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# HOUSE OF LORDS

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<b>Abbreviation</b>	<b>Party/Group</b>
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

Monday 11 June 2018

2.30 pm

Prayers—read by the Lord Bishop of Derby.

## Prisons: Women with Dependants Question

2.36 pm

Asked by **Baroness Fall**

To ask Her Majesty's Government what percentage of women in prison have dependants under 16 years old; and what is the average length of stay in prison for such women.

**Baroness Vere of Norbiton (Con):** My Lords, we recognise the significant impact that the imprisonment of a parent has on their children. Approximately 60% of women in custody have children but we do not collect data on the age of the child or whether they were dependants at the time of the mother being taken into custody. The average length of stay for women in prison recorded as having children is 1.5 years, versus 2.6 years for women not recorded as having children.

**Baroness Fall (Con):** I thank the Minister for her reply but is it not the case that we have more women going to prison, the vast majority of them for non-violent offences and many of whom have dependants? These children are being sent out of their homes to stay with relatives or into the care system. The cost of these broken homes to the children and to society as a whole should surely be of concern to us all. I urge the Minister to reflect on more family-friendly policies in future.

**Baroness Vere of Norbiton:** My Lords, as at 8 June there were 3,886 women in custody. That is approximately 5% of the total prison population, and that figure has remained relatively stable over recent years. So it is not the case that there are more women in prison, but it is true that most—73%—are there for non-violent crimes. When an offender gets to the court they are asked whether they have dependent children and, if they do, that is taken into account in sentencing.

**Lord Ramsbotham (CB):** My Lords, when can we expect the strategy on women in prison, which we have been expecting since last year?

**Baroness Vere of Norbiton:** I thank the noble Lord for his question. It is of course our aim to provide the best rehabilitative regimes, specifically tailored to women's needs. To that end, the noble Lord is quite right that we have a female offenders strategy in progress at the moment. The department is working very hard on it and it will be published as soon as we are able.

**Lord Trefgarne (Con):** My Lords, is it not the case that there are a number of women who have been sent to prison for very modest offences—for example, not paying their TV licence—and their three or four children have then been taken into care?

**Baroness Vere of Norbiton:** My noble friend raises a number of complex issues. I shall address the issue of TV licences because this is very important: 109,000 women are given a fine for not paying their TV licence, versus 42,000 men. It is not the case that they are then put in prison for not paying the TV licence; that happens occasionally if they do not pay the fine, and many poor decisions have to be taken in order for them to go to prison. I agree, though, that it is wrong that more women than men are being given fines for this offence, and we know that the BBC will be updating the Public Accounts Committee on this issue very soon.

**The Lord Bishop of Ely:** My Lords, the Ministry of Justice has produced clear evidence that women's centres are effective at reducing reoffending, provide joined-up community services to support physical and mental health needs and give more opportunities to women to have access to their children. What assessment does the Minister make of the need for increased funding to sustain and open more women's centres?

**Baroness Vere of Norbiton:** My Lords, women's centres and women's services in general play an incredibly important role in supporting female offenders, many of whom have hugely complex needs. Over 50% of female offenders were abused as children and 60% experience domestic abuse in their lifetime. I think noble Lords will all agree that female offenders are on average potentially more complex than male offenders and need a wide variety of well-funded support.

**Lord Beecham (Lab):** My Lords, 17,000 children are affected by their mother going into prison and only 50% of them stay in the home where their mother was. Moreover, one in four women sentenced to imprisonment serves only 30 days. Is it not time that the Government and the judiciary looked at the effectiveness of imprisonment for these women, taking into account the fact that there are only 12 women's custodial establishments? This puts a further geographical distance between the child and the mother. Can the Minister assure us that the Government will act to rectify these difficulties?

**Baroness Vere of Norbiton:** The noble Lord will have seen recently that the Lord Chancellor is focusing on short custodial sentences for both women and men. It is important that we increase the confidence of judges and magistrates in community sentences. We are working hard to improve this. The noble Lord is right to say that there are 12 female prisons across the country. The average distance from home for female prisoners is currently 54 miles—down from 68 miles in 2016. We are making progress and some of those numbers will be boosted by certain offenders needing to be far away from home to access specific services, such as psychological services.

**Baroness Burt of Solihull (LD):** My Lords, the Howard League for Penal Reform recently found that only 5% of children whose mothers are sent to prison remain in their home. I wonder who is being punished here. Will the Minister take back to this long overdue strategy for female offenders a presumption against prison for short-term sentencing of women?

**Baroness Vere of Norbiton:** My Lords, there is already a presumption against short-term sentencing. Custody is imposed only when an offence is so serious that only custody is merited. We are looking at how we can strengthen this particular guideline. Families as a whole play a very important part in a child's upbringing so of course we must look at getting rid of short sentences for women, but we must also look at getting rid of them for men too.

**Lord Harris of Haringey (Lab):** My Lords, 94—or maybe 96—women have died in prison since my noble friend Lady Corston's report was published. This recommends precisely what the Minister has just talked about—that custodial short sentences for women should be stopped and phased out. Has the Minister read the recent report from Inquest on the deaths of those women? How often in the last year have Ministry of Justice Ministers met the families of those who have died in prison?

**Baroness Vere of Norbiton:** If the noble Lord is happy for me to do so, I will write to him with the information he requested. Unfortunately, I have not had the opportunity to read the report he mentioned, but I certainly will do. Female suicide is a very serious and tragic issue. Thankfully, we have had just one death in custody in the last 12 months; in the previous year it was 10. However, we are talking about a smaller number of female prisoners as a whole. There is also the issue of self-harm. Women are five times more likely than men to self-harm in prison. We are well aware of this and are doing whatever we can to make sure that they are protected.

## Flood Risk Question

2.44 pm

Asked by **Baroness McIntosh of Pickering**

To ask Her Majesty's Government what steps they are taking to reduce future flood risk.

**Baroness McIntosh of Pickering (Con):** My Lords, I beg leave to ask the Question standing in my name on the Order Paper, and refer to my interests in the register.

**The Parliamentary Under-Secretary of State, Department for Environment, Food and Rural Affairs (Lord Gardiner of Kimble) (Con):** My Lords, between 2015 and 2021, we are investing £2.6 billion in managing flood risk, including 1,500 flood defence schemes using both hard engineering and natural flood management solutions. As a result, 300,000 homes, 690,000 acres of agricultural

land, 279 miles of railway and more than 5,000 miles of roads will be better protected. A further £1 billion is being spent to maintain defences.

**Baroness McIntosh of Pickering:** Will my noble friend look favourably on the report to be published next week, entitled *Bricks and Water*, by the Westminster Sustainable Business Forum, the two central conclusions of which are that the new environmental body will have real teeth when it comes to upholding environmental standards in flood protection and that farmers could be reimbursed for public good, such as retaining water on land? I know that my noble friend and the Department are keen on natural flood defences such as Pickering's Slowing the Flow, and I hope that that will be the model.

**Lord Gardiner of Kimble:** My Lords, we are consulting on the new body, but we have strong aspirations, particularly with our 25-year environment plan, to enhance the environment, and of course that involves reducing risk from natural hazards such as flooding. Given the responses to the *Health and Harmony* consultation on future farming arrangements, we are also exploring ways to incentivise farming methods that reduce flood risk. Slowing the Flow, at Pickering, to which my noble friend refers, is a good example of natural flood management.

**Baroness Jones of Whitchurch (Lab):** My Lords, the flooding of Millbank House and its subsequent closure shows how quickly flash flooding can affect any infrastructure, particularly vital infrastructure. We know that tube stations, electricity substations and so on have been knocked out in the past. Has a national survey been done of vital infrastructure where flooding could knock out services, what steps are being taken to ensure that we protect it from flash flooding, and when can we be assured that the things that keep the country moving will be protected in the longer term? What is the deadline for doing all the repair and protection of that infrastructure that will allow us to sleep more soundly in our beds?

**Lord Gardiner of Kimble:** My Lords, surface water is often much more difficult to forecast than flooding from rivers. Obviously, flash flooding has occurred, but following earlier floods the *National Flood Resilience Review*, published in September 2016, specifically examined the scale of flood risk and the resilience of infrastructure to flooding. That is why there are many examples of utility companies and other national infrastructure locations ensuring, rightly, that their assets are better protected from flooding. Much of this work will continue for the long term: adapting to climate change, changing with coastal erosion and deciding where the coast is to retreat and where we need to replenish. All this is part of a cocktail that we will always continue to consider.

**Lord Framlingham (Con):** My Lords, I know that the Minister is well aware of the value of trees in general and regarding flooding in particular. I again urge him to do all he can to encourage tree planting in areas that are liable to flood.

**Lord Gardiner of Kimble:** Undoubtedly. To go back to Slowing the Flow at Pickering, tree planting was part of that process. It is about crops to be grown, trees and buffer zones. We are increasingly realising that there are all sorts of ways in which natural capital is a resource for us to use, and that we can work with farmers and landowners to support it.

**Baroness Bakewell of Hardington Mandeville (LD):** Flooding can be devastating for businesses, homeowners and tenants. The cost to business can sometimes result in the business folding. Despite flood risk measures, many retailers and businesses have been flooded several times. As Flood Re applies only to domestic properties that cannot get insurance due to flood risk, do the Government have any plans to introduce a scheme that would help hard-pressed businesses which also suffer from the continual threat of flooding?

**Lord Gardiner of Kimble:** My Lords, whether it affects families, communities or businesses, clearly flooding is devastating and the clear-up can be very much a long-term affair for many. That is precisely why the business-led Property Flood Resilience Roundtable published an action plan in 2016. It is now working on a flood resilience code of practice—this is really important for places such as York, which unfortunately flood very frequently—and how to adapt the electricity supply, for example, so that if there is future flooding, recovery is much speedier. That is the way forward.

**Lord Stone of Blackheath (Lab):** I am not sure whether I heard properly, but in spite of the United Nations World Water Development Report, which promotes very favourable natural solutions for water, both ecologically and financially, did the Minister say that out of £2.2 billion, we are spending only £15 million on natural-based solutions? If so, can we think again?

**Lord Gardiner of Kimble:** I did not talk about £15 million, but there are some specific projects involving natural capital and the £15 million that I did not mention. But, the £2.6 billion includes both hard engineering and the use of natural capital in the scheme. So, the £15 million is about specific, often community-led projects.

## Stalkers: Electronic Tagging

### Question

2.51 pm

Asked by **Baroness Gale**

To ask Her Majesty's Government what plans they have to encourage other police forces to take action similar to that of the Metropolitan Police in electronically tagging known stalkers to alert victims that they are nearby.

**Baroness Manzoor (Con):** My Lords, the Government are committed to exploring how technology such as electronic tagging can be used to protect vulnerable victims. We have recently consulted on this through our public consultation on the future domestic abuse

Bill. In addition, the Government have supported the introduction of a new civil stalking protection order, through the Stalking Protection Bill, which will provide police forces with a vital additional tool to protect victims of stalking.

**Baroness Gale (Lab):** My Lords, I thank the Minister very much for that Answer. If this scheme works, it could be very effective. Can the Minister say how the new Stalking Threat Assessment Centre, set up by the Metropolitan Police, which will involve three police forces, three NHS trusts and charities to pilot the new approach to combat stalking and protect victims will be assessed? When and how will they report on the pilot, which I understand will be for a two-year period? Will the Minister bring the report to your Lordships' House to have a full discussion on its merits, any proposals for rollout, and funding for all police forces?

**Baroness Manzoor:** The new police civil orders will be very important in relation to stalking. As the noble Baroness will know, the police transformation fund is a police-led process, so it is the responsibility of police forces themselves to decide how to evaluate their own projects. The Home Office provides assurance through the grant agreement process to ensure that a rigorous assessment of PTF projects is conducted quarterly and a final evaluation is provided on completion of any project that has been funded. This ensures that wider learning is captured and can be shared across the country by both police forces and the department.

**Baroness Brinton (LD):** In 2000 Tony Blair proposed that stalkers should have electronic tagging, but 18 years on we are still waiting. There are many victims of stalking, including Tracey Morgan, who suffered over a decade of being harassed and stalked by her former partner, and said:

“When he is released, my sentence starts”.

The key thing about the proposed new tags is that they give proximity alerts to victims, which is an important reassurance. Can the Minister assure us that the results of the consultation will happen speedily, and that the scheme will be introduced to give reassurance to victims of stalking across the country?

**Baroness Manzoor:** I agree with the noble Baroness that stalking can have terrifying consequences for the victim—certainly if the perpetrator has been convicted. Part of electronic monitoring is a rollout programme that will happen as a result of the transformation fund that I just mentioned. How this is taken forward will be up to police forces, but I agree that electronic surveillance, both for the perpetrator and the victim, if it is done on a voluntary basis, is perhaps the way forward.

**Lord Hogan-Howe (CB):** My Lords, there are a number of schemes available involving tags that seem to be doing quite well, but there is no clear strategy to join them together. It will be important in the future to allow the police live monitoring of these tags. At the moment, they are outsourced and monitored elsewhere, and reports of breaches of the tags are then reported to the police later. I ask the Minister to consider that as part of future strategy as these things develop.

**Baroness Manzoor:** I will clarify what I said to the previous question. I agree entirely with what the noble Lord, Lord Hogan-Howe, said: there needs to be much more joined-up thinking about electronic tagging. Indeed, this is what the Government are doing. It may be necessary to have primary legislation to ensure that electronic tagging can take place. What I meant by voluntary is that, at the moment, the Met can ask both the perpetrator and the victim if they wish to be tagged.

**Lord Harris of Haringey (Lab):** My Lords, I do not think that the noble Baroness answered the question from the noble Lord, Lord Hogan-Howe. Will it be possible for the police to have real-time monitoring or will it be subcontracted to a third party—when, inevitably, the notification that a stalker is close to somebody will come much later?

**Baroness Manzoor:** The short answer is that I am not clear about outsourcing. It is right to say that, when police forces have the funding available, how they carry out that particular activity will be a matter for them. I will write to the noble Lord to clarify that situation.

## Bereavement Benefits *Question*

2.57 pm

*Asked by Lord Polak*

To ask Her Majesty's Government what assessment they have made of the impact of changes made to bereavement benefits on 6 April 2017 on parents with dependent children.

**The Parliamentary Under-Secretary of State, Department for Work and Pensions (Baroness Buscombe) (Con):** Bereavement support payment focuses support in the immediate months following a bereavement, when it is needed most. It is intended to meet the additional costs associated with bereavement, rather than providing an ongoing income replacement. Unlike its predecessors, it is not taken into account for income-related benefits, thus helping those on lowest incomes. We intend to assess the impact of these reforms once sufficient evidence is available.

**Lord Polak (Con):** I thank the Minister for her response. At the most welcome announcement a few weeks ago of the establishment of the children's funeral fund, following the brilliant and emotional campaign led by Carolyn Harris, the Prime Minister said this:

"In the darkest moment of any parent's life there is little light—but there can be support".

While I agree with the Government's aim of cutting dependency and making work pay, in April 2017 the law changed and I argued then, as I do now, that the support for children of school age who have lost a parent should continue throughout their schooling and not be cut and limited to 18 months. I ask the Minister to urge her colleagues to restore the full

amount for bereaved children. Clearly if a child loses a parent the child will experience dark moments, there will be little light and there should be continued support.

**Baroness Buscombe:** My Lords, my noble friend asked a Question about bereavement support payment and I have the greatest sympathy with people in this situation. However, we are talking about a system that was set up over 90 years ago to support women following World War I who would never be expected to work again and support their family, and who had no other means of support. This change restores fairness to the system by focusing on the 19-month period after a loved one dies. Unlike its predecessor, it applies to both men and women. It is not taxed and is not taken into account for income-related benefits to support children when in need, thus helping those on low incomes the most.

**Baroness Thomas of Winchester (LD):** My Lords, how will Brexit affect the payment of this benefit to eligible EU nationals living here and British people living in the EU?

**Baroness Buscombe:** My Lords, Brexit will have no effect on this.

**Lord Elton (Con):** My Lords, we have so far been considering the very young, but bereavement is a disabling condition that makes it very difficult for elderly people to manage their affairs. Can my noble friend assure us that people who qualify will be notified in simple language about the amount of their entitlement and the time it will last? Furthermore, would it not be a good idea to issue a warning notice or a reminder for those who may have lost track of what is happening, say a month before it ends?

**Baroness Buscombe:** My Lords, when an individual registers the death of their spouse or civil partner, the registrar provides information on how to contact the Department for Work and Pensions bereavement service. That includes giving advice on what benefits will be available, including the bereavement support payment. The time limit for claiming the initial lump sum is now more generous, at 12 months from the date of death—that is £2,500 for those who do not have dependent children and £3,500 for those who do. The time limit is three months from the date of death for claiming the additional monthly bereavement support payment, which is £100 a month for 18 months for those without children and £350 for those with dependent children. We take every opportunity to encourage claimants to make a claim for bereavement support as early as possible.

**Baroness Sherlock (Lab):** My Lords, when the Government brought this in, they said that it was not about saving money—although, as it happens, it will cost less than half what the old system did. They said that the aims were to be simple and encourage self-dependency, but we are talking about people who got married, had children and thought that they would be looking after themselves as a family until the worst possible thing happened. We end up then with somebody

becoming a single parent; they are themselves bereaved and having to raise children who are bereaved. That is surely the situation for which the welfare state was pretty much invented. If the Government are going to think again, would they please think really hard, recycle some of those savings and do the right thing?

**Baroness Buscombe:** The noble Baroness will know that those in need of additional income-related benefits will receive them, as well as child benefit for those with dependent children, for example. This is not a cost-cutting exercise. We are investing an extra £40 million in each of the first two years after the reform. This is a modernisation of an outdated system, which relates to a time when women were not expected to work and, indeed, there were not jobs available for them. We are spending more than £95 billion on working-age benefits to help those in need. People in receipt of the bereavement support payment can access other parts of the welfare system if they need it. With regard to being a lone parent, it is important to add that the problem with the old system was that, if one remarried or went into a civil partnership, one lost that entitlement altogether. People do not lose it under this system.

**Baroness Altmann (Con):** My Lords, I understand that my noble friend has her brief from the department, but I urge her please to go back to her officials and question them about what they perceive as the fairness of these changes. Money is being taken away from families with young children, three-quarters of whom will lose out and 90% of whom will receive support for less time. That money is being recycled to families without children, while the 21% of families whose parents choose not to marry or decide to cohabit receive absolutely nothing. Overall, by 2020, the cost savings will be in the tens of millions of pounds. Before the 18 month-period expires around November this year, I urge her to look into the possibility of devising a bereavement payment specifically designed for children, so that their parents can be there for them. The damage to their mental health and educational attainment has been well documented.

**Baroness Buscombe:** My Lords, I will not be going back to the officials because—

**Noble Lords:** Oh!

**Baroness Buscombe:** My noble friend does not have the facts correct. May I make it absolutely clear that this payment is designed for people after the terrifically difficult loss of a loved one? It is not intended to be equivalent to the period of grief following spousal bereavement: it is designed to support people with the additional costs associated with bereavement rather than to provide an income replacement. Income-based benefits are more suited to provide that longer-term assistance with everyday living costs. With this benefit, the Government are therefore seeking to provide financial support through the acute period to facilitate the process of readjustment. This is nothing to do with families losing money. Noble Lords should take care before seeking to scaremonger in this way.

**Lord Tomlinson (Lab):** In reply to an earlier question, the noble Baroness suggested that Brexit would make no difference to the circumstances that have been discussed. As the Minister responsible for Brexit has failed to give us clear answers on almost every aspect of Brexit, can she now spell out for us the specific basis on which she gave the House that assurance?

**Baroness Buscombe:** I thank the noble Lord for his question, as indeed I am advised that we cannot be absolutely sure, and I therefore apologise to the House for initially saying that.

**Noble Lords:** Oh!

**Baroness Buscombe:** To the best of my knowledge—it was and still is my understanding—through the whole process of leaving the EU, we seek to transport into UK law all those laws that impact on EU citizens and on British citizens living abroad. During that process, there is no question of us impacting on this important payment.

## Serious Violence Strategy

### *Motion to Take Note*

3.07 pm

*Moved by Baroness Manzoor*

That this House takes note of Her Majesty's Government's Serious Violence Strategy.

**Baroness Manzoor (Con):** My Lords, I am very pleased that we are having this debate in the House today and that there is a strong willingness, across both Houses, to tackle this most challenging issue of serious violence.

We have been extremely concerned about the increase in the rates of knife crime, gun crime and homicide, and the horrendous attacks involving acids and corrosives. Since the beginning of the year, there have been—sadly and tragically—74 reported homicides on London's streets alone, and many of these have been stabbings. It is, however, not a London issue alone. Tragically, for example, we have also seen fatal stabbings in Wolverhampton, Ipswich and Sheffield in recent days. The Office for National Statistics has reported that, from December 2016 to December 2017, police-recorded knife crime increased by 22%, the possession of knives increased by 33%, offences involving firearms increased by 11%, and homicides increased by 9%.

Too many young people have, sadly, lost their lives in needless violence, and it simply has to stop. This is clearly unacceptable. We are determined to end this deadly cycle of violence, and that is why the Government published the *Serious Violence Strategy* in April this year. Anyone committing these acts of violence must feel the full force of the law. Our absolute priority is the safety and security of our citizens, and my heart goes out to the victims and their family members and friends who have been affected by this senseless violence. It is incumbent on all of us to do whatever we can to help tackle it in every way possible.

[BARONESS MANZOOR]

On 9 April this year, as I said, the Government published their *Serious Violence Strategy*, which set out the action we are taking to address serious violence and, in particular, the recent increases in knife crime, gun crime and homicide. The strategy sets out an ambitious programme involving over 60 commitments and actions, supported by £40 million over two years to back the initiatives in the *Serious Violence Strategy*.

It is very important to stress that the approach to tackling serious violence set out in the strategy is a multiple-strand approach. Law enforcement remains very important, but the strategy is not solely focused on law enforcement, as it depends also on partnerships across a number of different sectors such as education, health and the voluntary sector. In particular, the strategy stresses the importance of early intervention to tackle the root causes of serious violence and to provide young people with the skills and resilience to lead productive lives free from violence.

The scope of the strategy is concerned with specific types of crime such as homicide, knife crime and gun crime, and the use of acids and corrosives as weapons. It also covers areas of criminality where serious violence is inherent such as gangs and county lines drugs dealing. Serious violence extends to other forms of serious assault, of course. We know that a significant proportion of violence is linked to either domestic abuse or alcohol, but these two important elements are not driving the increases we are seeing in violent crime. The strategy does not address specifically sexual abuse, modern slavery or violence against women and girls. They may all involve forms of serious violence but there are already specific strategies that address those important issues, and so they are not included within the scope of the strategy.

What is behind the recent increase in serious violence? Our analysis shows that about half the rise in knife and gun crime is likely to be due to improvements in police recording of crime, but for the remainder a major factor behind the increase is changes in the drugs market. Crack-cocaine markets have strong links to serious violence, and the latest evidence suggests that crack use is rising in England and Wales due to a mix of supply and demand factors, such as increased supply of cocaine from overseas and the spread of county lines drugs dealing which is associated with hard class A drugs.

In addition, drugs-market violence and gang-related violence is facilitated and spread by social media, which has become more and more accessible and part of everyday life through the widespread adoption of smartphones over the past decade. Social media platforms such as YouTube and Instagram are used to glamorise the gang or drug-dealing life, to taunt rivals and to normalise weapons carrying. Sadly, it leads to tit for tat.

Through our analysis in the strategy, we have also identified that the increases in violence have been accompanied by a shift towards younger victims and perpetrators than earlier in this decade. We have also identified that we are not alone in seeing recent increases in serious violence. The US, Canada and a number of other European countries have seen similar long-term trends. This suggests that there is a global component

to the trend and so our strategy includes a commitment to hold an international violent crime symposium in autumn 2018. This will bring together academics and experts to explore the trends in serious violence in different parts of the world.

Our analysis points to a range of factors driving increases in serious violence. The issue is complex, but our analysis is that changes in the drugs market are a major factor behind the recent increases. While there is good evidence that enforcement can play a vital role in tackling these offences, most academics agree that big shifts in crime trends tend to be driven by factors outside of the police's control—such as drugs trends and markets, changes in housing, vehicle security and so on. Available evidence suggests this latest shift in serious violence is no exception. We are aware of, and have noted, though, what the Metropolitan Police Commissioner said recently about police resources, and the Home Secretary has committed to making police funding a priority at the next spending review, which will set budgets for the longer term.

As I have said, the *Serious Violence Strategy* puts a greater emphasis than previously on early intervention and prevention. It is at the heart of the approach in the strategy and has been informed by our analysis of the evidence of what works and is most effective with young people. The work on early intervention and prevention focuses on steering young people away from crime and tackling root causes. As we all know and accept, we cannot arrest our way out of the issue, so we are clear that we must prevent young people from committing serious violence by developing their resilience and supporting positive alternatives to a life of crime, with timely interventions.

The *Serious Violence Strategy* sets out a range of universal and targeted interventions, including the early intervention youth fund, which will be launched this summer, to which police and crime commissioners can apply. The fund is designed to help local partnerships support early intervention and prevention activity with young people. It has £11 million available over two years to support such local activity and will link up with existing programmes.

We will also provide support additional support for organisations such as Redthread to expand and pilot its youth violence intervention programme outside London in Nottingham and Birmingham and continue to develop its service in London hospitals. The Redthread programme is based on the concept of the “teachable moment”. This means that hospital emergency department staff will ask a youth worker to speak to a young person who has been admitted with violent injuries caused by stabbing, for example. If they need help, the youth worker will help identify and refer them to where they can get help to leave a gang for example.

I now move on to how the strategy will tackle specific areas of violence, beginning with county lines, because drugs are a major factor behind the recent increases in violence. What are county lines? Gangs and organised criminal networks involved in exporting illegal drugs into one or more importing areas in the UK, use dedicated mobile phone lines or other form of “deal line”. They are likely to exploit children and vulnerable adults to move and store the drugs and money and they will often use violence. This is a major



cross-cutting issue involving drugs, violence, gangs, safeguarding, child criminal exploitation, modern slavery and missing persons, and it involves the police, a wide range of government departments, local government agencies and voluntary sector organisations.

We are particularly concerned about the county lines issue because of the violence and exploitation of children and vulnerable people that it involves. That is why we are supporting the establishment of a new £3.6 million national county lines co-ordination centre to help bring together the law enforcement effort. The links behind county lines are complicated, and the threat crosses police force boundaries. The centre will support the police operationally, help build the intelligence picture and support police forces to close down mobile phone numbers used for county lines drug dealing.

The strategy also sets out how we will work with the Department for Education on the support and advice offered to children educated in alternative provision, including those who have been excluded, to reduce the risk of them becoming victims of county lines exploitation and being drawn into crime.

We are taking a range of actions to tackle knife crime focused on operational enforcement, work with retailers, legislation and early intervention and prevention. In March, we launched a major media advertising campaign, #knifefree, which is aimed at raising awareness among young people and young adults about the risks of carrying knives. This was chiefly delivered through social media targeted at young people. We are currently evaluating the campaign, but it has had a very positive response from our partners.

We are also providing up to £1 million for each of the next two years for our anti-knife crime community fund. This fund, which was launched on 18 May, provides support for local initiatives which work with young people to tackle knife crime. It includes early intervention and education, as well as mentoring and outreach work. Last year, we supported 47 projects across England and Wales through the community fund.

We are also taking action to improve legislation and practice in relation to the ownership and licensing of firearms. We are actively strengthening controls on legally owned firearms to mitigate the risk of them coming into someone's possession illegally and being used for criminal purposes. It is clearly important that the controls are as robust as possible to prevent firearms getting into the hands of criminals, and we are taking action including the greater regulation of antique firearms, statutory guidance to be issued to the police on firearms and shotgun licensing, and improving the arrangements for the use of medical information in licensing decisions.

Attacks on people involving acids or other corrosives are a serious matter that can result in huge distress and life-changing injuries. We are taking action, with proposed new legislation to make it an offence to sell the most harmful corrosive substances to someone under 18 years of age. Although the strategy places a new emphasis on early intervention, we are clear that, where individuals commit serious violent offences, they must be met with a robust law enforcement response.

Taking effective action means that the issue needs to be understood and owned locally. Communities and the relevant partners must also see tackling serious violence as their problem. Police and crime commissioners have a vital leadership role to play through working with and across community safety partnerships. Other local partnerships can also play an important role.

Our strategy also sets out how we will continue to support communities to build local resilience and awareness by continuing to match-fund local area reviews. The reviews help to identify the resilience and capability of local areas in responding to gang-related threats, with follow-on support to help partners. To date, we have funded 28 local reviews across England and Wales and two strategic reviews in Bedfordshire and Thames Valley. In turn, MOPAC has to date supported 16 reviews since 2016. We are increasing our offer of support to local areas this year with further local and strategic reviews, with follow-on operational support available.

Finally, to support delivery of the strategy, the Home Secretary has established a serious violence task force to drive implementation of the strategy and support delivery of its key objectives. This task force brings together Ministers, Members of Parliament, the Mayor of London, the Metropolitan Police Commissioner, the Director-General of the National Crime Agency, other senior police leaders and the public and voluntary sectors' chief executives. The task force met for the first time on 26 April and discussed the issue of county lines and what more could be done to tackle this issue. The task force also met again this morning to discuss the challenge of serious violence material on social media and again considered what further it could do to support action on this issue.

The multi-strand approach set out in the strategy, with a greater emphasis on early intervention, will address the increases in serious violence and help young people to deliver the skills and resilience to live happy and productive lives away from violence, as well as ensuring that people feel safe in their communities and their homes. I beg to move.

**Lord Framlingham (Con):** Does the Minister appreciate that in her remarks she has not mentioned either the role of the family or the importance of parental responsibility? Many people feel that those are at the heart of the matter of youth crime.

**Baroness Manzoor:** I thank my noble friend for his statement. I recognise that both those factors are an important part. I alluded in my opening speech to the importance of support. However, I recognise that other noble Lords will be speaking today and, in order to keep my speech short, I thought I would include those issues in my concluding remarks.

3.26 pm

**Baroness Newlove (Con):** My Lords, I welcome the opportunity to speak in this debate. I do so, however, with a heavy heart. As many in the House will be aware, I speak from the unenviable position of having been widowed because of violent crime. I am a mother of three children—of whom I am really proud—who

[BARONESS NEWLOVE]

have no father because of violent crime. As the Victims' Commissioner for England and Wales, I have spent the past six years travelling around the country listening to and standing up for other victims of this devastating crime.

Overall, crime in this country is falling, but homicide, knife crime, gun crime and robbery are up. Reading about this on what seems to be a daily basis in our newspapers, I am saddened and hurt to see the faces of mothers who are broken-hearted at the death of their sons. We need to do more. Signs that a child is at risk of gang involvement or involvement in youth violence can be identified in children as young as seven. However, no child is born with a knife or a gun in their hand. We must do something in the intervening years before those weapons become essential accessories attached to their hands. They have weapons already—hands and feet. Any strategy must start long before the children have been sucked into gangs and a hostile and violent culture.

If we are going to ask schools, youth services and local authorities to help spot and support these children, then the £40 million committed in the Government's *Serious Violence Strategy* is to be welcomed, but I fear it will be a drop in the ocean given the scale of the problem we have to tackle.

The challenge to tackle this issue is obviously for government but it is also for perpetrators. However, let me be clear that when I say perpetrators I do not mean only the children armed with knives or the gang leaders causing terror in our cities but also the middle-class drug users who are funding this wave of violence. City workers who drink their fairtrade coffee out of a reusable cup during the week think nothing of the supply chain of the stuff they snort up their noses at the weekend. In my view, they are as guilty as the moped riders.

We need to change social attitudes and to stem the increase of crack cocaine use. For example, the south-east and eastern England have seen a rise in cocaine users of a fifth in recent years. We also need to understand that the impact of this crime is not just a London problem, nor is it limited to our inner cities.

The franchising of drug supply across our country, called "county lines", has brought violent crime into provincial towns and villages—indeed, right into the heart of our countryside. It is a symptom of the rotten supply chain of middle-class drug-taking. For example, some of the most rural areas in the country have seen the biggest increase in violent crime. Let us be clear what that means. Let us remember what the consequences of violent crime are. It means more families in Durham, Devon, Cornwall and Cheshire are now missing a loved one or dealing with life-changing events.

The county lines issue is, however, a symptom of a rot that goes far beyond drug use. Why are these children so vulnerable to exploitation? They are getting money that they could not dream of earning waiting tables in cafes, and the attention and respect that they are getting in the home. Never has it been clearer that this must be a whole-government response and a committed response from the enablers—the technology and social media companies.

It will be 11 years in August that I will have been thinking of my husband and my three young daughters. I have travelled around the country. I have been in prisons; I have been in youth offender centres; I have done documentaries and spoken to young children. All of them say, in no matter what circumstances, that they do not feel safe where they live, and they want to talk to somebody without a threat.

That is why I stand here today with a disappointed and a saddened heart because we need to look at positive alternatives, and we need to be more creative. I stand here as well as patron of Warrington youth zone, which will be built next year. What is a youth zone? It is not a youth club—it is a youth zone built with respect for young children, designed by young children, because we are giving them a top-notch building.

Bolton Lads and Girls club is 10 years old, with a better David Lloyd gym than we pay hundreds of pounds for. They get a hot meal; they feel safe; they can have peer mentoring and they get an education. More importantly, they feel they have a future.

I ask the Government to be more creative in what they do. Last Thursday His Royal Highness Prince Harry, Duke of Sussex, even spoke about how he was involved in OnSide. He said that it,

"showed me how well we can do this on a scale and a level of ambition",

that His Royal Highness had never seen before—young people safe in a safe space. It is fully inclusive, culturally empowering and enriching all who come into contact.

That is what we need to create. We need a sustainable programme, and we need something that will give respect to the children; in that way, we will get respect back.

3.33 pm

**Lord Hogan-Howe (CB):** My Lords, I declare an interest, in that I am a patron of St. Giles Trust. It cannot be declared as a business interest, but it is relevant because it is mentioned in the serious crime strategy.

I will talk mainly about police and law enforcement, although I accept that the strategy is more broadly based, and very properly so. This *Serious Violence Strategy* is well thought through and has much to commend it. It is good to see that the Government have created a strategy rather than just a task force, and by creating a task force to lead the strategy it has created a mechanism for implementing that strategy to achieve the best effect. In the past we have not always seen those two elements together. We sometimes see the strategy; we sometimes need a task force; but seeing them together is a positive development.

I will talk about the causes of violence, concentrating on London, where my most recent experience has been. There are three issues affecting the serious violence rate in London, some of which is covered in the *Serious Violence Strategy*. Because London is such a significant part of the national picture, I think it is relevant to concentrate on it. The three issues—if I have chance in the time available, I shall speak about a fourth—are: London is getting younger in certain areas; the drugs market, which the strategy refers to; and too many people carrying knives.

London getting younger is contradictory to what is happening in the rest of the country; there are contradictions, too, within London. It is in the north-east of the capital where we are seeing more young people. This is caused by higher birth rates and migration. Research shows us that where there are more young men in society we tend to see an increase in crime generally and an increase in violence in particular. If we look at a heat map of the violence in London during the past 18 months to two years, we see a high correlation between the increase in the number of young men and the increase in the incidence of violence. Should we need any further proof of the gender effect on crime, we know that of the current prison population of 84,000, 80,000 are male, not only indicating a male-female link but confirming that men in general are responsible for committing more serious offences.

There are various options for approaching this challenge. The law enforcement response will mean permanently stationing more officers in those areas where there are younger people, and flexible deployment of specialist squads to help them. However, that challenges the present reduction in police resources, particularly for London. The past few years have seen police numbers in the country drop by around 20,000. In London, we managed to preserve our 32,000 officers by making £600 million of savings and efficiencies, but now even that number is dropping: presently, it is 30,000, with estimates of 27,000 in future years.

I know that someone like me may always be accused of asking for more money for public services, and I will always ask for more money for the police. However, I hold out some hope as to where some of that money may be found. It is not always necessary to find growth; there can be reallocation. First, the Home Office has a transformation fund just for the police service. It started back in 2012 and at that time had only £50 million in it. In the next few years, that will rise to £350 million. The fund's original aim was to help forces work more efficiently in fighting crime across force borders—which is relevant to the county lines issue highlighted in the report. Its political aim was to do this without creating regional police forces; that is, bigger forces and fewer of them. I am afraid that it has not delivered its aim. Each force is expected to bid for its own money from the fund. This bottom-up strategy has led to multiple small projects with no strategic design or effect. Why not spend more of it on the police?

