubtedly suffered—they would close their doors and let the wider world suffer. We need to see global trade continuing. We also need to see the benefits being spread more fairly. Some changes in the global tax system, which I think now have some momentum behind them, may well bring that about.

Yesterday, the UN had a day's major discussion on "The Future of Everything"—a broad subject. Sophia, a humanoid robot, was centre-stage, and the UN Deputy Secretary-General asked her what the UN could do to help people in many parts of the world who have no access to the internet or electricity. Sophia, very perceptively, said that:

"The future is already here. It's just not very evenly distributed".

It needs to be.

Sophia's well-informed response takes me to another area that people have been talking about today: technological change and, in particular, the future of work when artificial intelligence has such an impact. It will take over jobs. This may well be the first technological revolution that will not create jobs but destroy them. That is not a bad thing if it continues to create wealth. In the field of cybersecurity, for instance, artificial intelligence will be a great force for improvement. But it does mean that there will be people who will have to change the jobs that they do—perhaps many times, as the noble Baroness, Lady Bakewell, said. There will be a need for people to be adaptable and, as we have heard, to have soft skills.

One thing I find most rewarding about being in this House is the Lord Speaker's programme, Peers in Schools. It is generally very uplifting to go into schools, but not always. At a fairly modern free school that I went to quite recently, the head teacher is striving hard and believes that he can get his pupils through their exams and to university if they want. His main concern was that they had no emotional intelligence, because they had no meaningful relationships with adults. Even more recently, I went to a school in Kent, where I learned that a neighbouring school with 1,000 pupils has more than 250 open child protection cases. If we are bringing up children in that sort of environment, they will not be fit for any workplace. There has to be change right at the bottom, in families and communities.

3.36 pm

Lord Young of Norwood Green (Lab): My Lords, I, too, congratulate my noble friend Lord Knight on ensuring a debate on this vital issue and on his tour de force contribution. I thank the Library for producing its usual high-quality briefing. I congratulate the noble Baroness, Lady Wyld, on her contribution. However, I make one small correction, which extends also to the noble Baroness, Lady Wheatcroft. I am campaigning for people not to refer to skills as "soft" but rather as essential. I encourage the noble Baroness, Lady Wyld, not to worry about her children as they have the biggest advantage of all in having a supportive, caring and stable family. My experience as a school governor of a primary school tells me that children who have that benefit will undoubtedly succeed in life.

Given the time limit, I shall focus on a few issues. However, I make the general comment that there are differing views on the future of work, with some forecasters saying that there has been a doomsday analysis many times in the past and yet the overall number of jobs has continued to grow in industries whose existence we could not have predicted—what I call the Panglossian view that everything happens for the best in this best of all possible worlds. However, even if you take the more pessimistic view evinced by my noble friend Lord Giddens, one thing is certain—namely, that the world of work continues to change, and at a faster rate, as he rightly said.

Demographic change presents another challenge in developed countries: as the birth rate falls it is counterbalanced by the increase in longevity, which means that people either choose to work longer because they find that it gives meaning to their lives or because the economic circumstances, including the raising of retirement ages, require them to remain in the world of work. We still tend to look at work as a continuum whereby we finish full-time education and, if we are lucky, enter the world of work until retirement, unless parenthood, caring responsibilities or redundancy disturb that continuum. We still practise what I describe as cliff-edge retirement at the end of employees' careers. Surely it is time that we encouraged a phased approach to retirement, as other noble Lords have said, including my noble friend Lady Bakewell, which enables the transfer of valuable skills and experience to the next generation. Can the Minister tell the House what policies the Government have, or intend to develop, to encourage phased retirement?

The report gives many examples of the need to ensure that young people and those retraining are equipped with the necessary IT skills clearly essential in the 21st century. I could not help smiling when I heard my noble friend Lord Giddens refer to the existence of 2.4 billion smartphones. There probably are but I can tell noble Lords one thing: there are not 2.4 billion smart users, including me.

I want to focus on a sector that has already been referred to, where employment opportunities continue to rise, as many people have said. Regrettably, work in the care sector has a reputation for low pay and low skills, yet we all know that the need, given increased longevity, is exponential, as a number of noble Lords have said. There is a vital need for action to be taken to ensure that we enhance the reputation of work in the care sector, encouraging people to see this as a worthwhile career. After all, this is an issue where we all have a vested interest. Different models of employment in this sector are urgently needed, encouraging co-operatives and the not-for-profit models where workers share in the success of the care home and develop a long-term interest. The current model is not working, with thousands of care homes closing and horrendous examples of abuse exposed by individuals and the Care Quality Commission. Whatever robots may be developed, I doubt that we will develop empathetic ones.

Whichever view you take on the future of work, I agree with my noble friend Lord Giddens and others that we cannot afford to be complacent. We have to equip young people, and the not so young, with genuinely transferrable skills. There is a huge debate to be had

[LORD YOUNG OF NORWOOD GREEN]

on where we deploy our education resources. We spend billions of pounds on education but there still seems to be a divide between vocational and academic education, when we know that such a strict divide does not exist and that that is not what the skills requirement suggests that we need. We need to be more supportive of creative skills and recognise their huge potential in the work sphere.

I am nearing the end of my contribution and will focus on just one other thing. Noble Lords have talked about the redistribution of wealth and the noble Baroness, Lady Wheatcroft, rightly referred to a new global tax system. Workers' rights in a gig economy have been referred to and the Taylor report focused on the importance of that. Our economy is still too London-centric. The devolution of power has a role to play in this regard, not just through a northern powerhouse but in all the regions of the United Kingdom. We used to think in the trade union movement that one thing would be the answer to all our problems, but I have not heard it mentioned today—namely, the theory that with increased automation we might have a shorter working week. We can dream, can't we?

3.41 pm

Lord Haskel (Lab): My Lords, I congratulate my noble friend on introducing this debate. We have debated this topic for some years. Many of us will remember the debates we had on how we would use all the leisure time that new technology would create. However, the conclusion we have to come to is that its effect has not been uniformly beneficial. Some of us have benefited but it has also helped create working poverty. Many of the 8.3 million people who, according to the Money Advice Service, have problem debts are in work. Yes, there is nearly full employment but it has not been reflected in our standard of living. All this adds up to a lot of discontent and alienation, and before we start to benefit this has to be put right.

Those of us who have managed people learn pretty quickly that people who have a stake in an organisation—who are valued—tend to protect that organisation. If they do not, they unconsciously want to destroy it. Allowing a small group of people to acquire huge rewards from globalisation and technology while others are left in hardship is asking for trouble. My noble friend made this point.

What to do? First and foremost, you have to give people back their rights at work. The flexible labour market has served its purpose and in these new circumstances it is not benefiting people. Quite simply, the way to do this is to change the system of tax credits and housing benefit which facilitates low pay and discourages investment in people and replace it with higher pay—higher pay through higher productivity, as the noble Lord, Lord Patten, said. Most studies show that productivity is raised with the skills and training that all noble Lords have been calling for in these new circumstances.

The Government are trying but it is not working. The Minister may point to their industrial strategy, which may have some good economics but does not coincide with people's concept of a fairer workplace. This is because many people at work now see themselves

as victims of the disruptive force of technological change. The Government have to champion the argument that this change in the workplace carries a cost to society as well as benefiting corporations.

It is important to understand the nature of investment in these new circumstances. These changes mean that there will be yet more investment in so-called intangible assets: skills and knowledge; design and branding; research and development; and software and artificial intelligence. Indeed, some figures indicate that already more is spent on these hidden investments than on tangible assets such as machinery, buildings and computers. The accounts just do not show this. This applies to manufacturing businesses just as much as service businesses, as Sir Charles Bean pointed out in his report. The point is that this kind of intangible investment is far more scalable than traditional tangible investment. With this kind of investment, we are moving towards a world of "capitalism without capital", to borrow the title of a forthcoming book which explains all of this.

As a result, the Government will have to play a much bigger role in stimulating and participating in this investment—state intervention, as my noble friend Lord Giddens said—as well as continuing their role in investing in research, training, skills and education; otherwise, inequality and disappointing productivity will continue. The Government have to do a lot better at convincing people that this investment will contribute towards goals that citizens value rather than goals valued purely for science, education or economics.

In spite of the benefits of globalisation and technology, many of us feel that we have lost a sense of direction. We are working hard but getting nowhere. There are plenty of jobs but no money. This is why many feel that the system is rigged against them at their place of work. Without addressing this, we will not enjoy the benefits of globalisation, technology and demography. If this Government cannot get their act together and make the changes, there is another waiting in the wings who will.

3.47 pm

Lord Hunt of Chesterton (Lab): My Lords, we should be grateful to the noble Lord, Lord Knight, for introducing this important debate. I welcome the noble Baroness, Lady Wyld.

I have seen in my own career, as an engineer and mathematician in research and consulting and as director of the Met Office and of a high-tech company, many applications and new ideas arising from computers, technology and systems. I was impressed by the possibilities when I was a student and a Labour activist. I remember listening to Leon Bagrit's Reith Lectures in 1963. However, when I attended the Labour Party conference in 1970, I was also interested in a vigorous debate about whether people needed telephones.

At that time in the UK we were absolutely in the dark about the extraordinary subterranean knowledge that had been developed in this country during the war. The great developments in data and mathematics led by Alan Turing did not really come to light until the late 1990s. By contrast, the United States was considerably more open with von Neumann's work.

As we have seen this week, government and industry have begun to understand Lorenz's discovery that most electronic calculations contain small errors that can lead to chaotic predictions. Eventually, just last year the fundamental wartime contributions of Alan Turing and other computer mathematicians led to the establishment of the multi-university Alan Turing Institute, embedded within the British Library.

In fact, from the 1950s onwards, there were some applications of computers in business. One of the interesting ones even beat Amazon to it. Freeman's mail order company—my godfather was a director—was well known in all the valleys, and it introduced the KDF9 computer to distribute its goods. It is a pity that that, like other technologies, it did not make the global level. Sometimes the commercial application of computation moved much faster than the scientific calculation. Noble Lords may not know that in the early 1950s, Joe Lyons, which used to distribute Swiss rolls and stuff for the tea shops around London, was so advanced that the Met Office used to send people from Dunstable down to Hammersmith to learn how to do it.

Around 1990, of course, Tim Berners-Lee invented the internet system at the European nuclear centre in Geneva, which led to the local and international multiusers data exchange—the internet. This has rapidly evolved to the exchange of millions of users and social media. Businesses sprang up and extended the logic database to much broader ideas now, as other noble Lords have said, including art, design, media and music.

