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PARLIAMENTARY DEBATES
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HOUSE OF LORDS

OFFICIAL REPORT

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

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

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House of Lords

Monday 2 July 2018

2.30 pm

Prayers—read by the Lord Bishop of Rochester.

Introduction: Baroness Bryan of Partick

2.37 pm

Pauline Christina Bryan, having been created Baroness Bryan of Partick, of Partick in the City of Glasgow, was introduced and made the solemn affirmation, supported by Baroness Hayter of Kentish Town and Baroness Chakrabarti, and signed an undertaking to abide by the Code of Conduct.

Introduction: Baroness Barran

2.43 pm

Diana Francesca Caroline Barran, MBE, having been created Baroness Barran, of Bathwick in the City of Bath, was introduced and took the oath, supported by Baroness Butler-Sloss and Baroness Williams of Trafford, and signed an undertaking to abide by the Code of Conduct.

Health: Endoscopy and Bowel Cancer

Question

2.47 pm

Asked by **Baroness Benjamin**

To ask Her Majesty's Government what plans they have to respond to the increase in demand for endoscopy services to prevent bowel cancer through early diagnosis.

Baroness Benjamin (LD): My Lords, I beg leave to ask the Question standing in my name on the Order Paper and declare an interest as patron of Beating Bowel Cancer.

The Parliamentary Under-Secretary of State, Department of Health and Social Care (Lord O'Shaughnessy) (Con): My Lords, the Health Education England *Cancer Workforce Plan* includes a commitment to invest in a further 200 clinical endoscopists by 2021 to support an increase in capacity for earlier diagnosis. This builds on the existing commitment to train 200 clinical endoscopists by the end of 2018. The Health Education England training programme has already recruited 130 trainee endoscopists against this target, with two further cohorts planned this year.

Baroness Benjamin: I thank the noble Lord for that Answer. Around 16,000 people die from bowel cancer each year—my mother was one of them—so early diagnosis is vital. I congratulate the Government on introducing FIT, a test which will save lives, but endoscopy units are already struggling to cope with the increase in referrals because of inadequate funding and a lack of highly trained NHS staff to carry out the procedures.

What plans do the Government have to provide training for the staff needed, and when will details of the planned phased rollout of the FIT be published?

Lord O'Shaughnessy: I thank the noble Baroness for raising that question and am sorry to hear about her mother. As she will know, bowel cancer is unfortunately the third-most prevalent cancer and the second-biggest killer, and we need to go a long way to improve treatment. I have already mentioned the increase in the number of endoscopists, and that will help. There are also plans to make sure that existing staff within the cancer workforce have the necessary specialist skills. The size of the cancer workforce has increased over the last few years but there is a goal to dramatically increase it further. We know that the test that the noble Baroness mentioned is much more effective and can be administered much more easily. The rollout will take place from December this year.

Lord Winston (Lab): My Lords, there is an increasing interest in capsule endoscopy, which of course is less invasive as it does not require an instrument to be put down into the abdomen. However, it requires training, which the medical literature clearly shows is insufficient. Can the Minister indicate whether the NHS is planning to provide more training for the provision of capsule endoscopies? Also, what is the risk of a large number of false positive results with all these endoscopies?

Lord O'Shaughnessy: I will have to write to the noble Lord with an answer to his question about the type of endoscopy he mentions, as I do not have the details of it. The risk of false positives is one reason that we have to be extremely careful with screening programmes of all kinds, whether it is the faecal immunochemical test or an endoscopy. As he knows, whatever screening programmes are implemented, the National Screening Committee tries to reduce the number of false positives wherever possible.

Lord Patel (CB): My Lords, given that we have one of the poorest outcomes compared with other health services in the developed world and that the demographic changes that will occur in the population may well mean that one in two people will develop cancer, are the Government aware of what determinants there are for poor outcomes? What plans do they have to improve them for cancer patients?