The apprenticeship levy, which I support, is 1% of the police pay bill. I applaud any attempt to match the apprenticeship standards of Germany, Poland, and Switzerland, but I propose a five-year apprenticeship levy holiday for the police. At the moment, they are recruiting in small numbers and they cannot claim the levy back for police officer training or salaries. I estimate that this takes around £150 million from police funding nationally, with little in return. The combined total of £500 million would pay for around another 10,000 police posts. This could make a significant difference at a time when we need most help.

The second issue is the drugs market. It is clear from the report and from my experience that the increase in the amount of serious violence is linked to

drugs crime. The strategy suggests, without proving it, that the increase in supply of cocaine has had two effects. First, as a stimulant, it is more likely to cause violent offending and, secondly, in a bid to create demand, more expansive and aggressive drug gangs have been driven to export their product. While I agree with the analysis of the problem, I am less impressed with the remedy. The county lines phenomenon of big cities supplying rural areas will need more than a co-ordination centre to interrupt it.

Drugs in this country are policed in three tiers. While the supply of skunk cannabis has changed to home-produced in the past few years, controlled drugs are generally imported: 90% of cocaine comes from Colombia, and 90% of heroin from Pakistan and Afghanistan. The international supply route is level 1 and it is the remit of the National Crime Agency to co-ordinate this country's response to it, working with other countries as well, of course. Drug supply around Britain and across the regions is level 2 and it is the responsibility of the NCA and the 46 individual police forces to interrupt that supply. Level 3 is street dealing. Street dealing has changed over the last few years. It was literally in the street—the client came to the dealer, or to the dealer's home. That was of great benefit to the police, because lots of people noticed how many people turned up at someone's house and would let the police know that they suspected drug supply. Now, the drugs are delivered to the client. Noble Lords may have seen a report in the last few weeks stating that it is now apparently quicker to get cocaine than to get a pizza, which I do not think is to anybody's benefit in any way.

In this strategy, which force is going to interrupt these supply routes? Each force is restricted broadly to its boundaries. There is a very thin layer of regional crime units. The National Crime Agency's mission is to disrupt this supply, but there are no clear figures on how they are enforcing the law in this vital area. I invite Members of this House to look at the annual report of the National Crime Agency, which I generally support. I fear that it is a number-free zone when it comes to enforcement, drug supply and recovering cash from the people who are making money from this. Of course, the main area we need to target is the money that the drugs generate, yet recovery levels are very low, considering the size of the market from which it is garnered. This attack on criminal assets is not explicitly recommended in the strategy, and I would have expected to see more about it, because it is the underpinning motivation for selling drugs.

Will county lines be targeted by interception of communication warrants and then given the priority they deserve? When intelligence is gathered from those telephone lines, which surveillance units will follow up on the intelligence that is gathered? There is a very thin layer of surveillance out there—more reason, I would argue, for resources to be made more available to the police, particularly at the moment. There is no recommendation in the report that the Crown Prosecution Service should work with the police in dedicated teams. We know from experience that, when we have worked as teams, with the Crown Prosecution Service properly maintaining its independence, we have always had a better outcome in terms of detection and, more

[LORD HOGAN-HOWE]

importantly, in terms of successful prosecutions through the courts—because lawyers bring a forensic approach to the application of police skills. So, in short, I do not think that the law enforcement part of the strategy is incisive enough. I do not say that law enforcement alone is the answer; I am commenting only on the law enforcement elements of the plan.

I move now to the carrying of knives. Clearly one of the large problems, particularly in London, is that too many people are carrying knives and that too often an argument is turning into a murder or a very serious event. In my time as commissioner, we reduced stop and search very significantly. I cannot blame the present Prime Minister for this, because I believe it was the right thing to do. I took over in London days after the riots of 2011. In the two years preceding the riots, the Met had stopped and searched or accounted 2.6 million people. That is a very large number and a very large proportion of the 8.4 million people who resided then in London. Members will know that obviously not everybody who lives in London will be on the streets and available for stop and search, by age or inclination. Yet even though we reduced stop and search over the succeeding four years by 60%, we arrested more people—rising from 43,000 to 45,000 people—and we saw crime reduce by 20%, including knife crime and violence. I think we now need to increase the amount of stop and search again, but it must be intelligently targeted or its risks will outweigh its benefits.

I believe that the Home Office needs to work together with the police in three areas to improve stop and search. First, it must help produce technological scanning devices to help officers find knives on individuals and in cars. It remains quite a difficult process for officers stopping people on the street. It is quite difficult in airports, but the challenges in the street are greater. Secondly, it must help develop facial recognition software to work on police body-worn cameras, which are increasing in number across the country—in London there are now 23,000 officers with this equipment. That would help officers to know who to stop. Quite often, intelligence is led by whether the person has a vehicle with them. If they have a vehicle, it is the start of identifying who the person is and whether the police should start a search. I am afraid that, if the first words from the officer, usually to a young person, are “Who are you and where do you live?”, it indicates that the intelligence may not be spectacular. They do their best in a very big city and a very complex society, but facial recognition may help, working together with body-worn cameras.

Finally, we can improve the way Crimestoppers works, particularly for young people. The Crimestoppers that we as adults may understand has always worked. It is an idea that came from America—it was brought over by Lord Ashcroft—whereby people can anonymously report who has committed a crime or where stolen goods are, and thousands of people are arrested every year from that. I do not think young people generally know about it—they prefer to use social networking sites to share information. It is not really targeting that group of young people. But my principal point is that research shows that people know who carries a knife; it is not a secret. Their friends and families know, but

the question is: will they tell the police, and will the police then act quickly and go and find them in a taxi or the Tube, or wherever they happen to be, and make sure they catch the right person carrying the knife? I genuinely believe that families and friends are terrified of people carrying these knives, but we have to find a way to unlock that intelligence and then for the police to react to it.

I will mention two other things. There is talk in the report about firearms supply, and generally I agree with what it says—but it misses one or two opportunities. There are only a limited number of ways that people can obtain firearms in this country. Clearly, criminals can get hold of them by stealing from legal owners: that is mentioned. There is always a way for registered dealers, as there is in any business, to get hold of gash or extra stock. The general industry is very good—I am not saying that generally it is not—but you have to make sure that the register is controlled and this report mentions that.

There is no talk about military sources. There are two potential sources for the military. Clearly, the military have access to firearms—the same challenge about stock control applies there—and they also return from war zones with a potential for trophies to be returning with them. By working with the military police you can do something about that by bag searchers and various other things that can make a real difference to the supply of illegal firearms. Clearly, there are illegal imports and that is where the Border Agency has to work on the intelligence that is provided.

Finally, there is the control of ammunition. Guns do not work without ammunition. There is very good control of ammunition, but it can sometimes get out of control, and those are areas I would expect to have seen a little more about in the report.

The final thing I will mention is that the way the statistics are presented is very important, because it allows good analysis from which good reports like this can flow. But we are not completely sure about all the statistics in this area. We know that more people have been murdered—that is very clear—but can we say clearly how many people were stabbed? I am afraid the answer is we cannot. What we can say is how many people were wounded—but a wound is not always a stabbing. We can say how many people were arrested for possessing a knife. We can say how many people were involved in a crime that was knife-enabled—for example, where the knife was seen but not used. The critical test is how many people were stabbed.

Five years before I joined the Met, each year 136 people on average were murdered. In the five years that I was there that came down to around 106 murders a year—not an insignificant reduction. Of course, I claim it was because we in the police did some great things—I think we did. But I have to accept that during that period the health service got better, too. What happened is that people were treated on the street, not rushed to hospital. The question we have to be sure about is: are more people getting stabbed or are more people dying? It may be that law enforcement is vital for the reasons that the strategy outlines, but there may be other things that have to be looked at to make sure that the great care that has been provided over the last few

years is maintained. The health service is under stress and any best practice, as the police know, can be forgotten and lost.

Those are just some thoughts which I hope may help in the implementation of a strategy that I generally support, and I hope that my comments are not regarded as negative: they are meant to enhance it rather than detract from it.

3.49 pm

**Baroness Eaton (Con):** My Lords, I declare my interest as a vice-president and former chairman of the Local Government Association. I welcome the *Serious Violence Strategy* as it places a significant emphasis on early intervention. This is vital for preventing young people becoming involved in crime in the first place. Over the years, one of the key successes in tackling and preventing crime has been effective local partnerships working between councils, police and the health service. I am particularly pleased to see that the strategy commits to providing funding to continue to support this important multi-agency work. The Serious Violence Taskforce, of which the Local Government Association is a member, has a vital role to play in ensuring that we make progress on the strategy. I hope that we can have an update on the progress made by the new county lines co-ordination centre in raising awareness of county lines issues, particularly because, as the noble Lord, Lord Hogan-Howe, suggested, more is needed to tackle this problem than a mere co-ordination centre.

As we have heard from other speakers, county lines is an emerging national issue. It involves the exploitation of vulnerable young people and adults by violent gang members in order to move and sell drugs across the country. Nearly every police force in England and Wales has been affected by county lines issues to some degree. The majority of police forces have identified the involvement of vulnerable people, particularly children, in county lines activity. Police forces in England and Wales have identified links between knife and gun crime and county lines activity, as well as with other forms of serious violence. The strategy also highlights that drug-selling gangs are generally more violent than the local dealers who previously controlled the market.

It is clear that this issue affects all our communities. I know that the Local Government Association is holding a conference for local government and its partners to share best practice and experiences. I am also particularly encouraged to see the new county lines awareness-raising campaign led by the Home Office. This includes promotional materials that have been developed to support front-line staff. The campaign highlights the signs to look for in potential victims and what to do about it. Increases in homicide, knife crime and gun crime are a serious concern. There is also concern that younger people are often the victims or perpetrators of these horrendous crimes.

This increase comes at a time when councils are facing significant rises in demand for urgent child protection work. With a children's services funding gap that will reach almost £2 billion by 2020, councils are increasingly having to divert funding away from

preventive work into services to protect children who are at immediate risk of harm. We need to renew our focus on early intervention and prevention. For example, council youth offending teams are key to supporting young people to help prevent them getting involved in crime in the first place. Only with the right funding and powers can councils continue to make a difference to people's lives by supporting families and young people. This will help tackle serious violent crime in our local communities.

Today's debate is incredibly timely, given that we have heard that the Serious Violence Taskforce met earlier today. I wish it well in its work and hope to see progress on this and the other important issues being debated this afternoon.

3.53 pm

**Baroness Massey of Darwen (Lab):** My Lords, I thank the noble Baroness, Lady Manzoor, for introducing this debate. I shall begin by quoting some stark facts from Barnardo's, which works directly with young people. Barnardo's is increasingly concerned about the worrying trend of children and young people becoming victims of criminal exploitation. They can be controlled by criminal gangs and forced to carry weapons, carry and trade in drugs, go missing from home and be victims of sexual abuse and exploitation. In a recent survey, almost 60% of Barnardo's children's service managers said they believed that they had supported a young person involved in criminal activity over the past year. Approximately 75% of them said they thought the young person had been coerced, deceived or manipulated, and thought they were into criminal activity because of those reasons. We have to remember that most of these young people are already vulnerable. In her excellent speech the noble Baroness, Lady Newlove, mentioned finding creative and positive solutions, and I entirely agree with her. The Barnardo's figures are shocking and point to the need to examine locally and nationally how we are dealing with and supporting young people and their families, and what we can do better. Therefore the strategy is welcome, with its broad perspective on what might be done and what the solutions might be.

I feel that the noble Baroness, Lady Eaton, with all her experience of local authorities, might agree with me on the next points that I make. We need to examine the functioning and funding of local safeguarding boards and to ask why schools are not involved in them. We need to look at why there are discrepancies in the quality of authorities' activities nationally. We need to ensure that social services work well and positively with young people and their families. We need to look at why children are sometimes shunted between care homes, foster care and adoption agencies. We need to look at the influence of social media; this is perhaps a long way from the full force of the law, but I think it needs looking at.

Last November I was involved in a Council of Europe/UK Parliament seminar on child mental health and child-friendly justice with representatives from the police, academics, parents, European MPs and the voluntary sector. I declare an interest here as chair of the Council of Europe Parliamentary Assembly sub-committee on children. Half the participants were

[BARONESS MASSEY OF DARWEN]

young people aged up to 24. One young woman described children and young people as “experts by experience”. These young people have been involved in mental health initiatives and with the law. Their insights were extraordinary, and I hope that in considering any strategy affecting young people the Government will note the importance of involving those young people in proposed interventions. Their voices are important. The concern of the seminar was that mental health was a driver in motivations for many young people. Mental health is the key to self-esteem and resilience—the ability to reject negative influences.

I hope the Government are taking note of the implications of the Green Paper on mental health. I hope there will be genuine dialogue between government departments to tackle both mental health and crime. Such dialogue is of course mentioned in the strategy. I would be interested to know from the Minister if any evaluation of what works has been incorporated into the *Serious Violence Strategy*. A lot of money is being spent so we should know, eventually, what the outcomes are.

In the European seminar that has also been mentioned today, issues such as counselling in schools, the need for early intervention with children and families, safe houses for children and the training of those dealing with children and young people were considered vital. A report on the seminar has been launched in Strasbourg and will be launched in London in July. I am delighted that the Minister for Public Health and the Minister for Youth Justice will both be attending and speaking. The launch will be led by young people from NGOs committed to listening to young people’s views, and noble Lords are of course invited to attend. I am delighted to see that in the strategy the Government emphasised the importance of,

“partnerships across a number of sectors such as education, health, social services, housing, youth services, and victim services”, and that,

“tackling serious violence is not a law enforcement issue alone”.

The Government have announced new initiatives such as an early intervention youth fund, a new county lines co-ordination centre and a new round of heroin and crack action areas. Of course any enthusiasm for reducing violent crime is welcome, but I wish that local authorities were not being weakened by a lack of funding and that police services were not being eroded. My brother was in the police force for 33 years, ending up as chief superintendent in Manchester. He always emphasised the importance of having police on the beat, of making local connections and of recruiting and enabling women and men from black and minority-ethnic communities to join the police force. I think he was right.

I wish there were more counsellors and programmes of personal, social and health education in schools. Such programmes encourage communication skills, self-esteem and teamwork among young people. I salute the Government for at last making such programmes mandatory, although there is a long way to go in implementing the initiative successfully. I wish there was not a threat to community services such as libraries. All community initiatives help people bind

together and encourage concern about young people in communities. Youth services are desperately needed in communities.

I know that the strategy places drugs as central to serious crime. I ask the Government to look at this very carefully and perhaps do more analysis. Public Health England and the national drug treatment monitoring system have useful figures on this. My impression is that the use of hard drugs such as crack cocaine by young people is actually going down, with a rise in drugs such as cannabis. I should like a dialogue on this. It is very important. We need to know exactly what we are tackling. There are many splendid initiatives which help develop strong individuals and strong communities, such as those from the voluntary sector. Sports groups, such as the Chance to Shine and the Wicketz initiative, funded by the Lord’s Taverners, enable young people in disadvantaged areas to play sport, to work as teams and to develop communication and leadership skills. Sport is a great unifier and can develop self-esteem, involvement and co-operation. Present schemes deserve more attention and guaranteed funding. The police are encouraging groups of young people who have been in trouble with the law to set up initiatives of their own to engage young people in danger of becoming involved in crime and in gangs to think again. I have talked to lots of young people who are doing this good work. They all report excellent results. This is an example of creative thinking. I do not know if there is a list of such initiatives nationally. Is there? If so, there could be a survey of what works in engaging positively with young people.

I look forward to the Minister’s reply and to the rest of the debate, and in particular to comments on the involvement of young people, and on gathering information on what works to enable learning and the sharing of good practice in this important area of addressing serious violence.

4.02 pm

**Lord Farmer (Con):** My Lords, I too welcome the Government’s *Serious Violence Strategy* and the opportunity to debate it. Importantly, the strategy commits to tackling the deeply troubling trends which the Minister and others have outlined, by establishing a new balance between prevention and law enforcement. However, it will be greatly hampered in its effectiveness by the lack of an equally—if not even more necessary—strategy to address the veritable tsunami of family breakdown that has engulfed many of our communities. This has direct links to the violence, as I will make clear.

As the Centre for Social Justice, which has helped me with data for this speech, has repeatedly emphasised, we have one of the highest rates of family breakdown in the OECD. Just two-thirds of all children aged between 0 and 14 years live with both their birth parents. According to the Office for National Statistics, a quarter of families in the UK are headed by a lone parent, and 86% of these are headed by mothers. Some 2.7 million children have no father figure at home; more than 1 million children have little or no contact with their birth father, and 15% of the UK’s children grow up without a resident father.

The *Serious Violence Strategy* does hint at an understanding of these issues by euphemistically referring to “disrupted family environments” and describing the need for parents of troubled young people to be taught,

“strategies for improving the quality of their interactions with their child, reducing negative child behaviour and increasing their efficacy and confidence in parenting”.

Yet there is no recognition that often the parents in question are women on their own raising violent and out-of-control sons, who have far superior physical strength, with the fathers long gone. We are so frightened of appearing to be critical of lone parents that we forget what a difficult and gruelling job it is to do single-handedly. Many did not choose it as a lifestyle, do not enjoy it and certainly do not want their children to repeat the cycle.

Moreover, although the strategy treats family socioeconomic status as a risk factor, it does not fully reflect the evidence linking fatherlessness with criminal and gang activity. Fatherlessness is a well-documented risk factor for offending, and the risk factors for gang involvement are similar to those for offending. While, of course, not all serious violence is perpetrated by gangs, it should not be forgotten that, for a significant group of young people growing up in our most deprived communities, the gang has become a substitute family, with the gang leader as the father: 17 year-old André, who used to be gang-involved, told the Centre for Social Justice, “You can go out and be in that crew and have a family”.

Let me outline some of the characteristics of many boys growing up with physically or emotionally absent fathers. The rejection and inadequacy they feel as a result of growing up in a fatherless household is often internalised, creating resentment and anger. The absence of positive role models of masculinity leaves them with little choice but to learn what it is to be a man from traditional alpha male imagery, and this makes them vulnerable to being groomed for violence and susceptible to exploitation.

In consequence, what might be termed our national father deficit is a driver for criminal and gang activity: 25% of young offenders are already fathers themselves; only 30% of young offenders come from intact families; and boys with little or no involvement with their fathers are twice as likely to become offenders compared to boys with highly involved fathers.

The UK *National Survey of Health and Development* found that 27% of boys who had experienced separation or divorce had been cautioned or convicted by age 21, compared to 14% of those who had not experienced family breakdown. The Newcastle Thousand Family Study showed that the likelihood of a male being convicted up to age 32 doubles if he has experienced divorce or separation before age five. Drilling down to an individual case which is by no means unusual, an Islington borough police evaluation of one particular London gang murder found that of the 13 young people initially suspected of involvement in the killing, 12 were from lone-parent homes.

My recent review on the importance of family ties to prevent reoffending and the transmission of intergenerational crime in prison has found that two

thirds of prisoners’ sons go on to offend. It is obvious that not all fathers—and not all mothers—have a good influence on their children. This is partly to do with the fact that those who grow up without a present father experience other disadvantages that can lead to or increase the risks of criminal behaviour.

Compared to children in two-parent families, children in one-parent families are significantly more likely to smoke, drink and take drugs weekly. Children from low-income households who have an active father figure at home are 25% more likely to escape the poverty they grow up in. According to a 2017 Oxford University study, where there is an active father pre-teen, children are up to 28% less likely to suffer behavioural problems.

When the *Serious Violence Strategy* was debated recently in the other place, the right honourable Sir Desmond Swayne disagreed with higher police numbers being the solution, saying:

“We would have to swamp the streets with policemen; there would have to be policemen available at every violent incident for it to make that form of difference. We would be back to Cromwell saying, “If I arm one in 10 will that be enough?” Of much more significance in terms of the propensity to violence is the lack of attention to the question of young people—particularly very young people—and parenting. That is where the Government’s efforts must be directed”. —[*Official Report*, Commons, 22/5/18; col. 739.]

Across the Floor in the other place, the Labour Member, Vicky Foxcroft, stressed:

“We need to start far, far earlier, working with families from birth by providing support such as Sure Start, which works with a child and their family from a pre-school age”. —[*Official Report*, Commons, 22/5/18; col. 771.]

The *Serious Violence Strategy* mentions that police forces in Wales are giving attention to adverse childhood experiences, and the public health approach to serious violence in Scotland also aims to prevent these ACEs. England might have a little catching up to do here, although crime policy in the devolved Greater Manchester authority is also very ACE-aware. It should be noted that parental separation is also a recognised ACE—adverse childhood experience—but I have not heard about any policies north or west of the border to try to prevent this.

The *Serious Violence Strategy* did not agree that interventions aimed at pre-school children had the best results and said that some of the most successful programmes were aimed at slightly older children—those who had already offended or shown signs of anti-social behaviour. I passionately believe that every child needs the best possible start in life but the wheels can fall off the family wagon when children are older than five, the age at which much parenting support that is based in Sure Start ceases to be available.

That is why I have been pressing the Government to encourage the evolution of family hubs, often from—and continuing the early years work of—existing Sure Start children’s centres. Councils such as the Isle of Wight, Essex and Westminster are finding that they can reduce disadvantage and dysfunction for all their families by integrating a full range of help, including their troubled families programme, into these community settings. They are somewhere parents can go where someone will have the answers.

[LORD FARMER]

The need for family hubs is one of the recommendations of the manifesto to strengthen families that I have talked about before in your Lordships' House. It also recommends that the Government bring into force Schedule 6 to the Welfare Reform Act 2010 which would make it mandatory for fathers to be named on birth certificates, with all sensible safeguards. There are over 247,000 children under seven in the UK who had no registered father at birth, and every year, one in 20 children is born with no registered father. The manifesto also recommended moving birth registration into children's centres and family hubs, so that both mothers and fathers can see from the outset what kind of support would be there for them if they need it.

Finally, but most instrumentally, the manifesto calls for a Cabinet-level family Minister in government. He or she would have the clout of a big department, such as the Home Office or even possibly defence, and would, like the Equalities Minister, have additional responsibility for driving policies to improve family stability and family functioning in every department of government. At the recent reshuffle, a Minister for Loneliness was appointed, yet various academics who have looked at statistics from studies going back to the 1940s, dispute claims that there is an epidemic of loneliness in contrast with the past. Professor Barreto, of Exeter University, quoted in the *Times* last week, said:

"Perhaps what we see is an epidemic of understanding, of interest in loneliness and an urge to try and understand what can be done about it. But we aren't more lonely than before".

Since studies began the prevalence of loneliness has hardly changed. The same thing simply cannot be said about the prevalence of family breakdown.

Can the Minister provide an update please on the progress in these three areas: holding men's feet to the fire when they father a child, through mandatory birth registration; moving this process into places which could help put parents on to a good path from the outset; and giving a senior Cabinet Member overarching responsibility for developing and implementing a strategy to address the genuine epidemic of fractured and dysfunctional families? Support for family relationships, whether between parent and child or between parents themselves, cannot be rejected on the grounds that it is too intrusive for the state to be involved. The Government warn parents about the consequences of overconsumption of sugar, salt, screens, smoking and drinking. Warning them about the long-term personal and societal outcomes of poor parenting and fractured families and putting tools into their hands to enable them to be the good mothers and fathers who most long to be is not the nanny state, but the canny state.

4.15 pm

**Lord Bird (CB):** My Lords, I am pleased to be speaking on the important and inclusive report and discussion from the noble Baroness, Lady Manzoor. She has got everything in there, absolutely everything. The noble Baroness has even included the roots, so we have to go to the roots; we have to solve the problems. We cannot just keep dealing in arithmetic or with the manifestation or effects; we have to get to the cause.

I commend the Government for saying such wonderful things, but I would like to know where the word "austerity" comes in, because I think that is the only term left out. We cut the youth offending team bill by 50% since 2010, and you think whether that brings us any nearer the solution. Is it necessary to cut money and take 20,000 policemen off our streets? Is that a strategy for improving the chances of us not having so many of our children murdered? Does cutting the YOTs add to our chances of getting nearer to Valhalla, when we will have the chance of enjoying our children knowing they are all out there, doing very well, prospering and having an incredibly long life?

That is the problem with this discussion, because we always leave out money, when it should be brought forward and talked about—the arithmetic of the capital that you put in and the returns from that capital, the social capital of investing. For instance, there is the bizarre situation where we fail 38% of our children at school and yet wonder why a decisive amount of those who fall into crime come from this failed group of people. According to some of the organisations that work there, 80% of the people who fill our prisons come from a failure at school. If you were to ask those children who were carrying and running drugs, and sticking their knives into other people, how they did at school, I bet you a pound to a penny they would say, "Not very well at all".

It is interesting that we talk about wanting to sort out the tree by getting down to the roots. The roots all go back to poverty, unfortunately. There is no other major reason why we have crime on our streets, murders, gangs and young people who are prepared to move drugs around the country than this shortage of resources way down the line.

I will talk about who this person is. Imagine there is one person who ends up sticking a knife in somebody, dealing in drugs or even becoming a victim. If you look at that person, you will see that it is someone who comes from need and, often, as the noble Lord, Lord Farmer, has pointed out to us, comes from a broken home—but that person will come from a family which was probably uneducated after the Second World War. In 1948, we had that wonderful thing called the welfare state, invented in a very strange sort of way, as well as a pretty good way. They creamed off the 11% so that they could run the system and become the managers, and then they created the secondary modern school system, which actually created a curriculum or pedagogy to produce people who did unskilled and semi-skilled work. If you look at those children who are now involved in crime, I bet that their fathers or grandfathers come from that cohort of undereducated people, where the state educated people for jobs that were seriously disappearing.

As Margaret Thatcher proved, when she broke the link with government support and removed all the subsidies for the major industries, what you need to do is to move forward with the times and close down the old industries. What happened was that an enormous number of unskilled and semi-skilled jobs disappeared, and we started to grow an underclass of people who moved from one generation to another generation and who themselves were blasted in the kind of culture that they were given.



I know many of those people—I come from them—and there was a person whose family I grew up with who imported the largest amount of cocaine into this country. I know why he did it—he was a criminal—but I also know that he was dyslexic and a person who, when he went to the North Thames Gas Board to get a job, was not given one because he could not read the meters. I know that there were precious few forms of skills that he could tap into, because he had been to a comprehensive school that did not recognise him as someone with enormous organisational skills who should be given the job of running the Bank of England.

I know all sorts of other things. If you actually look at the culture and social profile of most of these young children who are being murdered or are murdering people and running drugs, I am sorry to say that very rarely do they come from the comfortable classes; they come from the discomforted classes, the people who have been short-changed on the kind of education that they desperately need. Until this Government, the next Government or the Government after that really get behind the idea of skilling up the neediest among us, we will be talking about crime, inventing YOTs and JOPs and ROPs and all sorts of other things. We will be talking about cutting police officer numbers or putting on more—we will be doing all those sorts of things, but we will not be addressing the major thing until we hit poverty. That may mean that this or the next Government have to step back and ask what this ecosystem of failure is that we keep repeating and talking about; we keep coming up with solutions, but they never configure.

It is interesting what the noble Lord, Lord Hogan-Howe, said—that you can go to the marketplace and buy cocaine quicker than you can buy a pizza. There is another element, is there not? What is happening is the commercialisation of all the sensations that you can pick up, and this is a lot to do with how we train and educate our children. We have to break people from that kind of stimulus and that kind of world where they take any kind of placebo to hide the fact that their lives are ill formed, unadventurous and unexciting.

4.24 pm

**Lord Balfé (Con):** My Lords, I welcome the strategy and the Minister's introduction. I read through the strategy a couple of times and found it higher on analysis than on solutions. It had a pretty good analysis of where the problems are, but I am not sure that it really came to grips with the solutions.

First, we seem to be imagining that somehow crime is completely out of hand. In fact, Britain has become a safer place over the last 30 or 40 years. What we do have, however, is a problem over the last short period of time. I was struck, for instance, by the assertion in the report that, with respect to assaults with a sharp object,

“since 2012/13, the number of episodes involving individuals aged under 18 has increased by 51%”.

The numbers, however, are from 313 to 473. This is not 51% of many thousands to many more thousands. It is a problem, but we need to remember the numbers as well as the percentages. Similarly, homicide rates are up 20% for 18 to 24 year-olds and 26% for the

25 to 29 age group. Clearly, as you get older, you are more likely to murder people than stab them, according to the report. Again, we need to look at the numbers: the numbers are serious—particularly for those who are affected—but we are not living in Colombia. We are living in a society that clearly has problems. The report states on page 25, in respect of age and criminality:

“Underlying this pattern is strong evidence that crime trends tend to be driven by a small proportion of highly prolific individuals whose criminal career tends to decrease via a lengthy ‘ageing out’ process”.

I was entertained by the intervention of the noble Lord, Lord Bird. I was educated to an extent, but as the product of a secondary modern school myself I cannot agree that everybody who went to a secondary modern school was necessarily disadvantaged at all. In fact, I cannot remember anyone in our class at school who went to the juvenile court or anywhere else. Perhaps it was an exceptional class. Sometimes, when I sit on this side of the House and wonder why I am here, I realise that it is because of reports like this—I am not much good as a liberal in terms of thoughts.

A lot of people have to be responsible for their own actions. Many years ago, I was the research director for the Committee on One Parent Families, known as the Finer committee. I know that the noble Lord, Lord Farmer, has already alluded to the importance of family, particularly a structured family and a two-parent family. We have become almost shy about mentioning it; it is almost as though we are worried that we should not mention anything that might offend anyone at all. The fact of the matter is that the statistics show that a stable, two-parent family is a very good indicator of a stable life and a useful future.

My daughter has mild dyslexia. She is now working, and has worked every day since she left university. She got to university thanks to very good teaching. She is one of those people who had an exceptionally good teacher who taught her to cope, and now she is doing a valuable job. Many people overcome disadvantage. I do not intend to delay the House with personal sob stories, but I grew up in a children's home. That is also seen in many ways as a disadvantage, but it is not necessarily a disadvantage. You can get over things and you can fight your way forward.

One of the things we saw in the Finer committee report, which is now many years out of date, was how many one-parent families actually won through. The great majority of them won through—not only the fatherless families but the motherless ones: the number of men who managed to bring up children, do a job and get through. I am not saying that people do not need help. Indeed, one of the things that report showed was the need for financial assistance and one-parent family benefits. However, that is part of the package, not the whole package.

I move on to social media. I point out that when the noble Lord, Lord Howard, who is not in his place, advocated a tough approach with those who were caught being given tough sentences, he was not necessarily that far out. Look at the quote about,

“via a lengthy ‘ageing out’ process”;

[LORD BALFE]

people who are doing their lengthy ageing out behind bars are not causing as much trouble as those who are, let us say, running around.

I want to look at the social media quotes in the report. On page 31 it says:

“There is strong evidence that rival gangs are using social media to promote gang culture, taunt each other and incite violence. Some gang members have thousands of followers ... Social media also offers a method for promoting drug selling activity and recruiting others into the lifestyle ... One of the most common things for drug-related groups to do on social media is to post pictures of themselves surrounded by money purportedly made from selling drugs”.

That is not poverty, is it?

On the online sale of knives, test purchases in 2008 and 2009,

“showed that 80% of the retailers sampled ... would sell to a person under 18”.

By 2014, it was still 70%, and in 2016 it was 72%. Another quote is:

“Every time an online test purchase operation is undertaken, the large majority of online retailers tested break the law on sales of knives”.

But what do the Government say about it? They say:

“We are planning to introduce new legislation to take additional steps to prevent online retailers selling knives to young people under 18 years old”.

Why not just ban the sale of knives online? Surely that is the answer. It is not about saying, “Take new powers”, which almost certainly will not work. You can ban them. We can take the online adverts under control. We should look at stopping selling knives in shops where there is a problem. We should at least make it as difficult as buying alcohol, and not only have test purchases but make it obligatory for people to check the age of people buying knives. I would not be averse to putting the age limit up to 25, let alone 18, before people can buy a knife. In other words, we need to be a bit tougher.

On page 80, the report says:

“The Home Office will provide a fund for two years to support targeted prosecution activity against online and in store retailers in breach of the laws in relation to the underage sales of knives”.

Why does not the Home Office set up its own dedicated unit to do the job? Why is it setting up a fund that, presumably, people will have to apply for, and which presumably will be a big bureaucracy? It is online—it is not impinging on anyone’s territory. The Home Office itself could set up a dedicated unit and do this job.

Finally, I will say one or two things about the police—I was interested in the speech given by the noble Lord, Lord Hogan-Howe. In the preamble, written by the former Home Secretary, she says that the,

“Police and Crime Commissioners have a pivotal role to play”.

Nothing the Government and their predecessor have done has been more of a disappointment than the introduction of police and crime commissioners. One only has to look at Wiltshire to see how totally useless they are, and to put them into the foreword is an abuse of the foreword itself. I would like to see the police going back to doing a bit more policing.

I saw in one of my weekend newspapers that the police are looking at the possibility of setting up a unit to look at the Jeremy Thorpe case. Jeremy Thorpe has died, sadly. I do not think he was quite the rogue that his current reputation gives him. If he was, he was a fairly loveable rogue. But he has died and he was found not guilty by a jury. That really should be the end of the matter. If we have enough police to set up dedicated teams, it is a waste of police resources. I am afraid, in my view, the police are just a little too fond of undertaking fishing expeditions, and it is about time they got down to doing the job they are paid for.

As a starting point, I wonder whether it would be a good idea to recruit a full-time security service for this building. That would free up dozens of policemen to go back on to the beat to do their job, and a dedicated security force for this building would be much more able to be integrated with the other functions in this building. I do not know about other noble Lords, but the number of times that the front desk downstairs with our attendants on has failed to get a message registered in the police box, which is about 20 yards away, is a little too many. So I would like to see a few more of them on the beat and not doing an easily replaceable job around this House.

In conclusion, I thank the Minister for allowing us to air our views in this debate, but I think we have to remember the central role of families and society in tackling violence.

4.36 pm

**Lord Suri (Con):** My Lords, I thank my noble friend Lady Manzoor for bringing this important debate to the House today, and those who contributed to the strategy in its formative stages.

Living in London as I do, it seems to me that violent crime is steadily on the rise. Every day we read new stories about violent muggings, assaults and even murders in the capital. For a time some months ago, the murder rate in London exceeded that in New York—a day I never thought I would see. This is not to be churlish. As the report notes, violence with injury in the year ending September 2017 was 40% lower than in the year ending June 2010 and 76% lower than its peak in 1995.

But we must always strive for the most peaceful and harmonious society we can, and it is worrying to note that some types of violent crime have recorded increases since late 2014. These concerning trends ought not to be viewed in isolation. As with all breakdowns in social behaviour, context matters and violent crime is no exception. I therefore welcome the approach set out by the previous Home Secretary and her successor, to work in partnership with other bodies in the public, private and voluntary spheres.

I have often called for government strategies and task forces to take a joined-up approach across departments, and I think this is one such policy area. I welcome the idea of setting up a serious violence task force to oversee delivery, with delegates from a wide array of stakeholders, but I fear that it may just become something of a talking shop. It will have no statutory duties and little power to hold Ministers to account, being chaired by the Home Office and reporting to a ministerial committee.

An additional layer of accountability would be useful for a strategy like this, but it is a Home Office strategy being scrutinised by a Home Office-chaired panel. In effect, the department will be marking its own homework, which I do not think is appropriate for a problem of this magnitude. Will the Minister commit to reviewing the proposed charring arrangements for the task force? It would be far better if the chair were some sort of retired judicial figure or an impartial technocrat.

My second point has to do with the roots of the issue. Nobody wishes to see hard and damaging drugs such as heroin or crack cocaine being sold on our streets, but the evidence is strongly in favour of the legalisation of cannabis for sale. I am a fiscal conservative and believe in sound money. For me, one of the biggest draws of legalisation would be the vast sums of additional tax revenue that we would receive—a point made in a recent report by HPA, which estimates that between £1 billion and £3.5 billion could be raised. Legalisation would also take away an enormous incentive from criminal gangs to continue their violent business.