On Saturdays in London I have seen children using laptops to compose stories, pictures and sound with digital and non-digital means, which gives them extraordinary excitement and interest. It is also very different from so-called digital skills, which is a rather restrictive term. These developments are turning into advanced jobs, like those I saw this week in Didcot, which are producing electronic media illustrations for complex science, engineering and medicine. This enables research workers to communicate with business and to learn about business, and sometimes students start their own businesses. As the House of Lords committee heard, more could be done by universities to stimulate this type of business growth.

In the poorest regions of the world, individuals or small groups now make use of electronic means, as I have seen in India, where I saw people communicating informally as they pick up sticks for fuel and waste, while on the other hand they are also making use of the most advanced knowledge of climate change for their agriculture or, for example, using their mobile phones to see the dangers associated with fishing and tropical cyclones. So these are extraordinary new developments, with new jobs.

However, given these developments in electronic information, how can people make best use of them? In the parliamentary debate on 7 September, the noble Baroness, Lady Lane-Fox, and other noble Lords emphasised that people in a modern society should be able to use electronic digital information and called on the Government to expand this. I just want to emphasise that a great deal of these skills have nothing to do with digital aspects but to do with screen-based methods of simply looking at pictures and pushing your fingers

across the screen, and lead to completely new kinds of activity and skills. This was loosely described as “digital skills”, but, as I say, it should be broader than that.

There is general agreement, then, that training in digital skills and these wider skills is urgently needed for access to many public services, and for information as well as for jobs. Training needs to be done by public bodies, such as local libraries and jobcentres, and private organisations, which can be more focused. I hope that the Minister will tell us about UK progress in public and private training.

However, the Government should also be looking forward to a new future, in which much of the usage of electronic information, communication and creativity will have very little to do with the digital aspect. For example, I look forward to the idea of talking to a robot about my bank account. At the moment, I like to talk to a person, but I suspect that that is rather expensive. There are many aspects of the use of these electronic communication systems that will change people's lives, and indeed will enable these to be used by people who are simply not able to use the digital facilities.

Finally, these skills are important, but we also need to teach people about scepticism and caution with regard to scams and other things. As Lorenz pointed out, there are often errors associated with difficult calculations.

3.54 pm

Baroness Stowell of Beeston (Con): My Lords, I am grateful for the opportunity to speak briefly in the gap. I was very impressed by the opening speech from the noble Lord, Lord Knight, and the debate that he has called, and felt moved to speak briefly at the end to make a couple of points.

It always strikes me that those of us who come up with solutions to complex problems are often accused of being the people who do not have to change as a result of these solutions. I do not think we should ever stop thinking about why other people are not convinced by the solutions that we put forward and about what we need to do differently to bring more people with us, particularly in this era when we face so much change.

I do not subscribe to the view, although I often hear it said, that the reason that people do not like complex solutions to complex problems is because they only want simple answers and simple solutions and are not prepared to accept something that they cannot understand. People are not really looking for simple solutions—they are smart enough to know that complex problems require complexity—but they are looking for the people who come up with the solutions, such as us, to share with them some similarity in terms of our behaviour. They want to see in us shared motives and something that is common to us all. As we look at all of these different and very difficult issues, we need to understand that when people are looking at whether to accept what we are coming forward with and to believe us, they are looking at our behaviours and the way in which we are willing to change ourselves.

I have been very heartened by a lot of what has been said about recognising the talent and contributions of so many people across our society. One of the things that I will never tire of reminding myself, and

[BARONESS STOWELL OF BEESTON]

everybody else, is that not all educated people are clever and not all clever people are educated. When we talk or think about AI and all of these different things that we face, we should remember there are a lot of talented people out there who could make a massive contribution. If we give them the opportunity, they will embrace this change. We can then achieve more and enjoy it better in a shared quest for a better future for ourselves.

3.57 pm

Lord Fox (LD): My Lords, I join this House in congratulating the noble Baroness, Lady Wyld, on her accomplished maiden speech and welcome her to the House. This Motion identifies forces that will undoubtedly shape both the quantum and the nature of future work in this country. These forces are already moving swiftly in our society—it is not something that is over the horizon, but is already with us. As a country we have to invest political energy in working out how we are going to embrace these forces and how we will succeed in this challenging environment. As such, the noble Lord, Lord Knight, should be congratulated on securing this debate.

I will speak briefly on globalisation and demographics before turning to technology and skills. As your Lordships might expect me to say, Brexit is an explicit rejection of the multilateral approach that has driven globalisation. Brexit is not, as it is sometimes portrayed, a move to embrace global markets, it is setting ourselves against a trend of integrated global economic systems. This may or may not have been the intention of the referendum electorate—it may have been an accident—but either way, globalisation in one form or another will continue. What this means in practice, as other Peers have mentioned, is a march eastwards. There are lots of stats for this, but I will use the IPPR's rather than others. It says that in 2030, emerging economies will account for almost half of global output, up from around a quarter, as we have today. That means that 17 of the top 50 global cities by GDP will be in China—more than North America and four times more than Europe. This global tide is moving rapidly and, by exiting the European Union, we will be setting sail in a dinghy.

I turn to demographics and this time will use the Government Office for Science report of 2016. The proportion of the working-age population between 50 and the state pension age will increase from 26% in 2012 to 35% in 2050—that is, by about 8 million people. The productivity and economic success of this country will therefore increasingly be tied to older people. As the noble Baroness, Lady Bakewell, eloquently pointed out, there is an opportunity for those people to take up training and a need for them to do so, but at the moment it is not happening. Forty per cent of 55 to 64 year-olds have undertaken no formal training or education since leaving school. Therefore, we have to find a way of empowering older workers to receive training or retraining and take advantage of the flexibility that that will offer, as many wise noble Lords have said.

One group that has not been touched on but is a great source of talent that we are not using successfully

in this country is disabled people. We have to find ways of welcoming them, with their creativity and experiences, into the workforce, because we are missing out extensively on a large element of talent.

Therefore, we have a pool of people who are getting older and whom we need to train more, and of course all that is massively exacerbated by the ending of free movement of people from the EU. Your Lordships will be pleased to know that that is the last time I will mention Brexit.

Next, I come to technology. As we have heard, there is a wide body of reportage and study all pointing to huge changes in the workplace. Talk of hype is true. I have seen artificial intelligence hyped twice before, and the difference appears to be machine learning and the ability to get machines to do things without having to program them—that is, they teach themselves. Whether you call it the digital revolution or Industry 4.0, it is on us now—it is happening. For example, in 2013—a while ago—Oxford University predicted that 35% of UK roles would either be made obsolete by new technologies within 20 years or change completely. Subsequent reports have increased that percentage.

I am somewhat perturbed by the briefing from retail businesses that talks about automation in the retail area. I fear that “confused Peer in the bagging area” is a very likely scenario in my case. According to an RSA and YouGov survey, business leaders on average believe that 15% of jobs in their organisations could be automated in the next 10 years.

However, for many, that change is already happening. Yesterday, I was in a factory where a cobot is about to be installed. A cobot is a collaborative robot. Most robots are in cages for safety purposes, whereas cobots can work among people. They are co-operative, collaborative robots, and that is the big change. The cobot in this case cost less than £100,000. Ultimately, it will replace the work of two to three people who are currently paid about £40,000 per year. It will therefore pay for itself in less than a year. The noble Lord, Lord Rees, pointed out that there is yet more automation to come in manufacturing. He is right, and it is happening. However, the noble Lord, Lord Giddens, said that the big source of change will be in the service sector. Clearly, that is where jobs will be threatened and where change is already coming.

Yet the same RSA survey also says that the adoption rate of artificial intelligence or robotics is low among UK business leaders. Just 14% have already invested in AI or robotics, or plan to do so in the near future. However, we should note that the world leader in installing robots is China—the tide is moving that way. These forces are very strong and our responses could perhaps be described as weak. We are stepping back from embracing the real challenge of globalisation, our workforce is ageing and skills are retiring with people. We need to find ways of energising and giving flexibility to that workforce. Technology is coming but UK levels of investment are falling behind international competition.

The exam question set to us today was: how will public policy respond to this? Very briefly, the industrial strategy is supposed to be that policy, and so I ask the Minister when we might expect to see it before us.

I take advantage of having him here to say that there should be an explicit government skills strategy that embraces this. There is a whole number of things I suggest should be included in that strategy, not the least of which is that the delivery of basic skills will remain a priority. We need teachers and investment in our schools, and we need to make sure that we imbue our children with the basic skills that they need.

The noble Lords, Lord Rees and Lord Sherbourne, and the noble Baroness, Lady Bakewell, talked about the need to create new sorts of worthwhile work. The T-levels could be one opportunity by which to do that. I hope the Minister can give us some guidance on that. However, we on these Benches are concerned that the T-levels may be too narrow and focused on tasks rather than skills. One element of the T-levels is that we are enabling people to do technical jobs. We do not necessarily know what those are yet, but the skills need to be there and to be held in the same parity of esteem that academic skills currently are. Anything the Minister can say to encourage us on that would be helpful.

The fall in adult education must be halted. It is not just that adult education is below par, it is actually reducing. We need to find a way of arresting that decline. The implementation of lifelong learning accounts is one way of encouraging people to understand that they have an account they can spend throughout their life. I am interested to hear from the Minister how the Government are planning to arrest and reverse that decline.

Finally, we need new employment models. The noble Lord, Lord Knight, spoke of job insecurity, and he is correct. People are in work but they are not necessarily secure in their work. They are working in the gig economy already and have seen what it is like. The UK framework of employment rights, regulations and protections has been built up over decades but is failing this kind of employment model and is unfit for purpose. We need a review of those laws and the enforcement of whatever comes up. It is time for change, and the Taylor report eloquently pointed to that change. I would welcome the Minister's comments on that.

In conclusion, this is a big subject and there is much to be done. I fear that the energy of politics may be being drained by other issues—which I promise not to mention again. However, it is up to us to keep the Government's eyes on this issue so that the possible utopian future set out by the noble Lord, Lord Knight, overrides the *Götterdämmerung* of his daughter and perhaps the noble Lord, Lord Giddens.

4.08 pm

Baroness Prosser (Lab): My Lords, I join others in congratulating the noble Baroness, Lady Wyld, on her very thoughtful maiden speech, and welcome her to our Chamber. I also thank my noble friend Lord Knight of Weymouth for securing this debate and getting it on today's agenda.