Lord O'Shaughnessy: The noble Lord is quite right to point that out. While outcomes have improved, they lag behind those of other countries, which we need to correct. The independent cancer taskforce set the goal of saving 30,000 extra lives a year by a number of different routes. The one that I pick out in particular is early diagnosis. We know that too many cancers are diagnosed at a late stage, so this year the NHS has committed to increasing the proportion of cancers diagnosed at stage 1 or stage 2, and we are spending £200 million in cancer alliances to support early diagnosis in the community.

Baroness Neville-Rolfe (Con): My noble friend has done much to bring the benefits of the digital revolution to the NHS. Are there digital solutions that might help to prevent bowel cancer and other cancers in the fight against this dreadful disease in the coming months and years?

Lord O'Shaughnessy: My noble friend is quite right to point out the potential of digital, particularly the analytical capability of artificial intelligence to look at samples. That was one reason why the Prime Minister recently pledged to have 50,000 more early cancer diagnoses by 2033—a long-term goal—precisely because the NHS is such a good place to use artificial intelligence to improve care.

Baroness Jolly (LD): My Lords, after a cancer diagnosis, English patients have poorer outcomes than all but one of our European comparators. We welcome the announcement that the Minister has just made about new clinicians, but in some areas there are delays in referral, testing diagnosis and then treatment. The longest wait for treatment reported this year was 541 days. That is not good enough. How long does the Minister think we will have to wait for there to be sufficient clinicians and facilities to deliver a service that moves us significantly up the table?

Lord O'Shaughnessy: The noble Baroness is right to highlight the importance of waiting times. The 62-day standard is unfortunately not being hit at the moment. The NHS has pledged to get back on that standard this year. We are also piloting a faster, 28-day diagnosis standard in five areas at the moment with the idea of rolling that out so that there is a higher standard of care and fewer people have to wait longer.

Baroness Thornton (Lab): We should probably be grateful that the Minister did not choose to bring a FIT as a visual aid, as his honourable friend did on the “Andrew Marr Show” yesterday. I welcome the Government’s announcement that that test will be introduced in England in the autumn, but will the Minister confirm that all eligible people will receive the FIT kit in the autumn rather than through a phased introduction across England? How long will that take?

Lord O'Shaughnessy: I will not be rummaging around in my pocket to reveal something; nobody wants to see that. My understanding is that FIT will be introduced from the autumn and the intention is to get national coverage. I do not believe that it will be achieved immediately, but I will write to the noble Baroness with the specific timeframe.

The Earl of Listowel (CB): My Lords, will the Minister look at access to mental health services, so that referrals can be made early on for patients who are identified with bowel cancer where that is helpful? Does he not agree that patients will make better recoveries if assessments are made of their mental health and emotional well-being, along with support groups and other services to help them with these aspects of their recovery?

Lord O'Shaughnessy: The noble Earl makes a good point. A cancer diagnosis can be a devastating piece of news. One way of ameliorating that is through the support of charities like Macmillan Cancer Support, as well as through clinical nurse specialists who can provide such support. Some 90% of people are seeing those nurses when they are diagnosed and our ambition is to see that percentage rise to 100% next year.

Railways: Wales

Question

2.55 pm

Asked by **Baroness Bloomfield of Hinton Waldrist**

To ask Her Majesty’s Government what steps they are taking with the Welsh Government to improve railway connectivity within Wales.

The Parliamentary Under-Secretary of State, Department for Transport (Baroness Sugg) (Con): My Lords, the Department for Transport and the Welsh Government are both committed to improving rail connectivity within Wales. We have worked collaboratively to deliver on our commitment to devolve powers to award the Wales and Borders rail passenger franchise. The new operator announced by Welsh Government Ministers on 4 June will improve rail travel for the benefit of passengers across Wales in the coming years.

Baroness Bloomfield of Hinton Waldrist (Con): I thank my noble friend the Minister for her response. Improving connectivity in west Wales is key to supporting economic growth in a part of Wales that can often seem remote. One of the aims of the Government is to spread prosperity across the whole of the UK. Does my noble friend therefore agree that one option to achieve this is to build a west Wales parkway station to the north of Swansea which could bring west Wales at least half an hour closer to Cardiff?