The fact that cannabis cannot be legitimately bought or sold pushes it beyond the realm of open trade, meaning that its sale is untaxed, unmonitored and uncontrolled. Teenagers out in the street could be buying anything, with no quality checks or fair trading practices to protect them. Fundamentally, cannabis will be purchased by Brits for recreational use, and it is up to the Government to choose how they react to that reality. The new Home Secretary has signalled that he is more liberal than maybe some of his predecessors were. I hope that he can live up to that promise in office. This would be an excellent place to start.

4.42 pm

**The Earl of Listowel (CB):** My Lords, I declare my interest as a trustee of the Brent Centre for Young People, a mental health service for adolescents which works in the youth justice system and in various other services. I am also involved in the Michael Sieff Foundation, a child welfare organisation with a long history of working around the youth and criminal justice system.

I join your Lordships in thanking the noble Baroness for introducing this strategy and for giving us the opportunity to debate it today. It seems to me that the strategy is a complex answer to a complex problem, and we really need to avoid seeing it as a simple problem with a simple solution. That is what I most welcome about the strategy.

I listened with the greatest interest to the contribution of the noble Baroness, Lady Newlove. She has great personal experience and is a champion and campaigner in this area. It is tragic to think of the lives that have been lost to these crimes. While listening to her, I particularly remembered Damilola Taylor, the young boy in Peckham who seemed to have a life of promise in front of him. He was wounded in the leg and lost his life as a result, and I remember the grief of his family. The risk is that you become so emotional about these things that you do not think in making a response but, rather, have an emotional reaction, and I welcome the thoughtfulness of the Government's response.

In listening to the debate, I have been thinking about the complexity and the various experiences of your Lordships, and I see what I think is a general reflection on our politics. I might be quite wrong about this and am probably overstretching myself, but my reflection is that somehow politics in this country does not rise to the challenges posed by an increasingly complex country; instead—laying no responsibility with any particular party—it tends to produce rather simple answers to complex questions.

In March last year I visited Germany, for the first time in many years, with a parliamentary group and I was impressed by what was going on in the Bundestag. I was most impressed by the fact that on Sundays shops still do not open and that businesses are not allowed to send emails to their employees after 8 o'clock at night. It is still the custom that you stop working at six and if you are working after six you are being inefficient. The Germans have balance in their lives. They can spend time with their families, children and friends, if they wish to, or do other things. We somehow have lost our way and have become unbalanced.

I pay tribute to the noble Lord, Lord Farmer, for the wonderful work he is doing in championing and supporting families. The statistics in the OECD report of 2011 on family formation showed that at that time 15% of German children were growing up without a father in the home; we were 20% or 21%, and the United States 25%. The troubling prediction in that thorough report was that we were set to outstrip the United States in terms of children growing up without a father in the home by a significant degree over the next two decades.

This is an important issue. It is not about blaming families but about supporting couples and families to stay together in every way we can. We have heard about many of the ways in which we can support families to stay together. In my own family experience, when I wonder what is the right thing to do next, I often think about what my father would do, and that gives me the direction in which to go. Often when I do wrong it is because I do not remember the good example set by my father. My sister was absolutely besotted with my father; he was hugely important to her. We have spoken a great deal about boys growing up without fathers but it is important that many girls are growing up without fathers. Part of the reason for the sexual exploitation of vulnerable teenagers is that many of these young women have not grown up with a positive man in their lives, and that big gap may be filled by unpleasant characters who wish to exploit them.

The noble Baroness, Lady Massey, referred to the training of social workers. I was pleased to see in the welcome report on children's homes by Martin Narey, the former chief executive of Barnardo's, a recommendation that social workers should have a mandatory placement in a children's home as part of their training. Children's homes are wonderful places to learn about working with troubled and troubling adolescents. I could not agree more with him and I hope that that particular recommendation of his report is implemented.

[THE EARL OF LISTOWEL]

I welcome the fact that the Government have talked about a criminal justice response and the many other responses that need to be made. There needs to be a criminal justice response. About 18 years ago there was an outcry about the level of mobile phone thefts. Something had to be done and sanctions were toughened. One of the victims of this was a troubled young man called Joseph Scholes, who was a self-harmer. On his first day at a children's home he was drawn into a crowd of young people, one of whom perpetrated mobile phone thefts and Joseph Scholes was drawn into this. We have to be tough on these people but, in the course of the trial, the prosecutor said that at no time was Joseph Scholes a physical threat to anyone. However, he was imprisoned. There was a shortage of suitable places so he was placed in an inappropriate setting—and he took his life at the age of 16. In an article in the *Daily Telegraph* in 2012, his mother described him as being in a strip cell. I think he had been self-harming. He was considered a suicide risk so was placed in a strip cell in a horse blanket. He was not properly supervised and he took his own life.

If we overreact, we draw in children and young people who are not a risk and should not end up in the criminal justice system. We can act effectively and pre-emptively to help young people who well might end up in the criminal justice system avoid that route. Once they arrive in it, two-thirds of them will offend again. They are just likely to learn to be better criminals. Thankfully the number of children in custody has been very much reduced over the last period, from 3,000 to below 1,000 currently. There are very tough and challenging young people there, so I welcome the fact that there is a criminal justice response but there are other areas to cover.

I do not wish to speak for too long. I welcome the fact that the Government have talked about youth work in their reaction. Redthread is catching young people when they are in hospital with an injury relating to knife crime and getting a youth worker to speak to them. Again, my reflection on this, going back to what I was saying at the beginning, is that there is a need for a more strategic and stable culture of politics. Youth work has alternately had great resources pumped into it, then been starved of resources, then been pumped with resources, then been starved of resources. This does not create a great profession which can consistently do the outstanding work that is necessary for young people.

I am not blaming any party. I am just saying, “Is this system working for us? Is this system working for the nation?” If you look at Germany, perhaps you can see a system which is more stable and has more continuity. If you look at Angela Merkel or previous Chancellors, they have been in their posts for a long while. Look at the way they make compromises; I know that coalition is unpopular. Negotiation and compromise are unpopular, but they seem to give better outcomes. The last coalition, between the Liberal Democrats and the Conservatives, was very unpopular, but it seemed to give some very good results—on mental health, for instance. Of course, in Germany coalition is the norm. Again, it is deeply unpopular,

but the proof of the pudding seems to be in Germany's economy and a social system where the social contract is still strong.

I do not want to stray too much, but there is a statutory duty on local authorities to provide youth work services. It is a very weak duty so, when they are starved of funds, as they have been, they will tend to invest in other areas. I would appreciate the Minister's looking at the statutory duty on local authorities to provide youth services and thinking whether that might be strengthened so that we can have consistently high-quality intervention from youth services. Perhaps she has time to meet me to discuss youth work and what we can do to ensure that in the future it grows more professional and more effective. As fathers are not as involved in their children's lives as they were, youth workers become more important.

As I said earlier, I am a trustee of the Brent Centre for Young People. I shall give an example of the really effective interventions that can be made. I visited its Sport and Thought intervention in a local primary school and watched the boys playing football, supervised by a child and adolescent psychotherapist. He is a very highly qualified expert in child development. Sport and Thought—these boys do not think. They act, on any impulse that comes to them. You can use football to enable them to say, if they are getting into a scuffle, “Stop. What is going on here? Think about what you are doing”.

The subject is much more complex than that, but what struck me is hearing the teacher, who is the main beneficiary of this. She was struggling to manage with these boys, and I heard the gratitude coming from her at this intervention that made them manageable, that helped them to learn and helped the rest of the class to learn. We can invest in such interventions. For instance, I welcome the money that government have put into the troubled families initiative. It would be good to hear from the Minister that that will continue to be funded past 2020. I am afraid that cuts in funding to local authorities in recent years have been so extreme that, despite such welcome initiatives, children's centres and other early interventions that could help struggling families and help parents stay together have been removed.

I am sorry to have spoken so long. I welcome this government strategy. The problem is complex and the answer needs to be complex. I am grateful for the Government's approach. I look forward to the Minister's response.

4.55 pm

**Lord Cormack (Con):** The noble Earl has ranged far and wide. He talked fondly of his late father, whom I remember well. He was a member of Attlee's Government, one of the seminal Governments of this country. Indeed, I believe that I am right in saying that he was the last Secretary of State for India—but I must not be tempted.

One thing to have come through in this debate has been the reiteration—it began with an intervention from my noble friend Lord Framlingham, who is not in his place now—of the importance of the family. This was brought home to me last week. Many of your

Lordships may have heard in a news item anxiety being expressed at the number of young children in primary schools who knew nothing about basic hygiene. I intervened on a Question last week to urge my noble friend who has the education brief in your Lordships' House to do more about the education of parents and for parenthood. It is clear that most of the problems which lie at the root of today's debate occur because children have not been brought up in a stable home with parents devoted to their welfare, anxious to teach them the difference between right and wrong, cleanliness and filth, and all the things that we used to take for granted.

As my noble friend Lord Balfe mentioned, the strategy to which my noble friend the Minister spoke is a little turgid. It is long on analysis and a little short on solutions.

We can solve the problems troubling your Lordships' House in this debate and on many other occasions only in schools and in prisons. We have to realise that many young people who are sentenced, often quite rightly, to terms in prison and young offender institutions have the most appalling backgrounds. I had such an institution in my former constituency in South Staffordshire, a place called Brinsford. I remember going there one day after there had been a fairly monumental riot; the place had been smashed up. Incidentally, a brilliant report on that prison was delivered by the noble Lord, Lord Ramsbotham, when he was the Chief Inspector of Prisons—and what a brilliant inspector he was. That report had a very salutary effect and the institution improved considerably. Going round and talking to those young men was a distressing experience. I could not honestly look at myself in the mirror and not say, if I had had their background, there but for the grace of God. It applies to all of us.

We must try to ensure that we do not stint on the resources going into the prison system, because prison must be the place where people are rehabilitated, and that applies most of all to young people. We must be able to give them a sense of self-worth, aspiration and hope. If we cannot do that we just create a sink generation. There is not enough emphasis on that in the strategy document we are talking about.

Of course, we should do everything possible to keep people out of prison. When I was chairman of the Northern Ireland Affairs Committee in the other place, I saw the dramatic effect of community restorative justice. If you can keep people out of prison and make them atone for their crimes and shortcomings without risking the contamination that frequently occurs in a prison, you are doing a great deal. I would like to see emphasis on that.

My final point is about schools. I hope noble Lords who have heard me refer to this before will forgive me if I refer to it again. I believe that we need to educate our young people as proper citizens of this country. I want to see an emphasis on citizenship. That does not just mean teaching young people about the way Parliament and local government works; it means trying to make them realise that no society can work unless they play a constructive and, indeed, aspirational part in it. I had the privilege a couple of years or so ago of going to the Terrace in your Lordships' House when there

was a citizenship ceremony for those who were receiving British citizenship. The sense of pride among those people of all ages, backgrounds, nationalities and ethnicities was palpable. They were dressed in their best; they had their wives, husbands or companions with them; they were going to celebrate afterwards; it was a moving ceremony.

I would like every young person in this country leaving school to go through a citizenship ceremony. They should be prepared for it. They should all do some community service. Whether that is reading to the blind, visiting the old, helping the sick or going on a National Trust conservation programme does not matter, but it should be community service of a sort that is worth while, challenging and through which they can actually achieve something. They should also be taught properly about our country's history and its system—the preciousness of democracy—and at the end of the day they should receive a certificate.

I have suggested, when I have mentioned this before, that to take this out of the realm of party politics this should not be done by the local authority but through the lieutenantcy. I think we all respect the lieutenantcy. The lord-lieutenant, the deputy, the vice lord-lieutenant and the deputies, all of them—I speak as a DL myself, although now on the retired list—could play a part in this. If young people aspired to it and were taught how important it was to aspire to it, it would help. It might just persuade some of those who are now seduced into joining gangs or tempted by the false romanticism of weapons; it might just help a bit. We must make our prisons clean, rehabilitative places with no drugs, no violence. It is not a punishment while you are there; the punishment is being sent there and you are rehabilitated while you are there.

If we can try to inculcate a sense of pride in nation and community in our schools, fewer people will go to prison. That is the way we should seek to tackle this and I hope that any developed strategy for dealing with violent crime will bear in mind some of these things, but also bear in mind that there is no substitute in human life for the family unit. I was deeply disturbed last week when I read that a very senior judge had said that the day of the nuclear family was over—what an utterly irresponsible, reprehensible and silly thing to say.

**Lord Balfe:** He was president of the Family Division.

**Lord Cormack:** My noble friend interjects to say that the judge was president of the Family Division. I must not criticise the judiciary on the Floor of your Lordships' House, but all I say is that it is a pity that we do not have the noble and learned Baroness, Lady Butler-Sloss, doing that job, as she did so brilliantly for so long.

5.06 pm

**Lord Paddick (LD):** My Lords, this has been an interesting if relatively short debate considering its breadth. It is sad that more Peers did not participate in this important debate, considering how serious the issues are. Before I start I will pay tribute to the noble Baroness, Lady Newlove, for her courage and her

[LORD PADDICK]  
efforts to stand up for victims of crime. I cannot imagine what she has been through, but the noble Baroness has always conducted herself with great dignity.

As the noble Lord, Lord Hogan-Howe, observed, almost all serious violence is perpetrated by men against women and girls—much of it within relationships and much of it fuelled by alcohol. Violence against women and girls and domestic violence remain major contributors to the problem of serious violence and we must not lose focus on these important areas. But that is not where the increase in serious violence is occurring at the moment. We are seeing an epidemic of violence on our streets, as the Minister said in her opening. Homicides, knife crime and gun crime have all been increasing since 2014—not just police-recorded crime but hospital data. Hospital admissions for stab injuries are up by 18%; recorded firearms offences are up by 31%; homicides are up by 18%; and 21% of robberies now involve a knife. This is both serious and urgent—unlike the Government’s response.

It is interesting to note that the homicide rate changes are reflected globally, decreasing between 2008 and 2014 and then increasing between 2014 and 2016. The same is true in some countries in relation to robbery. Something serious is missing from this strategy. It is an acknowledgement that an erosion of trust might be driving this violence. With Brexit, Trump, Grenfell, Windrush and #MeToo there are plenty of reasons for people to distrust the Government and their fellow citizens.

The world today feels to many unfair and unstable, and its future looks uncertain. Some studies have shown that violence correlates inversely with public faith in government and trust in the elected officials. My extensive police experience tells me that, if people feel society is unfair, they are less inclined to play by the rules. People are angry, social media has fanned the flames, and angry people are prone to violence. Will the Minister comment on this omission?

The Government say much of the violence is being driven by the misuse of drugs, and they are right. Criminals have no legal way of enforcing their deals, protecting their territory or disciplining their workforce, so they resort to guns and knives. The strategy claims that the Government’s approach to dealing with drug misuse is succeeding, yet more young people are using cannabis and dealing in class A drugs. As other noble Lords have said, there is a cocaine epidemic in the UK, with increased use of crack cocaine, a drug closely associated with serious violence. The higher purity levels in cocaine seized by the police is a sure sign of the increased availability of that drug in the UK. As we have heard, county lines are exploiting young people.

There were 3,744 drug poisoning deaths involving both legal and illegal drugs in the UK in 2016, 70 higher than in 2015 and the highest number since comparable statistics began in 1993. Scotland has the EU’s highest rate of drug-related deaths, double that of 10 years ago. The number of opiate-using clients in rehabilitation has fallen by 14% over the past seven years and recovery rates are falling. Can the Minister explain

how the Government can maintain that their drugs strategy is working against the background of such statistics?

New psychoactive substances—“legal highs” as they were known—were developed to replace drugs controlled under the Misuse of Drugs Act because they were illegal and legal highs were not. The new psychoactive substances have proved to be more dangerous and more likely to result in violence and psychosis, yet personal possession of these substances is not an offence. The police cannot stop and search for possession of new psychoactive substances. In short, the whole legislative framework around drug misuse is confused and is creating more harm, more deaths and more violence. We will continue to campaign to take drugs out of the hands of criminals, to adopt a harm-reduction, health-based approach, and to legalise and regulate cannabis to control its potency and to keep it out of the hands of children and young people.

It is not just the Liberal Democrats and the noble Lord, Lord Suri, who are saying that. In an editorial last month, the *British Medical Journal* said that it was firmly behind efforts to legalise, regulate and tax the sale of drugs for recreational and medicinal use. In April, the Royal College of Physicians took the important step of coming out in favour of decriminalisation, joining the BMA, the Faculty of Public Health and the Royal Society for Public Health in supporting drug-policy reform. In Portugal, where non-violent possession of drugs has been decriminalised, consumption has not increased but drug-related deaths have fallen considerably. In the Netherlands, the USA and Canada, regulated markets for the sale of cannabis generate substantial tax revenues. Can the Minister explain the downsides to this approach?

Sadly, I am not as positive as the noble Lord, Lord Hogan-Howe, about the *Serious Violence Strategy*. It may be 112 pages but it is thin on content. As the noble Lords, Lord Balfe and Lord Cormack, said, the analysis is good but effective answers are lacking. I think it was Mintzberg who said that strategy was little more than post-event rationalisation—and I think this is Mintzberg’s sort of strategy. Where are the action plans? Where are the smart objectives and milestones? Where are the measures of success? I share the doubts of the noble Lord, Lord Suri, about the task force.

Despite the fact, highlighted in the strategy, that each incident of violence is estimated to have an economic and social cost of £13,900, there is a woeful lack of government investment to tackle the problem of serious violence and a total lack of investment in police resources. The strategy contradicts itself. On the one hand it says that stop and search is not correlated with violent crime, but on the other it says that certainty of punishment has a greater impact on preventing crime than severity. Despite those facts, there has been a reduction in the number of arrests and in the number of charges for serious violence—but the Government are obsessed with increasing prison sentences and reducing police budgets.

The APPG on Knife Crime, of which I am a member, has talked to young people involved in knife crime. They told us they felt unsafe, and that they did

not have confidence in the police to protect them so that they have to carry a knife to protect themselves. As the noble Baroness, Lady Newlove, warns, a knife or a gun is coming to be seen as an essential accessory. Prisons were seen by these young people as training camps where they could learn to be smarter criminals and hang out with their mates. Having been to prison, their status among their peer group was enhanced.

As a result of the 25% reduction in police funding from central government since 2010—and the real-terms reduction is continuing—there has been not only a dramatic reduction in the number of police officers but the near-eradication of police community support officers, because the latter can be made redundant whereas the former cannot. As the noble Lord, Lord Hogan-Howe, pointed out, the Metropolitan Police alone have had to find savings of £600 million to date. The strategy then gives an example of where visible policing by PCSOs in hotspot areas for serious violence has led to a 39% reduction in crime. How can you replicate that when there has been a 99% reduction in the number of PCSOs?

It is not just visible deterrence, crime prevention and enforcement resources that are sadly lacking. In terms of other interventions, there are far too many expressions in the strategy of “we will look at” or “we will examine” and not enough “we will do”. For example, young people’s advocates support gang-affected women and girls. They have been going since 2012, yet the strategy says the Government will explore whether the YPA model should be expanded and supported in other areas. Is the initiative working? If it is, why, after six years, has it not been expanded? If not, why is it in the strategy at all? The strategy appears to be filled out with such examples of small initiatives involving tiny numbers of people and no promise of future government investment.

Time is against me so I will say just a few more things. As the noble Lord, Lord Hogan-Howe, said, the police and community need to stand together to tackle gun and knife crime. They did it before with Operation Trident at the end of the 1990s, when community leaders identified witnesses to black-on-black gun crime and encouraged them to come forward, protected by the police. Stop and search can be effective in taking guns and knives off the streets if the community tells the police who the gun and knife carriers are and when they carry them. However, that requires trust and confidence between the police and the community, which requires neighbourhood policing and PCSO numbers to be restored, and that requires cuts in police budgets to be reversed. That is why the Liberal Democrats, in our fully costed manifesto last year, pledged an extra £300 million a year for community policing, more than any other political party. That figure should be compared with the total promised in the strategy of £40 million, which, as the noble Baroness, Lady Newlove, described it, is a drop in the ocean.

We need to get out the counternarrative to the pro-gang, pro-drug-dealing and pro-crime message that pervades social media. That is where charities such as Growing Against Violence, of which I am a patron, come in, changing perceptions and behaviours. Only those at the top of the pile in gangs and drug dealing networks earn vast wealth and avoid becoming

victims of serious violence. The street dealers and those lower in the gang hierarchy take all the risks, are subjected to serious violence, and the cost-benefit analysis for them rarely turns out positively. We need to get this message across and this requires government funding. There need to be positive alternatives to gangs for young people who tell us they need a sense of belonging. This is partly as a result of family breakdown, as the noble Lord, Lord Farmer, said.

I complain about central Government cuts to police funding but these are nothing compared with the cuts to local authorities which could, should and used to provide youth services and outreach workers, and sustainable core funding to charities and community groups which can provide a safe and positive alternative to gangs.

Young people may predominantly be involved in the increase in serious violence, but we are all to blame. We are letting them down by not listening and by not providing them with hope and opportunity or with the support that they need. As the noble Lord, Lord Bird, said, we are not providing them with the education that engages them. There is some good in this strategy but it falls way short of what is required.

5.21 pm

**Lord Kennedy of Southwark (Lab Co-op):** My Lords, first, I thank the noble Baroness, Lady Manzoor, for tabling this Motion which enables the House to debate the Government’s *Serious Violence Strategy*. I declare an interest as a vice-president of the Local Government Association.

All of us in this House want the Government to be successful in tackling serious violence. It destroys people’s lives, families and communities. We are in the midst of a very serious problem and it is on the rise. There is no one agency to tackle this. A number of organisations have an important role to play—not only the police and the justice system. Local authorities, the health service, the youth service and many other partners and charities are involved as well.

There have also been cuts to the number of police officers—a reduction of around 20,000. This has undoubtedly affected the ability of the police to deal with crime. It is definitely a reason—not the only one, but it is ridiculous to suggest otherwise. Noble Lords may be aware that the Commissioner of the Metropolitan Police, Cressida Dick, in her evidence last week to the Home Affairs Select Committee, said it would be naive to suggest that police cuts had not impacted on levels of crime. The noble Lord, Lord Hogan-Howe, identified a number of ways in which we could raise some additional funds to help with this. I hope that the Minister will respond to these points.

The noble Lord, Lord Bird, made some important points about police cuts, cuts to youth offending teams and generally about the loss of the youth service. Young people are being failed and put on the wrong road. Getting them back on to the right road becomes more and more difficult as people move on.

Having said that, most people are law abiding. Looking back at my time in my comprehensive school, most of my friends have done pretty well for themselves

[LORD KENNEDY OF SOUTHWARK]

and hold down reasonable jobs. We must not forget that there are a few upper-class criminals knocking around as well. It is not just the working class. One of my best friends is a single parent. She brought up a very fine young man who is in his second year at university. She has done a marvellous job with him. There are a lot of wonderful single parents who do a wonderful job. We must never forget this.

Most serious crime is actually committed by quite a small group of individuals who make everybody else's lives very difficult. The criminals are fully aware that they will be pursued and brought to justice for the crimes they commit. It is important that people understand this.

We have talked about the scourge of drugs, which is at the heart of a lot of serious violence—particularly crack cocaine. I was struck by the report's stating that in half the murders between 2014-15 and 2016-17, either the victim or the suspect was known to be involved in dealing or taking drugs. At every point in the supply chain there is serious violence, and the profits from the trade are used to fund other serious violence and even terrorism. The noble Baroness, Lady Newlove, was absolutely right when she commented about middle-class use of crack cocaine. She was absolutely spot on and is respected across the House for the important work that she does for victims.

The age of people getting involved is also shocking, with young children of seven, eight, nine or 10 being used as mules to take drugs across county lines and coming to the attention of police forces many miles away. I know that some kids from south London were picked up in Southend. It is ridiculous where we have got ourselves to. The new national county lines co-ordination centre should help but, as noble Lords have said, much more needs to be done.

During my time on the parliamentary police scheme, I spent a few weekends in Greenwich looking at the work it has done with young people. It is wonderful work to try to steer children away from crime. Early intervention from the police, social services, schools and other professionals is required to tackle this problem.

As we have heard, knife crime is on the rise and the number of young people who have lost their lives is truly tragic. Young people carry knives for all sorts of reasons, and some clearly do it as a form of protection, but the fact that they carry a knife means they are more likely to get involved in a serious incident.

Schools have an important role to play here in the work they do with young people and making sure that knives are not brought into school, although I have also heard of the prevalence of knives being hidden around the edge of the school in bushes or trees, or on council estates. They bring their knife with them, hide it, go in to school, come out and pick it up again. I know that there have been searches in some places, with police officers checking the area around the school, and I was shocked at the number that had been found.

There is an even more worrying tendency for weapons to be made. In one case, someone had filed a spoon to turn it into a knife. It looked like a spoon, but it was actually a very sharp blade. You look and say, "Oh, he

has a spoon", but actually he has a knife. Young people may see people on television making shanks and all sorts of things. Early intervention to steer young people away from that is of the utmost importance; otherwise, they get trapped in a cycle of criminality and we all pay for the consequences.

Youth violence is a complex problem. As the noble Lord, Lord Farmer, said, the role of gangs in providing a kind of family is clearly an issue. I went to primary school in Camberwell, where there has been a gang problem. I was amazed to learn that the gang that operates there would not dare cross Camberwell New Road into Lambeth, as that is another gang's territory. That is an area I grew up in and know very well, but I had no idea that such things go on. They literally would not cross Camberwell New Road—not on their own, anyway.

Intervention must start straight away. Of course, not everyone is lucky enough to have loving parents to look after them, parents with the right skills to bring them up or, as we have heard, the right role models. The noble Lord, Lord Farmer, made important points about the problems that can develop where there is no father figure in the family or someone they can look up to.

We have also mentioned Sure Start, which was of course one of the legacies of Baroness Jowell. It is disappointing that over the past eight years, we have seen the decimation of Sure Start centres, because they play a really positive role. The Government should look carefully at Sure Start and provide further funding to expand that service.

Schools and teachers also have an important role to play in equipping children with the right skills, and in being able to spot the signs of distress and trauma—as I said, not everyone has the benefit of a loving and supportive family. The youth service is crucial to that, but that too has been decimated. The noble Earl, Lord Listowel, made those very points.

Other noble Lords mentioned social media, which, of course, has changed our lives dramatically—unfortunately, as we have heard, not always in a positive way. It is extremely disappointing that social media companies are still not quick enough to take down illegal content and things that encourage serious violence. More should be done, and I wish the Government well in this as we need to deal with it properly. It is disappointing that we have to return to this issue again and again, and some of these companies still do not act promptly enough.

We should also recognise that smartphones and electronic equipment are helping with serious crime. The encryption services make it easier for criminals to communicate with each other and difficult to detect them, which is a problem. Having said that, smartphones often also provide a lot of evidence of criminality, but it is a difficult issue. Working on making it harder for criminals to get hold of firearms is to be welcomed, as are the restrictions on the sale of acids to those under the age of 18. A number of noble Lords mentioned knife sales, which must be kept under review. It is relatively easy to buy knives here; I think the noble Lord, Lord Balfe, spoke about making it at least as hard as it is to buy alcohol. We could do more work on knife sales to see that they are as they should be.



Domestic violence is a horrific crime that in many cases should be seen as really serious violence. I have spent some time with the domestic violence unit in Greenwich, and the work it does with the local council in tackling this horrific crime is to be commended. I was shocked when I saw some of the cases, involving really serious beatings and appalling stuff. I look forward to the domestic violence Bill coming to this House. What works in Greenwich is the positive collaboration between the local authority, the health service and the police, and I was impressed by what I saw there in dealing with the problem.

I agree with the noble Lord, Lord Cormack, on citizenship. I have been to a number of citizenship ceremonies in Lewisham, where people turn up in their best and are very happy to receive their certificate. The noble Lord is absolutely right on the points he made.

This is not the first report that Governments have done to try to tackle the issues we all want tackled. My worry is that although a lot of these documents—from Governments of all persuasions—have lots of good things in them, where is the follow-through? We have to make sure that these issues are followed through. Maybe the Minister can tell us how she will do that, so we will not be back here again in two, three or four years' time with another document about serious violence. This needs to be dealt with.

This has been a very useful debate and I look forward to the Minister's response.

5.32 pm

**Baroness Manzoor:** My Lords, I thank all those who have spoken in the debate this afternoon, and what an interesting, wide-ranging and informative debate it has been. We can all agree that there is a real willingness across the House to work together to tackle this serious issue and to see an end to the tragic loss of lives in all our communities.

I start with the issue raised by Lord Southwark, which is how to move on from here and how we do not want to be here in a few years' time again addressing the *Serious Violence Strategy*. I entirely concur with him. I have been pressing the department and officials very hard on this issue, and I can give a categorical assurance here that we are taking it very seriously. It is a complex issue with complex solutions, but it is something that we want to tackle together through partnerships, working with a whole range of partners for the first time, and breaking down those barriers that have previously existed.

I thank all noble Lords who have taken part in this very important debate. I particularly pay tribute to my noble friend Lady Newlove, who gave a very moving account of the effects of serious violence on families. I am very sad about the tragic incident that happened in her life. I know she is using her experience, and we are grateful for the significant work she is doing to help support other victims.

I have been asked a lot of very serious questions, and I have made copious notes. If I do not answer all questions today, I will endeavour to write to noble Lords and place a record in the Library for their reference.

Almost all noble Lords, in one form or another, raised the issue of funding for the strategy, including my noble friend Lady Newlove, the noble Lord, Lord Bird, and Lord Southwark. I agree that the strategy will see only £40 million of Home Office money invested, but this is to support new and specific additional initiatives to tackle serious violence. It is not the only bit of money; it is in addition to the significant funding already provided to police for law enforcement and to local authorities for youth services.

The strategy includes the £11 million early intervention youth fund, as I mentioned in my opening speech, and £3.6 million over two years for the new national county lines co-ordination centre. The idea behind this centre is to work closely across all police forces, so that we have information and an evidenced approach, learning from what is happening across the country.

The noble Lords, Lord Farmer, Lord Bird, Lord Balfe and Lord Cormack, Lord Southwark and the noble Earl, Lord Listowel, gave an excellent account of the importance of family support and issues around lone parenting. This strategy recognises that family environment is important for its impact on a child's upbringing and the risk of them being drawn into crime. That is why the Government stress the importance of early intervention, and this includes supporting families and supportive trusted relationships. The troubled families support programme provides whole-family support including a designated key worker to families with complex needs, which could include families where there is the risk of serious violence or of offending. The Government have committed £920 million to the troubled families programme from 2015 to 2020, which aims to achieve significant and sustained improvements for up to 400,000 families by 2020.

I also recognise the importance of the Sure Start programmes mentioned by Lord Southwark and others. I cannot give a categorical answer to the question he raised with me, but I recognise the importance they have had to play in the lives of children from disadvantaged backgrounds.

We have also recently launched the trusted relationships fund. The Home Office is providing £13 million over the next four years to support young people at risk of child sexual exploitation, gang exploitation and peer abuse. The fund aims to support interventions which will help young people to build positive and trusted relationships with adults who are there to support them, and will reduce the risk of them becoming victims or perpetrators of crime.

I was interested when my noble friend Lord Farmer said "be in that crew and have a family". I recognise that term, and it is really important and absolutely essential that we address that issue so that young people do not feel that they have to be part of a particular gang or part of a crew. I hope that what I have identified stresses clearly the importance that the Government place on family and family life and parenting.

Additionally, the Home Office is supporting police forces to develop new models of preventive policing. Around £7 million has been awarded to the four police forces in Wales which, in collaboration with Public Health Wales, will test a new approach to policing which prevents and mitigates against adverse childhood

[BARONESS MANZOOR]

experiences. The noble Baroness, Lady Massey, mentioned social workers and the impact of adverse childhood experiences, which need to be addressed. That work is based on research; it is going to be evidence-based and about the impact of childhood trauma and environment on the future risk of being a victim or offender. We will monitor and evaluate that work very closely.

The noble Lord, Lord Bird, raised the importance of good schools and resources, as did other noble Lords. Once again, I was struck by the noble Lord's phrase when he asked, "Who is this person?" He said that it came from a sense of need and raised the issues of disadvantage. Once again, those issues are recognised in the strategy, and we will look at implementing proposals as we gain more information on how we can tackle this complex issue.

A number of noble Lords referred to police numbers and resources. Police and law enforcement play a vital role in tackling these offences. However, as I have already said, big shifts in crime records tend to be driven by factors outside of the police's control, such as drug rents and markets. Overall, public investment is growing, from £11.9 billion in 2015-16 to just over £13 billion in 2018-19. However, the Home Secretary has made it clear that he will work with the police to assess and put forward the evidence to ensure that the police receive the resources they need to do their vital work.

I am conscious that I still have pertinent questions to answer. One other area that most noble Lords mentioned was to do with youth services. The noble Earl, Lord Listowel, my noble friends Lady Eaton and Lady Newlove, the noble Baroness, Lady Massey, and others were all concerned about reductions in youth services funding. Of course, we all recognise the importance of activities and services that help young people to develop their skills, but we must remember that local authorities are responsible for allocating funding to youth services, in line with local needs. The Government have made more than £200 billion available to councils for spending on local services up to 2019-20.

The noble Earl, Lord Listowel, asked whether I would be happy to meet him to talk about youth services. Of course, Ministers, such as my noble friend Lady Williams, and I are always very happy to discuss with anyone any issues outlined.

Stop and search was mentioned by the noble Lord, Lord Hogan-Howe. Stop and search remains a key priority for the Home Office. The best use of the stop and search scheme is a powerful vehicle for driving improvement. Of course, police use of stop and search must be done proportionately and fairly, and member forces are held to high standards to ensure that that is done.

The noble Lord, Lord Hogan-Howe, also talked about the importance of new technology. I agree with him that there are a number of benefits that come with the use of body-worn cameras in stop and search. These include the protection of both the officer and the public. These cameras have been used to record stop-and-search encounters and we support their use for this purpose by forces across the country.

Lord Southwark, my noble friend Lord Balfe and others raised issues—

**Noble Lords:** Lord Kennedy!

**Baroness Manzoor:** I am so sorry. I have to stop referring to "Lord Southwark". There is no such person: it is the noble Lord, Lord Kennedy of Southwark. I sincerely apologise to the House and to the noble Lord. Ever since I came to your Lordships' House, I have thought of the noble Lord as "Lord Southwark"—I bet that people were wondering who on earth this person was, so I again offer my sincere apologies.

As the noble Lord, Lord Kennedy, said, social media itself has nothing to do with serious violence, but he is right that there is strong evidence that rival gangs are using social media to promote gang culture, taunt each other and incite violence, and this must stop. The Home Secretary and other Ministers are meeting with various media platforms to ensure that we can get them to take off any material very quickly and to go faster to tackle illegal content online.

I turn now to specific questions that were raised. They are not in any order, but I thought they were very important. As the noble Lord, Lord Kennedy, and others have said, it is important that we have a multistrand approach; this is essential to tackling serious violence. It involves a range of partners across different sectors. We cannot do this on our own, and therefore, while the amount of money—£40 million—seems small, there is already a significant amount of funding in place. This will pump-prime better co-ordination.

My noble friend Lady Newlove raised the importance of positive alternatives for young people. We recognise this, and that is why we are addressing the image issue and are looking at positive role models, as well as addressing county lines and looking at exploitation of young people. We will be providing £11 million over the next two years to support early intervention and prevention through the early intervention youth fund. We are pleased to have Kathryn Morley, chief executive of OnSide, on the serious violence task group.

On the tackling of county lines, we are providing £3.6 million, as I said, to support the new national county lines co-ordination centre. My noble friend Lady Eaton raised this issue. The centre will also help the National Crime Agency and the police to improve their understanding of county lines. It will also support operation policing. We need to do this because, if we do not, the evaluation that we talked about before and the improvements that we want to bring about will not happen. The noble Baroness, Lady Massey, also talked about county lines and the exploitation of young people, and asked what works. I have already addressed that; the strategy places a strong emphasis on building on evidence of what works, and the College of Policing is looking at this.