Contributions from around the Floor have opened up a number of areas for further thought and consideration. Globalisation, technological advance and democratic shifts have been with us for many a long year. The mass movement of manufacturing capacity

from the UK to mainly the southern and eastern parts of the world was with us in full swing in the 1970s and 1980s. The international trade union movement watched closely as various countries welcomed new investment, only to see those companies flit onwards to the next cheapest option somewhere else around the globe. The popularity of chasing the cheapest dollar has always been with us. But while profit and even riches might accrue to some in society, the negative impact—job loss and dislocation for many—is felt by the now surplus individuals and of course by society at large.

An early example of how not to deal with the disruption caused by globalisation would be the issues caused by the closure of deep mining in Britain. Cheaper coal from eastern Europe may have been inevitable, but what about the long run? Underground mining is not the healthiest of occupations, but the impact of job losses on whole communities was vast. There was no real government intervention save for some half-baked training schemes for non-existent or inaccessible jobs, which left the impression that the Government did not recognise that they might have some responsibility for the consequences of their decision to save the country money on its coal bill.

The lack of intervention has cost the country dear in the long run. Continuing lack of investment in the infrastructure of many of the rural areas affected has allowed for intergenerational unemployment and disaffected communities. Those kinds of consequential issues will be writ large when it comes to dealing with the effects of the robotic era. While the thought of a world of robots can be quite scary, overall the growth and development of new technologies has had a very positive affect on society. Medical advance, communications, access to knowledge and the elimination of many dirty and dangerous jobs must sit on the positive side of the ledger. However, many jobs that were neither dirty nor dangerous have also been eliminated. Walk round any factory these days and ne'er a person can be seen. These were jobs with decent pay and conditions and which often provided good opportunities for advance. So these developments bring change that is often difficult and challenging. The retail sector, for example, has had to adapt to deal with the impact of internet shopping bringing about a loss of traditional jobs but needing more and different skills to deal with the changed demands of the future.

Technology has brought us the gig economy: business models based on immediate communication between the hub and the worker, with workers being prepared to work as and when required. Evidence shows that many of those working in this way like the idea that they can work and also engage in other activities. It suits some people's lifestyles. Nobody should think that the gig economy is a temporary blip on the employment scene. It is here to stay. Uber might be having a problem at the moment, but it will be back—and it is up to the Government and/or TfL to ensure that the service is regulated in such a way that the availability of this technology-based transport service is a benefit and not a danger to London and Londoners. The number of black taxis licensed at any one time is limited by Transport for London and a limit on the numbers of private hire vehicles on our streets would

[BARONESS PROSSER]

also be a good thing. The environment needs protecting, as well as the health of the public.

Whether we are talking about couriers delivering goods and services or the licensed cab trade, regulation must be built in to protect the workforce from exploitation: for example, by providing sick pay, accident insurance and a guaranteed living wage. These companies make a lot of money and pay as little tax as they can get away with, so the least the Government should do is to ensure that the benefits of the operation are more fairly shared.

As well as work itself changing, the available workforce is changing also. People are living longer and wanting to work into their later years—plus we have a general reduction in the percentage of 0 to 15 year-olds. That is a perfect storm if no action is taken to enable the older workforce to retrain into meaningful work. Money saved by leaving people to their own devices is money lost on subsidising older people who have not been equipped to participate in a changing employment arena. The state seems ill prepared to accommodate or encourage the older workforce: nor is it sufficiently fleet of foot to help workers whose expertise may be outdated or whose employment may be closing or moving elsewhere.

So what needs doing? First, we must recognise that these three issues need to be seen and acted on in a co-ordinated way; they are integrated, to a large extent, and we need a cross-departmental approach to deal with them.

Secondly, in order to benefit from these changes and opportunities, we need to put far more emphasis on the importance of education and training. Recent work on apprenticeships is to be welcomed, but the financial settlement for schools continues to militate against the encouragement of vocational training and many schools are notoriously ignorant of the needs of industry or business. Careers service advice, in many cases, is to aim low to avoid disappointment—and is pretty non-existent in others. We need people in schools who are equipped to prepare our children for a future of change and challenge. It cannot be right that young people are left to fend for themselves when it comes to identifying their future pathways.

Thirdly, we will need to embrace the gig economy, but it must be regulated to protect workers from exploitation and ensure that everyone in the enterprise receives a fair share of the cake.

Fourthly, we need to provide local access to retraining and new skills programmes both for older workers who wish to or must continue to earn and participate and for those whose jobs have gone and whose skills and experience are no longer relevant. Money saved by skimping and scraping here will be spent in much greater amounts in providing support for older people or redundant workers who are not in a position to take on new kinds of employment. The Government should look at what is currently going on in certain sectors. The example of the John Lewis Partnership, which is already training and re-skilling its workforce, should be looked at for lessons learned.

These changes are challenging, to say the least. We need to act now or we will be incapable of competing in this global, technological maelstrom of a world.

4.17 pm

Viscount Younger of Leckie (Con): My Lords, I congratulate the noble Lord, Lord Knight of Weymouth, on securing the debate on this fascinating and topical subject.

The future of work holds much promise, prosperity and opportunity but also challenges, some of which have been highlighted today, not least by the noble Lord himself. The quality of the contributions on the subject is typical of this House and I believe it adds a great deal of value to the wider discussion. As an aside, I hope that, over time, I do not become a noble cobot.

I also congratulate my noble friend Lady Wyld on such a personal and insightful maiden speech. I hope some of the educational reforms I will touch on later will provide her with some reassurance on what the Government are doing to prepare our young people for future work and, indeed, future patterns of work. She is right that the next generation can learn and practise the latest technology to the highest standards but that the soft skills—or should I say essential skills, as alluded to by the noble Lord, Lord Young—linked to its optimum use and dissemination are equally important.

We believe that the UK is starting from a strong position. We are the fifth-biggest economy in the world. We enjoyed faster growth than the US and Japan last year. We have the most competitive tax regime in the G7. We have world-leading universities, with four in the top 10. Our light-touch approach to labour market regulation makes the UK a great place to start a business, encouraging innovation and creating jobs. The employment rate is 75.3%, the highest since comparable records began in 1971. The unemployment rate is 4.3%, its lowest point since 1975.

Perhaps I may give a brief vision of the future. The world of work will feel very different but the Government are ensuring that we put the right measures in place to embrace this: investing in new technologies; improving our skills system; ensuring that our labour market enables new ways of working; and embracing new industrial opportunities.

Technology and innovation can improve the lives of working people, boosting productivity. With the best people equipped with the right skills and performing the most appropriate jobs, both employers and individuals can thrive. It is good to note that a number of speeches were positive about technological change, including from my noble friend Lord Sherbourne and the noble Lord, Lord Knight.

An underlying theme in this short debate concerned robots. There is good evidence to show that making greater use of robotics and automation in manufacturing will increase productivity. Although there may be job displacement in manufacturing, this will most likely be balanced by gains in higher-skilled jobs—in marketing, sales, design and support roles—as productivity increases. Barclays suggested in 2015 that moderate investment in robotics would create an extra 33,000 UK manufacturing jobs by 2020 and 73,500 jobs by 2025. The RSA's recent report notes a range of occupations where automation complements more traditional skills

and job roles, providing benefits for workers and consumers; for example, connected systems that enable overburdened social care workers to focus on the “human touch” of care—another theme that came up today—diagnostics that enable doctors to improve healthcare, and chatbots operating in call centres to speed up customer support.

My noble friend Lady Stowell was reflective about who is best placed to help with change—including clever people and practical people, and a mixture of both. She was right that everyone has a role to play: employers, workers, trade unions—as the noble Lord, Lord Knight, said—consumers and, of course, government. I want to take your Lordships through the three areas where I believe government has an important role to play: technology, skills and people.

Many in this House, like me, will recall the days before emails—up to the late 1980s, as I recall—and a time when “tablets” were small objects to be taken three times a day. Now, many of us would be lost without this new technology. Smart technology will continue to revolutionise the way we work. As we move towards driverless cars and drone technology, people may no longer need to drive to get about, and the thought of taking a day off to have a parcel delivered could become an alien concept. As the noble Lord, Lord Giddens, hinted, the pace of change is almost too fast to comprehend, and he is right.

During the past 15 years, the UK has benefited from a technology-driven shift from low-skill, routine jobs to higher-skill, non-routine roles. While 800,000 jobs have been lost, 3.5 million have been created, presenting a wealth of opportunity. The digital sector was worth £118.4 billion in 2015, employing 1.4 million people. Three-quarters of digital tech businesses in the UK are based outside London. The noble Lord, Lord Knight, produced his own powerful statistics on job losses and job gains, and was right to point to the importance of managing the transition effectively. The noble Lord, Lord Giddens, took up the theme and spoke about changes in manufacturing. My own thoughts are that we are moving away from mass production in huge factories to production in smaller units. That does not mean that the percentage of GDP—I think it is about 11% at the moment—is necessarily changing; it is just a change. If one looks at centres of excellence and activity around places such as Oxford, Cambridge and the M4 corridor, one sees that we have moved to high-value economy in the UK. The noble Lord, Lord Giddens, stated that in the 1960s 40% of jobs were in manufacturing and now it is only 9%. He, too, spoke about the transition between types of jobs and sectors.

We are learning from the mistakes of the past: I am very mindful of what happened in the 1980s. By keeping one eye on the needs of tomorrow we are helping to keep our employment levels at a record high. We are taking steps to ensure that the UK stays at the cutting edge of technology, because we want the positive effects of a world-leading digital sector to be felt countrywide. Innovate UK has invested around £1.8 billion, which has been more than matched by the private sector, returning between £11.5 billion and £13.1 billion to the economy. Innovate UK has also supported innovation in 7,600 organisations, creating around 55,000 new jobs. In addition, IUK has established

a network of catapult centres to commercialise new and emerging technologies in areas where there are large global market opportunities and a critical mass of UK capability to take advantage, such as offshore renewable energy and digital.

In 2016, the World Economic Forum placed the UK third in the world for technological readiness. Going forward, the digital strategy we published in March puts in place the conditions for the UK’s digital sectors to remain world leading. Moving on to our preparedness for the future, new skills will be required to make the most of technological developments. The skills system must deliver for all, from the student finishing their secondary education to the experienced worker looking to retrain. My noble friend Lord Sherbourne emphasised the word “adaptability” and he is right; yes, the individual concerned must be adaptable, but the Government must provide the right framework for that adaptability. For the skills system to work for the individual, it must also work for the employer. Partnering government investment with industry expertise will help ensure that we have a resilient workforce. As my noble friend Lady Wyld said, this resilience will be built on confidence and emotional intelligence as well as technical knowledge and skill.