Baroness Sugg: My Lords, we are working with stakeholders to develop proposals for potential station improvements in and around Swansea, including looking at the case for additional stations. The department is looking carefully at the possibility of a west Wales parkway station which, as my noble friend has said, could help to improve connectivity and journey times in west Wales. However, the suggested sites are not currently served by regular passenger trains, and diverting them for this purpose could remove or reduce the number of direct trains from Neath and the main station at Swansea, so of course the proposals need to be considered carefully.

Lord Anderson of Swansea (Lab): My Lords, related to connectivity is rail electrification. The Government have abandoned a promise long made to electrify the line between Cardiff and Swansea, and last week we had the Government scuppering the proposal for a tidal barrage in Swansea. Where is the Secretary of State who is meant to defend Wales in the Cabinet? Has the Minister no good news for us?

Baroness Sugg: My Lords, the Secretary of State for Wales does an excellent job of defending the people of Wales, and I met with him just last week to

discuss transport issues in Wales. We remain committed to delivering the right outcomes for rail transport in Wales. The introduction of bimodal intercity express trains means that we no longer need to electrify the Great Western route between Cardiff and Swansea. We are also improving journeys for passengers in south Wales sooner rather than later without the need to carry out disruptive electrification works.

Lord Bradshaw (LD): My Lords, the franchise for Wales includes the electrification of the core valley lines at a cost which is far below that of conventional electrification schemes being carried out elsewhere. Meanwhile, Alstom and Siemens are about to launch new systems at much lower cost. Will the Government consider the effect of these cheaper schemes on the case for electrifying the Midland main line and possibly elsewhere as well?

Baroness Sugg: My Lords, we are committed to electrification where it delivers passenger benefits, but we must also ensure that it is good value for money. Where possible, we will also take advantage of new technologies to improve journeys without carrying out disruptive electrification works. I have not seen the details of the system mentioned by the noble Lord but we continually assess the investment decisions in our programme of railway upgrades to deliver passenger benefits in the best way possible so as to give passengers and taxpayers maximum value for money.

Lord Berkeley (Lab): My Lords, while accepting that the Government have made progress in the devolution of railway issues, is it not time for much greater devolution of the infrastructure and train operation to the Welsh Government? The noble Baroness has talked about bimodal trains. The only reason we have those trains is that Network Rail has failed to electrify the track. Bimodal trains are slower, more expensive and more polluting. Surely the answer is to give the Welsh Government total control without the micromanagement that seems to come from her department.

Baroness Sugg: My Lords, the Government made a commitment to devolve powers for the Wales and Borders franchise following recommendations from the Commission on Devolution in Wales, which I am very pleased that we have delivered. It is a good example of effective co-operation between the Welsh Government and the UK Government. On the devolution of infrastructure funding, we do not believe that it is desirable generally to reopen discussion on the Silk recommendations, around which there was no consensus. We do not intend therefore to revisit the question of devolving Network Rail funding, given the discussions on the issue during the St David's Day process. Of course, we continue to work closely with the Welsh Government on the specification and funding of Network Rail's operations.

Lord Morris of Aberavon (Lab): My Lords, given that all the Brexit negotiations were done directly between Ministers in Cardiff and the Government in Westminster, is not the office of Secretary of State now pointless?

Baroness Sugg: I am afraid that I do not agree with the noble and learned Lord. As I said, the Secretary of State for Wales does an excellent job of representing the interests of the people of Wales at the Cabinet table.

Lord Roberts of Llandudno (LD): My Lords, if we go down the Brexit road, what will happen to the north Wales line that goes to Holyhead and the south Wales line that crosses south Wales? Will there be any new arrangement? The Irish Sea will have Ireland on one side, which will of course be in the European Union, and we in Wales will be on the other, and will be out. What arrangements are the Government making to make sure that the whole process goes smoothly?