The noble Baroness, Lady Massey, also spoke about evidence that class A drugs are driving serious violence. The strategy sets out clearly some of the issues and does the analysis of what is driving serious violence, and, as we have mentioned, drugs are an important factor. The noble Baroness, Lady Massey, also mentioned the importance of social workers, and it is key that we ensure that they are engaged early. Through this, the co-ordinating centre will ensure that this is taken forward.

The noble Lord, Lord Hogan-Howe, asked what action we are taking to disrupt supply of firearms at the border. As the noble Lord will know, we have been applying the lessons learned from Operation Dragon Root, which was a multiagency operation undertaken in autumn 2016 that involved the NCA, counterterrorism policing, regional organised crime units, border forces and others. That includes a new joint firearms unit, funded by the Police Transformation Fund, and we will give money to have more effective responses to illicit firearm supply. I will not say too much more about the Police Transformation Fund, because I addressed that in my opening speech. However, it is a police-led and police-driven fund, and people are bidding into it; the Home Office will look at how they deliver those services and evaluate them.

My noble friend Lady Eaton spoke about children's services and the funding gap. Over £200 billion has been made available to councils to deliver local services, including children's services, up to 2020, and of course we will concentrate on spending about £1 billion on the most vulnerable.

The noble Lord, Lord Bird, talked passionately about the root causes of crime and the issues of education and poverty, and I agree entirely with him. My father, who died when I was in my 20s, advocated the importance of education—I do not come from a privileged background. We recognise that the root causes of violence are complex, which is why the strategy places a new emphasis on early intervention and prevention. In January 2018 it was announced that £90 million of dormant accounts money will go to supporting disadvantaged and disengaged young people with their transition to work.

My noble friend Lord Balfe talked about the sale of knives online. A new offensive weapons Bill, which will be introduced within weeks, will include a new offence preventing knives being sent to people's homes when bought online.

A number of questions were asked by the noble Lords, Lord Hogan-Howe and Lord Paddick, and my noble friend Lord Suri. I have already said that I will write to reply to all the questions that have been asked. As I have run out of time, I hope that noble Lords will forgive me for not answering their questions, in particular the noble Lord, Lord Paddick, who asked a number of key questions about YPAs; I will of course write to him.

In conclusion, I thank all noble Lords for taking part in this debate. I very much look forward to working with them closely on this important strategy, because we all want to make a real difference to young people's lives.

*Motion agreed.*

## **G7: Charlevoix, Quebec** *Statement*

5.54 pm

**The Lord Privy Seal (Baroness Evans of Bowes Park) (Con):** My Lords, with the leave of the House I will now repeat a Statement made by my right honourable friend the Prime Minister in another place. The Statement is as follows:

“With permission, Mr Speaker, I would like to make a Statement on the G7 summit in Quebec. The G7 is a forum that allows close allies with shared history and values to discuss issues that affect the security and prosperity of our people and of the world at large. Discussion at this year's summit focused on our shared efforts to promote the rules-based international order; to advance free and fair global trade by making the global economy work for everyone; to strive for equal opportunities for all our citizens; and to drive further action to protect the environment, and in particular our oceans. As was clear over the weekend, there was strong debate and disagreement on some issues, but, after detailed discussions between leaders and our teams, we were able to find common ground and draw up a communiqué which reflected these discussions and the agreements we reached.

I want to pay particular tribute to Prime Minister Trudeau for his leadership and skilful chairing, which enabled us—after two days of negotiation between leaders—to agree actions and a shared approach on some of the most pressing challenges facing the international community and our citizens. The UK fully intends to honour the commitments we have made.

Recent events have underlined the importance of a strong international response to malign state activity. We cannot stand by when international law is undermined, when the security of our citizens is compromised and when foreign interference in our democratic institutions threatens the values and interests that we share. So at this summit we agreed to establish a new rapid response mechanism. As a result, G7 nations will work together to share intelligence, co-ordinate action and develop new strategies to tackle this growing threat.

We also agreed that we must maintain the global norm against the use of chemical weapons and that we will strengthen the ability of the Organisation for the Prohibition of Chemical Weapons to attribute responsibility for chemical weapon attacks. We all agreed in our discussions and our communiqué that we need to maintain sanctions on Russia in light of its failure to fully implement the Minsk agreements in Ukraine and that we stand ready to take further restrictive measures if necessary.

Turning to trade and the global economy, it is clear that in many of our countries some people feel left behind by globalisation and that not all countries are playing by the rules. We must address this. We need to make the international rules-based trading system work better so that the benefits of free trade can be felt by all. This includes encouraging the World Trade Organization to operate more effectively in supporting a global economy that works for everyone. Multilateral action is the right way to achieve this. It cannot be done by taking unilateral action against your partners.

So at this summit we expressed deep disappointment at the unjustified decision of the United States to apply tariffs to steel and aluminium imports. The loss of trade through tariffs undermines competition, reduces productivity, removes the incentive to innovate and ultimately makes everyone poorer—and in response the EU will impose countermeasures. But we need to avoid a continued tit-for-tat escalation. That is why it

[BARONESS EVANS OF BOWES PARK]

was right that we had such an open and direct discussion at this summit and why, as a champion of free trade, the UK will continue to support a constructive dialogue. As long-standing allies we do not make progress by ignoring each other's concerns but rather by addressing them together.

Turning to equality, there was a special session at this summit focused on empowering and supporting women and girls around the world. Efforts to tackle global poverty are fundamentally undermined as long as millions of girls are not getting the education they deserve. So at this summit the United Kingdom announced £187 million of new funding to support over 400,000 girls in developing countries in getting 12 years of quality education.

We also called for new action to prevent gender-based violence, abuse and harassment online. Women and girls must be able to use the internet without fear of being subjected to online rape threats, harassment, cyberstalking, blackmail and more. Following the UK's call for action last year, tech companies have made real advances in tackling online terrorist propaganda. In Canada I called for this work to be extended to end the abuse targeted specifically at women and girls. We committed in particular to new joint working on stopping the internet being used to facilitate people trafficking for the purposes of sexual exploitation.

Finally, on World Oceans Day, the UK sought to build on the international agreements we reached at the Commonwealth summit in April by calling for a global effort to protect our oceans from avoidable plastic waste. This is one of the great environmental challenges facing the world today. This summit recognised the need for global action, including working with business, industry and non-governmental organisations to find innovative solutions. The UK is continuing to lead by example at home through our 25-year environment plan, and on Friday we proposed to extend the blue belt protecting sea life around the English coast, with a further 41 new marine conservation zones.

This was a difficult summit with, at times, some very candid discussions, but the conclusion I draw is that it is only through continued dialogue that we can find ways to work together to resolve the challenges we face. The countries around the G7 table have been pillars of the rules-based international order, which has benefited all our citizens and, I believe, the world as a whole. The United Kingdom, with our allies and partners, will continue to play our part in promoting that order to the benefit of all. I commend this Statement to the House".

My Lords, that concludes the Statement.

6 pm

**Baroness Smith of Basildon (Lab):** My Lords, first, I congratulate the Prime Minister on resisting the temptation to issue her Statement on the summit on Twitter.

We agree with the opening remarks in the Statement: it is worth reminding ourselves of the purpose and value of the G7. These seven developed, large modern economies have recognised both self-interest as a group and wider world responsibilities. We have worked together during financial crises and on the sustainable development

goals, and we have taken action on debt for the heavily indebted poor countries. There have obviously been criticisms of that time, but these gatherings have been optimistic and have sought to be effective and responsible.

This time, it is fair to say that expectations were pretty low before the summit, but I suspect that the real outcomes—not just those in the communiqué—are more worrying than anyone anticipated. It is increasingly clear that, despite the best efforts of G7 members to seek to manage and engage with President Trump, the US President does not abide by the same rules. It may appear chaotic, but his unpredictability has become very predictable. Even as other G7 leaders and the EU Council President thanked Prime Minister Trudeau and his team for hosting the summit, President Trump tore up the diplomatic rule book to decry the Canadian Prime Minister as being “weak” and “dishonest”. Those now trademark forthright tweets appear to isolate him from the G7 as an effective group and, whatever agreements are reached and whatever compromises are made, it is not certain whether the agreement or acquiescence of the US will last as long as the flight home.

One part of the Prime Minister's Statement evoked memories of the understatement of Sir Humphrey Appleby and Jim Hacker in “Yes, Prime Minister”—the part where she says:

“This was a difficult summit with, at times, some very candid discussions”.

How well this was illustrated by the marvellous photograph of Chancellor Angela Merkel, supported by the other leaders, as she leans forward across a table to a seated President Trump, with his arms folded, looking away from her at something in the distance—he did not want to look at her. You could almost hear that “candid discussion”.

The implication of this summit is that it appears that President Trump does not see himself or the US as part of a global strategy seeking a consensus on key international issues. Indeed, he does not appear to value his association with the UK. The Prime Minister has made much of her special relationship with President Trump, and Ministers have been vocal in their opinion of the necessity of this, particularly in a post-Brexit world. However, when asked about his relationship with the G7, President Trump declared that the level of his relationship was a 10 with “Angela, Emmanuel and Justin”, very pointedly and deliberately ignoring Mrs May and, later, briefing against her. If our Prime Minister has irked the President in some way, it could well be to her personal credit that she has done so, but it does not bode well for our transatlantic special relationship. It also means that our relationship with our European partners is all the more essential.

Even without US endorsement, there are some good and strong outcomes in the communiqué. We appreciate that the G6 has signed up to a progressive, value-based programme that is to be welcomed. It includes the condemnation of Russia's destabilising behaviour in seeking to undermine democratic systems, its support of the Syrian regime and the attack in Salisbury. Yet, although initially signing up to this, President Trump also called for Russia to again be part of a G8 summit.

We welcome the recognition that ensuring that all citizens benefit from the proceeds of growth is essential for a cohesive modern society to meet the challenges ahead. Given the imposition of the new US tariffs, to which the noble Baroness referred, President Trump's intentions, if not the accuracy of the assessment, could not have been clearer. The Prime Minister refers to the open, direct discussion, but President Trump did not sound like he was discussing it with anyone. He said:

"We're like the piggy bank that everyone's robbing. And that ends".

He went on:

"If they retaliate...we win that war a thousand times out of a thousand".

This is clearly a difficult situation. Can the noble Baroness say anything more about the implications for the forthcoming EU summit and what discussions she has already had with our current European partners?

The commitment to a more secure and peaceful world and advancing gender equality and women's empowerment are important statements but, to be effective, they must jointly be acted on with political will and adequate funding. This was also a key issue at CHOGM earlier this year. I ask the noble Baroness, if she can respond today, how this builds on the CHOGM discussions. Is it consistent with the outcomes from that conference?

The statement on the protection and sustainability of our oceans and coastal communities is clear and far-reaching. Was the impact of the US withdrawing from the Paris agreement properly discussed? The comment at the end of that section of the communiqué is conciliatory to the US, but that US decision has serious implications.

If we are to build a more peaceful and secure world, all countries must abide by international law and their international responsibilities. Yet, in the past few days, the Italian Government have refused to let a rescue ship dock despite it carrying around 600 refugees, including young children, unaccompanied minors and pregnant women. That undermines those international agreements and the sense of shared responsibilities that underpin bodies such as the G7 and the G20. What discussions have the UK had with other EU countries regarding this situation and future implications?

I hope that, when the noble Baroness answers the questions today, she will also turn her attention to the value of the relationship we will have in the future with our EU partners.

**Lord Newby (LD):** My Lords, it is easy to feel some sympathy for the Prime Minister and the other non-US members of the G7 today. It must be extraordinarily frustrating dealing with an American president given to "fits of anger", to quote President Macron, and they must all share Chancellor Merkel's view that it was "sobering and a little depressing". Again, Sir Humphrey would appreciate the understatement in that phrase.

For the Prime Minister and her colleagues, though, it must be particularly depressing because a large part of the case which Liam Fox, Boris Johnson and others make for Brexit rests on the assertion that the UK will

receive a warmer welcome from the other English-speaking countries in negotiating favourable free trade arrangements if we free ourselves from the shackles of the EU. America's supposed commitment to free trade was the key to that argument, as was the closeness of the special relationship which, we were told, would guarantee British leaders easy and preferential access to the White House. President Trump has now demonstrated that he does not believe in the special relationship at all. The Prime Minister does not even feature in the list of leaders with whom he has a good relationship—or, rather, had a good relationship, before he fell out with all of them—and he rejects the principles of free trade. This leaves the justification for leaving the EU to pursue more open markets elsewhere dead in the water. How appropriate that it was World Oceans Day with the Government and the G7 so at sea.

The G7 meeting has rightly been described as a G6 plus one, with the UK aligned with France, Germany, Italy, Canada and Japan in resisting the arguments of the US. However, only last week our Foreign Secretary was describing our European neighbours as the enemy rather than the allies with whom we are most closely associated and with whom we share interests and such close values. It is hardly surprising that the Prime Minister appeared to play only a marginal role in this summit, while Merkel and Macron stood up to Trump. Is it not the case that we have now marginalised ourselves as a nation and lack any coherent foreign policy whatsoever? The EU will now impose retaliatory measures against the US tariffs on steel and aluminium, but the Prime Minister is urging caution. In the Statement, she says that she wants to avoid tit-for-tat measures, but that is what countermeasures are. Could the Leader of the House, therefore, explain what sort of measures the PM does think appropriate? Could she explain what the Prime Minister hopes to gain by resisting calls from the rest of the EU for a firmer response?

The Prime Minister also said that, as long-standing allies, we do not make progress by ignoring each other's concerns but by addressing them together. What do those words mean in the context of the attitude of President Trump, and by what means does the Prime Minister propose to do this in practice? Is she really going to start replying to President Trump's tweets, or is there some sense in her mind about what those words might mean?

The world today is in greater disarray than it has been for decades. Nothing in the Prime Minister's Statement would give you any sense that that is the case. In these circumstances, you need to embrace your friends in order to rebuff those who do you harm. This weekend has demonstrated that our friends are in Europe, and that we should be standing with them and not planning a walk into the wilderness.

**Baroness Evans of Bowes Park:** My Lords, I am grateful to the noble Baroness and the noble Lord for their comments. I say again, as the Prime Minister made clear in her statement, this was a challenging summit, and we are not denying that, and there were difficult discussions, but we continue to believe that continued dialogue is the way to make progress.

[BARONESS EVANS OF BOWES PARK]

In relation to the communiqué, as we said, it was agreed by all parties. We fully intend to honour it, and we certainly hope that the US will also stand by the agreements made, and we will continue to have discussions around that.

On the question that the noble Baroness asked about Russia, the Prime Minister was very clear that, before any conversations can take place about Russia's future involvement in this group, it must change its approach. Of course, we have to remind ourselves why the G8 became the G7. It was because of Russia's illegal annexation of Crimea—again, a point that was reiterated at the summit.

On the questions on climate change, the Prime Minister once again made it clear that we remain firmly committed to the Paris Agreement, and the international momentum that underpins it, we believe, is irreversible. What we now need to do to move forward is agree on a robust set of rules to enable it to function effectively. While we may differ on the Paris Agreement, we still believe that within the G7 we can work together on solutions to address impacts and build greater resilience while creating economic opportunities.

The noble Baroness rightly raised the issue of the ship that was not taken by Italy or Malta. I think it is good that Spain has now said that it will step in, so we are very pleased that progress has been made there. Of course, we will continue to support international efforts to effectively manage migration flows, tackle people smuggling and prevent people from making perilous journeys across the central Mediterranean Sea. We are committed to working with European partners in continuing with our efforts to aid Italy and other countries with the issues that they face.

On the comments by the noble Baroness and the noble Lord, Lord Newby, about our relationship with the United States, it is true that of course difficulties were experienced in the summit, but we remain strong partners and allies. We have of course recently worked together to expel Russian spies, to increase bilateral data sharing and to make plans for the next generation of F35s. Of course, when the President visits in July, we will be able to continue some of the discussions that we have had over the past few days.

The noble Baroness asked about the £187 million of new funding announced at the summit. That will support more than 400,000 marginalised girls in developing countries such as Afghanistan, Ethiopia, Somalia, Zimbabwe, Nepal and the Democratic Republic of Congo. It builds on the commitments made at the Commonwealth summit and the announcement of £212 million for phase 2 of the Girls' Education Challenge. Those funds will help nearly 1 million marginalised girls across the Commonwealth to benefit from quality education to 2025.

The noble Lord and the noble Baroness both asked, quite rightly, about tariffs. I reiterate the point that the EU will impose countermeasures, but we all want to avoid a continued escalation and to maintain a constructive dialogue. We will continue to work with the EU and the US to achieve a permanent exemption. The Commission is required to seek member state approval

for any countermeasures to come into effect; it has announced its intention to do that this month. We made the point that we believe that the US tariffs hit the wrong target. China alone was responsible for roughly half of the overcapacity in steel in 2017. We believe that we need to use the G20 Global Forum on Steel Excess Capacity, in which China is involved, to help encourage a reduction in excess capacity. We also need a concerted international push to strengthen the global system of trade rules.

We of course want to continue to work constructively with our EU partners and friends. At this summit, we stood firm with them on a number of issues and we will continue to do so.

6.16 pm

**Lord Wallace of Saltaire (LD):** My Lords, does the Leader of the House accept that, for some of us, this is an almost surreal communiqué? It talks about the agreement of communiqué, but the President of United States has already resisted it. We are committed to the World Trade Organization, but the United States Administration are currently doing their utmost to undermine the global trading system, including—as I read in my emails this morning—by resisting the appointment of new judges to the arbitration procedures. So we have a crisis in the global trading system that this Statement does not begin to reflect.

Does the noble Baroness also accept that the commitment to a “rules-based trading system”, which is again proclaimed in the Statement, is resisted by many within her own party as incompatible with British sovereignty when it comes to the European Union and that their suggestion that the World Trade Organization will be sufficient does not come to terms either with the weakness of the world trading system or with the necessary compromises of sovereignty which those international rules would require of Britain?

Lastly and most importantly, since the Secretary of State for International Trade and the Foreign Secretary appear to regard the EU as the enemy, and the sooner we get out from co-operating with it the better, can the noble Baroness inform us whether we intend to co-operate with the other members of the EU in imposing countermeasures for the next nine months, for the next nine months plus the transition and implementation period or for longer? We thought that solidarity with the EU was something that we were about to get rid of.

**Baroness Evans of Bowes Park:** I reiterate that we remain a leading supporter of the global rules-based trading system. However, we accept that some elements of the WTO could be improved and we will continue to discuss issues such as improving transparency and dealing with state-owned enterprises and industrial subsidies with our partners—but we believe that the WTO plays an important role at the centre of our system.

On the noble Lord's question on steel tariffs, I have said that we are working with our EU partners to achieve a permanent exemption. We will work with them in relation to countermeasures. The Commission will be required to seek member state approval for these to come into effect, which it intends to do this month. We will of course be involved in those discussions.

**Lord Browne of Ladyton (Lab):** My Lords, I thank the Leader of the House for the repetition of the Prime Minister's Statement, which contained a report that the G7 agreed to strengthen the power of the OPCW to attribute chemical attacks. The OPCW does not have such a power—another UN body did, but it was closed when the Russians exercised their veto to stop its mandate being renewed. So how does the G7 without Russia intend to give this power to any body in the United Nations? Is there any explanation? What did the Prime Minister actually agree to?

**Baroness Evans of Bowes Park:** The communiqué agreed that we must maintain the global norms against the use of chemical weapons and there was agreement among leaders on the need to strengthen the ability—as the noble Lord pointed out, it is not there at the moment—of the Organisation for the Prohibition of Chemical Weapons to attribute responsibility for chemical weapons attacks. As he will be aware, there is a special conference of state parties later this month, which will be an important moment to demonstrate our determination to reinforce the Chemical Weapons Convention. We will, of course, be an active participant.

**Lord Cormack (Con):** My Lords, it would appear from what happened earlier today or late yesterday that President Trump has dissociated himself from the communiqué. Is that officially the position, or is the United States still officially signed up? When are we likely to have the pleasure of welcoming President Trump to this country? I think it would be a good thing if he did come, because he could hear what we think, as well as us hearing what he thinks. Has his invitation been confirmed?

**Baroness Evans of Bowes Park:** As I think I mentioned in answer to another question, the communiqué was agreed by all parties. We fully intend to honour it and we hope that the US will continue to stand by the agreements made. I believe that President Trump's visit is on 13 July: I could be wrong but it is certainly in July. He and the Prime Minister discussed the visit briefly and both are looking forward to it.

**Lord Touthig (Lab):** My Lords, the G7 was a total disaster so far as the values of freedom and democracy that we in the West have upheld for decades are concerned. The next major meeting of international leadership will be the NATO summit next month. What lessons do the Government think they will have learned from the G7, particularly about President Trump's views on NATO, to ensure that the NATO summit does not end up like the G7?

**Baroness Evans of Bowes Park:** As the Statement said, the conclusion the Prime Minister drew from this summit is that it is only through continued dialogue, through whichever forums, that we can work together to resolve issues that may have been raised. Of course, we will also make very clear to President Trump, as we have been doing consistently, that we are firmly committed to meeting the NATO commitment to spend 2% of GDP. Chancellor Merkel herself has admitted that

President Trump has a point about Germany's comparative low defence budget, so I am sure that there will again be robust discussions, but I am sure that continued dialogue is the way forward. President Trump has identified his commitment to NATO in the past and we look forward to seeing that continued during the summit.

**Lord Tyler (LD):** My Lords, the noble Baroness's answer to the noble Lord, Lord Cormack, leaves the House in even greater confusion. Is it the position of the Government that President Trump still endorses the final communiqué that he is said to have signed, or that he does not? On what evidence does the noble Baroness say that she thinks that he does still intend to support the commitments in the communiqué?

**Baroness Evans of Bowes Park:** What I said was that we hope that they will continue to stand by the arrangements. I do not speak for President Trump, so I cannot give the noble Lord the answer he wants. I think I have been pretty clear about our position and what we expect and hope to see from the United States.

**Lord Jones of Birmingham (CB):** Will the Minister please give us the benefit of her observation on the fact that we heard only a few months ago from members of the Opposition in this House and the other place that President Trump would not be welcome in this country and that the Government should not extend an invitation to him—yet those same people are now saying that we are at the bottom of the list of his affection? I would suggest that hypocrisy comes to mind.

**Baroness Evans of Bowes Park:** As I mentioned, the President and the Prime Minister had a brief word about his visit; they are both looking forward to it. We will take the opportunity to advance our common interests further, reflect on the importance of the relationship between our two countries and, no doubt, have further robust conversations.

**Viscount Waverley (CB):** My Lords, Russia has been mentioned on a number of occasions this afternoon. Is it anticipated that sanctions targeting Russia will exist in perpetuity, given that there are many who apparently believe that they will never exit Crimea—or were different scenarios considered?

**Baroness Evans of Bowes Park:** The leaders were very clear that the duration of sanctions is linked to Russia's complete implementation of its commitments in the Minsk agreements, and we stand ready to take further restrictive measures if necessary, should their actions require it.

**Baroness Smith of Basildon:** My Lords, as we have time, I wonder whether I can help the noble Baroness. She was asked twice about President Trump's reaction to the communiqué and whether he has signed it. In a tweet yesterday, he said:

[BARONESS SMITH OF BASILDON]

“Based on Justin’s false statements at his news conference, and the fact that Canada is charging massive tariffs to our US farmers, workers and companies, I have instructed our US reps not to endorse the communique as we look at tariffs on automobiles flooding the US market!”.

It would seem clear that he has withdrawn any support he gave to the communiqué at the meeting.

**Baroness Evans of Bowes Park:** As I have said in answers to a number of questions, all I can say is that we hope that they continue to stand by the agreements. We will certainly continue to honour them and we will continue to have discussions with President Trump on these issues.

**Lord Wallace of Saltaire:** May I ask again for a reply to the question I asked: will we continue to apply EU countermeasures to the United States after March 2019? This is an important question—and if there is no answer now, could we have one in the next few days?

**Baroness Evans of Bowes Park:** What I can certainly say is that we understand the importance of the steel industry in this country. We want to make sure that jobs are protected and we will continue to do that going forward. I will see if there is any further information that I can provide.

**Lord Faulks (Con):** My Lords, the Leader of the House will confirm that, notwithstanding our leaving the European Union, we will still be a member of the G7, working closely with other members, and that we will be in a position to agree and, in so far as possible, enforce any relevant sanctions.

**Baroness Evans of Bowes Park:** Yes, my noble friend is absolutely right.

## **Grenfell Tower** *Statement*

6.26 pm

**The Parliamentary Under-Secretary of State, Ministry of Housing, Communities and Local Government and Wales Office (Lord Bourne of Aberystwyth) (Con):** My Lords, with the permission of the House I beg leave to repeat the Statement made by my right honourable friend James Brokenshire, Secretary of State for Housing, Communities and Local Government, in the other place earlier today. The Statement is as follows:

“With permission, Mr Speaker, I would like to make a Statement on the Government’s response to the Grenfell Tower fire, meeting our commitment to update the House following the Opposition day debate on 16 May. I am also writing to the Chair of the Select Committee to provide a formal report on progress, a copy of which will be placed in the House Library.

As we prepare to mark a year since that tragedy, this will be an extremely painful time for the community. Many honourable Members provided powerful and poignant contributions in the e-petition and Opposition

day debates last month, and I know that the whole House will join me in sending the bereaved and survivors our love and prayers.

The fourteenth of June 2017 saw the greatest loss of life in a residential fire since the Second World War. Seventy-one people lost their lives on the night of the fire, and a former tower resident who was rescued from the 19th floor passed away earlier this year. The start of the public inquiry was a timely reminder of that terrible human cost: a baby who never lived to learn how much he was loved; three generations of a family wiped out; and heroes who died saving others. Nobody could fail to be moved by the extraordinary tributes paid by family and friends to the loved ones they lost, by their courage and dignity in the face of unimaginable loss, and, yes, by their anger too. A catastrophe of this kind should never have happened in the United Kingdom in 2017 and, when it did, the initial response was not good enough. Nothing can undo the anguish and devastation this has caused, but as the Prime Minister has said, we can and must do right by the memory of those who lost their lives and those left behind, by supporting those affected, securing justice and, above all, ensuring that nothing like this can ever happen again.

There has been an unprecedented effort across government and our public services. Help is being provided on a range of issues—from advice on benefits to emotional and mental health support. In total, we have spent over £46 million of national Government funds and committed a further £34 million to help meet rehousing costs, deliver new mental health services and deliver improvements to the Lancaster West estate. The appointment of my right honourable friend the Member for Ruislip, Northwood and Pinner as Grenfell victims’ Minister has helped ensure that the voices of those affected inform the response. We set up the independent Grenfell recovery task force to help and challenge the Royal Borough of Kensington and Chelsea to provide better support for residents and rebuild trust. I want to thank everyone for their tireless support, particularly the emergency services and the public and voluntary sectors.

Clearly, one of the most pressing issues has been rehousing those who lost their homes. A large-scale programme of investment work has been under way to ensure homes are of good quality and personalised to meet the needs of families. The council has acquired more than 300 homes in and around the borough. A total of 203 households needed new homes, and 198 have accepted permanent or temporary accommodation. That means that all but five households have accepted offers, and 134 have now moved in. Most of the work to ensure all homes that have been accepted are ready to move into is complete, and we expect many of the remaining properties to be ready in the coming weeks. While those households are preparing to move, the council has ensured that they have all have had the option to move into more suitable accommodation, but I remain concerned about the 43 households who are living in hotels. My ministerial team has met many of them and I have personally written to all of them to find out what barriers exist in each individual case and how we can overcome them.



This is not where any of us wanted to be one year on from the fire. While there has been progress in recent weeks, overall the pace has been too slow. My department and the independent taskforce continue to provide scrutiny and challenge to the council, and we have provided additional resources directly to the council to help speed up this work. We will not rest until everyone is settled into new homes.

Those affected also badly need answers and to see justice done. The Grenfell Tower inquiry and Metropolitan Police investigations will ensure this happens, but we must also learn from what has happened. Over the past year my department has been working closely with fire and rescue services, local authorities and landlords to make sure that other buildings like Grenfell Tower are safe. Remediation work has started on two-thirds of buildings in the social housing sector, and the Prime Minister announced last month that the Government will fully fund the removal and replacement of potentially dangerous ACM cladding on buildings over 18 metres high owned by social landlords, with costs estimated at £400 million, and we have made it clear that we expect building owners in the private sector not to pass costs on to leaseholders. To that end, I recently met leaseholders and put their concerns to representatives from industry at a number of roundtables. Some in the sector, such as Barratt Developments, Legal & General and Taylor Wimpey, are doing the right thing and taking responsibility. I urge all others to follow. The private sector must step up, and I am ruling nothing out if it does not.

In addition, I recently welcomed Dame Judith Hackitt's final, comprehensive report following her independent review of building regulations and fire safety. In response, I committed to bringing forward legislation to reform the system of fire safety and give residents a stronger voice. Having listened carefully to concerns, the Government intend to ban the use of combustible materials on the external walls of high-rise residential buildings, subject to consultation. We will publish the consultation next week.

It is essential that people living in buildings like Grenfell Tower are not only safe but feel that the state understands their lives and works for them. There is no question but that their faith in that has been shaken. That is why, as well as strengthening building and fire safety, we will be publishing a social housing Green Paper by the recess. I am confident that these measures will help us to rebuild public trust and deliver the meaningful, lasting change that is needed.

Our country has seen many difficult times, but that night at Grenfell Tower was one of our darkest hours. We will never forget those who died. We will not falter in our support for those who are still grieving, or flag in our determination to ensure that no community has to go through such agonies again. In doing so, we can be inspired by the incredible spirit of the people of north Kensington and the way they have come together. And when we say never again, we mean it. I commend this Statement to the House".

6.34 pm

**Lord Kennedy of Southwark (Lab Co-op):** My Lords, I thank the Minister for repeating the Statement made earlier in the other place by his right honourable

friend the Secretary of State for Housing, Communities and Local Government. I shall start where the Minister finished: as he said in the Statement, when we say "never again" we mean it, and that is absolutely paramount.

As the Minister said, the fire happened a year ago next Thursday, and the total of 72 people is the biggest loss of life in Britain due to a fire since the Second World War. Recently I watched the "Panorama" programme, which brought back the images of what happened that night. It was a truly horrific and terrible event and all our thoughts and prayers are with the victims and their families. Every time we have a Statement on Grenfell, our thanks go out to everyone in the local community who has helped: the civil servants, the staff from the borough council and from other councils, the faith sector, the charities, and the community who have come together to help this part of north Kensington to move on and try to get lives back on track.

Having said that, here we are a year on and still more than half the Grenfell survivors are in either hotel rooms or temporary accommodation. I accept entirely that the Minister would not want to see that but it is still not a good situation to find themselves in. There are also more than 300 other tower blocks with the same unlawful cladding on them and so far only 10 have had it removed or replaced. We are not sure where we stand with the private sector, where there are even more such blocks. This is not a good place to be. It is fair to say that the residents of Grenfell Tower were failed long before the fire, and some of them clearly feel that they have been failed since. Actually, if I am right, only 82 residents out of the 209 are in permanent replacement homes, and that is just not good enough.

I believe the North Kensington Law Centre has released a document saying that even in the new homes there are defects in terms of damp and delayed repairs, while some of the tenancies that have been offered are not the same that the residents had at Grenfell Tower. I do not know if that is the case, but if it is then it really needs to be corrected; they should be offered exactly the same tenancies that they had in the tower.

Does the department now have any sort of estimate or deadline for when people will be permanently rehoused? To start with, the Prime Minister talked about getting it done in a matter of weeks, but that has been extended and extended. I know that in the last Statement the Government talked about a year's time, but at what point do they now see everyone getting into a new home and being able to start to rebuild their lives? We do not want to be back here again in the autumn not much further forward.

On the question of the other high-rise blocks, only 10 local authority tower blocks out of more than 300 have had their cladding replaced. The Government said they would do everything it takes to "keep our people safe", so in that sense I welcome the £400 million funding that the Minister has announced to remove the cladding. It has come from another budget but it is still welcome. I also welcome the intention to ban combustible material on the outside of tower blocks. Is that all the Government are going to do, though, or

[LORD KENNEDY OF SOUTHWARK] are they going to go further? There has been talk before of looking at retrofitting sprinklers in tower blocks. I do not know if the Government are thinking about those sorts of things. Where are we on the question of evacuation procedures in blocks of flats? When will we be in a position to confirm that all blocks of flats are safe?

I was pleased with the important point that the Minister made about the private blocks, which has our full support: blocks in the private sector have to be corrected as well and those costs should not be passed on to the leaseholders. I welcome that.

On the inquiry itself, the tributes to the victims and families were very moving. I wish the inquiry well as it has a very important job to do. After that there will of course be the result of the police investigation, but I will leave it there.

**Baroness Pinnock (LD):** My Lords, I remind your Lordships' House of my interest as a vice-president of the Local Government Association and as a Kirklees councillor.

Seventy-two men, women and children tragically died in the Grenfell Tower fire. Our responsibility to their memories and to those who survive is to seek the truth, secure justice and make the radical change to culture and practice so that no such fire occurs ever again.

Last week, I met representatives of Grenfell United and listened. I was struck by their quiet determination and by the inspiring leadership of their fellow survivors. They want all the facts before, during and after the disaster to be exposed to the full light of day. Then, those responsible for the decisions that enabled the fire to be so catastrophic must be brought to justice.

All these issues are, of course, the subject of the Grenfell Tower inquiry and we must wait for it to hear the evidence and draw its conclusions. However, what is clear so far is the painfully slow response of the Government to the consequences of this disaster. One year on, some of the survivors are still living in hotel accommodation and have been for a whole year. There is no chance for them even to attempt to start their lives again.

From the information I was given by Grenfell United, some of the accommodation purchased by Kensington and Chelsea Council was totally inappropriate. Perhaps the Minister will comment on the information I heard that one of the survivors was allocated a basement flat with no direct access to daylight. Does he regard this as appropriate in the circumstances of what those families had already endured?

Then there is the issue of the dangerous cladding. I welcome the proposal for a ban on ACM cladding in today's Statement and that a consultation will begin shortly. This is really positive but this cladding continues to be on many public and private buildings. It is reported in the press that 32 NHS hospitals, several hotels and at least one school, as well as 132 private sector and 208 public sector tower blocks, have this dangerous cladding. Can the Minister assure the House that all these buildings will have the cladding removed as quickly as possible so that people who live or work

in them can have some improved peace of mind? Meanwhile, can the Minister explain what actions are being recommended to provide additional safety in these buildings and information as to whether those in the public sector will have compensatory government payments for all their additional costs? As many people will know, fire safety wardens are being employed 24 hours a day, seven days a week, to ensure that no fire starts in these buildings and that, if one does, prompt action can be taken. This will be a huge additional cost in the social housing sector. Can the Government assure us that all buildings with this cladding have been identified, with the owners acknowledging their responsibility, and that the Government will monitor that effective remedial action has or will be taken in a timely way? If we are not careful, the curse of this cladding will continue for years to come.

On this day, our thoughts and prayers are with all those people—residents and rescuers—whose lives have been indelibly scarred by this disaster.

**Lord Kennedy of Southwark:** Before the Minister responds, I make clear that I am also a vice-president of the Local Government Association.

**Lord Bourne of Aberystwyth:** I am grateful to the noble Lord for refreshing our memory.

I start by thanking both the noble Lord and the noble Baroness—and the noble Lord, Lord Shipley, over a period of time—for their general support in dealing with what has been a very difficult, heart-rending situation. It has aided the consideration of some very important issues in this House, so I thank them very much.

I shall try to deal with the points made by the noble Lord and the noble Baroness in so far as I can. If I miss any—and on some points of detail—I may need to write to them, and I will of course ensure that that is copied to other noble Lords participating on the Statement, with a copy placed in the Library.

First, I thank the noble Lord and the noble Baroness for their words about the civil servant and public sector work that has been done in the community since the dreadful fire at Grenfell, and about the faith sector and the charitable sector. I was recently at a meeting in the community hall of the local mosque, where Muslim Aid was talking about the work done and the commitment of people in the faith sector and particularly mentioned the West London Synagogue. This was a general commitment from the faith sector in the area, an outpouring of support from individuals and from the third sector, which is a continuing feature of what is happening at Grenfell.