Our reforms put employers at the heart of the process. New technical routes, designed to improve the technical and vocational education offer, are being developed in partnership with industry. The noble Lord, Lord Fox, raised the question of T-levels. I can reassure him that the T-level will be more than just a qualification: as well as the technical qualification the programme will include a substantial, high-quality work placement of up to two months, English and maths up to an appropriate level and digital training appropriate to the route. The content will be determined by a T-level panel of professionals. Giving employers the lead on this will ensure that the qualification will have real labour market value. We are investing £170 million in institutes of technology to deliver higher technical education in STEM subjects between A-level and degrees.

Since 2010 we have delivered 2.4 million apprenticeship starts. We are now going further, committing to deliver 3 million apprenticeship starts in England by 2020. Through the Institute of Apprenticeships we are ensuring that quality is championed and that employers are at the forefront of design. I took note of the eloquent speech by the noble Baroness, Lady Morris of Yardley, who asked how we can make education more flexible and, indeed, a gate opener. She is quite right. The Government understand this as well as the challenges of the skills gap and ensuring parity of esteem between vocational and academic training. As I said to the noble Lord, Lord Fox, the Government will also oversee the creation of a genuine technical option in T-levels, equal in status to A-levels.

It is not only about technological advances, it is also, as some noble Lords have said, about people. We also need to recognise that the demographics of the UK labour market are changing. More women are in work. The female employment rate is now 70.8%, up 18 percentage points since 1971. We should applaud that. More older people are choosing to remain in work. With the number of people aged 50 and over

[VISCOUNT YOUNGER OF LECKIE] expected to reach 30 million by 2035, support for older people in work is essential. And there are more people with disabilities in work, as new ways of working make the workplace more accessible. The noble Lord, Lord Fox, highlighted the importance of this aspect of the workforce. This means that the inactivity rate, so called—the proportion of working-age people not in work or looking for work—has fallen to 21.2%, the lowest since records began.

Despite this success, we know there is still more to do. We must continue to take action to remove the remaining barriers people face in the labour market, including by supporting women in returning to work after having children, ensuring older workers can continue to use their skills to help the economy later on in their career, which my noble friend Lord Patten mentioned, and ensuring that ethnic minorities are able to progress in work.

The actions we have taken so far include investing £5 million to support people who left paid work to take on caring responsibilities returning to work. The noble Lord, Lord Rees of Ludlow, succinctly asked how we should care for the elderly and recognised the human element of caring, which is so important. That is why in the context of an ageing population, the Government are considering how best to support carers who are in work and require flexibility and support to carry on in both roles. We are looking at the effectiveness of existing rights in meeting the needs of carers and the possible creation of new rights.

The noble Lord, Lord Young of Norwood Green, asked what we are doing to support phased retirement. We have already removed the statutory retirement age, as he knows, and our labour market supports more flexible ways of working. This year we published a new employer-led strategy *Fuller Working Lives: A Partnership Approach* setting out the importance of fuller working lives for employers and individuals.

My noble friend Lady McGregor-Smith, who is not in her place, wrote an insightful report which showed that the UK is missing out on up to £24 billion a year by not fully utilising ethnic minority talent. The Government are working with Business in the Community to support the delivery of the changes my noble friend recommended.

I shall now go on to ways of working because they are also set to change significantly. The future of commuting could look very different, and the idea of a set shift may be a distant memory, with people being more likely to be able to work at times and in ways that suit them. We are already seeing a move from traditional employment towards atypical forms of work, and we know the drive for this change is both employer and worker-led. For example, the number of people in part-time work has increased by 2.5 million since 1992. There are also a record 4.8 million people who are self-employed, up from 3.2 million in 2000. These are large figures.

With more people working atypically, with more flexibility to suit them, their employer and their lifestyle, it is important that the regulatory framework underpinning employment remains ready to meet the challenges ahead. That is why the Prime Minister asked Matthew Taylor to review modern working practices. In his

report, he said we had achieved labour market success to date “the British way” with regulation which protects the vulnerable while encouraging businesses to employ. He made it clear that, given the UK’s success in terms of the quantity of work, it is now time to focus more on the quality of work with all work designed to be, “fair and decent with realistic scope for development and fulfilment”. The noble Baroness, Lady Bakewell, pointed out that different people look for different types of work and that what represents quality work to one person may not necessarily do so for another. That is an interesting point, and one of the challenges for the Government is to agree exactly how we define quality work. Like the noble Lord, Lord Knight, we welcomed the report, and we are now considering each of the 53 recommendations ahead of responding later this year.

I will now touch on the industrial strategy, an important subject which was mentioned by the noble Lord, Lord Fox. Supporting technology, investing in skills and giving everyone the opportunity to fulfil their potential will help ensure that the UK makes the most of globalisation and technological advances. Through the modern industrial strategy, we will set the blueprint against which we will do this. In July, my right honourable friend in the other place, the Business Secretary, made it clear in his speech at the University of Birmingham that the industrial strategy will build on our strong employment position by reaching people who find it harder to participate in the job market.

Productivity is the key point. There is much more that I could say about productivity, which is a most important subject, but I am running out of time, so I may well have to write to noble Lords who made points about it.

In drawing my remarks to a conclusion, I thank all noble Lords for their input to this fascinating debate today. I would like to comment briefly on globalisation, which was raised by my noble friend Lady Wheatcroft, who made the interesting reflective comment that free trade and globalisation have brought many benefits to our society, ensuring that more people can access a wider choice of goods at lower cost.

Our approach will help us to succeed in future but there is more that we can do. We need to be ready to embrace the change that further globalisation, technological advance and demographic change will bring. We will make the most of the opportunities on offer. To paraphrase my noble friend Lady Wheatcroft, the future is here and we must embrace it.

4.35 pm

Lord Knight of Weymouth: My Lords, I will be extremely brief in thanking all noble Lords for their contributions. I congratulate the noble Baroness, Lady Wyld, on her maiden speech and welcome her warmly to the House.

We have started a conversation about these three issues that I hope will continue over the months and years. I was pleased to hear so much talk of education and training, health and social care, and the role of the state and redistribution. It is always going to be difficult to predict the future. I will have to debate separately with my noble friend Lord Giddens about accepting his professorial wisdom as to how optimistic I should be. The Minister did a great job of reassurance without

complacency, but I certainly think there is a lot more to do to provide good stewardship of the transition in the world of work in future. I look forward to further debates.

Motion agreed.

Sri Lanka

Question for Short Debate

4.36 pm

Asked by **Lord Naseby**

To ask Her Majesty's Government what assessment they have made of the progress made by the coalition government of Sri Lanka in meeting the requirements on reconciliation established by the United Nations Human Rights Council.

Lord Naseby (Con): My Lords, I declare an interest: I started the All-Party Parliamentary Group on Sri Lanka in 1975 and am currently its president. I have known Sri Lanka for over 50 years.

I believe the UK has a unique role to play in the future of Sri Lanka, but we need to understand the history behind the current situation. In the 11th century AD Tamil Cholas invaded Sri Lanka and took over the north and north-east. Understandably, the Sinhalese were left with the remainder. Then there was colonisation by the Portuguese, the Dutch and then of course the UK. The British left behind a very good civil service; unfortunately, it was not spread across the two main denominations. It was dominated by the Tamils, who looked after the civil service and indeed the professions. On independence, sadly, this position was somewhat resented by the Sinhalese, and they passed the Sinhalese official language Act.

There remained some smouldering resentment from 1948 right through to around 1973. The Tamil youth have been activated by two people in particular. One is Mr Balasingham, a British citizen after Mr Blair's Government gave him that, and the other is a man called Prabhakaran, a single-minded ruthless activist. In 1973 Prabhakaran killed the mayor of Jaffna, along with six soldiers whose bodies were brought to Colombo. There was a resentful response from the Sinhalese youth; very sadly it was three days before a curfew was brought in, and well over 1,000 Tamils were killed. From then on it has been a situation of Eelam, the independent state, on one side versus the unitary state of Sri Lanka on the other.

Fast forward to 18 May 2009. The Tamil Tiger terrorists are defeated in a military solution, and after nearly 30 years of war there is peace across the whole island, as there is today. This is followed by a presidential election in January 2015 when President Sirisena is elected to head a coalition Government. The platform of that Government was to achieve reconciliation, ensure a durable peace, promote and protect human rights, uphold the rule of law and strengthen good governance and democracy. Out of that flowed UN Resolution 30/1 of 1 October 2015.

I visited Sri Lanka last February. Eight months on it is quite clear to me, from the context that I have, that the Government are addressing all the issues raised in the UN resolution. It may be taking longer than some would wish but that is life, I think. I shall highlight

three. The first is missing persons. A massive amount of time and effort was put into the Paranagama commission, set up by the previous Rajapaksa Government, identifying some 20,000 missing persons and actually following up 10,000 of them. To this can be added the superb work done by the ICRC.

The good news is that a commissioner and a department are now set up, and in passing I pay tribute to the enormous hard work putting by Sir Desmond de Silva and his two colleagues. Sri Lanka must be eternally grateful that men of their wisdom and experience have got this task moving in the first place.

On prevention of terrorism, there is acceptance that a new Act is needed—there was in February. I cannot understand why it is taking quite so long to get it on the statute book. The constitution is being debated—the good news is that the leading Tamil party is actively taking part—and the problem of devolution is being addressed. However, the West needs to understand that the East cannot necessarily produce a mirror image of a western structure.

In passing, I pay considerable tribute to Halo and its Sri Lankan operatives, along with the Indians, Canadians and the Sri Lankan army, for clearing a square metre a day of ground, which makes it possible for families to return to the land.

What is not on track and needs urgent attention is the war crimes allegations hanging over the country. These flow from the Darusman report, which, on a best-guess basis, two years after the end of the war, stated,

“there is still no reliable figure for civilian deaths”,

but then guessed at 40,000. This figure is bandied about by virtually every human rights organisation and the thousands of Tamil diaspora throughout the world, many of whom were LTTE Tamil Tiger supporters and still are, inflamed by Tamil Net and those ghastly Channel 4 “Killing Fields” films, which so influenced the previous Prime Minister.