Baroness Sugg: I assure noble Lords that the Government are working round the clock to ensure that the process of Brexit goes smoothly. Of course, we will absolutely take the impact on Wales into consideration, as we will for the rest of the United Kingdom.

Lord Hain (Lab): My Lords, are the Government really happy that the franchise for Welsh railways has been handed to a consortium that includes Govia, which is responsible for an absolute shambles on Southern Rail and from which the Government are reputedly considering withdrawing the franchise? Is that sensible?

Baroness Sugg: My Lords, as I said, we have devolved the decision on the franchise to the Welsh Government. The new franchise will see transformation across the Welsh railway network, including substantial frequency improvements on new routes and the doubling of service frequencies on many routes. The Welsh Government have said that the new franchise will see a £5 billion investment to fund significant improvements. The Government committed to devolve the award of the franchise to the Welsh Government; they have made that decision.

Lord Shutt of Greetland (LD): My Lords, is it possible for the Minister to use "electrification" without preceding it with "disruptive"?

Baroness Sugg: It is possible. As I said, we will use electrification where it delivers the benefits that passengers need more quickly.

Baroness Jones of Moulsecoomb (GP): My Lords, when the Government look at value for money, do they look at value for money in terms of climate change? Clearing up from climate change, whether in Wales or anywhere else, is extremely expensive. That really ought to come into the calculation.

Baroness Sugg: My Lords, of course we take the impact on the environment into account. Once the transformation of Great Western is complete, the new intercity express trains will spend most of their journeys between London and Swansea in electric mode, with near-zero emissions. In diesel mode, the new trains will meet the highest rolling stock emissions standards.

The Rail Minister has challenged the rail industry to phase out diesel-only trains by 2040 as part of a vision to decarbonise the railway.

Royal Navy: Deployment *Question*

3.03 pm

Asked by Lord Wallace of Saltaire

To ask Her Majesty's Government what is the strategic rationale for the deployment of Royal Navy ships east of the Malacca Straits.

The Minister of State, Ministry of Defence (Earl Howe) (Con): My Lords, these ships are present in the region to provide a clear and substantive demonstration of the UK's commitment to the peace, security and prosperity of the region as a whole, as well as to demonstrate support for the rules-based international system.

Lord Wallace of Saltaire (LD): My Lords, is that demonstration short term, or do the Government intend to maintain those three ships on station east of the Malacca Straits? The Minister will recall that when a Labour Government decided 51 years ago to withdraw from the east of Suez, part of the argument was that keeping a ship on station east of Singapore required another four naval ships in place to prepare for moving out and so on. We require virtually half of the British Navy to commit to keeping three ships in the South China Sea. If we follow the Foreign Secretary's promise—as we always do—and send an aircraft carrier with a full complement of support ships east of the Malacca Straits, with aircraft on board the carrier, that would be half of the British Navy already. Probably most of the British Navy would be committed to the South China Sea. Is that really a strategic priority over the defence of our waters and the seas around Europe?

Earl Howe: My Lords, Royal Navy deployments are thought about and planned very carefully. They are also kept under regular review. The judgment of Ministers, and, indeed, of the Royal Navy, was that these deployments would fulfil multiple important objectives for UK plc. That remains the case.

Lord West of Spithead (Lab): My Lords, the noble Earl is well aware of the fact that £4 trillion-worth of trade goes through the South China Sea. We run global shipping from the UK. We are the largest European investor in that region and stability is crucial. The point the noble Lord makes about a lack of ships is absolutely right. Australia—a country much smaller than us and with not as much money as us—has ordered nine Type 26s and we have ordered three. Why do we not go ahead and order eight and get the steady drumbeat that the noble Earl has himself admitted will allow innovation, reduce prices and provide greater productivity? We need to get on with ordering the ships; then they can take their proper place in the world.