The noble Lord mentioned points in the North Kensington Law Centre report. I know of the report but I must admit that I have not studied it in detail. I will certainly do so and cover those points in response to him. He will be aware that experts will be sitting with Judge Moore-Bick on the second phase of the inquiry, which I think helps to provide the disinfectant of sunlight which we all welcome for transparency. He asked questions raised by the North Kensington Law Centre about rent in the same general terms. Of course, there is a rates, rents and utilities holiday—although

holiday is not the right word. There will be no rent, rates—council tax—or utilities payable until June 2019, I think, for families who were in Grenfell Tower or Grenfell Walk. For other families, there is an abatement of those bills, although not on the same terms—to a lesser extent.

The noble Lord referred to the rehousing effort. Let me say first that every household has been offered at least one alternative. The noble Baroness mentioned somewhere without sunlight in a basement. I am extremely surprised to hear that, but I will look at that case. If she has more detail, that would be useful. I join her in paying tribute to the work done by Grenfell United. We may have been at the same occasion when Grenfell United was present, and it has done a remarkable amount, as have others from the community.

The noble Lord asked about retrofitting sprinklers. He will be aware that new blocks more than 30 metres high, I think, are having sprinklers fitted. There is a general issue about retrofit. He will know that this was not recommended by Dame Judith Hackitt: she dealt with the issue but did not recommend that. However, in addition to the £400 million support specifically for ACM cladding, if local authorities can justify it, we will certainly consider financial flexibility for them. This follows recommendations done earlier by the Lakanal inquiry about sprinklers, and that local authorities can do that independently. There is nothing to stop that happening, except perhaps the finance, but we will look at financial flexibilities if the case is made.

The noble Baroness referred to interim measures while the cladding work is being done. Of course, we are committed to all the combustible ACM cladding being removed from both social and private sector buildings. We think we have identified all the private sector buildings and are confirming whether all of them have ACM cladding. We have identified buildings that might have it and we are now seeking to ensure that. If I am wrong, I will address it in a letter, but I believe that local authorities have now come up with definitive figures on that. Interim measures will be in place while or until the cladding is removed, and this will be a matter for the local fire and rescue services to advise on and determine. It would certainly include the 24-hour presence of safety wardens, a ban on the use of car parks, and so on. We are obviously in discussions with local authorities on measures that need to be taken and, as I say, I think we have identified all the buildings. I hope that that addresses all the points raised, but if I have missed any I shall certainly address them in a letter.

6.51 pm

**Baroness Finlay of Llandaff (CB):** My Lords, on 14 June it will be unbearably painful for everybody who was involved. I should declare an interest as my daughter, seven weeks after a caesarean section, was called in. She worked that night as an emergency medicine doctor. She had no doubt that she had to go in as something major was going on.

The Government are saying never again. This year, or next year, we may be thinking of it—everyone will this year—but in decades on it will be emblazoned on the memory of every survivor and everyone who was bereaved, although the rest of the country may have

forgotten. I just wonder whether the Government have given any consideration to discussing with Grenfell United and others—not now when it is so raw, but in the future—about marking the day as a national fire safety day, whereby the whole country will be expected to test their fire alarms, carbon monoxide alarms, and evacuation procedures. We would get into a national pattern and once a year make sure that in every workplace, every residence—everywhere that people are—they remember that fire safety is paramount. Some schools I know in the area have upped their evacuation procedures since this happened, but I offer it as a suggestion.

**Lord Bourne of Aberystwyth:** My Lords, I am very grateful to the noble Baroness for those points, and I am sure that the whole House would want me to thank, through her, her daughter for the assistance that she offered. I reiterate what I said on Grenfell United and its work, as well as that of the entire community.

In relation to 14 June this year, the community has wanted it recognised in a low-key way, if I can put it like that. We want to talk to the community about how they feel it is best remembered one year on. That is important. I shall certainly take away ideas brought forward by the noble Baroness to ensure that we do not forget about fire safety and the lessons learned. Perhaps in the same spirit, in terms of the future of Grenfell Tower itself, it is important for the community to lead on what happens in years to come. I am sure that it will regard this as something we never want to forget, and nor should we.

**Lord Campbell-Savours (Lab):** I welcome the Minister saying that action in the case of the private sector had not been ruled out. That should send a very important signal to the private sector that there needs to be action.

In the Statement I think I heard the Minister say that he thought the local authority had identified all the private property. If that is the case, surely the electorates in the area—the people who live in areas where these blocks exist—are entitled to know where those blocks are located whether they are in the public or private sector. My first question is whether that information will be made available to the general public.

Finally, there are a number of hotels nationally that are covered with what looks like the material we are talking about, but we simply do not know. What is happening in the case of those hotels with this material?

**Lord Bourne of Aberystwyth:** I thank the noble Lord for his comments, particularly his recognition that the Secretary of State is determined about remedial measures for private sector buildings. The position is that local authorities have powers to identify through one of the Housing Acts—I forget which one—the properties concerned in relation to cladding. In many cases, information is being made available through local authorities, using their powers. I think I am right, and will correct it in the letter if I am wrong, that we have had confirmation from all the local authorities that that work has been done.

**Lord Campbell-Savours:** To whom are they making this information available?

**Lord Bourne of Aberystwyth:** They are making the information available to the department. This brings me to the point that the noble Lord was pursuing as to whether we will make that information public. We have to consider whether that would be helpful in addressing the work we need to do, based on safety considerations, discussions with the fire services, and so on. Considerations of safety are paramount here; we do not want to cause concern for the people in the blocks involved by issuing public information in that way. Again, I will cover that in the letter if I may.

In relation to hotels, any buildings with this cladding and above the requisite height are brought within our consideration, whether they are in the private or public sector, whether they are housing, hospitals, and so on, as was referred to earlier. This job of work has to be done with every building that is above the requisite height and has the combustible ACM cladding that was identified at Grenfell.

**Lord Faulks (Con):** I declare an interest as a resident of the borough, and a further interest in that my wife is a councillor for the Royal Borough of Kensington and Chelsea. She is not a councillor concerned with any of the issues that arise from the inquiry, but she is extremely concerned on a personal level with all the issues that arise from Grenfell.

I am sure the Minister would agree that the Government have been extremely critical of local government throughout the period that has elapsed since the fire. That has been a narrative to which the Government and the Opposition have subscribed. There has been a significant counternarrative, of which the Minister may be aware, in a remarkable article written by Andrew O'Hagan in the *London Review of Books*.

I do not ask the Minister to come to any judgment about these matters at this stage. We have an inquiry, which has made a promising start under the skilful chairmanship of Sir Martin Moore-Bick. However, there is one unfortunate part of the Statement that deals with challenging the local authority. I respectfully suggest that we should not be rushing to judgment and that central government should assist not only local government but all other agencies in dealing with this terrible problem in the way that is most effective.

**Lord Bourne of Aberystwyth:** My Lords, I am most grateful to the noble Lord for his comments and understand his personal concerns and those of his wife. I could well understand somebody from the area having a particular concern.

The noble Lord referred to the article in the *London Review of Books*, which I confess not to having the privilege of reading, but I will do. He referred to criticism of local government in the Statement. The part the noble Lord must be referring to is setting up the independent task force at an early stage, which was asked to provide scrutiny and challenge to the council. That is a normal usage of words when such a task force is appointed, but I take the noble Lord's point. I certainly agree with him that Sir Martin Moore-Bick has made a very good start on the inquiry, which will

run its course, as will the police's consideration of criminal charges; I must be very careful not to say anything in detail about either of those. I understand the position that he is coming from and will seek to read the relevant article to which he referred.

**Lord Shipley (LD):** My Lords, I am grateful to the Minister for his clarification on a number of issues so far. I seek responses to two issues that I think would benefit from further clarification.

First, there is a single sentence on page 4 of the Statement that says:

"Remediation work has started on two-thirds of buildings in the social housing sector".

By implication, remediation work has not started on one-third of buildings in the social housing sector. Is the Minister in a position to explain why that is the case? Is there a list in the department as to which blocks we are talking about and which local authorities we are talking about, and why that remediation work has not yet started? What is the timescale for starting going to be, and what is the timescale for completion of that remediation work? The Minister may not be able to respond to all that today—to do so in a letter later would be fine—but is it possible to define what remediation work actually is? It is one thing to strip off cladding, which is dangerous, but replacing it with suitable cladding which is warm and will reduce people's energy bills is clearly important. So I am not quite clear what remediation actually means.

Secondly, and very briefly, we have a date for the publication of the social housing Green Paper, which will be "by recess". It would be helpful to the House if we knew when a debate would take place on the Green Paper. I hope that it will not just be the case of the Green Paper being published and then going out to consultation and the House itself not having the opportunity to debate it. I hope that, rather, time is allowed for a full debate on that Green Paper, because we have been waiting for it for many months.

**Lord Bourne of Aberystwyth:** I thank the noble Lord very much indeed for that and shall seek to deal with the points that he has raised. On remediation, I do not disagree with him on the importance of ensuring that any appropriate measures take account of the need for proper insulation and ensuring that we meet our climate change targets, and so on—but the most important thing here is the target of ensuring that people are safe. That is the remediation that we are talking about. That work in relation to the public sector has started on two-thirds of buildings. In relation to the other third, interim measures will be in place; for example, 24/7 security workers will be there to ensure that fire wardens are there.

I shall seek to cover the point on the timescale in a letter, if I may, with some more detail that the noble Lord asked for. One reason why the work might not have started on one-third of the buildings is that it may displace tenants—so full account must be taken of that. Suffice it to say, appropriate interim measures will be agreed with fire and rescue authorities in relation to those that have not had work started on them yet.

The noble Lord asked for a debate on the social housing Green Paper, and I hope that we can accommodate that. Of course, there are means available to the Liberal Democrats and others, too, and I am sure that somehow we will make sure that there is proper consideration of this important Green Paper. One reason for the delay to which the noble Lord refers is that we were very keen to talk to people, through Grenfell United and others in the community, to learn about particular points that they may feel needed addressing in relation to the social sector—points that have been made in relation to dealing with complaints, and so on, that arise. That is one reason that it was felt appropriate to take that into account in working through the Green Paper.

**Baroness Lister of Burtsett (Lab):** My Lords, I welcome the Statement and, in particular, its acknowledgement of the anger felt by many in the area and many survivors. It says that it is,

“essential that people living in buildings like Grenfell Tower are not only safe but they feel the state understands their lives and works for them”.

I do not know whether the Minister read the *Observer* yesterday—just to add to his reading list—but there were some very moving interviews in it, including with a survivor called Mouna El-Ogbani. One of the things she said really jumped out at me. She talked about,

“how we were treated by the government, as if we are nothing .... It’s just box-ticking for them. They don’t look at us as humans, only as numbers”.

That suggests that the people of Grenfell do not feel that the state understands their lives and still do not feel that the state is really working for them. I welcome what the Minister said about talking to people around Grenfell about the forthcoming Green Paper, but what will the Government do now to ensure that both Grenfell survivors and social tenants generally feel that the state understands their lives and works for them?

**Lord Bourne of Aberystwyth:** I thank the noble Baroness for some very valid points and for her general welcoming of the Statement, which refers to the anger felt by the community—an anger that we can all understand—and the fact that people feel that the state is not on their side. This is something that we must seek to put right and it is one element of the social housing Green Paper on which we can all come together and discuss how it is taken forward. I did not have the privilege of reading the *Observer* yesterday. The *Sunday Times* also had some very good articles on the Grenfell situation and on ensuring, as the noble Baroness said, that people feel that they are humans, not numbers. Whenever I have spoken to anybody from the Grenfell community, that message comes across loud and clear. I have seen the hours and hard work that people from all parts of the community have been putting in—not least civil servants—and the anguish that it has been causing them. I hope that that helps to convince people that we really do care about the people of Grenfell. The important thing is that we carry this forward and that nothing like this ever happens again, and I know that the House is united on that.

**Lord Scriven (LD):** My Lords, I am sure that the Minister will agree that preserving life and saving life is just as important whether you live in Southampton, Sheffield or Sunderland. If so, then why are the Government not committing to making the retrofitting of sprinklers mandatory in tower blocks and finding the funding for that nationally, as advocated and recommended by the Royal Institute of British Architects expert fire safety group, set up after the Grenfell fire?

**Lord Bourne of Aberystwyth:** The noble Lord makes some valid points about the importance of a national response, whether it is Southampton, Sheffield, Sunderland or Carlisle. He is absolutely right. In that context, I should say that we keep very much in contact with the devolved Administrations as well, to ensure that we are joined up on this. The noble Lord referred to a particular report that recommended retrofitting, but, as I have indicated, that was not the recommendation of the Hackitt review. The Hackitt review said that this was not a silver bullet and shied away from recommending compulsory retrofitting. I have said that it is open to local authorities to fit them and to ask us to use financial flexibilities where they can make an appropriate case for it, because the £400 million is specifically meant for the removal and replacement of combustible cladding. In other situations, if the local authority wants to make a case for retrofitting, the department will certainly look at it.

## Yemen Statement

7.09 pm

**The Minister of State, Foreign and Commonwealth Office (Lord Ahmad of Wimbledon) (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 the other place on the reports of an imminent attack on Hodeidah port in Yemen. The Statement is as follows:

“Reports have circulated for some time of a possible assault on either Hodeidah or Hodeidah port. Information at the beginning of last weekend, including from troop movements, suggested that such an attack might be imminent. In view of our responsibilities to aid agencies, DfID issued the following statement based on that information:

“We are doing everything we can through diplomatic channels to discourage an assault on Hodeidah. However despite these actions, a military assault now looks imminent. The Emiratis have informed us today that they will now give a 3-day grace period for the UN [and their partners] to leave the city. Please take all precautions necessary to prepare for this and let us know if there is anything we can do to assist you in any way. We are thinking of you and your staff at this very difficult time”.

That is the email that was reprinted in the *Guardian* today.

The Government are and have been concerned for some time about the potential impact of any assault on the city and port of Hodeidah, and have made their concerns clear to the Saudi and Emirati Governments. The UN assesses that an attack on Hodeidah could displace up to 350,000 people and leave hundreds of thousands of Yemenis without access to basic goods or healthcare. The Foreign Secretary spoke to his

[LORD AHMAD OF WIMBLEDON]

Saudi and Emirati counterparts over the weekend, and we are in close touch with the UN humanitarian co-ordinator and the UN special envoy.

The majority of Yemen's food and fuel imports enter through Hodeidah and Saleef ports, and it is crucial that humanitarian and commercial imports continue to flow through the port. We urge all parties to facilitate access for essential imports of food, fuel and medical supplies into the country, including through Hodeidah. As with all aspects of the conflict, all parties must respect international humanitarian law and protect civilians.

No attack has yet taken place. Accordingly, we encourage all sides urgently to de-escalate and engage in good faith in the political process. The UN special envoy has previously expressed concern that conflicts in Hodeidah could take peace off the table 'in a single stroke'. It is essential that the UN special envoy be given the time he needs to facilitate a negotiated solution that avoids conflict in the city, and we support his efforts to do so.

It is important to recall the wider conflict. The conflict in Yemen is now in its fourth year. Houthi rebels took the capital by force in 2014 and displaced the legitimate Government of Yemen. The Saudi-led coalition action is designed to facilitate the restoration of effective governance. The Houthis have consistently failed to adhere to UN Security Council resolutions, including by launching missile attacks against Saudi Arabia. They have prevented access to humanitarian supplies, which has led to significant damage to civilians, and have acted to prevent vital vaccinations.

We have been clear that there can be no military solution to the conflict. We continue to encourage all parties to show restraint, to return to negotiations and to engage in the UN-led political process in good faith, to work towards a comprehensive political settlement".

7.12 pm

**Lord Collins of Highbury (Lab):** My Lords, I thank the Minister for repeating the response to this Urgent Question. Martin Griffiths, the UN special envoy, has been holding talks with all sides to try to broker a peace settlement, and was expected to report to the Security Council on his efforts on 18 June. As the Statement says, he says that any attack on Hodeidah by the UAE would,

"in a stroke, take peace off the table".

Does the Minister agree with Martin Griffiths' assessment, and if so, what action did the Government take to prepare for the emergency session of the Security Council taking place as we speak? If the Government did prepare, what did they expect to come out of the Security Council meeting with regard to stopping the planned UAE assault and keeping peace on track?

**Lord Ahmad of Wimbledon:** First, I assure the noble Lord and the House that we continue to support UN special envoy Martin Griffiths. As the noble Lord may be aware, he met with Emirati officials on 10 June and pressed again for prioritising the political track. In this regard, the noble Lord is also correct

that the UN Security Council is in session—but, as he will be aware, it is a closed session. On the efforts that the United Kingdom Government have taken to avert any kind of action on Hodeidah, we remain convinced that a political solution is required. That is why my right honourable friend the Foreign Secretary spent this weekend directly contacting his counterparts in both the Emirati and UAE Governments, as well as in the Government of Saudi Arabia.

**Baroness Janke (LD):** I, too, thank the Minister for repeating the Statement. I am pleased to hear that the Government are doing all they can to avoid such an attack—which, as we have heard, would be catastrophic. However, what assessment have the Government made of the likely impact on civilians, including displacement and civilian casualties? Is the Foreign Secretary aware of the UN's assessment on civilian deaths? I believe the Minister said 250,000. In addition, will the UK review its support—including arms sales and political support—to the coalition led by the Saudis and the UAE, if an attack on the port goes ahead that has a disproportionate effect on civilians?

**Lord Ahmad of Wimbledon:** Taking the noble Baroness's final question, any support we provide, including support to the Saudis and Emiratis extended by the United Kingdom, is kept under review. Of course, she will also be aware that the litmus test remains that any action must be in line with international humanitarian law.

On the specific issue of whether my right honourable friend the Foreign Secretary is aware—of course, he is central. As I have already said, he has been talking to his counterparts in both the UAE and Saudi Arabia. I go back to the point raised in the Statement that the UN has already assessed that an attack on Hodeidah could displace up to 350,000 people and leave hundreds of thousands of Yemenis without basic requirements such as food and healthcare.

The noble Baroness will also be aware that the United Kingdom Government stand with the Yemeni people. We have been at the forefront of providing support. In April we also announced a further £170 million in support for essential healthcare and other requirements. I stress, as all noble Lords are aware, that Hodeidah is the gateway to providing much of the relief and humanitarian assistance that is required. It is the responsibility of both sides to ensure that that access continues. The Houthis, who currently control the port, are not without fault. They caused the crisis in the first instance by displacing the Government, and more recently have continued to exercise blockages of the port and have stopped certain shipments from taking place. Therefore, we implore all sides to ensure that a political settlement can prevail.

**Lord Browne of Ladyton (Lab):** My Lords, I thank the Minister not only for repeating the Answer to the Question but for the tone and the content of the Answer. Through him I also thank his right honourable friend Alistair Burt, the Minister of State for the Middle East and North Africa, for the "Dear Colleague" letter that we all received dated 8 June. It is very helpful and contains in the third-to-last paragraph

some awful statistics about the scale of the humanitarian crisis in the Yemen, including the fact that more than 50% of the population of Yemen—17.8 million people—do not have reliable access to food and 8.4 million people face extreme food shortages. Is it not the case that the only traffic that passes through the port of Hodeidah at the moment is humanitarian aid—nothing else? Does the Minister agree that the use of starvation as a weapon of war is in breach of international humanitarian law? Would not an attack on this port be strong evidence of a breach of humanitarian law? If any UK-manufactured weapons and planes that we had sold to any member of the coalition were used in such an attack, how could we justify continuing to sell weapons to them?

**Lord Ahmad of Wimbledon:** I thank the noble Lord for his remarks, and I will of course convey to my right honourable friend the comments about his constructive letter. The noble Lord raised the dire humanitarian situation prevailing in Yemen. As I said in response to an earlier question, that is why we have been at the forefront of providing support. I share his concern, as do the UK Government, about the importance of keeping open Hodeidah port as a lifeline. Over the weekend, my right honourable friend the Foreign Secretary called once again for no action to be taken on Hodeidah port in order to keep open that vital channel. But let us put this in context. As I said earlier, the port is controlled by Houthi rebels, who at Hodeidah and elsewhere—including, for example, in Aden—have not missed an opportunity to intimidate UN ships. They have also used schools, hospitals and children as part of their activities in Yemen.

To answer the noble Lord's specific question about weapons, I revert to what I said: we keep the situation under constant review and will ensure that we apply the litmus test that there are no serious violations of international humanitarian law. That point has been

made to the Emiratis and the Saudis. As I am sure the noble Lord is aware, there was a judicial review of this situation. The judgment concluded that our risk-based assessments had,

“all the hallmarks of a rigorous and robust, multi-layered process of analysis carried out by numerous expert Government and military personnel, upon which the Secretary of State”—

this referred to the Secretary of State for International Trade—

“could properly rely”.

In other words, our measures were robust. However, the noble Lord raises important points about the use of such weapons. I assure him that, not just in this conflict but in conflicts elsewhere in the world, we keep the situation firmly under review.

**Viscount Waverley (CB):** My Lords, it would appear that the Arab coalition calculations are to strike a decisive blow against the Houthis. What discussions, if any, are being conducted with Iran in order to second-guess its reaction in regard to both Yemen and more regionally—and, if that happens to be the case, what has been the outcome of such discussions?

**Lord Ahmad of Wimbledon:** The noble Lord raises the important issue of Iran. He is quite right: it exerts great influence over and provides great support for the Houthi rebels. That is why we urge not just the two sides in this conflict but all regional players, including Iran, which supports the Houthis, to cease hostilities and work together towards ensuring that there is, first, a ceasefire, and then a political settlement for Yemen. We have heard the stark statistics about the unravelling humanitarian crisis. This is one of the biggest crises in the world and concerted action is required on all sides. All countries with influence over the different sides must take action now to avert a further crisis in that country.

*House adjourned at 7.23 pm.*





# Grand Committee

Monday 11 June 2018

## Domestic Gas and Electricity (Tariff Cap) Bill Committee

3.30 pm

**The Deputy Chairman of Committees (The Countess of Mar) (CB):** My Lords, if there is a Division in the Chamber while we are sitting—an unlikely possibility—the Committee will adjourn as soon as the Division Bells are rung and resume after 10 minutes. Members will need to vote in the Division Lobbies downstairs in the usual way.

### Clause 1: Cap on standard variable and default rates

#### Amendment 1

Moved by **Lord Grantchester**

**1:** Clause 1, page 1, line 3, leave out from beginning to “, the” and insert “By 28 October 2018 or five months after this Act is passed (whichever is the sooner),”

**Lord Grantchester (Lab):** Good afternoon and welcome to Committee stage. Amendment 1 would ensure that the cap is introduced as soon as possible and proposes that, from the passing of the Bill, Ofgem should seek to bring in its provisions within five months. We all realise the importance that Ofgem attaches to the time it needs to get going with the provisions and the modifications to the licence conditions that need to be in place for this to happen.

The amendment would make sure that there is no drift in that process. It is very important for various reasons. First, fuel poverty is of great importance to an awful lot of people who struggle with their energy bills. The UK has the second-worst rate of excess winter deaths in Europe. Two-fifths of those aged over 65 surveyed by comparethemarket.com said that they would ration their energy use over the winter because of increasing costs.

The other aspect of which we must be cognisant is the change in energy use as British Summer Time comes to an end. First Utility’s analysis of energy usage data around daylight saving from the last three years revealed an average 18.7% rise in electricity use as we move from British Summer Time into Greenwich Mean Time. Cold weather payments are very effective for each seven-day period of very cold weather between 1 November and 31 March. We therefore place great emphasis on Ofgem maintaining the process and having all the necessary conditions in place for the Act to commence. I beg to move.

**The Parliamentary Under-Secretary of State, Department for Business, Energy and Industrial Strategy (Lord Henley) (Con):** My Lords, I hope we shall make rapid progress on the Bill. I thank the noble Lord, Lord Grantchester, for moving his amendment so quickly. I shall just point out that it refers to,

“28 October 2018 or five months after this Act is passed (whichever is the sooner)”.

As it is already June and Royal Assent is unlikely to be before July, whatever happens, the amendment could mean only 28 October because five months from Royal Assent would obviously be after that date. However, I share the noble Lord’s desire to see the cap in place as soon as possible. Certainly, we would like to see it in place before the end of the year so that millions of families have protection for the worst of the winter.

The noble Lord referred to the fact that the nights start drawing in on 28 October. Actually, they start drawing in from the middle of this month, in a couple of weeks’ time, which is rather depressing. As he suggested, that means bills start climbing in those months. That is why we are pressing on with the legislation and I am grateful for the co-operation of all Members in getting this on the statute book as quickly as possible. We are aiming, subject to the will of Parliament, for the Bill to be passed before the Summer Recess.

The Bill already requires Ofgem to put the cap in place as soon as is practicable. Ofgem’s chief executive, Dermot Nolan, has committed to imposing the cap in the minimum timeframe that it can manage without risking the integrity of the process of consultation, notification and modification of supplier licences. Mr Nolan said as much in his evidence to the BEIS Select Committee.

Good progress has already been made. Ofgem has published a number of working papers setting out its emerging thinking. This culminated in a consultation on the design of the cap, which was published recently. The consultation sets out a clear timetable for implementation of the cap by December 2018. Ofgem will be ready, after the Bill is passed, to undertake the relevant statutory consultations and make the licence modifications that the Bill requires.

We appreciate the desire to hold Ofgem to a date by which the cap will have to be in place. However, the amendment potentially risks the integrity of the cap if it means that, to meet that date, Ofgem may have to radically speed up its design and consultation processes. Doing that would hugely increase the risk of a successful legal challenge—something that we will discuss later on—and that is likely to delay the implementation of the cap.

As I said, I agree with the noble Lord that the aim must be to get the price cap in place as early as possible before the cold weather arrives. However, there is nothing to be gained by making this a statutory deadline and it potentially creates new risks for the implementation of the cap. I hope that with that explanation the noble Lord will feel able to withdraw his amendment.

**Lord Grantchester:** I thank the Minister for his explanation of the timing behind the Bill. We certainly agree that the schedule is a very tight timetable for everything—all the consultations—to take place. However, we feel that the Bill has been very well flagged up to all the companies concerned and to Ofgem. I am sure it is making progress even now on what needs to be done to get the Bill enacted as soon as possible. I agree that, looking at the scheduling of the amendment with where we are now, 28 October would be the default. Nevertheless, we are keen that we keep a tight look, as

[LORD GRANTCHESTER]  
we go through the Bill and when we come back for Report, at all the progress that has been made. With that in mind, I beg leave to withdraw the amendment.

*Amendment 1 withdrawn.*

#### *Amendment 2*

*Moved by Lord Berkeley*

2: Clause 1, page 2, line 15, at end insert—

“( ) the need to ensure that holders of supply licences communicate with domestic customers in appropriate formats about the different domestic supply contracts which are available, including any tariff cap which may apply.”

**Lord Berkeley (Lab):** My Lords, in moving Amendment 2, I shall speak also to Amendment 9 in my name and comment on some of the other amendments in this group.

These amendments focus on communication, particularly with vulnerable people who cannot necessarily use electronic means or who have other special needs. It is important that there is an obligation on the authorities to communicate the tariff cap “in appropriate formats”, so that those who receive this information will be able to choose the means by which it takes place. Amendment 9 requires the same provision of information, “relating to different domestic supply contracts and tariff cap conditions”.

It is the same argument: people must have the information so that they are able to choose what tariffs to go for.

I received some information from a group called Keep Me Posted, which is a well-known and probably much-loved organisation. It is a coalition of leading charities, consumer organisations, trade unions and businesses, which campaigns to ensure that all service providers offer consumers the choice to receive a paper version of their bill. That is not in the amendment but it is something that I hope the Minister will consider. Independent research by a company called Opinion Research Services found that 81% of UK adults want to choose how they receive important information such as bills and statements. But, as we all know, some businesses are restricting access to paper bills and statements, and if customers do not have these, it is difficult for them to make an informed choice.

There was another study by London Economics in 2015 about managing money online—which is what we are really talking about—involving 2,399 consumers. Half of them were sent a mock bank statement and a notice of change by post; the other half were sent them electronically. The result was that 82% of those in receipt of a paper statement correctly recalled their balance, as opposed to a meagre 32% of those who received the electronic billing. That is a really strong argument, I suggest, for being able to choose the means of receiving this information in a way you can understand and then taking action.

It is good that the Government have required the banking sector to issue statements once a month and free of charge on what I think is called a “durable medium”—I would call it paper—or something more accessible, going back at least five years. This is good

at a time when there is greater competition within the banking industry and some may wish to cut their costs in that way. I hope that the amendments in this group will provide some incentive to Ministers to find ways of ensuring that even the most disadvantaged, who cannot do electronics or may not be able to see well or who have another disability, can get the same information in an appropriate format so that they can make the choices which the Bill is clearly trying to achieve. I beg to move.

#### *Amendment 3 (to Amendment 2)*

*Moved by Lord Lennie*

3: Clause 1, after “cap” insert “or tariff cap exemption”

**Lord Lennie (Lab):** My Lords, this issue is especially relevant to the green challenger companies coming into the market, particularly those that have R&D interests. Suppliers must also be informed about tariff cap exemptions and it may be that these are being considered for green energy companies with R&D interests. That is not the same as saying that we have any sympathy for the possible gaming that could go on with green tariffs among the big six and other suppliers. They may just be billing companies that cite a certain percentage interest in the green market and then seek to have that applied to their exemption from the tariff cap when it comes into effect. That is not the purpose of the amendment; it should apply purely to the 90%-plus green provider and supplier companies. Obviously we take on board and support what has been said by my noble friend Lord Berkeley, but ask that this amendment also be considered. I beg to move.

3.45 pm

**Baroness Featherstone (LD):** Is it all right if I speak to Amendment 7 now?

**Lord Henley:** My Lords, these amendments are grouped and it is open to any noble Lord to speak to any of them as they wish. I would suggest that the noble Baroness speaks to her amendment.

**Baroness Featherstone:** I thank the noble Lord. This amendment is about the duty on energy companies to communicate properly with their customers. I raised concerns at Second Reading that there is a possibility that energy companies might not be totally up front and honest with customers about the circumstances surrounding the introduction and execution of an energy price cap. I am particularly concerned that some companies may not be up front about the facts: this is a temporary cap, ordered by Parliament, the level of which is set by Ofgem to protect consumers on standard and default tariffs from excessive charging. Companies must not seek to absolve themselves from blame for the fact that a cap is being introduced—an action that they have necessitated. Nor must they be able to play it off as some sort of benevolence introduced by them to help their customers. I am also concerned that companies might imply that the cap brings about the best deal for customers and indicates in some way that they need not shop around.

Communications from suppliers have not always been totally clear, but they need to be. The last thing we need in setting and executing the cap is for communications to confuse, entice or entrap customers into any false beliefs or misunderstandings. The amendment seeks to ensure that suppliers cannot use the setting of a cap as a marketing opportunity. Companies are very clever in their use of marketing language to seduce customers into perhaps believing that the cap is protecting them in more ways than it was created for. We should not provide any opportunity for suppliers to mislead consumers, accidentally or otherwise, into believing that the price cap is beneficial in any other way or being put in place for any purpose other than that for which it was intended; namely, that it is as a temporary cap until such time as circumstances dictate that it must be lifted. It must not allow the supplier to appear to be the instigator of the cap. Nor must the cap be called anything other than what it is: a temporary cap. I am concerned about the wording being used to describe the cap. A company might say that it is a beneficial cap or a protective cap, but there should not be anything to indicate a benefit in the name of the cap.

The amendment is very dictatorial, particularly for a Liberal. It states that the term used should be simply that it is a temporary cap and that, once it has been implemented, all companies should use that phrase in reference to it. There cannot then be any dodging around it. Since writing the amendment, I think it needs to go further and perhaps disallow any words around the name too so that suppliers cannot add adjectives to it. I am not sure how particular we can get on this, but I refer to words such as “beneficial” or “protective” temporary cap. It may seem picky and dictatorial, but my background pre-politics was in marketing and design, and it takes one to know one. Communications are hugely important. There can be no objection to calling it what it is: a temporary cap. In that way, no supplier will be able to use the name of the cap or its description inappropriately.

In the same vein, it should also be obligatory for suppliers to make it clear that the cap does not mean that the price under the cap will necessarily be the best price or the cheapest price. In any communications, suppliers must include clear and accessible information about switching energy suppliers.

Amendment 22 from us and Amendment 23 from Labour concern the provisions in the Bill surrounding the publication of information regarding variations in the cap. Clause 4 states that if the authority is thinking about modifying the price cap, it must notify holders of supply licences, but there is no requirement once a decision is made for companies to inform customers. These amendments put this requirement into the Bill.

Lastly in the group, Amendment 38 is in the name of my noble friend Lord Teverson, who cannot be here today. He wanted Ofgem to have powers to regulate the websites of energy suppliers and energy price comparison site operators. The purpose of that power would be to ensure that consumers are presented with objective information on immediate and future costs and matters of customer service sufficient to make informed decisions about energy supplier choice. I know he wanted a specific requirement for all such

sites to list the immediate cost of energy to the consumer, together with, and in the same format, future costs when the initial contract term ends. This would protect consumers from being seduced by a good offer and a good price only to be shortly disappointed to find a huge hike when the first contract ends. He wanted a requirement also that, for each tariff, the terms under which price variations can be applied are clearly shown. However, much of that was out of scope, so Amendment 38 is a lesser version. It requires the authority to modify the supply licence conditions to ensure that the information presented on energy companies’ websites is “sufficiently objective” and to modify the Ofgem Confidence Code so that only price comparison websites that are similarly objective can be accredited by the code.

**Lord Carlile of Berriew (CB):** My Lords, I want to speak, if I may, in favour of Amendment 23 in the name of the noble Lord, Lord Grantchester. At Second Reading, I referred briefly to my attempts to change tariff with my electricity and gas supplier. I think I described it as a parlour game on a computer system that did not always work. It seems to me that what we need to give the public is, first, clarity and, secondly, the capacity to compare one supplier with another.

Let me give two analogies, one good and one bad. The first occurred to me on Saturday when I was standing at a bus stop in central London alongside a hoarding advertising a new credit card deal. At the bottom of the advertisement, in big letters, it said, “Interest rate 57%”. On the face of it, that is quite a high interest rate, but the company has to advertise that interest rate so that it is really clear to the consumer. That is the sort of clarity we need. The bad analogy relates to train fares. Noble Lords who travel a great deal by train may, like me, go on to one of the internet sites that offer you the timetable and the train fares. With train fares there is absolutely no way of making a decent comparison between the different options available. Indeed, it is so complicated that, if you buy your ticket in Llandrindod Wells to go to Paddington, it may be a different price for precisely the same ticket if you buy it in Paddington to go to Llandrindod Wells.

If we are going to do this job now in the Bill, what is required is to ensure that consumers are able to make a proper comparison between the supplier they have and the alternative suppliers available. It does not mean that they will necessarily take the cheapest supplier. The noble Lord, Lord Lennie, made a point about green suppliers. Some of us might decide that we are prepared to pay a few pounds extra for the purposes of a better environment, but at the moment we have no way of knowing what sort of value green suppliers present. We have to go on to their website and take their word for it, which is not necessarily good enough. Amendment 23 at least makes a start in achieving those joint aims of clarity and the ability to compare.

**Baroness Neville-Rolfe (Con):** My Lords, I join others in thanking the noble Lord, Lord Berkeley, for setting off a discussion on this important issue of communication with consumers on electricity prices and the cap. I was going to add to the discussion from my own experience as a householder in Wiltshire. I have had a letter

[BARONESS NEVILLE-ROLFE]

from SSE which is meant to tell me simply how my electricity prices are increasing, what I could do and how I might be able to pay less. I have to say that it is very difficult to understand, so there is a problem outwith the legislation that we are putting through. It is also wrong to suggest that energy companies are always trying to dissemble. How well they do depends on satisfying the consumer and the better ones want to be able to say clearly what is happening.

If we were to add to the system a requirement to communicate about the tariff cap provision, it would make the sort of letter that I have already described yet more complicated. My own experience is that these things can be costly to business. When the minimum wage came in, I remember being telephoned by the business department—I was at Tesco at the time—to ask whether we could put the minimum wage on our payslips. Having talked to our ICT people, I discovered that it would cost us an extra £1 million to put the minimum wage on the payslip. It was therefore agreed that the minimum wage could be communicated in other things. I worry that if we in this Committee put down requirements, it could have a similarly escalating effect on costs.