I have discovered an unpublished report from the United Nations country team, which stated that from August 2008 up to 13 May 2009, the number of civilians killed was 7,721. The war ended six days later, so it cannot possibly have got up to 40,000. Then I looked at what Gordon Weiss, the former UN spokesman said. He produced an estimate in 2009 of 7,000 civilian deaths. He also made the simple observation that, for the Sri Lankan army, it made no tactical sense to kill civilians. University Teachers for Human Rights is not exactly a right-wing organisation; in fact, it is probably on the far left. It had similar figures, and commented that from what happened it could not say that the purpose of bombing or shelling by government forces was to kill civilians. It also said that ground troops took great trouble not to harm civilians.

The Sri Lankan Government's census department—a very genuine department—issued an in-depth census leading to the conclusion that 7,000 to 8,000 were missing. US Ambassador Blake stated on 7 April that there were deaths of 4,164 from 20 January to 6 April. Major General Holmes in his expert military report of March 2015 concurs with 7,000 to 8,000. Above all, all the people I have cited state that there was no policy to

[LORD NASEBY]

kill civilians—in fact, the opposite. To these I add the British defence attaché, Lieutenant Colonel Anton Gash, who said to me in January 2009 that he was surprised at the controlled discipline and success of the Sri Lankan army and in particular the care that it was taking to encourage civilians to escape and how well they were looked after, and that certainly there was no policy to kill civilians. There could not be a better military man: he is knowledgeable, independent and would be authoritative about what happened in his reports in his dispatches. So I decided to make a freedom of information submission to the UK Foreign and Commonwealth Office concerning those dispatches in the period 1 January to 19 May 2009. The original submission went in on 6 November, but was rejected. Two appeals to higher authorities at the Foreign Office were rejected, so I appealed to the Information Commissioner—with more success. She listened and, as a result of her representations, 26 pages of heavily redacted dispatches were sent me. Obviously, I looked at them with some care. I challenged the lack of dispatches in the last two months. Amazingly, another 12 pages appeared, all redacted.

Still concerned about the lack of dispatches in the past few days, I made a final appeal to the First-tier Tribunal, assisted my very good friend Amal Abeywardene. We had the sympathy of the judges for the cause, but they accepted the Foreign Office view that if confidential information was given out, nobody in future would give us any more. So I now have the princely sum of 39 pages of heavily redacted dispatches—nevertheless, if you dig deeply, as in life, you find some real gems. For example, on 28 January:

“It is not possible to distinguish civilians from LTTE cadres as few are in uniform”.

Then, from 16 February:

“IDPs being cared for in Trincomalee. Welfare appears to be overriding security considerations”.

Then on 20 January they say,

“no cluster munitions were used”,

and on 26 April,

“civilians killed Feb 1-April 26—6432”.

I hope and pray that, as a result of this debate, the UK will recognise the truth that no one in the Sri Lankan Government ever wanted to kill Tamil civilians. Furthermore, the UK must now get the UN and the UNHCR in Geneva to accept a civilian casualty level of 7,000 to 8,000, not 40,000. On top of that, the UK must recognise that this was a war against terrorism, so the rules of engagement are based on international humanitarian law, not the European Convention on Human Rights. The West, and in particular the US and UK, must remove the threat of war crimes and foreign judges that overhangs and overshadows all Sri Lankans, especially their leaders. We in the UK should reflect on the sacrifices of thousands of young Sri Lankan soldiers who died to create peace in that country. Finally, I reflect that Sri Lanka came to our need in two world wars and had casualties, and it was one of just a handful of countries who supported the UK over the Falklands. Now is the time to offer the hand of friendship and act to lead the international community to recognise what the truth really was.

4.47 pm

Baroness Berridge (Con): My Lords, I am grateful to my noble friend Lord Naseby for securing this debate—and I declare an interest as project director for the Commonwealth Initiative for Freedom of Religion and Belief.

The Commonwealth Heads of Government Meeting in Sri Lanka in 2013 helped to focus international attention on the human rights failures of previous Sri Lankan Governments, and the decision of the then Prime Minister David Cameron to attend was, I submit, correct as this international spotlight helped to form part of the driving forces that secured a peaceful transition of power in January and August 2015. Resolution 30/1 of the Human Rights Council came after this democratic transition of power, which saw an alliance of moderates from within the two largest parties, the Sri Lanka Freedom Party and the United National Party, form a ruling coalition. The resolution stresses the importance of protecting the human rights of all Sri Lankans, regardless of ethnic and religious identity. That of course includes the right to freedom of religion and belief, as outlined in Article 18 of the Universal Declaration of Human Rights. The UN Sri Lankan Peacebuilding Priority Plan also stresses the importance of promoting and protecting the human rights of vulnerable peoples.

It is important to recognise the often underappreciated significance of religion to the conflict and the peace process in Sri Lanka. As Dr Rajesh Venugopal of the London School of Economics argues, both Tamil and Sinhalese national identities are bound to Hinduism and Buddhism respectively. Sri Lanka is one of only seven Buddhist majority countries in the world, Cambodia, Thailand, Myanmar, Bhutan, Laos and Mongolia, being the other six. Around 70% of the population identify as Buddhist. However, the country has sizeable religious minorities, with 12.6% identifying as Hindu, 9.7% as Muslim and 7.6% as Christian. Although Tamils are largely Hindu, it is less well known that Muslims and Christians are often seen as outsiders by both the Government and the Tamil militants, thereby suffering at the hands of both. As the Asia Foundation's *Sri Lanka Strategic Assessment 2016* argues, religious violence and hatred serves as a major barrier to securing a long-term peaceful Sri Lanka.

The Sri Lankan constitution currently protects freedom of religion or belief, in Article 10 of Chapter III, and the right to worship individually or as a group, in Article 14(1)(e) of Chapter III. However, under the previous Government, freedom of religion and belief was eroded because of the tacit acceptance by the state of extreme Buddhist sects which propagate an exclusive image of Sri Lankan identity as solely Buddhist, with non-Buddhists as “others”, whose loyalty and citizenship should be in question. Ultra-nationalist Sinhalese Buddhist organisations, such as Bodu Bala Sena, were able to spread hatred towards both Muslims and Christians with impunity. In April 2014, BBS raided an interfaith press conference and no action was taken by the authorities. Also in 2014, there was a nationwide BBS anti-halal campaign, which contributed to the toxic environment of religious hatred and, arguably, to the anti-Muslim Aluthgama riots, during which at least

four people were killed, 80 injured and 10,000 displaced. The then Government responded by ordering a media blackout and, at the Human Rights Council in June that year, blamed Muslims for the riots.

There is evidence, however, of a change in the response to such events. On 26 September—less than a month ago—a mob of hard-line nationalists led by Buddhist monks attacked a UN shelter for Rohingya Muslim refugees in Colombo. The Cabinet spokesman, Rajitha Senarathne, was unequivocal in his condemnation the following day, saying:

“As a Buddhist I am ashamed at what happened ... this is not what Buddha taught”.

The refugees were quickly moved to a safe location and the Government have now arrested nine people. It is so good—but all too unusual—to hear of such prompt action by a Government that had previously stood by and watched. I am grateful to Dr Rajesh Venugopal from LSE for bringing this to my attention.

Secondly, the change in government has shown a marked decrease in violence towards Christians. A report published by Verité in 2015 highlighted that the average number of attacks carried out against Christians had declined from one every week between 1994 and 2014 to roughly one every two weeks since 2015. This is, again, a change to be commended. But Sri Lanka has also faced challenges over the practice of conversion, with many religious groups complaining of Buddhists and Hindus being converted to Christianity through alleged material and spiritual inducements. In 2015, the opposition JHU put forward a Bill that would have contravened international standards on the right of people to convert. It is another encouraging sign that Sri Lanka was able to protect the individual's right to freedom of religion and belief and to change religion by resisting such draconian legislation.

Can the Minister confirm whether Her Majesty's Government have taken this opportunity to make positive representations to the Sri Lankan Government, commending their response to this most recent attack on Rohingya refugees, and confirm if they have considered whether this example beginning to be set by Sri Lanka of a Buddhist majority Government working to protect religious minorities could become best practice to promote? Such encouragement is crucial because the Sri Lankan Government still have much ground to cover to tackle the remaining significant structural and societal challenges to sustained religious harmony in Sri Lanka. A Minority Rights Group report in 2016 sadly found that harassment and intimidation of both Muslims and Christians, although decreasing—as I have outlined—was still commonplace. While the new Government restricted the space for groups such as BBS, it has continued to spread vicious hatred towards Muslims online. Between November 2015 and September 2016, there were 14 incidents in which Christian establishments were forced to close by local officials using the unconstitutional 2008 government circular, which stipulated that new places of worship must be approved by the then Ministry of Religious Affairs. The MRG report has also shown that local police and local officials still often refuse to record the complaints of or assist Christian pastors and communities who have been harassed by Buddhist extremists.

The excellent work begun by the Sri Lankan Government to foster religious unity, freedom and tolerance, although incomplete, should be supported. At present, outside of disaster relief, DfID has only one active programme in Sri Lanka, which is of course focused on removing landmines. This is clearly important, but there is a need to support the Sri Lankan Government's effort to confront these elements of Buddhist extremism. I would be grateful to know from my noble friend whether looking at this Buddhist extremism is part of Her Majesty's Government's counterextremism work within the FCO. Sadly, such erroneous theology is part of the backdrop to the recent plight of the Rohingya Muslims in Myanmar and urgently needs addressing.

As Jonathan Goodhand of SOAS argues, religious leaders in Sri Lanka are ideally placed to cross political, ethnic and religious boundaries to promote a culture of inclusivity and tolerance. Successful interfaith projects, such as Equitas supported by the Canadian Government, reach over 3,000 people and conduct vital research into the issues faced by religious minorities in Sri Lanka. Similarly, the Karuna Centre for Peacebuilding, with US government support, brings together over 80 Hindu, Buddhist, Muslim and Christian religious leaders in Sri Lanka's troubled eastern province to build trust and common ground as peacebuilders. I am not naive: there are still grave problems and much needs to be done. However, I know that my noble friend the Minister is passionate about freedom of religion and belief, and it is encouraging to report the emergence of some rare good news in that country. Therefore, I hope my noble friend can outline whether staff from DfID or the Foreign and Commonwealth Office's Magna Carta Fund for Human Rights and Democracy will visit these projects to see whether we can establish programmes using best practice. As I say, perhaps such best practice programmes are transferable or useful in the context of what we are seeing in Myanmar and other countries.