I have looked at the impact assessment—noble Lords will remember that I am always passionate about the usefulness of impact assessments—but this one does not go into any detail. It just suggests that there are savings to consumers. If we were to add extra provisions on communication, we would need to consider the cost of that because it would then get passed through to the consumer. That cost will apply to the small, new entrants to the industry as well as to the bigger suppliers.

That leads me to one final thought. When we took through the Consumer Rights Bill, in which we were also concerned about communication to consumers, the department worked with the industry to produce special communication. That was then used across the retail industry to inform shops as to the new rights that were coming in for consumers. I wonder whether some of the concerns raised today could not be met by voluntary action within the industry, dedicated to improving clarity for consumers in this important area.

**Lord Berkeley:** The noble Baroness cited a figure for the cost for communication but in terms of the total cost to the businesses we are talking about, that figure must still be very small. Given the example that I quoted of the banks being required to provide paper statements for anybody who wanted them, surely it is more important that anybody should have access by whatever reasonable means to the information, even at the expense of them paying a little more on communication. The people who will suffer are those who cannot fiddle with their emails, even if they can get the information by email.

**Baroness Neville-Rolfe:** I can understand that. Clearly, there may well be a case for requiring some communication to be online and some on paper because some people cannot manage online. However, what I am saying is that this will involve changes in systems across however many energy suppliers there now are—I do not know

whether it might be 40, 50 or 60—and there is a cost to that, which we have not looked at or costed. How that fits in with suppliers' information systems can make a big difference. Clearly, the Bill is going ahead rather rapidly. I have seen no analysis of this angle of things, which is why I support these amendments this afternoon, at least in the form of probing amendments.

4 pm

**Lord Stevenson of Balmacara (Lab):** My Lords, three issues are being raised now. The last two speeches and the introduction were about communication and the points were well made, but we are probably all asking, "What is this all for?" We are missing a dog that has not barked, which, in its most recent form is, saving the presence of my noble friend Lord Whitty, Consumer Focus. Previous regimes have had national consumer councils and other bodies. There was an active and statutorily supported consumer interest that was also part of the process, from which the problems which we are now talking about seem to have emerged. We do not have that; we have a different structure in place and it is, perhaps, too soon to make judgments on it. However, an issue has been raised that should not be allowed to go away simply because the system does not currently encourage it. Like the noble Lord, Lord Carlile, I have also tried to change my rather complicated fuel arrangements. The house I am in has been brought together from three separate properties and I have three gas and three electricity suppliers. I recognise that this issue exists on the other side of the divide here. It is not simply a doubling: this is an exponential difficulty for those providers who are not able to cope with the issue. That is my problem, but it exemplifies the difficulty of trying to get information.

I have three points of concern. First, it is a problem that there is no statutory body to which you can go that will take this issue on and act on your behalf. Citizens Advice, for all its merits, is not that body and we miss Consumer Focus. Secondly, there is a case—even though there may be costs—for looking very critically at the information flow from the companies at the moment. They may well be trying their best; they may be saddled with statutory responsibilities, but the end product is more pages of more and more complicated, structured things that do not give you the information you require in a way that you can use. For most individuals looking to exercise the market power that consumers should have in this area, this would be a clear statement of the unit cost per kilowatt hour of energy consumed. We do not want a mixture of consumption and fixed costs and to then discover that there are all sorts of fixed costs that are never brought forward, such as network costs, smart meter costs and other things that exist below the line but are never provided in a sensible way. There is a direct issue of communication between the provider and the consumer.

My third point is raised in Amendment 38. The way in which the market has to operate in these rather asymmetric arrangements is for there to be comparison sites and other information providers, which we all tend to go to when we can. There is another problem here, which has not been touched on yet but which we must think about. To what extent are these truly

independent? It has been said, by those who have given evidence to us, that many of the comparison sites are only there because they take a commission on the provision of information about the companies by which they are retained. I find it difficult to see how consumers are supposed to work out what is the best deal. This may not be limited to the energy area, but if it exists there then some action needs to be taken, whether by statute or regulation, to make sure that this is a proper aid to consumer choice, not an additional complication.

We were also looking for a way of getting an amendment in this area. I am impressed that the noble Baroness and the noble Lord, Lord Teverson—who cannot be with us—were able to find a form of words. It does not take the trick but it is certainly in the right field. I hope that when the Minister responds he will give the Committee some information about where we might take this issue. It is not dealt with properly in the Bill; it is effectively out of scope in terms of what the Bill currently does. Perhaps, with a little offline discussion, we can bring a bit more focus to it. That would be worth while.

**Lord Henley:** My Lords, before I respond to the amendments, I will assist my noble friend Lady Neville-Rolfe by answering one of her questions. We are now up to 70 suppliers. She talked about it possibly having got to the high 40s or 50s, but one should be grateful that the number is higher and rising.

**Lord Stevenson of Balmacara:** I am grateful to the noble Lord for that information. It would not be right to accept that figure at face value. It may well be 70, but there is a huge discrepancy in size and capacity in that number. We are talking about the big six and then a very large number of small companies with perhaps 1% or 2% of the market. It is not quite as has been said.

**Lord Henley:** I fully accept that, but the big six is six out of 70 companies. There are another 64, and that number is growing. It might be a small tail but it is good to know that those alternatives are available as suppliers.

I am grateful to the noble Lord, Lord Berkeley, for moving his amendment and to other noble Lords for speaking to theirs. The general message is that everyone is seeking more information and information of the right sort, which should be—I forget where the noble Lord was quoting from—on a durable medium. He took that to be paper, but it might be extended to vellum, if we remember our debates on other occasions about what Acts of Parliament ought to be printed on.

I am grateful to the noble Baroness, Lady Featherstone, for her amendment and her frank admission that, for a Liberal, she was being somewhat dictatorial. It is not unusual for Liberals to be somewhat dictatorial; in fact, I find them very prone to banning things and ordering us around, but that is the nature of the beast.

I am also grateful to the noble Lord, Lord Carlile, for mentioning his difficulties in trying to get information and change his supplier online. I also know how difficult that can be. One gets online and has problems, then that dreaded expression comes up: “Frequently asked questions”. One can always guarantee that the one question you want to ask will not be one of the

frequently asked questions. I was grateful for the analogy he gave of the very good advertisement he saw for a credit card setting out interest rates of some 56%. I take it that he did not bother to take up such an offer. I will ignore what he said about train fares, only to say that I am grateful not to have to respond for the Department for Transport on this occasion. However, as someone who, like him, travels a great deal, I agree that fares can be difficult to follow.

It is very important that we make sure that energy companies not only are as transparent as possible with consumers but provide as much information as is necessary. I am happy to report that Ofgem’s standard licence conditions require—they are dictatorial, you see—suppliers to communicate information about cheaper tariffs to a customer with a “Could you pay less?” label on the first page of bills and statements of account. It is a requirement that the information on cheaper tariffs is included, along with a message saying, “Remember, it might be worth thinking about switching your tariff or supplier”. That required information includes details of the estimated savings that could be achieved by switching to a cheaper tariff.

As I made clear, customers can also continue to specify whether they wish to receive this information electronically or in a hard copy. I noted the percentages given by the noble Lord, Lord Berkeley, on how much people know what is happening in their bank accounts, whether they receive information on paper or online. The simple fact is that a great many people wish to receive this information online. We do not want to prevent that, but Ofgem is imposing a condition that customers must be offered the right choice. Ofgem is also leading a programme of work across industry, including detailed trials of different problems to engage people. Early information from these trials suggests that they can be effective at improving switching rates, however difficult some noble Lords might find that to achieve.

The Government are also working to improve consumer engagement. We provided a little over £1 million in funding for the Big Energy Saving Network and the Big Energy Saving Week last winter. We are also progressing midata in the domestic retail energy market. Midata is the method of electronically transferring customers’ data from a company system to a third party, such as a price comparison website, and should open the door to innovative third-party switching services.

The Government take transparency and ensuring that customers have the information available to switch very seriously, so although I agree with the spirit of these amendments, the processes and policies are in place for consumers to have the appropriate information that they need. It is also worth remembering the warnings that my noble friend Lady Neville-Rolfe gave about trying to insist on too much. Perhaps we should bear in mind the acronym KISS: keep it simple, stupid. There is a limit to the amount of information that should be provided and what is provided should be kept simple. I hope that with that explanation—

**Baroness Featherstone:** Has the Minister considered my argument about controlling how the cap might be referred to—perhaps as the “temporary cap”? That goes to the heart of the matter.

**Lord Henley:** I am more than happy to look at that and I hope Ofgem will note what the noble Baroness has said in Committee. It might be that it would want to change the advice it offers to suppliers about what they do. It is important we make sure that the right information is provided in the right format—I think we are all agreed on that—and that, as I said, it is kept simple.

**Lord Carlile of Berriew:** Can the Minister help us to understand why he referred to midata? The midata vision of consumer empowerment, as it was called at the time, has been in existence since November 2011. What will the midata vision provide to help consumers following the enactment of this Bill? What specifics will the consumer be able to use?

**Lord Henley:** What it will do, as I thought I had made clear, is make it easier to open the door to innovative third-party switching devices, such as the devices I referred to, I think, during the debate on the Smart Meters Bill. These will allow the consumer to find himself automatically shifted from one supplier to another if he says, “I always want the cheapest tariff”, or, “I always want the greenest tariff”. Such things are being developed and midata will help towards that.

**Baroness Neville-Rolfe:** I now understand why the letter I received is so difficult to understand. It reflects the provisions that the Minister has explained that Ofcom has imposed about having to show how you could pay less even if you cannot in fact pay less, which is the situation in my letter. That leads me to make a small request. It would be great if the Minister were able, between now and Report, to look at how communication is actually decided in the Ofcom area. Is there proper communication with consumers who might be recipients of these letters? We tend to be policy-driven rather than customer-driven, and I heartily endorse what the Minister said about keeping it simple. Talking to consumers about what they are going to be sent might be very helpful.

**Lord Henley:** I am more than happy to consider that and to write to my noble friend so that we can perhaps consider this again on Report. As I was saying in winding up, we all have the same desire: we want to make sure that the consumer has the right information to make the appropriate decisions that they wish to make. With that in mind, we hope that Ofgem—not Ofcom—will continue to develop its work in that field.

4.15 pm

**Lord Lennie:** Before this comes to an end, would the noble Lord repeat what he said about midata having the ability to steer customers to the cheapest tariff available to them in association with smart meters? When does the noble Lord think this will become available? This is quite revolutionary. It is exactly what is needed, and it was suggested in the Smart Meters Bill, if the noble Lord recalls, that the smart meter could provide that kind of information. Is that how it would be communicated—through a smart meter—or directly to customers?

**Lord Henley:** Midata is a method of electronically transferring customers’ data from a company system to a third party, such as a price comparison website.

I was saying that that could lead to innovative third-party switching devices. I think I might have said at Second Reading of the Smart Meters Bill that some apps were already available that could do that for an individual. Therefore, the noble Lord, Lord Lennie, could sign up to something that said, “Always shift me to whatever is the cheapest tariff”. I cannot remember the name of the one already in existence. The noble Lord might then find that two or three times a year he was changing supplier without knowing it, always going to a cheaper one. It might be that the noble Lord, being very virtuous, wanted a greener one or something else, and other such things could be arranged. I hope that is what midata will help the noble Lord and others to do.

**Lord Young of Norwood Green (Lab):** I hesitate to enter the debate because I do not want to prolong it. My understanding of the current generation of smart meters is that that is their problem: you cannot simply switch to any other provider because they do not yet have the technology to enable you to do that. The next generation will. That is my information and I have not yet heard anything to refute that. I have been talking to energy companies and to people who are heavily involved who say, “I am not signing up to this generation of smart meters”, because they cannot switch you to the complete range of suppliers. They do not yet have that flexibility.

**Lord Henley:** The noble Lord is absolutely right about the SMETS 2 meters. I will write to him about SMETS 1 meters and it might be that he is correct about that. I was only mentioning that as an advantage that will be available in the future to customers.

**Lord Lennie:** On that basis, I beg leave to withdraw Amendment 3.

*Amendment 3 (to Amendment 2) withdrawn.*

**Lord Berkeley:** I am grateful to the Minister for his response to my amendment. I think I detected a cautious welcome to be followed by, “It’s not really necessary because it’s all in the Bill anyway”. I was slightly concerned about the comments he made in response to the noble Baroness, Lady Neville-Rolfe, about the cost of communicating other than by email. It would be good to have some evidence of that cost but I shall reflect, with others, on what he said and we may come back with something different or better on Report. Perhaps if the noble Lord was happy to meet beforehand, that might be useful too. On that basis, I beg leave to withdraw the amendment.

*Amendment 2 withdrawn.*

#### *Amendment 4*

*Moved by Lord Stevenson of Balmacara*

4: Clause 1, page 2, line 15, at end insert—

“( ) the need to ensure that adequate protection exists for vulnerable domestic customers, including ensuring those customers who currently benefit under a cap imposed by the Authority on rates or

amounts charged for, or in relation to, the supply of gas or electricity because they appear to the Authority to be vulnerable, retain those benefits.”

**Lord Stevenson of Balmacara:** There is no plot, my Lords. We are not trying to keep my noble friend Lord Grantchester away from the Dispatch Box but we find it more equitable to share the responsibility, so we are popping up as need demands. I am sure he will return to his commanding position as leader on the Bill very shortly.

It seems odd to have got to the third group of our amendments to find an amendment that, while ostensibly about the various types of cap that are envisaged in play, actually asks a rather deeper question. What is the Government’s intention behind the Bill and what is behind their intention to have Ofgem, as authority, introduce this within a reasonable time after the passing of the Bill? Is it to help vulnerable customers? Is it to help with fuel poverty? Both issues have been raised already in this debate. Or is it more focused on the market and its efficiency and is therefore unrelated to some of the issues we have already touched on, in terms of how people react to the provision of caps?

This issue was raised in the other place in Committee and on Report. What the Government were going to do about this was left open. At the heart of this amendment is a suggestion that the Government need to step up to the plate and tell us where they want to go on this. The discussion that took place in Committee in the other place on 30 April raised the points I shall make, at a superficial level. At the end, the Minister offered some assurances in summing up, but he did not bring forward amendments at later stages. Your Lordships’ House has not yet seen any from the Government.

At heart, there is common ground that it would be a perverse outcome of this price-cap Bill if low-income and vulnerable consumers currently protected by the safeguard tariff had their energy bills increased as a direct result of the introduction of measures in it. We are clearly looking for some certainty about this. Perhaps, when they are designing the wider cap, the Government could highlight that existing provisions require Ofgem to have due regard to low-income and vulnerable customers who are already protected by the safeguard tariff. I echo the points made by the noble Baroness, Lady Featherstone, about this new cap needing a name; otherwise, we shall get into trouble over what we are talking about. There are, of course, other measures in place. There is a warm homes discount, which may be extended. To what extent does that interpose itself in relation to the cap in the Bill? There are measures to protect those who pay cash through prepaid meters in their homes. Where do they stand in relation to it?

To answer my original question, the Government see this more as a market-mechanism Bill than as anything to do with consumers, whether they are vulnerable, disabled, or fall into another category under existing measures. I think that is a mistake. A case was made in our first discussion this afternoon for making sure that we do not see the return of cold homes and the impact that illnesses have on the wider economy if people are not able to fund and maintain a warm and watertight home. However, the problem that needs to be solved for that to happen is not within the Bill but is

raised by it. The current market allows for things to happen that are clearly inimical to consumer interests. We see a widespread use of what is called “tease and squeeze”. This is a technical term, which *Hansard* will want to look up. It is not found in any legal text but describes perfectly what happens to most customers of the big six and less so to those of the other 64 companies that make up the energy supply market, but it is still present. As was raised at Second Reading, it involves, in essence, the availability of extremely discounted initial tariffs to which people can switch, followed by a quick change to a much higher one, which is never really disclosed in any detail and does not appear on many price comparison sites. When you are signed up, you are squeezed. You are teased first with a chance to cut your energy bills quickly by moving to a wonderful new company that has sprung up. Within a year, however, you find that you are on a much higher tariff. If you pay by direct debit, as many people do, you may not notice that until the letter—probably not an email—arrives saying that you have suddenly built up huge arrears and have to pay them a large sum of money. I am not in any sense implying that any illegality or malpractice is going on in the marketplace, but it is certainly not in the consumer’s interest to have this tease and squeeze arrangement operating at will in a situation where the information flows are asymmetric and difficult to read and where the consumers themselves are not able to use effective mechanisms such as price comparison sites to identify exactly what their costs will be, both when they switch and, much more importantly, later.

Many noble Lords may have been approached by companies and others who have an interest in this area. It seems to attract a large number of people who have views on how this issue should go forward. Noble Lords will have been told that one of the major problems affecting it is that when you try to work out the actual costs of the deals that are available, and what they would mean to a consumer who is paying, the information is so opaque and difficult that people end up frustrated and unable to see it. They certainly do not get the most important information, which is the long-run cost that they are entering into.

Arguing back from where I had got to, if the Bill is primarily about improving the market, surely what we should be focusing on, given what I have been describing, is a better series of powers and regulations held by Ofgem to clean it up. We should ban “tease and squeeze” and make sure that consumers are offered clear and unequivocal information about what they are signing up to—now, a year down the line and further down the line, subject always to cost. We have to get behind the idea that this is in some sense a market, but to say that 70 companies compete openly and fairly for the consumer’s interest does not describe effectively what is happening. A group of small companies has been set up which are primarily concerned with issuing bits of paper called bills and getting money out of people. They do not have the sort of competitive marketing operations that we would expect in a fully fledged and operating market; I think the Government accept that. The Bill is only one very small part of what must happen next, which is a clean-up of the whole operation.

[LORD STEVENSON OF BALMACARA]

We know that this is one part of that. It was probably a politically inspired decision to try to get some locus in this area, which was very much the opposition parties' game before the last election. Nevertheless, that will work only if some serious effort is put behind the arguments by bringing forward proposals that people will listen to and act on. If, as we have heard, the main measure behind this provision is the smart meters programme, the Government are putting their money on the wrong horse. From all the information we have—we will probably have the advice of the NAO in three or four months' time—this programme does not seem to be delivering on the aspirations the Government had for it. If that does not work and the information in the home is not available to consumers at the point of consumption, we will not have an effective, intelligence-led approach to how we may look at our bills and try to make sensible decisions about their cost.

That was a bit of a rant to get the Committee into this debate. The issue behind this amendment is whether we should look more carefully at the issues that have arisen from the ideas already in play to protect vulnerable consumers, while ensuring that they are not affected by the introduction of this price-capping Bill and that as a result consumers benefit, the market is cleaned up and the Government get what they deserve in trying to ensure that people have a fair and open market that works well for all concerned. I beg to move.

**Baroness Featherstone:** My Lords, the purpose of Amendment 12 continues that theme. It would ensure that wherever there is a vulnerable person, whichever supplier they are with and whatever tariff they are on, the Government would empower Ofgem to deliver the lowest tariff—the tariff for vulnerable people. It would also ensure that that lower tariff is not deleteriously affected by the Bill in any way whatever, and that there can and would be no unintended consequences that result in vulnerable people paying more. The Government need to clarify for the record that the introduction of the price cap does not, and must not, allow for Ofgem to remove or fail to extend the current safeguard tariff for low-income or vulnerable households. It would be helpful if the Minister could lay out how this will not and could not be the case, and demonstrate beyond doubt how the two caps—the one already in place for vulnerable people and the new energy price cap being introduced—can operate at the same time, without causing detriment to anyone eligible for a lower tariff for reasons of low income or vulnerability.

Amendments 27 and 31 relate to Clause 7, which we will debate later. It says that Ofgem,

“must carry out a review into whether conditions are in place for effective competition”—

to include, among other things, consideration of the rollout of smart meters—and must recommend whether the cap should be extended or lifted. Then, after considering the review, the Secretary of State must publish a statement on whether the cap should be lifted or extended. Amendment 27 requires Ofgem to take into account,

“the level of protection in place for disabled domestic customers”, at that time as part of that review process. Amendment 31 requires the Secretary of State to,

“have regard to the level of protection in place for disabled domestic customers”,

as part of the statement setting out whether the cap should be extended or lifted.

4.30 pm

As I am sure the Minister knows, there are real additional challenges for people with disabilities and their expenditure on energy. Their energy bills are often much higher because there is not a level playing field. We have to level it for people with disabilities. That is the tenet of the protected characteristic of disability enshrined in the Equality Act 2010. Some 55% of disabled people worry about paying their bills, and households with a disabled person make up 38% of all fuel-poor households in England. To tackle the extra energy costs that disabled people face, it is crucial that disabled consumers' experiences are put at the heart of the Bill.

Clause 7 puts in place the requirement to carry out that review, and the Secretary of State must consider it. As the Bill is drafted, however, the only thing Ofgem is required to take specifically into account as part of the review is the rollout of smart meters. Clause 7 must be strengthened to ensure that Ofgem takes into consideration the level of protection in place for disabled energy consumers when conducting the review. That would ensure that the price cap is not lifted before sufficient protections are in place for disabled energy consumers. These recommendations are in line with the BEIS Select Committee's recommendation that the Secretary of State's decision to lift the cap should be based on whether a set of minimum requirements is in place, including that overcharging of customers is reduced, “fairness is improved, and vulnerable customers are protected”.

Our two amendments ask that the level of protection in place for consumers with disabilities is also taken into consideration.

**Lord Whitty (Lab):** My Lords, I apologise for not being here for the previous debate. Clearly, there are crossovers between that group of amendments and this one. I declare an interest in that I have been appointed chair of the commission on vulnerability set up by Energy UK. We have not started our work yet so I am not pre-empting that and I am not speaking on behalf of the commission. But it has caused me to look at the complexity of the vulnerability of consumers in this sector and how that is compounded by the difficulty that people experience in getting around to switching, despite the emphasis on switching in public policy, and the attempts—legislatively and by the regulator—to encourage people to find a better tariff.

The fact of the matter is that while we have had a significant increase in the competition at one end, the competition between and within companies to attract and retain vulnerable groups in their own best interests has not ended up being very effective. I am sure we all know of groups in our own community which have had grave difficulty, either by being stuck on a tariff or by attempting to change their tariff, with consequences that were detrimental or at least incomprehensible to them. That remains the position.

When we are talking about vulnerability, we need to recognise that not all of that is obvious. It is not just the elderly, or physically or mentally disabled people, who are vulnerable. It is also people on small incomes,



particularly those on irregular incomes, who fail to pay at some point and suddenly become vulnerable because they build up debt and get into the company's bad books.

The industry is well aware of all this. Indeed, in some ways, it has attempted to address it, but it has not come through. This top-down approach of a cap, which may be necessary at the moment to drive future competition will not help the differential impact on the more vulnerable members of our society. If it does, it will do so inadvertently. That is the not the central theme of this approach. The issue has to be explained to people in a way that does not make life more complicated and that will enable them, at least to a degree, to be more proactive in switching to a lower tariff.

Communication between energy companies and their consumers is therefore vital. The increase in competition through the number of companies in the field has not necessarily led to a dramatic change in this situation. It is important that not just the big six but all companies in the sector take steps to ensure that they take this into account after we have legislated for the cap to address the interests of different groups of vulnerable people. We will return to this issue—amendments have been tabled on it at various points in the Bill—but unless we somehow crack this and make it clear that the cap must address issues of vulnerability at the same time, the social problems that are the outcome of the current dysfunctional and inadequately competitive market will simply continue.

For a number of these groups of people, although I am in favour of smart meters, I do not think that the smart meters rollout will occur in the timescale to match what is in the Bill for a cap. Also, many of those groups will be the last to benefit easily from the information and techniques that smart meters ought to give to consumers. The benefit will be to those who have already made the switch and, quite rightly, stimulated a new market, but they are not necessarily the most vulnerable in the market—in most cases they are quite the opposite. Unless we cater for all aspects of this market, with central objectives improving the position of those various groups of vulnerable consumers, we as legislators, and Ofgem as the regulator, will have failed.

**Lord Henley:** I thank noble Lords for what they said on these various amendments. I hope to set out what we are doing to protect the more vulnerable and disabled consumers in due course, but I will start by dealing with the point made by the noble Lord, Lord Stevenson, about what is referred to as “tease and squeeze”. We believe that the best way to end this practice is the detailed work that Ofgem is undertaking to test better ways to secure customer engagement and make switching quicker and more reliable, as well as many other programmes to make the market work better. Recent changes mean that suppliers can make their default tariff a fixed-rate deal rather than a variable-rate tariff; many have done so.

The amendments would require Ofgem to have specific regard to vulnerable and disabled consumers when setting the level of the cap, but they are unnecessary because Clause 1(6) already places a duty on Ofgem, “to protect existing and future domestic customers who pay standard variable and default rates”.

That of course includes vulnerable and disabled customers. Further, the amendments tabled by the noble Baroness, Lady Featherstone, to Clause 7 would require Ofgem and the Secretary of State to consider whether effective competition is in place in the domestic energy supply market as a whole, and again this will include effective competition for all domestic consumers, including vulnerable and disabled customers.

As noble Lords will be aware, in addition to the duty imposed on Ofgem by the Bill to protect all existing and future domestic customers on SVTs and default tariffs, the gas and electricity Acts place a duty on Ofgem to protect the interests of existing and future consumers. In carrying out this duty, Ofgem should have regard to the interests of individuals who are chronically sick, disabled or of pensionable age on low incomes, and those residing in rural areas. With the protections for SVT and default tariff customers in this Bill and the specific duties in existing legislation for vulnerable people, there is no need to place additional duties on Ofgem to protect the interests of those consumers.

Ofgem and the Government are taking a number of steps to support vulnerable consumers. For instance, Ofgem has extended the prepayment meter cap to around 1 million vulnerable consumers in receipt of the warm home discount, mentioned by the noble Lord, Lord Stevenson. The Government have laid regulations that, among other things, will enable data sharing between government bodies such as the Department for Work and Pensions and energy suppliers for the purpose of fuel poverty, including safeguard tariffs. Clause 3 of this Bill enables Ofgem not to apply the market-wide price cap to customers who benefit from another cap by reason of them being or appearing to be vulnerable.

I believe that these amendments broadly repeat the provision which is already set out in the Bill so they are an unnecessary duplication, but it is worth me going through some of the existing government support for vulnerable consumers. There is the payment of £140 a year to 2 million low-income households through the warm home discount scheme, along with £100 to £300 a year for all pensioner households through winter fuel payments. Some £25 a week is available to low-income and vulnerable households during a cold snap through cold weather payments. There is also the priority services register, which is a free service provided by suppliers for people of pensionable age, those who are sick or have a chronic medical condition, and those in vulnerable situations. That register includes priority support in an emergency by, for example, providing alternative heating and cooking facilities in the event of a supply interruption.

I thank the noble Lord for moving his amendment and I am grateful to the noble Lord, Lord Whitty, for his intervention. I note that the commission he is to chair has been set up by Energy UK and we look forward to seeing its work in due course. However, I believe that the Government are taking appropriate action, including through this Bill, which is all about making the market work properly, to protect consumers from paying too much for their energy. The amendment would therefore be an unnecessary duplication and I hope that the noble Lord will feel able to withdraw it.

**Lord Stevenson of Balmacara:** I thank all those who have joined me in this debate, in particular the noble Baroness and my noble friend Lord Whitty. I am grateful to the Minister for going through the issues and I will read his words in *Hansard* to make sure they cover the points I have made. However, it might be helpful to him if I lay down a specific list of the issues that we need to resolve, and perhaps a letter from him would make absolutely clear what is being said on these points. He said that the Government have laid the SI that is necessary for data sharing, which I think is the precursor to extending the safeguarded tariff. I had not spotted that myself, but if it is true and it could be confirmed, that would be great. Does that therefore mean that the extensions to the safeguard tariff will be available to coincide with the introduction of the Bill? If it is likely that the cap will be introduced by the end of the year—it is unlikely to be before that—can we be assured that the extensions to the safeguard tariff will also be brought in at that time?

4.45 pm

**Lord Henley:** I am not sure that I can give an absolute assurance on that now but I will certainly make sure it is in the letter that the noble Lord has requested from me.

**Lord Stevenson of Balmacara:** I am not looking for an immediate answer but I am trying to make sure that we are not missing anything out. I think the winter fuel payment and the cold weather payment are in different statutes and I cannot see them being affected by this but, again, confirmation that they will not be affected by anything in the Bill would be helpful.

I declare an interest that I am on the priority services register, being of that age. I am looking to see if anyone else is nodding. It was a rather scary moment when someone rang and asked, “Do you want to go on the register, you poor, shivering old person living alone in your house?”—which was certainly not how I felt at the time. But it actually turned out to be quite nice because when there was—inevitably—a power cut within the next couple of weeks, someone rang up and said, “There is a power cut”. I said, “I know that”. They said, “But you are on our register, we have to tell you”. There were various other things I could bore your Lordships with but it was quite amusing.

I have the same question about the warm home discount: will that fit into the way the Bill is being brought in and can we be assured that it will continue and will not be affected?

In summary, I think all the speakers were interested in getting an unambiguous overarching statement from the Minister that the safeguard tariff will not be withdrawn prematurely and will be extended to fit in with the recommendations. If we could get that, I would be very grateful. I beg leave to withdraw the amendment.

*Amendment 4 withdrawn.*

#### *Amendment 5*

*Moved by Lord Mackay of Clashfern*

5: Clause 1, page 2, line 20, at end insert—

“(8) Subject to subsections (9) to (12), sections 11C to 11H of the Electricity Act 1989 and sections 23B to 23G of

the Gas Act 1986 apply to modifications of the standard supply licence conditions made under this section.

- (9) Any appeal against modifications to the standard supply licence conditions made pursuant to this section—
- (a) may not challenge the decision to impose a price control in principle; but
  - (b) subject to paragraph (a), may relate to—
    - (i) the principles applied in setting the tariff cap conditions in question,
    - (ii) the methods applied or calculations used or data used in setting the tariff cap conditions, or
    - (iii) what the provisions contained in the tariff cap conditions should or should not be (including at what level the tariff cap control should or should not be set).
- (10) The decision of the Authority to modify the standard supply licence conditions to include tariff cap conditions is to have full effect pending the determination by the Competition and Markets Authority (CMA) of any appeal.
- (11) Paragraph 2 of Schedule 5A to the Electricity Act 1989 and paragraph 2 of Schedule 4A to the Gas Act 1986 do not apply to modifications of the standard supply licence conditions made under this section.
- (12) Notwithstanding section 11G(1) of the Electricity Act 1989 and section 23F(1) of the Gas Act 1986, the CMA must determine an appeal against modifications of the standard supply licence conditions made under this section within the period of 4 months beginning with the day on which it accepts the appeal.”

**Lord Mackay of Clashfern (Con):** My Lords, I want to raise a very specific point about the possibility of an appeal against the decision to fix the tariff at a particular level. I declare an interest: I have a minute shareholding in Centrica, which I think is a residue of Mr Therm, and of course we are all participants in the market in that we get gas and/or electricity.

The question that the amendment addresses is whether there should be a statutory form of appeal against the level at which the tariff is set by the authority. I think it is agreed that some kind of judicial challenge is available. Judicial review is said to be the challenge. It is interesting to see how the Select Committee approached that. I do not think it was a fundamental or central point of the committee’s consideration. It asked something like 500 questions, of which four were about the appeal provision. The committee’s main interest in appeal was to prevent delay in bringing in the tariff. I can see the very cogent reason for that. We want the tariff to come in as soon as practicable. If it is to be valuable, it certainly must come in in time for the next winter.

I will show that what I am proposing is a good deal better from that point of view than what the committee thought. The committee seemed to have been concerned mainly that there would be no effective legal challenge of the judgment. In a way, I am rather sad about that because it rather suggests that legal challenge does damage to a decision. My belief is that the aim of legal challenge is to improve a decision; if necessary, to make it fairer than it is already. I need not elaborate on that, because both the Government and those noble Lords who support this amendment agree that a judicial challenge of some kind is available.

I will go through our amendment in a little detail, to show what we are trying to do. First, the sections referred to are a code which allows for appeals in the

particular situation of modifications of the licence conditions. That is a general code, introduced by the words:

“An appeal lies to the CMA against a decision by the authority to proceed with a modification of a condition of a licence under Section 23”.

Of course, that includes price variation and that is clear from Section 23E, where a price control decision is effectively mentioned. The committee said that judicial review was a reasonable way of challenging a price control. If that is the point of view of the Government—and of preceding Governments, many of whom contributed to this code—it is strange that they have a code for price control at all. This is quite an elaborate code, with provision for rules and all that kind of thing, and with the CMA experts—who know something about this area—dealing with the matter.

The Government appear to be questioning the idea of an appeal on this level, on the ground that it might cause delay. The amendment seeks to deal with all these things. It makes it clear that there is no question of attacking the principle of the cap. That is a political decision to be made by Parliament and, therefore, the appeal decision may not challenge that point. However, it may challenge the principles applied in setting the tariff up. As I pointed out at Second Reading—I shall not repeat myself—it is quite a difficult decision. The conditions the authority has to satisfy in reaching a decision are quite difficult. I can see that there is certainly room for a difference of opinion on exactly what emphasis there should be on these various matters.

The Government made a point about the possibility of delay and that question concerned the Select Committee. The amendment deals with that by proposing new subsection (11), which takes out the power in the existing code to set aside a price control decision until a decision is taken by the CMA. To make it thicker, proposed new subsection (10) says:

“The decision of the Authority to modify the standard supply licence conditions to include tariff cap conditions is to have full effect pending the determination by the Competition and Markets Authority (CMA) of any appeal”.

There is, therefore, absolutely no question of any delay in this procedural matter. Of course, if it was successful, it might have an effect in respect of settling matters afterwards, but the tariff will come in on the date when the authority decides that it should.

We have thought about the possibility of delay in relation to the decision-making of the authority. The authority has the usual limit of six months. In view of the urgency of this matter, although it is not absolutely vital, we have suggested four months for the authority's decision. These are perfectly simple matters, I think, and they answer all the Government's objections to this form of appeal.

The noble Lord, Lord Grantchester, has tabled an amendment on costs. Perhaps your Lordships know already that there is a provision about costs in the scheme under the existing Act, and it may be that some modification of that is required. The other point that comes out very forcefully from his amendment is that appeals are made not just by the licence holders. The appeal is there also for the consumer. When you look at the conditions, you see that there is certainly a

possibility that the tariff might be too high. I am not saying for a minute that the authority will not do its best to get the right tariff—I am assuming that it will—but appeals are perhaps intended to review that kind of decision. Therefore, it is vital that the consumer representative, which is the citizens advice bureau, Citizens Advice Scotland or a combination of both, has the right of appeal.

I do not think there is any possible answer to this as against judicial review. Apart from anything else, judicial review is not a very technical type of review, in the sense that the judges are extremely skilful and talented but not many have a detailed knowledge of the gas and electricity industry. That is part of the scope of an appeal, as is set down under the statute: that the appellate authority is already equipped with the kind of expertise that is needed to decide this question. The Government kindly wrote me a very full letter saying that, in a judicial review, the judge could appoint assessors. As you can imagine, I am rather aware of that. However, it tends to show exactly what I am saying: that you should have an appeal that is supported by the relevant expertise. The very need for an assessor, which is suggested as a possibility—although I concede that the judge might not require it—goes a certain distance in that direction. That the Government have said it shows that this is an extremely useful and appropriate form of appeal.

We put the four-month period in to make sure that everything is looked at. I do not necessarily say that it is absolutely essential, and it may be that a correct decision is worth more than a hurried one. Still, we are showing our certain desire to have this disposed of as soon as possible. For that reason, in my submission to your Lordships, this amendment is eminently reasonable and one for which the Government so far have produced no reasoned alternative. I beg to move my amendment.

#### *Amendment 6 (to Amendment 5)*

#### *Moved by Lord Stevenson of Balmacara*

6: Clause 1, at end insert—

“(13) The cost of an appeal initiated by a statutory consumer advocate for energy consumers must be met by the Exchequer.”

**Lord Stevenson of Balmacara:** My Lords, I can be very brief, because this amendment tabled in the name of my noble friend Lord Grantchester has already been argued for very persuasively by the proposer of the original amendment and I have nothing to add to that.