4.56 pm

Baroness Cox (CB): My Lords, I also congratulate very warmly the noble Lord, Lord Naseby, on this debate and on his very comprehensive opening speech.

I have only visited Sri Lanka once, after the tsunami left its tragic aftermath of death, destruction and devastation. However, I am aware of the help that the noble Lord and his medically qualified wife provided in January 2005, when I believe they rushed out to help those suffering from the tsunami. I presume that is one of the reasons why he was awarded the Sri Lanka Ratna in November of that year. I quote briefly from the citation:

“This is the highest honour of the country conferred on non-nationals. It is awarded for exceptionally outstanding and most distinguished service to Sri Lanka”.

I am also aware, of course, of the noble Lord's Oral Questions and, having listened to his speech this afternoon, I must admit that I admire his persistence in the use of the Freedom of Information Act to extract the dispatches from the Foreign Office.

Although I do not know the current situation and issues in Sri Lanka in detail, I am well aware of the challenges any country faces in a post-conflict situation. I knew that the President made a speech to the UN on

[BARONESS COX]

19 September, which I read with great interest. The speech reflected the topic of the 72nd session of the General Assembly:

“Focusing on People: Striving for Peace and a Decent Life on a Sustainable Planet”.

As the noble Lord, Lord Naseby, has already highlighted, Sri Lanka has suffered greatly from nearly 30 years of civil war, which ended on 18 May 2009. In January 2015, President Sirisena was elected and formed, for the first time in Sri Lanka’s history, a coalition Government of the two main parties. I would like briefly to refer to issues and quotations from his speech, which I found both moving and relevant.

First, having acknowledged the fact that the executive presidency in Sri Lanka had been invested with more power than that invested in any other political leader in the democratic world, he gave a commitment to shed some of these powers and to transfer them to Parliament—surely a commendable commitment. Secondly, he gave a commitment to promote the rights of women: for example, an amendment to the constitution to ensure that 25% of the list of candidates at elections should comprise women. Thirdly, in the context of genuine concerns over human rights abuses, the President gave a commitment,

“to strengthen national reconciliation, and ensure that all people living in my country, speaking different languages and of different religions are able to live in unity, without fear, suspicion, hatred and anger. We are determined to build a society where everyone is able to live with freedom and dignity as equal citizens. My Government is committed to achieve these ends in a holistic manner through the strengthening of the domestic economy and the creation of prosperity and taking steps to create a disciplined and righteous society. Consolidating the rule of law and righteousness are priorities to which my Government remains committed ... Accordingly, we seek the respectful support of all, as we take steps in a progressive manner, to address allegations and implement resolutions, while protecting the independence and sovereignty of my country ... As a country which has suffered an almost 30-year-long conflict, I urge the respectful support of all, in ensuring the success of the journey we have embarked upon to unite the people who were torn by division in my country”.

I am not lacking in concern regarding the very serious problems and suffering which have afflicted so many of the citizens of Sri Lanka. Indeed, following my own visit after the tsunami, we wrote a report highlighting our concerns over grave violations of human rights, including freedom of religion and belief, and there have been recent reports from international human rights organisations, such as Amnesty International and the International Crisis Group. However, the noble Lord, Lord Naseby, has put many of these concerns in context and, although remaining concerns need to be addressed, there has been progress, which is to be welcomed. Some indications of that were mentioned by the noble Baroness, Lady Berridge.

In urging Her Majesty’s Government to offer a hand of friendship to Sri Lanka now, I will go off-piste for a moment but in a way which I think is not irrelevant. The United States is currently lifting sanctions against the Government of Sudan—an initiative supported by the United Kingdom—while the Government in Khartoum continue to oppress their own citizens in Darfur, the Nuba Mountains and Blue Nile, as well as perpetrate a catalogue of violations of the fundamental freedoms and human rights of their people elsewhere

throughout the nation, with a President indicted by the International Criminal Court. I am not asking the Minister to comment on Sudan in this debate but I wish to put on record my concern that President al-Bashir has made no commitments similar to those made by the President of Sri Lanka.

I conclude with a final reference to the President of Sri Lanka, who appealed in his speech to the UN:

“I seek your support for the development efforts we have undertaken that are essential for the reconciliation efforts to succeed and ensure non-recurrence of conflict and our vision of a nation that is righteous, prosperous and democratic, to succeed, as an example to other countries that are also recovering from conflict”.

Therefore, I fully support the appeal made by the noble Lord, Lord Naseby, to Her Majesty’s Government to offer a hand of friendship and appropriate support to Sri Lanka and its President as he seeks to implement his commitments to bring healing, hope and peace to a nation and a people who have suffered too much for too long. I hope the Minister will be able to offer some reassurance in his reply.

5.01 pm

Lord Sheikh (Con): My Lords, I am grateful to my noble friend Lord Naseby for bringing this important subject before your Lordships’ House. I am a friend of Sri Lanka. I have visited the country three times and met its leaders and other senior figures. I also enjoy a healthy long-standing relationship with its high commissioner in London. Here in Parliament, I am a vice-chairman of the All-Party Parliamentary Group on Sri Lanka. I have raised issues relating to Sri Lanka on several occasions in your Lordships’ House. I believe that it is in the political and economic interests of the United Kingdom to maintain a close and productive relationship with Sri Lanka.

Sri Lanka was torn apart by civil war. Conflict prevailed for 26 years and caused immeasurable suffering. An estimated 100,000 people lost their lives and hundreds of thousands more lost their homes. It has been eight years since the fighting ceased. People are now returning to their communities and attempting to rebuild their lives. In order for permanent peace to be achieved, the Sri Lankan Government are making the necessary reforms towards reconciliation. I am pleased that this is being done. However, they must ensure that all communities feel that proper and transparent justice has been served for the atrocities that took place. Until this happens, wounds cannot be fully healed.

It is important to note some of the specific positive measures that have already been taken by the Sri Lankan Government. A national policy on reconciliation and coexistence has been approved to serve as a framework to prevent conflict reoccurring. A task force has held public consultations to inform the development of new and transitional systems of justice and reparations. Powers have been devolved from the presidency to the Parliament, and presidential term limits have been reintroduced. Independent bodies have also been set up to maintain oversight of key public institutions, including the police and the judiciary. The security services are also being trained to fully comply with international human rights law, particularly with regard to people who have been arrested or detained. It is

important that we applaud this progress and use it to provide further incentives for Sri Lanka to continue such momentum.

The European Union took this approach earlier this year, when it granted Sri Lanka enhanced market access status through the generalised scheme of preferences, which is commonly known as GSP+. This removes around two-thirds of import duties on Sri Lankan products entering the EU market. The EU Trade Commissioner stated that this was a vote of confidence that Sri Lanka will maintain its progress in implementing international conventions. She also mentioned that the situation was still unsatisfactory in many areas and that more work needed to be done.

Indeed, there is some concern that the progress of reform has slowed in recent months. Much more assertive efforts need to be made in a number of respects. Of particular concern are the tens of thousands of people who are still unaccounted for. Many people are still seeking the truth about what happened to their friends and family during the war. There are horrific accounts of people being forcibly removed from their homes by heavy-handed military or police officers. There are many allegations of human rights abuses on both sides. Whatever the truth, it is important that the allegations are investigated swiftly and with transparency. The integrity and impartiality of the judiciary will be crucial in this respect.

The Government recently introduced the Office of Missing Persons. This office will attempt to search and trace those who are missing and determine the circumstances in which they went missing. It is now important that progress is accelerated. I support the calls for Sri Lanka to produce a timetable for implementation of further reforms, particularly with regard to transitional justice mechanisms. There also needs to be much faster movement towards revising the Prevention of Terrorism Act, which is viewed by many as a key cause of human rights abuses.

The UN special rapporteur on human rights and counterterrorism visited Sri Lanka in July. His report stated that positive steps were being taken, but that Sri Lanka was still falling short on measures that would achieve long-term solutions and benefit all communities. Specifically, he said that he was encouraged by the Government's zero tolerance of the use of torture, but that it had become so endemic in the security sector that it remained a little bit of a problem. In short, the Sri Lankan Government are trying to put—and seem committed to putting—the right policies in place. However, the level of fundamental change required in practice is proving somewhat difficult in some areas.

Last month, President Sirisena made an address to the United Nations. He spoke of the importance of protecting and strengthening democracy and of using power responsibly. He was also clear in his commitment to build a society that promotes true freedom and equality. He was equally clear on the need for support from the United Nations in order to fully achieve these aims. I received his speech as an acknowledgement of the work that still lies ahead, but also as a plea for respectful support from the international community.

There was clearly a sense of caution that, if measures are imposed too heavily and hastily, there is a risk of destabilising progress. What was my noble friend the Minister's reaction to this speech?

I must also mention the importance of economic prosperity for Sri Lanka. I held a debate in your Lordships' House on increasing bilateral trade between the United Kingdom and Sri Lanka. Trade can serve as a route to improve the financial position of many and can assist a country's economic and social development. Sri Lanka has much to offer and I hope that we will look more closely at furthering our trading relationship with it, particularly as we look beyond Europe.

Since the conflict ended, successive Sri Lankan Governments have set a course for the island to become a major commercial maritime hub. I reiterate what I have said in your Lordships' House with regard to trade with Sri Lanka. Britain should look carefully at the opportunities to exploit the rapidly changing economic landscape of this region. There are already about 100 British companies successfully operating in Sri Lanka in an environment that is already seen as one of the most liberalised economies in south Asia. Yet more rapid growth is expected, with an array of free trade agreements coming on stream to facilitate access to massively expanding Asian marketplaces. Sri Lanka should be seen as an excellent staging post for British businesses in the post-Brexit era to penetrate major markets from India to China. What positive action is being taken to accelerate trade between Sri Lanka and the United Kingdom?

Sri Lanka has undergone extreme turmoil and is still in the early stages of reconciliation. Peacebuilding is slow and often frustrating. The unity Government have made strides that were not possible just five years ago. We must recognise this and understand the fragile climate that still exists. I hope we can move forward with a policy of positive engagement, firm scrutiny and support for Sri Lanka. Finally, I would ask my noble friend how best we can achieve these objectives.

5.12 pm

Lord Dholakia (LD): My Lords, I add my thanks to the noble Lord, Lord Naseby, for securing this debate. I am well aware that he has a long-standing interest in Sri Lanka, and he and I have taken part in similar debates in the past. I declare my interest in that I have similar antecedents to those of the noble Lord. I have visited Sri Lanka a number of times, particularly during the tsunami, when I was involved in one of the local relief projects. I was there a few years ago, when the civil war was raging, and I visited the country again when the war came to an end. My last visit gave me the opportunity at first hand to see and learn about the reconstruction, resettlement and reconciliation work in progress there.