The noble and learned Lord makes the point that there are two or three bodies on which there is an expectation that they will look after the consumer interest in matters affecting energy, and one key issue will be the pricing of any cap. An appeal has to be available to them because that decision involves judgment being exercised throughout as many imponderable questions need to be looked at for the authority to arrive at the decision. When we asked about this, Citizens Advice said that it is nervous about the fact that very often these appeals were done with a lack of equality of arms, in that senior counsel are often

[LORD STEVENSON OF BALMACARA]

briefed and brought in by the companies and, therefore, to be able to argue the case persuasively it feels it also has to take counsel. That is expensive, costing perhaps more than it is able to afford. Therefore, the question of cost has arisen. I think the noble and learned Lord, Lord Mackay, made the point so I do not need to emphasise that there is an issue here. If the Government could find a way for these costs to be met, it would obviously be better—we would not need to amend anything—but the amendment needs to stay there to make a point. I beg to move.

5 pm

**Lord Carlile of Berriew:** My Lords, I support the amendment in the name of the noble and learned Lord, Lord Mackay; indeed, I put my name to it. I declare two rather different but relevant interests. I spent eight years as a chairman of the Competition Appeal Tribunal, sitting with experts and expert witnesses, analysing the interstices of whichever competition issues were placed before us and being enabled to reach judgments that were carefully considered, although dealt with at extraordinary speed—much more speedily than many High Court cases. For a number of years, I also sat as a deputy High Court judge, dealing mainly with judicial review. In that role, I deferred at once to the much greater experience of the noble and learned Lord, Lord Brown, who was the king of judicial review in his time. Nevertheless, in my years in that role I was able to see the difference between the discipline of judicial review and the competition, evidence-based discipline.

As I listened to the noble and learned Lord, Lord Mackay of Clashfern, I had a horrible feeling—or perhaps a pleasant one, I am not sure—of *déjà vu*. Way back in the last century I used to appear as junior counsel in a fair number of cases in the Court of Appeal. I was often led by very distinguished leading counsel, though none more so than the noble and learned Lord. Indeed, three of them aside from me ended up as Members of your Lordships' House so I look back on those days with pleasure. One of the most terrifying things that used to happen in those days was that if you were appearing as junior counsel in the Court of Appeal, when your distinguished leader had finished, the judge in the chair uttered words that I think were, “Do you follow, Mr Carlile?” They were uttered in a tone that included, “If you dare, don't you dare and I'll murder you if you dare”, at least intellectually. So, one followed rarely; I follow the noble and learned Lord, Lord Mackay, with great trepidation. I will be very brief because I feel like his junior on this occasion. I will not go through the substantive points that he made, which he did with his usual extraordinary cogency. I agree with every word that he said. These arguments were rehearsed at Second Reading by all of us who spoke—the noble and learned Lord, me, the noble Lord, Lord Hunt, and others. I just want to provide a couple of headlines, as it were.

What kind of appeal do we want to give? Do we want to give one that allows the decision to be corrected if it is plain wrong or do we want to allow an appeal that only allows the decision to be corrected, even if it is wrong, if it is perverse and no reasonable authority would have reached it? For the latter option is the judicial review test. We should aim for what Amendment 5

suggests: that within time limits and the other restrictions described by the noble and learned Lord, Lord Mackay, the answer can be corrected quite simply if it is incorrect. That is what the public expect and that is what this amendment provides.

**Lord Hunt of Wirral (Con):** My Lords, I rise to support my noble and learned friend Lord Mackay of Clashfern in his amendment, and in doing so I declare my interests as set out in the register, in particular as a partner in the global commercial law firm, DAC Beachcroft LLP. As the noble Lord, Lord Carlile, has pointed out—we enjoyed his journey through history—this amendment will ensure that the Bill meets the Government's ambition to have a cap in default-rate energy tariffs in place by the winter while also ensuring that the correct scrutiny of such a major intervention in the energy market will be in place; namely, the CMA being able to review and improve the methodology if an appeal is brought.

I want to put forward three core reasons why the Bill in its current form does not provide appropriate scrutiny. First, setting a price cap that maintains competition and innovation will be extremely difficult. Competition is improving and a range of important policy costs such as the smart meter rollout and subsidies for renewable and vulnerable policies are included in energy bills. There are material risks to consumers if the methodology is not correct, and I welcome the amendment proposed to Amendment 5. The CMA clearly possesses the necessary expertise to hear an appeal on the cap, and there is no better source in support of that than the Government themselves. I shall quote from their recent Green Paper, *Modernising Consumer Markets*:

“We have an independent expert competition body, the Competition and Markets Authority (CMA), to promote competition in the interests of consumers and business across the economy ... The work of the CMA from 2014-2017 is expected to achieve benefits to consumers well in excess of £3 billion”.

I agree with this endorsement and I believe that appeal rights to the CMA will provide a reassurance to consumers and the industry alike.

Secondly, removing the right of appeal to the CMA from the provisions of this Bill would undermine the established approach which has been in place since privatisation. Some noble Lords may remember that as a junior Minister I took through the Gas Bill in 1985 and I still bear the scars, particularly on setting up a system of regulation which at the time was quite innovative. Since privatisation there has been an approach that underpins investor and consumer confidence. Moreover, the CMA already has a track record of improving regulatory decisions. In 2016 it set out that Ofgem's previous attempts to regulate retail tariffs in its retail market review had damaged competition and should be removed, while in 2015 the CMA heard an appeal, supported by Citizens Advice, on the level of the energy network price control. It found that Ofgem had made an error and £105 million was returned to consumers.

Thirdly, the Government have suggested that the courts, through judicial review, would be better placed to hear an appeal. I do not agree with that. JR is concerned only with the process for making a decision,

not the substance. The CMA is a specialist competition body that is designed to look at these issues. It has teams of experts within the organisation and the Government announced in the Budget last year around £3 million-worth of funding to ensure that the CMA could continue to support competition and consumers. This makes the CMA better qualified and resourced than the courts to review a price control. I hope that noble Lords will understand that those are three very clear reasons in support of my noble and learned friend's amendment.

Perhaps I may anticipate, if I dare, what the Minister may say. Looking at his initial response at Second Reading, I recall his main concern was delay. As my noble and learned friend explained, the amendment explicitly rules out the potential for a CMA appeal to delay or block the introduction of a price control. Delay is not usual anyway. In the past 11 price control decisions the CMA has not caused a delay and the amendment would now make that impossible.

My noble friend also may say we have concerns that a right of appeal could be used by certain of the major players to frustrate a price control. We know, however, that delay will not be possible via the amendment and the energy sector overwhelmingly supports CMA appeal rights, as do investors in the utilities sector. Furthermore, consumer groups would be able to exercise the right of appeal.

Thirdly, in the *Official Report* at col. 1018, if I recall, the Minister raised the fact that the Select Committee had considered the matter and recommended judicial review as an appropriate route of appeal. I believe there is a capability question here. However, I would also point out that judicial reviews actually take longer to resolve than CMA appeals—9.7 months versus 8.8 months. That is a comparison since the year 2000. As my noble and learned friend pointed out, the amendment would commit the CMA to resolve a case in four months. We rest our case.

**Lord Brown of Eaton-under-Heywood (CB):** My Lords, I regret I took no part in Second Reading. Indeed, I ought to say at the outset that I defer to no one in my claim to the profoundest possible ignorance about this area of the law and all the technical know-how that underpins it. As my noble friend Lord Carlile says, over the years I have had considerable experience of judicial review. My object is to support and echo rather than add substantively to the arguments already canvassed ably by all of the Lords who have spoken at Second Reading and again today. There are threefold basic advantages, which strike me as perfectly obvious, between the appeal sought in the amendment and judicial review, which, obviously, but for the amendment, would be the fall-back position of anybody wishing to challenge the authority's decision.

First, there is the question of the expertise of the tribunal in question. As the noble and learned Lord, Lord Mackay, said, judicial review judges have no more expertise in this area than I myself have already recognised I lack. In fact, the criteria by which this judgment falls to be made are, as set out in the statute, highly problematic and not obviously soluble by judges as opposed to an expert custom-built tribunal already in place to take appeals.

Secondly, there is the focus of challenge. As has been said, judicial review focuses essentially on the process by which the decision was arrived at. There is not a substantive challenge to the merits. As the noble Lord, Lord Carlile, said, only perversity could allow a judicial review challenge on the substantive merits basis. That is not a likely or fruitful way ahead here.

Thirdly—this links with the second point—there is the form of relief. If you succeed on a judicial review challenge in this circumstance, you set aside the decision under challenge but remit the matter back to the body so that it can, without the deficiencies of the process that you have identified, or on a non-perverse basis, reach a different decision. It is not open to the judicial review court to say, “Well, this is plainly a wrong process. They didn't take account of this, that or the other consideration. So we will impose instead a different cap”. That is not open to it so you simply have a further decision, with, again, all the problems and delays that that would bring in its wake.

Finally, on Amendment 6, I observe only that costs can be a useful sanction and it really should be left to the CMA itself—assuming there is to be a provision for an appeal to the CMA—to decide whether in the particular circumstances it can be empowered to provide, as the amendment would, that the costs should be borne by the Exchequer, but that should not necessarily be the outcome. There may be circumstances which make that inappropriate.

5.15 pm

**Baroness Featherstone:** I have no legal training—which may be painfully obvious to the Committee—nor much experience of the consumer world, but I have listened to the arguments, which have been well made. There is not a point left in my speech that would not be repetitious. I am intrigued to understand what on earth the Minister is going to say in reply. In my view, these arguments are unarguable.

**Lord Young of Norwood Green:** My Lords, there is no danger of my repeating what I said at Second Reading because unfortunately I missed the cut and was too late to make a contribution. I do not want to repeat what has been said by the noble and learned Lords. I am trying to think of the collective noun for a group of such distinguished legal experts. I am not sure “a clutch” does them justice—if your Lordships will pardon the pun.

**Lord Carlile of Berriew:** Would the noble Lord accept “a brief”? But that depends on him paying the fees.

**Lord Young of Norwood Green:** That is a given! I will not go through the arguments again. I concur with them. The case has been made and I hope the Minister is listening. I, too, look forward to his alternative response—or perhaps there has been an epiphany and he will accept the validity of the arguments that have been so ably put.

I want to make a few points that have not been made. It is important to understand the context within which price caps are going to be set. A number of

[LORD YOUNG OF NORWOOD GREEN]  
times in the debate reference has been made to the introduction of smart meters. That is not going to happen by chance, it is going to happen because the major suppliers have been told that they have to be introduced. The cost is not insignificant: 50 million smart meters will need to be installed at a cost of something like £7 billion. There is a long way to go: only about 12% of the smart meter installation has been completed.

An independent analysis by an energy sector expert points out:

“An energy price cap that pushes the industry as a whole to break-even or losses has significant implications on the smart meter roll-out programme”,

and that it is,

“absolutely essential to secure the cost-effective deployment of electric vehicles in addition to enabling the reduction of switching times to 24 hours”.

That will be one of the benefits of the smart meter rollout. If we want to encourage electric vehicles—which we do, as we know—smart meters need to be a key part of that.

I was also interested to see that the report talked about the incentives to switch. It said:

“The cap is intended to be set at a level that provides customers incentives to switch. When the CMA surveyed customers to understand the level of savings from switching that would encourage them to switch, it found that the median amount of savings”,

for customers was £120. It went on:

“At savings of £50, only 7% of customers were interested in switching ... The survey did not find any meaningful variation in the level of savings required by different demographic groups”.

That is a really interesting bit of analysis, ironically by the Competition and Markets Authority.

I will go on to what we expect from our major energy suppliers, which are vital to the UK economy and the day-to-day lives of British citizens. They account for something like 2.3% of gross domestic product and £100 billion of investment has been earmarked to 2020-21 to ensure that the lights stay on and customers have reliable, affordable and low-carbon energy. There are 600,000 people employed in the sector—even more, if you include indirect jobs—and it is at the forefront of essential new technology, as I have said, such as the smart meter rollout. That will facilitate the rollout of electric vehicles, which will be a £200 billion global market in 2019.

Energy companies are at the forefront of training apprentices. For example, Centrica has six training academies, employs 27,000 people in the UK and has trained 1,000 apprentices a year in recent years, including 2,500 smart apprentices. These are no mean considerations and they do not just happen. I hope there is recognition of this. Energy companies supply households with their gas and electricity, and the market is more open and competitive than it has ever been. Some of this statistical evidence is interesting. We have had an argument about suppliers but the fact is that there are more suppliers than before. I do not disagree with my noble friend about concentration but there has been significant switching. Nearly 400,000 customers switched during January 2018, a 14% increase on the same period last year, while 5.5 million customers—one in six—switched supplier in 2017. Awareness of the ability to

switch is high; I have already given the Committee that information. It is interesting that in the BEIS tracker polling, public concern about energy bills does not rank higher than it does about other household bills.

I want to make my position clear. I am not in hock to the energy companies—I will finish in a minute—and I am in favour of a price cap, but it has to be administered in a way that takes cognisance of the role that energy companies play. It also has to be done in an appropriate way. Unfortunately, my quote from the Green Paper was anticipated by the noble Lord, Lord Hunt, so I will not go through that again but I believe that the evidence to support this amendment is overwhelming and, on those grounds, I support him.

**Lord Henley:** My Lords, the noble Lord, Lord Carlile, spoke of his trepidation in following my noble and learned friend Lord Mackay of Clashfern. That is as nothing compared to the trepidation that I feel in following my noble and learned friend, the noble and learned Lord, Lord Brown of Eaton-under-Haywood, with all his expertise in judicial review, my noble friend Lord Hunt of Wirral, at whose feet I sat many years ago at the Department for Employment, with his great legal knowledge, the noble Lord, Lord Carlile, himself and all the others who have spoken.

I am also grateful to my noble and learned friend Lord Mackay for mentioning that my right honourable friend Claire Perry had written to him at some length on this matter to set out the details. I will probably have to set out similar arguments, which I hope he will listen to. However, having listened carefully to the debate and to the concerns raised by all, I think we may have to have further discussions on this in due course.

Just before I come to the substance of the matter, I ought to make a brief point to my noble and learned friend. I believe that his amendment does not quite work. I advise that we would probably need to import all the CMA appeal provisions if we took up his amendments from the gas and electricity Acts and adjusted them so that they applied to Ofgem’s decisions under the Bill. It could add something of the order of 12 new clauses and a schedule to the Bill. Any amendment could also place a new duty on the CMA; I think the noble Lord’s amendment would also require the CMA to consider conducting a review under a compressed timetable. In the light of that, I would certainly want to seek the CMA’s view on those points; obviously, we will let your Lordships know the outcome of that.

I will come to the amendment because it is important that we deal with the arguments, as my right honourable friend did in her letter to my noble and learned friend. This amendment gives us an opportunity to consider the idea a little further than we did at Second Reading. As I mentioned—I will mention it again during the course of the Committee—the Bill is a temporary and targeted measure to protect consumers from excessive energy prices until the conditions for effective competition are in place. It is important not to lose sight of this fact, nor of the 1.4 billion consumer detriment figure that was established by the CMA in its 2016 investigation into the energy market when considering the route of challenge for suppliers.

For temporary and targeted interventions such as this price cap, the CMA, as an appellate body, is not a “well-established right”, as has been suggested by some stakeholders. In fact, CMA appeals usually exist only for permanent, if periodically updated, price control regimes. The Bill does not replicate an existing price control regime, setting allowed revenues for entire businesses. It is, as I said, a targeted and temporary intervention to deal with a specific problem in part of the market. In fact, we are unaware of any temporary price-related interventions that have included the right to appeal to the CMA. There are also other examples of price interventions by regulators that do not include a CMA appeal right, such as the payday loan interest rate cap introduced by the Financial Conduct Authority in 2015.

Some stakeholders have sought to emphasise the differences between the FCA’s measure and the one we are considering here today. I suggest that these measures are not so different at all. Both measures are direct, targeted interventions operating in the retail end of their respective sectors; both originate from the sovereign will of Parliament via primary legislation; and both have the same express intent to protect consumers from exploitation. Like Ofgem, the FCA also has discretion in the setting of the cap and, as Ofgem has started to do, it carried out its own consultation weighing a list of concerns it should have regard to in a similar vein to the conditions set out in Clause 1(6).

Obviously, decisions relating to the prepayment meter cap are subject to challenge by way of judicial review. Therefore, there is precedent for a direct, price-related measure stemming from the will of Parliament to protect consumers that does not have a CMA appeal right. What is wrong, dare I ask, with judicial review? It provides a sufficient means of challenge to ensure the provision of a fair and public hearing within a reasonable time by an independent and impartial body established by law.

Again, the noble and learned Lord, Lord Brown, and others have made the point that judicial review is focused on process. A judicial review will consider the lawfulness of a decision, but there is also scope for the court to consider issues around the proportionality of any decision. They rule on many highly complex cases each year, so I am afraid I do not agree with the argument that in this area alone the issues are so complex that the courts simply would not be able to cope. The price cap is for Ofgem to determine in accordance with its duties and the court would not need any particular expertise to review that. As was made clear by my right honourable friend in her letter, if it did need particular expertise, which would be rare, it could still sit with assessors.

5.30 pm

Some have also suggested that not including a CMA appeal right risks damaging investment. I take such concerns extremely seriously, as I am sure do all noble Lords, but the claims are unspecific and do not stand up to scrutiny. Retail supply, networks and generation are distinct parts of the energy market’s value chain and as such the networks and generation sectors each have their own regulation, which the Bill neither targets nor interferes with. It deals with

retail supply. I note that, as I made clear earlier, since July 2017, during which time the Bill has been widely publicised, the number of energy suppliers active in the UK market has grown by some 15% to the figure I quoted of 70. It is therefore clear that new entrants have not been put off by the Bill.

Our concern about an appeal to the CMA is that it would be exploited by those seeking to gain quite narrow advantages, with suppliers in particular requiring a detailed examination of particular aspects of the price cap aimed at securing minor variations to it rather than a review of the overall legality of Ofgem’s decision. Suppliers have had and will continue to have the opportunity to provide their views through Ofgem’s consultation process. They have already had several months to engage with Ofgem both formally and informally to raise concerns, be that through comments on working papers or its policy on consultation. I hope that I have clarified the Government’s stance on this issue and that I have provided sufficient comfort. I am sure that the noble Lord will withdraw his amendment, but I hope that he will accept the points we are making. If he wishes to have further discussions between now and Report, obviously I will do so, but I am not sure whether we will wish to move on this point.

I turn briefly to the amendment moved by the noble Lord, Lord Stevenson, which seeks to ensure that the costs of an appeal to the CMA by a statutory consumer outfit should be funded by the Exchequer. As I have said, the Government hold that a CMA appeal right is not necessary and indeed would be unusual for this temporary and targeted measure. The noble Lord should also note that Citizens Advice and Citizens Advice Scotland—the two nominated organisations to deliver energy advocacy—mentioned by my noble and learned friend, have powers under the Consumers, Estate Agents and Redress Act 2007. Those two organisations are funded through government grants and levy funding. As such, the Government deem this amendment unnecessary as those bodies already have established funding mechanisms in place to deal with advocacy issues.

I think that it will be for the noble Lord, Lord Stevenson, to withdraw his amendment, and then it will be for my noble and learned friend Lord Mackay to deal with his. While I am more than happy to have further discussions, I have set out the Government’s position just as my right honourable friend set it out in her letter.

**Lord Young of Norwood Green:** The Minister said that the route of an appeal to the CMA could be abused by the major suppliers. What would prevent them seeking a judicial review at that point? What is the difference?

**Lord Henley:** My Lords, as I made clear, they would be using the CMA to delay this process, and we do not think that that would be right. I do not think that that would be the case with judicial review, but, as I said, I am more than happy to discuss these matters later. We have set out our position here and in the letter that my right honourable friend sent to my noble and learned friend.

**Lord Mackay of Clashfern:** My Lords—

**Lord Stevenson of Balmacara:** I am sorry to interrupt but the procedure is for me to respond first. I thank the Minister for his response, although I think the arguments were won fairly and squarely by those who proposed the original amendment. I hope that there was support around the table for the additionality of the consumer statutory representatives. The point is made that they are funded to be consumer statutory representatives—that is true. It is not true that they are funded adequately to carry out all the functions that could apply if this additional responsibility were placed on them. It would be a perverse outcome for the Government to rely on existing funding and not supplement it if a large number of people suffered badly as a result of a benefit that was supposed to come to them but which was not done properly and needed to be appealed, and the appellant was not able to fund their appeal.

I think we will have further discussions on this issue. I make it clear that we are minded to support the noble and learned Lord's amendment. As such, we would like to be part of that discussion and debate when it comes. In the interim, I beg leave to withdraw our amendment.

*Amendment 6 (to Amendment 5) withdrawn.*

**Lord Mackay of Clashfern:** My Lords, I find it difficult to know exactly what the basis is on which the Government now stand in relation to this. I would be extremely happy to have further discussion involving as many of us here as would wish to take part. I am sure that the Government would welcome that.

The situation is that an appeal under these provisions requires the permission of the CMA. The idea that some tariff licence holders would try to exploit this in some way is well met by the procedures that are laid down in this scheme. My noble friend began with the rather frightening suggestion that I needed to add something like 12 clauses to the Bill. It may be wrong, but subsection (8) of our proposed new clause states that:

“Subject to subsections (9) to (12), sections 11C to 11H of the Electricity Act 1989 and sections 23B to 23G of the Gas Act 1986”—my noble friend's production, with modifications, of course—

“apply to modifications of the standard supply licence conditions made under this section”.

That seems to put all the conditions in the tariff arrangement into the Bill for the purposes of dealing with the tariff. I cannot understand what more is required. I am in favour not of prolixity but rather of trying to be brief. That seems to me to do it briefly.

The whole procedure is involved. The only thing we are doing is modifying the procedure to take account of the concerns that the Government have expressed about delay and the power that the CMA has to postpone the coming into effect of the tariff under appeal. That is what we have tried to deal with, to resolve the issues that seemed to concern the Government in the letter that the Minister kindly sent me a little time ago.

I am extremely happy, as I said, to be involved in any discussions about this. At the moment, I find it very hard to see why the Government should want to

have judicial review more than this, because some people think that exploitation can happen under judicial review. I remember some time ago reading out a passage from a colleague's book about this and his experience of judicial review in relation to his education policy. I am not saying whether that is right or wrong, but I am saying that this procedure we are proposing is as protected against any kind of exploitation as it could be, because the permission of the authority is required and it will be very astute to know if it is just exploitation for the sake of some big member of the licence holders group. So I do not honestly think that that is a very serious objection.

As I said at the outset, I do not think the Select Committee was really concerned about anything except the delay that it thought would be involved in any kind of procedure. It would apply to judicial review—indeed, probably more than any other—because I doubt it would be right to try to remove the power of the judge to suspend the thing if he thought that that was required, whereas we expressly remove the statutory power of the CMA to put that in.

I think we have answered, as best we can, every possible concern that the Government have, so I would be glad to explore this—I was just about to say “exploit this”—at a meeting between now and Report. I am very keen that we should get ahead with this. We do not want to delay the passage of the Bill through this House, not at all—the sooner it gets through, the better, and the sooner the cap is in place the better, if it is going to be worth while.

*Amendment 5 withdrawn.*

*Clause 1 agreed.*

### **Clause 2: Tariff cap conditions**

*Amendment 7 not moved.*

#### *Amendment 8*

*Moved by Lord Grantchester*

**8:** Clause 2, page 2, line 32, leave out paragraph (e)

**Lord Grantchester:** My Lords, in moving Amendment 8, I shall speak also to Amendments 10 and 11.

Clause 2 on tariff cap conditions lays out a number of criteria or necessary provisions the cap conditions need to satisfy. For example, Clause 2(1)(b) specifies that the conditions,

“must set out how the cap is to be calculated”,

and Clause 2(1)(c) specifies that they,

“may make provision specifying how a standard variable or default rate is to be identified”.

While we recognise that tariff cap conditions confer functions on Ofgem to undertake, nevertheless the amendment probes whether Ofgem could be given too wide a power under this clause to undertake further activity. Are there any functions the Minister may be able to foresee that may be necessary and could be enabled by this catch-all provision? If there are further



functions that Ofgem may wish to initiate, can he confirm that these would need to follow the procedures already set out in the Bill?

Amendments 10 and 11 are also probing amendments. While we recognise that there must be a level playing field in the electricity market, there are some companies, certainly recognised green supply companies, that only provide alternative energy and often have only one tariff. The Bill is targeted at the SVT or default tariffs of the majority of companies, such as the big six, that have an array of tariffs from which a wide variety of prices can result. Clause 3 specifically relates to exemptions from the cap and the amendment allows green companies, rather than their tariffs, to be exempt. It could be interpreted that green suppliers may be unintentionally penalised, as they could incur additional material costs, such as contracting generators, policy work and research and development, that cannot be directly attributable to a single tariff. Has any consideration been given to a company-level exemption to ensure the survival and continuation of additional green energy projects and investments? Could tariff conditions make different conditions for these suppliers and exempt a supply from the cap's application? I beg to move.

5.45 pm

**Lord Henley:** My Lords, I am grateful to the noble Lord for explaining that his Amendments 8, 10 and 11 are probing amendments. I hope I can answer the points he raised.

Clause 2(1)(e) is a technical provision which allows Ofgem to give itself the power to do things through the licence conditions for the tariff cap. Amendment 8 would remove that ability for Ofgem to confer functions on itself when putting in place tariff cap conditions. The provision could be used, for example, to give Ofgem a discretion to decide what information to request from suppliers to inform its decisions on the design of the price cap. The subsection is designed to provide Ofgem with the requisite flexibility for the specific purpose of designing and implementing the price cap. It is not a green light for the regulator to self-design new functions in unrelated areas. As such, I believe it is a sensible and necessary provision that will cease to have effect when the price cap ceases to apply in 2020, or later if it is so extended.

Amendments 10 and 11 appear to be designed to enable Ofgem to exempt particular suppliers from the price cap or set the cap differently for different suppliers. The Government's aim is that the price cap will apply across the whole of the market. Its impact will depend on the level of each supplier's standard variable or default tariff and how many customers are on such tariffs. The Government's aim is to protect consumers from high prices until the conditions for effective competition are in place. Clause 3 enables certain tariffs to be exempt from the price cap, such as green tariffs or tariffs for vulnerable customers who benefit from a different cap, as I mentioned earlier. I do not understand why it would be necessary or helpful for particular suppliers to be treated differently, and I fear that such a situation might create the risk of the cap being gamed.

I hope those explanations are helpful and useful for the noble Lord and that he will feel able to withdraw his amendment.

**Lord Grantchester:** I thank the Minister for his explanation of these essentially technical clauses. I recognise that we must be careful that companies do not game the market. Nevertheless, we were probing the relationship with the exemptions in Clause 3 and whether there was some way in which we could be helpful to the alternative energy market for the necessary changes that need to be brought about for power supplies, which have meant that these have had to be grant-aided when brought in to be able to be competitive in the marketplace. I understand the thoughts behind the Minister's reply. At this stage, I beg leave to withdraw the amendment.

*Amendment 8 withdrawn.*

*Amendments 9 to 11 not moved.*

*Clause 2 agreed.*

*Amendment 12 not moved.*

### **Clause 3: Exemptions from the cap**

#### *Amendment 13*

*Moved by Baroness Featherstone*

**13:** Clause 3, page 3, line 8, at end insert—

“( ) Tariff cap conditions do not apply in relation to any supply of electricity by a holder of a supply licence who, in relation to the supply, has complied with—

- (a) Condition 21D.4(a) of the standard electricity supply licence conditions (obligation to ensure that claimed environmental benefits are a result of customers choosing to purchase the tariff), or
- (b) an obligation that is a replacement for the obligation imposed by Condition 21D.4(a).”

**Baroness Featherstone:** My Lords, one of the concerns that I raised at Second Reading is that there is no requirement for the authority to exempt from the cap those who wish to pursue a more environmental tariff. Under Clause 3(2) the authority may exempt such customers but there is no obligation to do so. There was such an obligation in the draft Bill, and with Amendment 13 we would reinsert the wording that was used then into this version of the Bill. The BEIS Select Committee was worried that the wording was too ambiguous and would allow companies with tariffs that were not environmental to use it as a loophole to escape the cap. We have tabled this probing amendment to ask the Government why more has not been done to get this into the Bill. Clause 3 enables Ofgem to exempt green tariffs from a cap if a customer makes the choice to move to a tariff that provides energy from renewable sources only—but with no clear timetable for introducing those exemptions.

Earlier this year, the Government stated that they would seek an exemption for green energy tariffs from the price cap. They said that if the power was from a renewable source only, it would be exempt from the cap, but Ofgem is not required to consult on this before the cap is implemented. If this is not amended, there will be a chilling effect on what is still a nascent but vital industry. Taking the Government at their word, encouraging consumers to stay green or to go green should be built into the introduction of the cap from day one.

[BARONESS FEATHERSTONE]

In March this year, Ofgem published an update on its plans for the price cap. At that point, it said that it was planning to issue a series of working papers on a whole range of aspects of the cap ahead of a policy consultation. One such paper was to be called “Our views on an exemption for tariffs which may support the production of renewable gas and electricity”. It issued a series of working papers, none of which related to that exemption. If we cannot get this in the Bill, the cap when instituted will not include that green exemption. I look forward to hearing what the Minister says about how the Government might amend the Bill to ensure that consumers who choose to buy clean energy are not disadvantaged. I beg to move.

**Lord Stevenson of Balmacara:** My Lords, I support the amendment of the noble Baroness, Lady Featherstone. The amendments in this group are variations on the same theme, which is the question of how one can find in the Bill the right balance between the wish to encourage the drive towards reduced carbon and no-carbon generation of power as far as possible and, at the same time, trying to get out of what appears to be a cul-de-sac in which the more we propose exemptions from the tariff for those who exercise clear preferences for green supply and carbon-free generation, the more they will not feel the benefit from measures that are meant to reduce the cost of the electricity and power that they consume. I do not know what the right balance for that is, so this is a probing amendment.

Our solution—we are not wedded to it but I would be interested to hear the Government’s observations on it—is that a situation where a consumer has clearly and unambiguously signified their intention to always select energy provided from wind or other renewable sources might provide a break point in which one could exercise discretion on whether they obtained the benefit of the cap. That seems to play to my earlier concern that this would prioritise people who used carbon-based energy sources as the only ones to benefit from the cap and would therefore reduce their costs.

I am not entirely clear which way we should go on this. It seems unreasonable to take an extreme position one way or the other, but that seems the only way to find an equitable solution. I look forward to hearing the Minister’s response.

**Baroness Vere of Norbiton (Con):** My Lords, I will address the proposed amendments to Clause 3 from the noble Baroness, Lady Featherstone, regarding arrangements for exemptions from the price cap.

On Amendments 13 and 14, the Government are clear that it is right for Ofgem, as the expert regulator, to look at an exemption from the cap for green standard variable tariffs, remembering that fixed-term green tariffs are not covered by the cap. The Bill requires Ofgem to consult on an exemption and, if it decides to put an exemption in place, it must be for tariffs that are chosen by consumers and which support the production of gas and the generation of electricity from renewable sources.

The Government do not wish to prejudge the outcome of Ofgem’s consultation. We are very much aware of the arguments around having an exemption but are

also aware that, as with any exemption, there may be a risk of gaming—or greenwashing, as it is sometimes known. This is a complex area and we should not make any judgments or decisions until Ofgem has undertaken its consultation and examined the approaches to an exemption.

The Government note that many fixed-term green tariffs that support renewable energy generation are already available on the market. These offer consumers considerable savings compared with non-green SVT tariffs. Some new entrants to the market also expect to deliver green standard variable tariffs at levels below where they expect Ofgem to set the price cap. Fixed-term green tariffs would still be available in the event that the regulator chooses not to exempt green SVTs from the price cap. In view of this explanation, I feel that Amendments 13 and 14 are unnecessary.

Amendment 15 concerns vulnerable consumers. As has been noted in relation to earlier amendments, Ofgem will keep the safeguard tariff in place for warm home discount recipients if it offers a higher level of protection than the market-wide price cap under the Bill.

Amendments 16 and 17 are in the name of the noble Lord, Lord Grantchester. Amendment 16 creates a situation whereby, if Ofgem decides that actively chosen green tariffs that support the production of renewable energy should be exempt, all consumers on such tariffs would need to opt in to this exemption; otherwise, the cap would still apply. There may be unintended consequences from this approach. If Ofgem does decide to exempt green tariffs and yet only a small proportion of consumers opt in to the exemption—for whatever reason—these suppliers could find that their tariffs become financially unsustainable. Such a situation could counteract the aim of encouraging and maintaining investment in renewable energy, while also limiting the choice of green tariffs available to consumers. The Government are therefore not convinced that an opt-in clause would be helpful.

On Amendment 17, I remind noble Lords that Ofgem published its policy consultation on 25 May and it remains open for submissions. The consultation contains a section on the green tariff exemption. Ofgem is engaging widely on the consultation, including through workshops with suppliers and consumer groups. As such, the amendment comes somewhat after the fact, and so I believe it is not necessary.

Finally, Amendments 18 and 19 are also in the name of the noble Lord, Lord Grantchester. I agree with the thrust of Amendment 18. As I have said, Ofgem’s policy consultation is already under way. In Appendix 13 of the consultation, Ofgem sets out the proposed criteria by which it may consider green tariffs to be exempt. One is that the green tariffs,

“provide support for renewables, materially beyond support provided through subsidies, obligations or other mandatory mechanisms”.

On Amendment 19, the Bill requires Ofgem to complete the consultation so that the licence modifications giving effect to the price cap include the exemption. Of course, this is subject to Ofgem deciding to put the exemption in place following the consultation. As setting a price cap and determining a robust exemption—subject to the outcome of the consultation—clearly involve a lot of work, the Bill provides a little flexibility

in the event that this is not possible. Nevertheless, it still requires Ofgem to put in place any exemption as soon as practicable following the modifications putting in place the cap taking effect. Consequently, the Government do not see the need to include Amendments 18 and 19 in the Bill, and I hope the noble Lord will feel able to not move them.

**Lord Stevenson of Balmacara:** I am sorry to interrupt: perhaps I might check two things with the Minister. I think we agree that there is an issue here that is very difficult to bottom out and therefore the consultation process is obviously helpful in that. What I was trying to get across, although perhaps I failed—I think the noble Baroness, Lady Featherstone, made the same point—is that given that we are in a consultation process, where does this all lie in relation to the Bill? Are the Government really saying that actually this is too difficult to deal with in the Bill and it is being passed to Ofgem to make whatever decision it can make in the light of the consultation?

I am not saying that that is wrong. I just ask the Minister to accept my earlier argument that this was actually rather a difficult principle and perhaps should be in primary legislation; otherwise, there is a question of gaming and other things. The point of principle was whether we should give priority to the encouragement that would flow to smaller, greener energy producers, which would not have their income reduced because they were carved out of the new tariff, at the expense of green-minded ordinary citizens who want to get their supply from green sources but are poor, vulnerable, disabled or fall into the category of needing support but find themselves removed from that support system because they are prioritising green energy. That does not seem fair. I wonder whether we should think very carefully about whether it is right to simply pass this to Ofgem to do on the basis of the consultation or whether we should take a decision within the Bill itself.

6 pm

**Baroness Vere of Norbiton:** I thank the noble Lord for his questions. I would like to come back to the second question in due course because I did not quite follow the tension he identified between different types of consumers and whether they would be caught by the exemption and so on. I think there is an opportunity for us to meet again after this to discuss the green tariff exemption specifically.

On the first issue, the consultation, it is the Government's intention to put an exemption in place for appropriate green tariffs, but the issue, as was brought out in previous discussions on the Bill, is that sometimes what is green is not green and the whole area can actually be very grey. We must not get ourselves into a situation where the real green tariffs are losing out. I am happy to have conversations in future.

**Baroness Featherstone:** I listened carefully to what the Minister said. It is very complex. There is still the kernel of an issue here, so I will read *Hansard* and consider what the Minister said. At the moment, I am uneasy that we have not bottomed out the issue that needs to be defined in the Bill to give the Government

and the opposition parties surety that we have not, by accident or by design, done something to ace out what we are trying to value in all this. I beg leave to withdraw the amendment.