I could go into the rise of the Tamil Tigers and the actions taken by the Rajapaksa Administration, but the noble Lord has accurately sketched out that particular aspect of the history and it will not serve a useful purpose for me to go into it. But we should recognise that much has happened since then. We have the report of the UN Secretary-General's review panel on UN action in Sri Lanka, the Lessons Learnt and

[LORD DHOLAKIA]

Reconciliation Commission and the International Crisis Group report. We also have a new Government, faced with the task of rebuilding the confidence of the community in the new Administration, which includes addressing the grievances of Tamil and Muslim leaders about the excesses that took place during the war. This is not an easy task. Even today, there remain deeply held views about the war in Sri Lanka and its aftermath. These are to be found not only within the boundary of Sri Lanka but within the large Sri Lankan diaspora outside it. We have seen the evidence of this outside our own Parliament in the United Kingdom. The people you speak to and the replies you get give you some idea of the task facing the present Government.

This debate is not the place to confirm or deny what did or did not take place during the war, but it is nice to have the statistical information given by the noble Lord, Lord Naseby. New statistical information is now available but we must accept that this and its rejection will continue to shape the debate for some time to come, and limited purpose will be served by it in making progress towards a stable and prosperous Sri Lanka. We have to move on, but the basis on which the country makes progress will be very much determined by how some of the issues are handled. The noble Lord, Lord Naseby, highlights the way forward and we should take due note of his point of view.

Perhaps I may add at this stage that I was much encouraged by the speech of the President, His Excellency Sirisena, during the general debate at the UN General Assembly last month. The President was elected in January 2015. It is very interesting that, even before his election, he gave a pledge to remove excessive powers vested in the President and to entrust them to his Parliament. What a change that approach has made in power sharing with the communities in Sri Lanka. This was a crucial statement, as we all knew that the previous Administration had vested more power in the presidency than that enjoyed by any democratic institution, as explained by the noble Baroness, Lady Cox.

The President stood by his words and today, rightly, accountability has been vested in an elected Parliament. The Executive can no longer ride roughshod over the will of Parliament. This exercise should build confidence among the communities in their elected leadership, as this action alone has succeeded in consolidating excessive power and autocratic governance. It is a great step forward. The President said,

“we have succeeded in our journey of re-establishing and restoring the freedom of the people, protecting human rights and nurturing fundamental rights”.

War is an ugly and nasty way of resolving grievances. After a three-decade-long conflict, there is now evidence that the Government are committed to taking steps on issues identified by the Human Rights Council. With evidence of progress in the implementation of 27 international conventions signed and ratified by Sri Lanka in areas of human rights, labour rights, sustainable development and good governance, the European Union restored GSP Plus status to Sri Lanka on 19 May 2017. That is indeed progress.

I shall quote the conclusion of a fact-finding mission by a team of senior EU officials undertaken in September 2017:

“The excellent cooperation by the Government is a reminder of how much the situation has changed in the country over the last two and a half years, including real advances in human rights”.

We are encouraged by the progress to date but we should ensure that complacency does not hinder further progress. Towards this end, I have a number of questions to put to the Minister.

On truth and reconciliation matters, have the Sri Lankan Government addressed ongoing regional and ethnic disparity, and how far have they succeeded in dealing with conflict-related justice? May we seek assurances on how far the Sri Lankan Government have reformed the security sector and criminal justice system in line with international standards, including around police accountability? How far have British foreign policy and international aid helped to promote liberal values of human rights and democracy in that part of the world, and who is monitoring the situation?

There are positive examples of how Sri Lanka has moved forward on certain issues and we should take note of them. The Government of Sri Lanka have now evolved a national human rights action plan through a wide consultative process, which has been approved by the cabinet. A number of UN thematic special procedures mandate holders have visited Sri Lanka since January 2015, something that would not have happened during the previous Administration. The matters of violation and abuses committed during the war, including the establishment of a credible justice system, are now under discussion by the Government.

The Right to Information Act, passed in June 2016, enables the family member of someone arrested or disappeared to access information on an expedited basis—that is quite a change from the problem the noble Lord has had in this country. Since June 2016, the president has issued directions requiring the armed forces and the police to ensure that the fundamental rights of persons arrested or detained are respected and individuals are treated humanely.

Steps are being taken to return land to its rightful owners. A draft counterterrorism Act has been approved by the Cabinet. We must not in any way put obstacles in the way of how these matters are being advanced.

In conclusion, we recognise the progress made. We are aware of the stable democratic process there. The debate is not to criticise the measures taken so far but simply to acknowledge that Sri Lanka paid a heavy price during the conflict years. This should never be allowed to happen again. The duty of any democracy is to protect its citizens—all citizens, irrespective of religion or ethnicity. I trust that Sri Lanka and its diaspora will play a crucial role in building a stable, democratic society.

5.21 pm

Lord Collins of Highbury (Lab): My Lords, I too thank the noble Lord, Lord Naseby, for initiating the debate and for his comprehensive introduction. As we have heard from all noble Lords, in 2009, Sri Lanka

emerged from a brutal Tamil war of independence after 26 years of fighting and terrorism. Since the adoption of the Human Rights Commission resolution in 2015, the Sri Lankan coalition Government formed that year were expected to fulfil the recommendations of taking specific measures for institutional reform, justice, truth and reparations.

Although I hear the noble Lord's optimism, I have to also acknowledge the comments made by the noble Lord, Lord Sheikh. Last month, following a four-day visit, the UN's special rapporteur, Ben Emmerson, found that the country's judicial system and tolerance of torture is a,

"stain on the country's international reputation".

He warned that if government inertia over reform does not end, the authorities will have created,

"precisely the conditions likely to produce festering grievances, to foster unrest and even to reignite conflict".

As we have heard, one of the key undertakings in the resolution was security sector reform, including repealing and replacing the draconian Prevention of Terrorism Act. I very much support the United Kingdom's call on the Sri Lankan Government to deliver on its commitments laid out in the UN resolution at the Human Rights Council on 11 September. I welcome our Government's actions in that respect.

President Sirisena held a meeting with the UN High Commissioner for Human Rights, Zeid Ra'ad Al Hussein, on the margins of the recent UN General Assembly. He was told by the commissioner to accelerate the pace of fulfilling all the obligations in the 2015 consensual resolution. However, President Sirisena argued that hastening the process would give an undue advantage to extremists and invited the high commissioner to visit Sri Lanka next year to see progress.

Noble Lords have highlighted the progress made and I do not want to undermine it. The president pointed out that he had signed the gazette notification operationalising the Office on Missing Persons before he left for the US. He also said that the draft Bill on a new constitution was presented to the Parliament—all good progress. The Sri Lankan Government also stated that all lands in the eastern province that were under the custody of the security forces had now been released and a considerable number of lands in the north, too, have already been released. For the rest of the lands, measures are being taken to resolve the administrative problems and these will also be released to people gradually.

But there still is a heavy military presence in the northern part of the country, which is a serious challenge to transitional justice. The largely Sinhalese and Buddhist army engages in everyday commercial activity, for example. It runs shops, restaurants and hotels, leaving local businesses unable to compete. It is common practice for the army to occupy, cultivate and harvest farmlands and sell produce back to the local community. If that continues, it is bound to increase discontent among Tamil communities and lead to a rise in protests. Those are the issues that need to be addressed.

Lord Naseby: As I said, I went there in February and I saw the shops being closed. I was told that there was no trading activity anymore and I checked with

the traders who confirmed that. The noble Lord is right that trading was happening extensively, but it now seems to have ceased—or at any rate at least 95% ceased.

Lord Collins of Highbury: My Lords, I think that the difference between us is about the pace of progress. I acknowledge that things are happening—I said that in my opening remarks. But if we do not speed up the pace of reform, there is certainly the prospect of continuing discontent. What ongoing discussions are the Government having with the Sri Lankan Government to encourage this demilitarisation of the north and expedite the full return of land by the military to the owners?

As we have been reminded in this debate—by the noble Lord, Lord Sheikh, in particular—the last session of the UN Human Rights Council on 29 September heard allegations of genocide, systematic discrimination, torture, extrajudicial killings and militarisation levelled against Sri Lanka. That is beside the call by the UN High Commissioner for Human Rights for the second time in two sessions for universal jurisdiction to be exercised. Of course, universal jurisdiction is the principal etched in law that every country has an interest in and responsibility to bring to justice perpetrators of the most abhorrent crimes, enforcing international legal norms. That is absolutely fundamental to protecting human rights and supporting peace and stability. They must be a priority for the international community. Does the Minister agree that all nations must reject impunity, embrace the principle of universal jurisdiction and clearly state that the alleged perpetrators will be arrested if they cross international borders?

Accountability for atrocities committed in Sri Lanka can offer the country a chance to heal the divisions of the past. That is the process that all noble Lords have been referring to. What effort is the FCO making to constructively engage with Sri Lanka and advance its commitments to reconciliation? Security sector reform, including repealing and replacing the draconian Prevention of Terrorism Act, must be a key feature of that. As Ben Emmerson concluded, the use of torture has been and remains today endemic and routine for those of us arrested and detained on national security grounds. Since the authorities use that legislation disproportionately against members of the Tamil community, that community has borne the brunt of the state's well-oiled torture apparatus. What representations have the UK Government made to Sri Lanka on the conclusions reached by Ben Emmerson, which confirmed similar findings to those of Human Rights Watch and other organisations?

The noble Baroness, Lady Berridge, referred to the events of two weeks ago in Sri Lanka when a mob led by Buddhist monks filmed a UN safe house sheltering Rohingya refugees. I, too, welcome both the condemnation from the Sri Lankan Government and the actions to be taken against the perpetrators of that crime. I ask the Minister whether the Government have urged the Sri Lankan people to ensure the perpetrators are properly held to account. There is, and remains, widespread concern that they will not be, and it is important that we keep up the pressure.