*Amendment 13 withdrawn.*

*Amendments 14 to 19 not moved.*

*Clause 3 agreed.*

#### *Amendment 20*

*Moved by Baroness Featherstone*

**20:** After Clause 3, insert the following new Clause—

“Review of the context surrounding the introduction of the tariff cap conditions

- (1) The Secretary of State must carry out a review of the context surrounding the introduction of the tariff cap conditions.
- (2) The review must make reference to—
  - (a) the circumstances that necessitated a cap on energy prices being introduced;
  - (b) whether or not the circumstances referenced in paragraph (a) could have been prevented by earlier intervention; and
  - (c) what steps the Government can take to prevent a cap being necessary in the future.
- (3) The Secretary of State must lay a report of the assessment before both Houses of Parliament within one year of the passing of this Act.”

**Baroness Featherstone:** This amendment is about context and the prevention of any repetition of a need for a cap. It is again a probing amendment to get the Government to talk about advancing their thinking on how not to allow a broken energy market to arise again. A cap should never be necessary. It is not a good answer but an answer. Everyone agrees that competition and a properly working market should be the effective way to do this. This amendment suggests that a review needs to be carried out to understand the circumstances that necessitated the introduction of the cap. Could the circumstances that heralded that necessity have been avoided had action been taken earlier? Were there warning signs? I would say that there were. With more consumers switching and more competition, I hope we will not be in that situation again, but the big six still have around 80% of the market. Was that a contributing factor? Of course it was. How is it that prices became so high? What measures might be introduced at an earlier and more expedient point to prevent a recurrence? What are the Government going to do to monitor what companies say to customers?

I raised another issue at Second Reading. Recently, some of the large energy suppliers raised their prices. I questioned the rise and the answer I got was that wholesale energy costs were rising and therefore prices had to rise. Shortly after that, E.ON's profits rose by 41%, which was so far beyond any rise in the cost of wholesale energy that it made one wonder whether there really was cause and effect and whether rising energy costs were the sole arbiter of the rise in price. That is something the Government need to look into.

[BARONESS FEATHERSTONE]

If we do not examine, review and contextualise what brought us to having to introduce a cap to protect people on standard variable and default tariffs, how can we be sure it will not happen again? I look forward to the Minister's answer about what the Government will put in place to ensure that that never happens again.

**Lord Grantchester:** I shall speak to Amendments 21 and 24, which are in my name. Under Clause 4, Ofgem must undertake various actions by way of notice of proposed modifications, including giving notice that it proposes to make modifications. Amendment 21 specifies that Ofgem must provide reasons in a narrative that explains why it is making modifications—ideally, an assessment of why modifications are being proposed.

We all recognise that energy bills soared 20% between 2007 and 2013 and that the average household pays around £300 more today than it might otherwise do in a more competitive market. However, in the interests of transparency it is imperative that Ofgem outlines its reasons for setting the price cap at any given level for the benefit of suppliers and customers alike. That would help set parameters when undertaking later reviews and assist greater scrutiny.

Amendment 24 has been proposed following the debate last week in your Lordships' House on the European Union Committee's report *Brexit: energy security*. In its report the committee portrayed how the UK and the EU are already increasingly interconnected on energy. Already, high levels of gas are being piped from Norway and over 5% of electricity demand is being met from the EU, with estimates that this source of electricity supply is likely to increase to over 25%. At present the UK is a member of the internal energy market and the committee's report underlines the risk should the UK not remain within the IEM. From evidence received, it is universally argued that the UK could be more vulnerable to supply shortages or challenges, making supply less efficient, with the result that retail prices to consumers could rise. Amendment 24 specifies that the consequences of Brexit must become part of the review of the market and the application of the cap.

In the Government's response to the Select Committee, they failed to address this point while being pressed to undertake an assessment of the consequences of the UK leaving the IEM. How do the Government propose that Ofgem should assess the situation in its review? The effect should be recognised for the application of the cap and, hence, included in the Bill.

**Baroness Vere of Norbiton:** My Lords, I will speak to Amendments 20, 21 and 24, which relate to the reasons for this cap and the details of its implementation.

The noble Baroness, Lady Featherstone, proposes a review of the energy market, in particular setting out the reasons for the cap, whether it could have been avoided and how a price cap can be avoided in the future. The Bill follows on from an extensive two-year investigation undertaken by the Competition and Markets Authority. This reported that there was, in effect, a two-tier market, with good value tariffs for those who engage in switching suppliers but for those who do not,

the market was uncompetitive and these consumers were being charged an unjustifiably high price for their basic energy needs.

The CMA also found that the significant market share of the largest energy companies and the use of the standard variable tariffs had led to a situation where customers, including some of the most vulnerable in society, are simply paying too much. They are also paying for the inefficiencies of the larger companies to the tune of around £1.4 billion a year. The noble Baroness, Lady Featherstone, mentioned E.ON and its 41%. I was not quite sure what she was referring to and whether that was a return on capital. A profit increase of 41% would depend on its starting and end points; it is not hugely relevant, depending on the leverage of the company. Potentially, we should look at its return on capital, which is far more instructive.

It was as a result of this very detailed, two-year report that the Government and Ofgem undertook to protect those on the poorest-value tariffs on a temporary basis until the conditions for effective competition are established. In addition, Ofgem is actively considering the future of the energy retail market. This work is looking at barriers to innovation and whether the current market model needs to be reformed. Another review at this stage would simply tell us what we already know and take resources away from the vital work being carried out to support the necessary reforms of the market.

On Amendment 21 proposed by the noble Lord, Lord Grantchester, I am sure he is aware that, as part of the licence modification process, Ofgem will be required to state that it proposes to make the modifications and their effect. Subject to the will of Parliament, it is clear that this action is going to take place; indeed, suppliers and other interested parties are actively involved in the consultation being conducted by Ofgem. The amendment is therefore not necessary.

The noble Lord's Amendment 24 relates to those matters which Ofgem should consider during its review of the level of the cap, which must take place at least once every six months. It is incredibly important that Ofgem, as the industry regulator, be allowed to consider what it feels matters the most. He may be pleased to learn that Ofgem has published a consultation paper which sets out the matters it proposes to review when considering the level of the cap. That will of course include wholesale prices and many of the factors raised in the debate of last week, which he mentioned. Hence, the amendment is unnecessary at this stage.

I hope that the noble Baroness and noble Lord are content with my explanations and will be willing to withdraw or not move their amendments.

**Baroness Featherstone:** I thank the Minister for her response. I understand that the Bill puts in place an examination of the conditions for effective competition, as an answer for not having a cap, but I am trying to go a little deeper. I want to avert the idea that a cap can become a mechanism whenever the market is dysfunctional. It is not the answer and we therefore have to go deeper. On the basis that I will consider what the Minister has said, I am happy to withdraw my amendment.

*Amendment 20 withdrawn.*

**Clause 4: Notice of proposed modifications**

*Amendment 21 not moved.*

*Clause 4 agreed.*

**Clause 5: Publication and effect of modifications**

*Amendments 22 and 23 not moved.*

*Clause 5 agreed.*

**Clause 6: Review of level at which cap is set**

*Amendment 24 not moved.*

*Clause 6 agreed.*

**Clause 7: Review of competition for domestic supply contracts****Amendment 25**

*Moved by Lord Lennie*

**25:** Clause 7, page 4, line 38, at end insert—

“( ) The Secretary of State must within six months of the passing of this Act publish a statement outlining the criteria that are to be used by the Authority in the review to assess whether conditions are in place for effective competition for domestic supply contracts.”

**Lord Lennie:** My Lords, the history of the electricity market has not been an unbridled success. That is why we are here. We want to ensure with these amendments that Ofgem has the right steer and takes account of the right criteria in determining whether market conditions truly apply. I take the point made by the noble Baroness, Lady Featherstone, that we do not want there to be a permanent cap on tariffs, but the tariff is likely to last longer than is currently scheduled.

I recently had some experience of Ofgem. It contacted me after Second Reading to say that it disagreed with me, which was not surprising, and asked whether I would like to meet and talk about it. I said yes and left a message to say where I was, but I have heard nothing since. If your Lordships have any influence on Ofgem, please use it, because I am still available for discussion should it wish to have it.

What comparable or appropriate market conditions should be in place? We met some of the smaller supply companies. They talked about supermarkets being almost perfect markets: you have choice ranging from price reducers to quality suppliers with everything in between, with the consumer able to shop around and choose where he or she wants to spend whatever amount of money on whatever product. That is true to a degree, except that the likelihood is that you will go to your local producer or supplier.

The comparison to the market for electricity is remote. The market conditions for electricity are that you have monopoly suppliers who supply your energy at a cost that they determine. They supply it at a price to attract the customer—we have heard this before—and then bump up the price once they have you and hope

that you do not notice, because you are online, you pay by direct debit and you do not receive communications about that. And so it goes on.

*6.15 pm*

We are told that the big six currently apply £140 per customer add-on to the cost of supply of electricity compared to the challenger companies, which add on about £60 per customer to the price that the customer pays for electricity. This covers various administrative costs, training, and so on. I accept that the big six have a major responsibility for training people in the industry, as we have heard this afternoon, but that does not account for the double price that they add on per customer to the electricity price paid.

In the amendment, we ask the Secretary of State to provide Ofgem with a set of criteria for it to use in conducting its review. In Amendment 26, we make suggestions for some of the factors to which it should have regard in conducting the review. We hope that out of that review would come a more meaningful report than will otherwise be the case.

I think that the noble Baroness said that Ofgem has published a paper in anticipation of the review. I have not seen it and do not know what it says; it may cover this or it may not. I should be interested to know whether it does. We ask that these factors be taken into account in establishing whatever market conditions review Ofgem is to undertake.

I think that my honourable friend in another place said that the evidence of the market is that when bulk energy supply conditions increase, prices increase; when they reduce, prices increase. That seems to have been the effect on the consumer for many years. This is a chance to cap that, look at it and find out why the market does not work and what needs to be done to make sure that in the long term it works in the interests of the consumer. We ask that the Government take on board these suggestions and pass them to Ofgem as part of the review.

**Lord Henley:** I am sorry that the noble Lord, Lord Lennie, is having problems getting to meet Ofgem, but I am sure that it is an assiduous reader of our debates and will have noted what he said. In case it is not, I will pass on his message to Ofgem to say that he would be grateful to have that meeting—obviously, I want to be as helpful as possible.

That may assist our discussion on Amendments 25, 26 and 28, which would amend Clause 7 to include matters that Ofgem must have regard to when carrying out its review of the conditions for effective competition. As the noble Lord is aware, the Bill purposely does not define what the conditions for effective competition should be, although, as a major government programme, it requires Ofgem to consider the progress that has been made in rolling out smart meters.

It is right that Ofgem considers the market as it evolves over the next few years. Setting out now in the Bill the factors that it must consider would not be helpful. The BEIS Select Committee agreed with that approach in its report, which states:

“We believe that setting a definition of ‘the conditions for effective competition’ before setting the cap could create incentives

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for suppliers to game the system or treat the cap as a box-checking exercise rather than going above and beyond their obligations. It would also risk creating unnecessary opportunities for legal challenges”.

The factors set out in the noble Lord’s amendment appear to be broadly sensible. But this is a job that is best left to the regulator and is something that has to be considered in the light of the market as it is at the point that it is being reviewed, not now. Obviously we will have to consider that on different occasions if we have to extend the Bill. I do not see how binding Ofgem to a set of factors would be helpful.

As I made clear earlier and as my noble friend has made clear, Ofgem recently published a paper on the setting of the cap, which is out for consultation at the moment. It includes a consideration of the factors that indicate that the conditions for effective competition are in place and the extensive programme of work aimed at making it easier for customers to engage in the market and encourage them to switch suppliers. Ofgem also set out in its annual report on the state of the energy market an assessment of issues such as barriers to market entry or exit, the level of competition between firms, and the range and quality of service offerings. In its work on future supply market arrangements, it is assessing whether more fundamental changes to the structure of the retail energy market may be needed to allow disengaged consumers to get a good deal. Ofgem has said that it will need to assess which, if any, of these it considers to be crucial to lifting the cap.

Ofgem has said in its consultation paper that it expects to keep these factors under review as the market develops and that it will report on progress in creating the conditions for effective competition, alongside its annual reports on the energy market. It has also said that in order to recommend that the cap should not be extended for another year, it would expect to see sustained progress that would allow it to be confident that currently disengaged consumers could gain a reasonable deal from the energy market without price protection.

I hope that the noble Lord will accept that his amendment is possibly overly prescriptive. Ofgem will consider what is relevant and necessary at the time. I hope, therefore, he will be able to withdraw his amendment. I repeat what I said earlier: I hope he manages to have his meeting with Ofgem and, if he has any problems, he should get in touch with my office.

**Lord Lennie:** I am grateful to the Minister for his offer of support for my meeting with Ofgem. I am sure it will happen soon—I am sure Ofgem has ears and eyes and can read, so I expect a call fairly soon. I am also grateful that he welcomed the suggestions we have laid out in the amendment and finds them useful as a steer that Ofgem may choose to use. I am not sure that they are the be all and end all, but it is a range of suggestions. I will certainly read the consultation paper Ofgem has put out and respond to it. In the meantime, I am happy to beg leave to withdraw the amendment.

*Amendment 25 withdrawn.*

*Amendments 26 to 28 not moved.*

### *Amendment 29*

*Moved by Baroness Neville-Rolfe*

**29:** Clause 7, page 5, line 3, leave out paragraphs (b) and (c)

**Baroness Neville-Rolfe:** My Lords, in moving Amendment 29 I will speak to linked Amendments 30 and 34. I should perhaps express my regret that I arrived too late to speak at Second Reading as a consequence of other commitments.

The purpose of these amendments is to make it more difficult to extend the duration of a price cap and to ensure that it is temporary, if I may pick up the useful word used by the noble Baroness, Lady Featherstone, in her amendment to Clause 2. As the helpful notes on the Bill say in paragraph 15:

“The cap applies until the end of 2020 but it may be extended, for a year on up to three occasions, if the conditions for effective competition in the market for supply contracts are not in place”.

The basic point is that I am unconvinced of the merits of price caps. Setting prices at a low level may seem superficially attractive but experience in many jurisdictions shows the problems that they create. For example, in California in 2001 retail prices were capped at levels that ended up being below the wholesale cost of energy. As a result, retailers found themselves \$20 billion in debt and one of them went bankrupt. The state then had to step in. Price caps are against most economic theory and have unintended consequences, as we have discussed, so there is no need for me to labour the point.

If I may, though, I will share one personal experience of price regulation somewhat akin to what we are now discussing. As a junior civil servant, I was responsible for the milk costing system, administered with the help of a leading accountancy firm. In effect, we were responsible for setting the permitted retail price of milk. Unfortunately, a member of the departmental team unwisely agreed that a visit to an international dairy conference in Miami was a legitimate expense. As a result, everyone paid more for their milk. This was an early lesson in why it is better to avoid government interference in pricing.

Still, we are where we are and we need to improve the Bill. I believe it would be much better if the cap ended in 2020 and that, as drafted, it is far too easy for the Government to extend it. Indeed, there seems to be almost no prospect of ending it before 2023. Yet the Minister, Claire Perry, said in Committee in the Commons that there was,

“strong consensus in the Committee”,

that the cap should be temporary and that a proposal under discussion to extend it further,

“creates disincentives and uncertainty in a market where we have to have certainty to generate investment”.—[*Official Report*, Commons, Domestic Gas and Electricity (Tariff Cap) Bill Committee, 15/3/18; cols. 86-88.]

I would add that price caps where the case for a cap is strongest—for those 4 million households with prepayment meters, and for a million vulnerable consumers—have already been introduced by Ofgem. I ask the Minister to update us on the impact of those before the Bill leaves Committee. The noble Lord,

Lord Whitty, made some powerful points about those very consumers and the complications of dealing with them. I hope his commission will come up with some simple innovative ideas that we can all support.

I heartily dislike needless regulation. I would like the Government to come back to Parliament and seek primary legislation if they want to extend these temporary controls beyond 2020. Clause 8 makes it far too easy to extend them, and my amendments would return this power to Parliament. I know from my wide experience of government as a civil servant, from working in business and as a Business Minister that getting rid of regulation is always a low priority in the modern world. This hurts competitiveness and is bad for our economy. I very much welcome the use of a sunset clause but it should be just that. As for the detail of what is proposed, my Amendments 29, 30 and 34 would remove the possibility of extending the cap by deleting most of Clause 8 and making related amendments to the review procedure in Clause 7.

I have to accept that there is a political dimension to the proposed price cap, and I know the Minister will have to support the Bill in the round. However, I would ask him to go away and think about whether we should really extend the cap beyond 2020 without primary legislation—that is, another Bill—and the process of review that always precedes such legislation. I beg to move.

**Lord Stevenson of Balmacara:** My Lords, this is a somewhat complicated group of amendments because within it are points of view that are mutually contradictory and indeed on which we hold contradictory positions. So we are not going to agree on this, and I look forward to hearing the Minister trying to weave a way through that does not upset one side or the other too much. He does not normally care too much about whether he does that, but that is for another time.

Our amendments are probably based on the assumption that the rather high aspirations that you can read into the Bill in terms of how it might reform and change the basic market for electricity and gas supply will be achieved, and takes the sanguine view that they are not going to be achieved in time for the cap to be reduced at the appropriate time. If that is the case, it also has the benefit of making sure that vulnerable consumers are not caught by the other schemes referred to by the noble Baroness, Lady Neville-Rolfe, which we discussed earlier. They would continue to operate and we would take that to be a good thing, but as we have discovered, that is of course not the primary purpose of this Bill.

6.30 pm

We are in a bit of a mess because the Bill points in two directions at once. It is trying to reform a market but the legislation does not in itself have the ability to do that. It will benefit those who would otherwise pay more for their fuel than they would do because the market itself is broken, and because it is broken, a cap has to be placed upon it. How do we get out of that? Our amendments point in two directions. It complicates things because we are now in a three-dimensional space and we will have to think carefully about where we are with this metaphor.

Amendment 32 is about recognising the reality that there will be no real ability to improve the market if consumers are not given better information. One of the major causes of that is the smart meter programme. We have already heard from myself and others that we do not think that, as it is presently composed, the programme can deliver by 2020 and therefore we will be in a situation where, at the notional end of the temporary cap, things are not much different from what they are at the moment. We are hoping to get to the point where smart meters of the second variety, which have the intelligent component and are tied into great advantages that will come if they do work, will not yet be up and running in sufficient numbers to be able to run it, and therefore the whole thing will have to be extended. We are suggesting that a sunrise clause could well be attached to the success of the smart meter programme because that would be tangible evidence of the way in which the market has been reformed. I look forward to the Minister's comments on that point.

Amendments 33 and 35 reach out a little to the noble Baroness, Lady Neville-Rolfe, in that we also think that a scheme of this size and the impact we hope it will have should be subject to better scrutiny than is presently provided for in the Bill. The DPRR Committee recommended that we should look at least at the affirmative procedure, which is a compromise that we might reach with the noble Baroness to make sure that if the cap is to be extended, or indeed if it is to be closed, Parliament should be involved. This would be a way of doing that and I recommend it. Again, I look forward to the Minister's response.

We heard in Amendment 37 a slightly different recommendation from the DPRR Committee as regards Clause 9. I am sure that the Minister will be able to respond to this. The committee said that, under the clause, Ofgem is allowed to make modifications to the standard conditions of supply licences in consequence of the tariff cap conditions ceasing, although in fact the power is framed so that Ofgem may make such modifications as it considers expedient or necessary. The committee took exception to the way the term "expedient" constitutes a significant widening of the powers conferred by Clause 9. I am sure that the Minister has a response to that, at least in draft if not fully ready, and again I look forward to his comments.

**Baroness Featherstone:** I am somewhat in sympathy with the noble Baroness, Lady Neville-Rolfe, on ending the scheme in 2020. She also raised the issue of the political element. With an election in 2022, if not before, I would not want to see a race on who could cap the most as a part of political manifestos. What the energy market needs is a real resolution.

**Lord Henley:** My Lords, I hope that I can deal with this group of amendments in the two, three or four-dimensional manner that the noble Lord, Lord Stevenson, has asked me to. Given that my noble friend Lady Neville-Rolfe moved the first amendment, I should say that, like her, generally speaking the Government are not convinced about price caps. We have our doubts and we made it clear at Second Reading that we do not like to go down this route and we said that it

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had to be temporary, albeit with an ability to extend the cap for a short while, year by year, but no more than that.

The aim of my noble friend's amendment is to end it in 2020. The noble Baroness, Lady Featherstone, also has some sympathy with that, as she returns her party to classic, 19th-century liberalism—a wonderful development. We believe that it should be a temporary measure and that 2020 is the right time to end it, with the ability to extend it to a final, absolute sunset in 2023. I do not think that removing the possibility of extending would provide consumers with protection if the conditions for effective competition were not in place at the same time. As I said, we prefer to do it that way. I rather dread the thought of further primary legislation each year if we wanted to extend it or do it for another year. We have already had that with other Bills.

My noble friend asked if I could report a little on the prepayment meter cap and the effect it has had. The evidence seems to be that, since the cap, prices have come down to below it. There has been some bunching of prices, but there is competition below the cap in the prepayment market. That shows that these things can occasionally work. However, as I said to my noble friend, philosophically we do not like the idea of caps. I rather agree with her.

I turn to the other amendments in the group. The noble Lord, Lord Stevenson, spoke to Amendment 32, the purpose of which appears to be to create a firm link between the price cap's removal and the completion of the rollout of smart meters. It seems to suggest that the cap can be extended in circumstances where the smart meters programme has been completed, but the conditions for effective competition are not in place. The rollout of smart meters is but one of many possible indicators that define a competitive market. There will be other indicators of the conditions for effective competition. Ofgem's consultation points towards other factors that might indicate that the conditions for effective competition are in place, including ways of improving customer engagement and increasing switching. I am sure that the amendment aims to be helpful, but I believe it is simpler and safer to leave it to Ofgem to assess the conditions for effective competition, rather than put provisions on the face of the Bill that would link statements about the future of the price cap to particular programmes.

The noble Lord also spoke to Amendments 33 and 35. The Government would not wish to see an inversion of this Bill's policy intention by removing the price cap's sunset clause. I repeat that we have no intention of delivering an indefinite price cap. As I have made clear on a number of occasions, this is a targeted and temporary intervention until the conditions for effective competition are in place. I think that is why the Bill achieved broad, cross-party consensus in another place and was endorsed by the BEIS Select Committee. Amendment 35 would also increase the risk of transforming this temporary measure into a permanent feature of the retail energy market. Again, we do not believe that that would be appropriate.

Finally, I turn to Amendment 37, which is a probing amendment seeking to understand the purpose of Clause 9. Clause 9 empowers Ofgem to modify the

standard supply licence conditions following the removal or cessation of the tariff cap as specified under Clause 8. The clause allows Ofgem to modify the standard supply licence conditions as it considers necessary or expedient, but with the requirement that Ofgem publishes the modifications to alert all stakeholders as to the impact of the modifications. The publication of the Secretary of State's decision will alert stakeholders to the cap coming to an end. This provision would enable the licence conditions to be tidied up to reflect the cap being lifted. Otherwise, they would remain in the licence but would be redundant.

We have been clear that the price cap is a necessary intervention in the market, but one that should only remain until the conditions for effective competition are in place. The decision on extending or removing the cap will be made in the light of the report and recommendation from the expert regulator. The Government are not prepared to enable this price cap to be a permanent feature as it could risk distorting the market, but noble Lords will wish to note that Ofgem has enduring powers to protect consumers and specific duties regarding vulnerable consumers. Indeed, Ofgem has indicated that it may be necessary to have in place price protection for a narrower set of consumers once the price cap under this Bill has ceased to be in place.

I hope I have provided the appropriate assurances. Though the amendments are coming from rather different directions, I hope first of all that my noble friend will withdraw her amendment with the assurance I have given and, secondly, that the noble Lord, Lord Stevenson, will not feel it necessary to move his amendments.

**Baroness Neville-Rolfe:** I thank my noble friend for his philosophical reassurance. Certainly, I would not want to add a link to smart meters because, as he said, it is only one factor that we will need to take into account. The extension power in Clause 8 gives the Executive too much power and I ask the Minister to give the matter further thought before Report, but I withdraw my amendment with great pleasure.

*Amendment 29 withdrawn.*

*Amendments 30 and 31 not moved.*

*Clause 7 agreed.*

***Clause 8: Extension and termination of tariff cap conditions***

*Amendments 32 to 35 not moved.*

*Clause 8 agreed.*

*Amendment 36*

*Moved by Lord Stevenson of Balmacara*

**36:** After Clause 8, insert the following new Clause—  
“Ongoing relative tariff differential

- (1) The Secretary of State must, during the term of the tariff cap conditions being in place, develop, ready for implementation, a relative tariff differential.



- (2) A relative tariff differential is a requirement on supply licence holders that the difference between the cheapest advertised rate and the most expensive standard variable or default rate shall be no more than a specified proportion of the cheapest advertised rate.
- (3) The Authority will be responsible for setting the proportion referred to in subsection (2).
- (4) The relative tariff differential shall take effect on the termination of the tariff cap conditions.”

**Lord Stevenson of Balmacara:** My Lords, we have reached the last group, which is composed of two amendments on roughly the same area. I will not speak to Amendment 36A, tabled by my noble friend Lady Kennedy of Cradley, but I am looking forward to what she has to say. I might come back at the end of that.

The Minister said in concluding on what I thought to be my rather wonderful Amendment 32, which found no favour, that smart meters are only one of the many ways one could judge whether the market for an electricity supplier was working well. What he was really saying was that switching was the real test and that meters were a means to that. But Christmas comes more than once a year when you are talking about Bills of this nature. We want to offer him another Christmas present, Amendment 36, which will give him all that he wants about the effective market and more. We urge him, even at this later hour and towards the end of a gruelling day that he has had to endure, to look very carefully at this.

The answer to most of the problems in the electricity market, certainly from a consumer point of view, comes down to this tease and squeeze. Amendment 36 takes the trick of eliminating that, because if you impose a relative cap—we would argue that that should be done after the absolute cap has finished, but my noble friend will argue a different approach—then the present arrangements under which companies can entice you to switch with an attractive offer made for the first year, or possibly less, of the time that you move to their mode of operating, billing and consumer care would mean that they could not then squeeze you once you have passed that initial period. If there is a chance that Ofgem can limit the differential between the highest and lowest prices charged by each supplier after the absolute cap ends, we will have emerged to a point where there will not be the incredible unfairness and problems that there are in the current market. We could therefore move away from the temporary cap with confidence.

I urge the Minister to think very carefully about this because it does supply for taking out this egregious behaviour and it would find a lot of support around the industry. I beg to move.

6.45 pm

**Baroness Kennedy of Cradley (Lab):** My Lords, I shall speak to my Amendment 36A. I am very grateful to the noble Lord, Lord Teverson, for putting his name to it.

The discussions around the Bill have touched on the loyalty penalty and the tease-and-squeeze tactics mentioned by my noble friend Lord Stevenson of Balmacara, which are the root cause. In good consumer

markets, competition drives down prices to deliver good outcomes for all customers—even those who shop around only every once in a while—because new customers see the same prices as loyal customers. In bad consumer markets, competition pits a small minority of highly engaged customers against the vast majority of those who, quite reasonably, engage only occasionally. These loyal customers cross-subsidise deals for a tiny minority of new customers for the first year of their deals. We know that those who can least afford it are disproportionately losing out under this broken market. To put it another way, our poorest citizens are subsidising the better-off in society. Currently, this loyalty penalty runs to hundreds of pounds per year being overpaid by millions of people to companies that exploit them. It is good that the absolute price cap will set an upper limit on the effects of this detriment, but it will still allow the behaviour to continue. It would be a wasted opportunity to allow this legislation to pass without also addressing the cause of the loyalty penalty.

Amendments 36 and 36A propose a relative price cap: a limit between a supplier’s cheapest tariff and its most expensive. In moving Amendment 36, my noble friend Lord Stevenson of Balmacara set out the arguments for a relative price cap. I want to add my support to this for two reasons. The first is fairness. We must bring an end to the grotesque idea that markets must necessarily punish those customers who do not relentlessly police them. Britain’s consumer regulations are some of the best in the world. They embody the principles of transparency and fair play to ensure that customers operate on a level playing field with corporations, so that our citizens can use their collective consumer power to get a better deal for everyone. That means that shopkeepers who short-change us, or manufacturers that mislabel their products, can be brought to justice.

However, in this area, our regulations simply fail, and they fail our most vulnerable citizens the hardest. They must be updated for the modern era. We must send a signal to markets—and the companies that seek to operate within them—that a “divide and conquer” or “tease and squeeze” approach to customers is not acceptable. Our hard-working citizens deserve to buy a product from a retailer without having the price hiked up when they are not looking. We must banish the principle of tease and squeeze.

Secondly, the role of legislation should be to bring lasting, meaningful reform that addresses the root cause of the problems facing our society. The loyalty penalty is a self-perpetuating dynamic. Efficient suppliers who want to offer good-value prices to their customers and not inflict tease-and-squeeze deals on them are disadvantaged in a market in which competition is purely driven by their position on a price comparison website. We have already seen this happen with some of the early challenger suppliers, which have started to ape the behaviour of the big six so that they can succeed in the market. Unless we break this cycle, the market will continue to be dysfunctional. The absolute cap will partially mask the symptoms for a couple of years, but the core detriment will continue and return with full force once the cap is lifted.

Introducing a limit on the gap between a supplier’s cheapest tariff and its most expensive will force companies to compete equally for new customers and loyal customers.

[BARONESS KENNEDY OF CRADLEY]

This will reveal once and for all which companies are genuinely driving costs down and which companies are masking the real cost all along through pricing trickery. Some well-meaning people have warned that a relative price cap could lead to the big six removing their cheapest deals from the market, but we know that these so-called cheap deals are anything but, as 95% of people will roll on to an expensive tariff at the end of their first year, and end up paying more overall. Losing these deceptive deals would be good riddance to bad rubbish.

What is more, once we make pricing transparent, we will unleash the forces of the dozens of newer, more efficient suppliers. Once they are able to compete on a level playing field, customers will see a daily price war for their custom, as we see for groceries. By cleaning up energy pricing, customers who switch can be confident of getting a cheaper supplier, not one that is simply dangling misleading offers. Switching will be worthwhile, instead of being a merry-go-round, and we will restore consumer trust in a market that currently does not deserve it.

In moving Amendment 36, my noble friend Lord Stevenson of Balmacara has already proposed that a relative price cap should be implemented after the price cap, but why wait to introduce meaningful reform to a market that has already been failing customers for two decades? If something is worth doing, it is worth doing now. What is more, we are going to see a full-scale rollout of smart meters in the next two years. That gives us an imminent deadline to clean up pricing and restore trust in the market. Otherwise, we face a real danger that people will reject the opportunities that smart energy can provide.

Amendment 36A proposes that the relative price cap should be introduced immediately, alongside the absolute price cap, and be ongoing. Amendment 36 will therefore give customers the choice to stay where they are without fear of being exploited and remove the need to hunt every year for a fair price. It could be a step towards reducing the number of tariffs on the market, making buying energy even simpler for customers. Introducing a fair mechanism into the UK energy market is long overdue and benefits everyone, from those who buy energy to their suppliers, who are forced to improve their efficiencies to compete. That is why a relative price cap is a good idea for everyone and why it should be implemented at the same time as the absolute cap and be ongoing. I hope the Minister will see the benefits in both these amendments.

**Baroness Neville-Rolfe:** Noble Lords will know that I am not in favour of extending the cap, in whatever way. However, I am interested to hear about the relative tariff differential and would like to understand further how that works. I think the proposal here is that it should be imposed as well as a cap—it seems to me that that gives you a double regulation and I am not convinced that that is necessary. It would, however, be good to understand—the Minister may well be able to comment on this—what the advantages are of a relative cap in relation to the end I think we all seek, which is a more competitive market.

The noble Baroness mentioned retailers. As I was a retailer, I know that 19% to 20% of customers changing their supplier annually is quite a high figure, but the key point is that the underlying dynamics in the market are encouraging players to reduce prices and to innovate. That is what we want to see in energy. It would be good to hear from the Minister how he sees that happening in a situation where we have a cap, whatever its nature.

**Lord Henley:** I welcome the noble Baroness, Lady Kennedy of Cradley, to our discussions. Amendments 36 and 36A are broadly similar in asking the Secretary of State to develop an ongoing relative tariff differential. However, Amendment 36 says:

“The relative tariff differential shall take effect on the termination of the tariff cap conditions”,

while Amendment 36A, in the name of the noble Baroness, Lady Kennedy, to which a Liberal, the noble Lord, Lord Teverson, has joined his name—it must have good free-market credentials—says:

“The relative tariff differential is to take effect on the commencement of the tariff cap conditions and to be ongoing after the tariff cap conditions cease”.

They are broadly similar but would come into effect at different times. They would cap the most expensive advertised variable and default rate tariffs as a proportion of the cheapest, and Ofgem would set the differential.

There may be a need for further protections once the cap has ended, particularly for vulnerable consumers. Ofgem has indicated as much and has enduring powers to operate protections but I do not think it would be sensible to seek to determine the precise form that any protection takes, if it is needed at all. The energy market is likely to change significantly between now and then. Smart meters are just one part of that. The new clause inserted by these amendments would seem to introduce an indefinite relative price cap. It is not the intention of the Bill or the Government to put in place such a permanent cap.

We have come back again to tease and squeeze, which the noble Lord mentioned earlier. I briefly responded to that. I appreciate that the aim is to get rid of the practice of tease and squeeze. However, there is the risk that under the amendments suppliers would raise their least expensive standard variable and default tariffs, rather than decrease their most expensive. That is the Government’s fundamental concern about any kind of relative price cap. The Government and others, including the BEIS Select Committee, believe that a relative price cap would not work. I do not see how the outcome of a relative price cap would be any different, whether it was in place alongside an absolute cap or after the absolute price cap had been removed. A relative cap as a permanent feature of the market risks undoing the work of the temporary absolute cap.

The best way of ending the practice of tease and squeeze will be the detailed work, as I said, that Ofgem is undertaking to test better ways to secure customer engagement; the work to make switching quicker and more reliable; and the many other programmes to make the market work better. Recent changes mean suppliers can now make their default tariff a fixed-rate rather than a variable-rate deal, and many have done so.

The Government believe that better engagement and better switching that leads to more effective competition is a proportionate and sustainable solution, rather than concurrent and permanent relative price caps. I hope that my explanations will satisfy noble Lords and my noble friend. I hope, therefore, that the noble Lord will feel able to withdraw his amendment.

**Lord Stevenson of Balmacara:** I am grateful to the Minister for his response. I also pay tribute to my noble friend Lady Kennedy for a powerful speech, trying to root the approach we are taking in a much deeper analysis—a richer and more enduring issue about what is going on in the marketplace as far as consumers are concerned, which is a theme we have developed throughout the Committee.

We would all be much happier with the Government's approach if we could see real evidence that things were changing in the market. The thing that gives the lie to a lot of what the Government's position is based on is that, for many years now, we have all seen the appalling behaviour on the part of semi-monopolies, operating virtually as they will against a regulator which does not have the powers. The Minister said that Ofgem had enduring powers. If it has them, why has it not acted before now to get rid of some of these appalling behaviours such as tease and squeeze, which has been so disruptive, and making super-profits out of a natural monopoly? I thought the whole point about regulatory structures was to prevent that. Therefore, I do not think the action has lived up to the rhetoric.

My noble friend said that she thought it was time to say good riddance to the bad rubbish we are being served up by these committees. The judgment we have

to make is whether we are prepared to wait and see whether the latest round of the approach taken by the Government will have any effect at all. If, indeed, it has an effect, will it be in time? I have my doubts about that. We are relying on smart meters and customers, who may be in significant numbers in relative terms, but if it is all the same people switching regularly and 80% of people are not switching—and those 80% are the sort one would expect to get the message and switch—then the market is broken. If it is broken, it will need much more serious measures than we have currently to see how it may be taken forward. We will think carefully about this but may want to come back to it on Report. In the interim, I beg leave to withdraw the amendment.

*Amendment 36 withdrawn.*

*Amendment 36A not moved.*

***Clause 9: Consequential modification of standard supply licence conditions***

*Amendment 37 not moved.*

*Clause 9 agreed.*

*Amendment 38 not moved.*

*Clauses 10 to 13 agreed.*

*Bill reported without amendment.*

*Committee adjourned at 7 pm.*





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