I join in the support of the noble Baroness, Lady Berridge, for sharing best practice, particularly in terms of extending freedom of religious belief, but human

[LORD COLLINS OF HIGHBURY]
rights is a broad band of principles. One of the things that concerns me, to which I want the Minister to respond, is that earlier this year, after a vote in their Parliament, the Sri Lankan Government decided to keep their law making homosexuality illegal. Despite that decision, Cabinet members agreed to update their human rights action plan with an addendum that bans discrimination against someone based on their sexual orientation. Although that is a step in the right direction for the Sri Lankan LGBT community, it fears it will not stop facing abuse while the law telling people homosexuality is wrong exists. Many of the LGBT citizens polled by Human Rights Watch revealed they had been sexually or physically abused by local police, and at one point over half of them said they had been detained by police without reason. There was also a recent hate crime where a trans woman and HIV advocate was murdered. Can the Minister assure us that adequate time, not only for freedom of religious belief and other human rights issues, will be given at the Commonwealth Summit for these issues to be fully aired and considered at all the fora—including, most importantly, at the Heads of Government Meeting?

5.33 pm

The Minister of State, Foreign and Commonwealth Office (Lord Ahmad of Wimbledon) (Con): My Lords, I thank and acknowledge my noble friend Lord Naseby both for tabling the debate and for his long-standing commitment to Sri Lanka, including his role as honorary president of the all-party group—I am sure everyone else in the Chamber and beyond will do so, too. His tabling of this important debate at the current time comes when we are seeing progress in the right way in Sri Lanka.

When one stands at the Dispatch Box as a Minister for the Foreign Office and a Minister for Human Rights, it is important to acknowledge progress. The contributions across the Chamber reflected the fact that challenges remain, but the tone and content of all the contributions, without exception, also threw a very positive light—rightly so—on the positive steps have been taken recently in Sri Lanka.

I will turn to human rights to begin with. As noble Lords will know, Sri Lanka has now co-sponsored two Human Rights Council resolutions relating to the legacy of the conflict in the country: Resolution 30/1 in 2015 and Resolution 34/1 in March this year. The second of the two called on the Sri Lankan Government to fully implement outstanding measures to promote accountability, reconciliation and human rights, as set out in the first. Therefore, the question posed by my noble friend Lord Naseby is one that asks about the aspects of the commitment made by the Sri Lankan Government: namely, reconciliation. Again, contributions today have reflected progress in this respect.

We all recognise that reconciliation is vital for Sri Lanka's future success. However, it is important to address all the commitments together, because they are closely linked. Without truth, justice, respect for human rights and a commitment to long-term peace, there can be no lasting reconciliation. I say to my noble friend Lady Berridge and to the noble Lord, Lord Collins, that when we talk of human rights, we

talk of universal human rights, including the protection of freedom of religious belief and of LGBT rights as well as of other human rights. It is important not only that we stand up for those but vocalise them. That is why the UK Government believe that implementation of Resolution 30/1 is essential for real reconciliation to take place. I acknowledge that, in co-sponsoring both resolutions, the Sri Lankan Government have shown that they recognise this, too.

As all noble Lords have acknowledged, there has been progress. In March, a report from the UN High Commissioner for Human Rights recognised the steps taken since January 2015 to improve the human rights situation. In particular, our Government welcome: the restoration of important democratic checks and balances; improvements in freedom of expression and free movement; the return of some land held by the military to civilians; the establishment of an Office for Missing Persons; ratification of the convention on enforced disappearances, which my noble friend Lord Naseby mentioned; and, finally, the start of a process of constitutional reform. I thank the noble Lord, Lord Collins, for supporting the position of the Government and showing that, on this matter, both Her Majesty's Opposition and the Government are at one.

There is a clear sense that the climate of fear that existed under the previous Government in Sri Lanka has largely been replaced by one in which individuals—notably, the President himself—and the media feel confident about expressing hope and aspiration and speaking openly and honestly about the challenges facing the country. My noble friend Lord Sheikh and the noble Lord, Lord Dholakia, both mentioned the President's contributions. We can take great hope from the aspirations and aims that he set out for building the new Sri Lanka that he wishes to see, as underlined by the commitments in the two resolutions that I referred to earlier.

I am pleased to say to the noble Baroness, Lady Cox, that UK funding and our diplomatic work are having a positive impact on efforts to promote reconciliation. In Tellippalai in the north of the country, we are funding the clearance of landmines, which is helping displaced families return to their land and homes and rebuild their lives. In Jaffna, our long-running community policing programme is helping police officers give better support to women and children. In Colombo, we are continuing to support efforts to address the stigma suffered by survivors of sexual violence. Let me assure noble Lords, communities and individuals that tackling stigma is an important step on the road to reconciliation. It is a priority for our Government and our Prime Minister. As the Prime Minister's Special Representative on Preventing Sexual Violence, I am proud that we are able to provide vital support in this key area.

However, as my noble friend Lord Sheikh underlined in his thoughtful contribution, despite the progress we should not forget that there is more still to do. As I have already illustrated, we welcome the progress made by the Sri Lankan Government to address the legacy of conflict and to promote reconciliation across all Sri Lanka's communities. I also underline that the UK Government are fully supportive of those efforts, but

it is clear that the Sri Lankan Government need to do much more—a view echoed in the UN High Commissioner's report.

My honourable friend the Minister for Asia and the Pacific, Mark Field, met Foreign Minister Tilak Marapana in Colombo earlier this month. At that meeting, and in the UK statements at the March Human Rights Council, we welcomed the progress made so far and urged the Government of Sri Lanka to provide the determined leadership required to fully deliver their commitments. My noble friend Lady Berridge and the noble Lord, Lord Collins, also referred to recent events, including the refuge that was attacked while protecting Rohingya Muslims. Although we have not specifically raised the issue of Rohingya Muslims and that particular attack, it remains, thankfully, an isolated incident and we are encouraged, as noble Lords have acknowledged, by the condemnation by the Sri Lankan Government in this respect.

My noble friends Lord Naseby and Lord Sheikh talked about the numbers killed. While the differential may remain, what is undisputed is that a number of civilians died in the final stages of the war and there are still serious allegations of human rights abuses against both the Sri Lankan military and the Tamil Tigers. The UK has supported the commitment that Sri Lanka has made to the UN Human Rights Council as the best way to establish truth-seeking transitional justice, restitution and reconciliation, which several noble Lords alluded to. We are encouraged that the Government are focusing on five steps which, if implemented together, could create a virtuous circle, enabling the conditions for stability, growth and long-term prosperity for all Sri Lankans, a point emphasised by my noble friend Lord Sheikh. The five steps are: first, to deliver meaningful devolution through constitutional reform; secondly, to establish credible mechanisms for transitional justice, a point well made by the noble Lord, Lord Collins; thirdly, as the noble Lord, Lord Dholakia, touched on, the importance of ensuring that all remaining private land still held by the military is returned to those who own it; fourthly, to replace the Prevention of Terrorism Act with human rights compliant legislation—my noble friend Lady Berridge and the noble Lord, Lord Collins, focused on this—and it is important that human rights compliant legislation protects the rights and freedoms of all communities; and finally, to develop a comprehensive and time-bound strategy to implement the further progress required.

I turn to some of the questions raised during the debate which I have not yet picked up. First, on the freedom of religion and belief programme, let me assure my noble friend Lady Berridge that all forms of extremism are, as she knows, condemned by our Government, whatever the basis. There are those who hijack noble faiths but it is always important to make clear that we do not blame the faith. Rather, we must universally condemn those who use a perversion of faith for their own ends. They do no service to their own faith or to humanity. She also asked about the funding of programmes. As part of our overall funding assessment we are looking at various programmes within the context of freedom of religion and belief, and we will announce our decision in the near future.

The noble Baroness, Lady Cox, talked specifically about women's rights. In February 2017 Sri Lanka's eighth periodic review for the United Nations Convention on the Elimination All Forms of Discrimination against Women welcomed progress on legislative reforms and policy frameworks, including the establishment in Sri Lanka of a National Commission on Women. More work needs to be done on gender equality. I will be focusing on this in my responsibilities at the Foreign Office. I am sure that the noble Baroness would acknowledge the role of Joanna Roper, the Foreign Office Special Envoy for Gender Equality.

My noble friend Lord Sheikh rightly raised the issue of economic growth and the need to look forward. I agree that the economic situation in Sri Lanka is improving. We are delighted to see growth forecasts of more than 5.5%. It is heartening that exports from the UK to Sri Lanka also increased in 2015 and exports from Sri Lanka to the UK currently stand at £1.1 billion. The UK supported Sri Lanka's reaccession to the EU GSP+ preference scheme in May of this year. I assure noble Lords that we aim to maintain GSP+ benefits for all beneficiary countries at the point of our separation from the EU. This is one debate where I was not specifically asked about the implications of Brexit, but I thought I would mention them anyway.

On the important issue raised by the noble Lord, Lord Dholakia, of security commitments, the Sri Lankan Government have made a number of commitments on security sector reform under Resolution 30/1. Police compliance with human rights norms has also improved and abuses are being focused on, including enforced disappearances. However, as he and other noble Lords acknowledged, much more needs to be done including the replacement of the Prevention of Terrorism Act, to which I have already alluded.

Much progress has been made, but an area which the noble Lord, Lord Collins, underlined in his contribution is what has been done to protect LGBT rights. I assure the noble Lord that the UK remains strongly committed to promoting LGBT people and their rights wherever they live in the world. The UK has provided support to the Sri Lankan Government and the Sri Lankan LGBT rights NGO, working to promote equal rights and to lobby against discrimination. I further assure him that we have raised with the Government our concerns about the increase in nationalist campaigns that targeted religious minorities, to which my noble friend Lady Berridge alluded, and LGBT groups. We also joined the EU statement calling for an end to all forms of discrimination.

A process of constitutional reform began in March 2016. It represents an important opportunity for Sri Lanka to improve human rights protections, and we will continue to monitor the situation very closely. Under Sri Lanka's current coalition Government there exists, as we all recognise, a historic window of opportunity to build a lasting peace. Meeting the commitments made in Resolution 30/1, including on reconciliation, will be essential to making this happen. Progress has been made, and the benefits are already being seen and enjoyed in Sri Lanka. It remains our view that full implementation of the resolution will require a concerted effort from all parties in Sri Lanka. The President of Sri Lanka has stated that he is committed to creating

[LORD AHMAD OF WIMBLEDON]
that environment and climate. I assure him, noble Lords and Sri Lankans—irrespective of their background and community and including the rich diaspora which makes up the British Sri Lankan community—that the UK Government will continue to encourage and support these reforms.

I thank all noble Lords once again for their detailed and thoughtful contributions to this important debate, and my noble friend Lord Naseby for tabling it.

House adjourned at 5.47 pm.