Earl Howe: My Lords, it is still the Government's intention to order eight Type 26 frigates, but also, as the noble Lord knows, to order several of the new Type 31e frigates, which we believe will fulfil a multipurpose role. Indeed, they could fit this country for export orders well into the 2040s. While I take the noble Lord's point about wanting a larger Navy—I am sure we would all like to see that—I believe the Government are on track to see that happen over the medium to long term.

Lord Boyce (CB): My Lords, does the Minister agree that if the Government are to continue to have global aspirations and global influence, the Royal Navy must train where, in the final analysis, it might have to fight? The oceanographic and climatic conditions in the Atlantic are not the same as in the South China Sea and the Pacific.

Earl Howe: The noble and gallant Lord is quite right. I am sure that that point will not be lost on the high command of the Royal Navy.

Lord Sterling of Plaistow (Con): My Lords, it has been made clear and is public knowledge that General Mattis has written to our Secretary of State, stating that as much as he is proud of the association with this country over hundreds of years, he has to say quite seriously that at least 2% is good enough for a regional ally, but certainly not as an ongoing partner in the rest of the world. The shortages are so great. Do the Government feel that a lack of an ongoing association after the NATO meeting in a week's time is in the best interests of this country?

Earl Howe: My Lords, I hope my noble friend will appreciate that I cannot comment on a leaked letter. What I can say, I hope by way of reassurance, is that the United States has been, is and will remain this country's closest ally. It is a vital partner in the NATO alliance. I am quite sure that the United States feels exactly the same way about the integral nature of the NATO partnership.

Lord Singh of Wimbledon (CB): My Lords, our Prime Minister famously declared in Washington not much more than a year ago that Britain will have to stop acting as the world's policeman. Bearing that in mind, what is the point of our having a naval presence right around the globe? Russia, China and the USA all wish to have the same. Does that further the cause of peace? Would the Minister agree that we are living in the 21st century and not the 19th?

Earl Howe: I certainly agree with that.

I say in all seriousness to the noble Lord that this is not simply about policing. These deployments arise principally from a convergence of tasks and opportunities. A main focus for the Navy in the case of each Royal Navy ship is joint training and exercises with our Far East partners, but there are other important tasks as well, such as international efforts to enforce United Nations Security Council resolutions and sanctions on North Korea—which HMS "Sutherland" has been assisting with, for example.

Lord Howell of Guildford (Con): Will we deploy ships east of Suez, or are they too vulnerable for that sort of work?

Earl Howe: My Lords, in due course we certainly hope to do so, but it is too early for me to comment on their precise deployments at this stage.

Lord Tunnicliffe (Lab): My Lords, this is the most significant deployment for a generation. Did SDSR 2015 envisage such deployments and what deployments have been abandoned to provide resources for them?

Earl Howe: My Lords, no deployments have been abandoned, but one of the expressed aims of SDSR 2015 was for defence policy to be international by design, which includes working closely with our partners and allies. Ultimately, both our allies and the nations in the region will judge the UK by our actions. The deployment of Royal Navy ships shows that we have both the will and the capability to deploy naval power to the region in support of our friends.

UK Democratic System: Interference by Russia *Question*

3.10 pm

Asked by Baroness Kennedy of The Shaws

To ask Her Majesty's Government what steps they are taking to ensure that the United Kingdom's democratic system is resilient against Russian interference.

Lord Young of Cookham (Con): My Lords, the Government are alert to the threat of subversion and other means of seeking to manipulate the electoral process or undermine democratic institutions. They are committed to defending the UK from all forms of malign foreign state interference, whether from Russia or any other state. We have systems in place to defend against electoral fraud at all levels and have seen no successful interference in UK democratic processes, but we are not complacent.

Baroness Kennedy of The Shaws (Lab): My Lords, there is increasing evidence that there has been interference in 19 elections across Europe and in the United States. That evidence is gathering a head of steam. It shows encouragement of extreme parties across Europe, the funding of them and interference using cyber and other mechanisms to undermine processes. While I am grateful for the reply that there is no complacency from government, I want to hear whether we are going to use sanctions against supporters of Mr Putin who live in this country and make use of it, and whether the Magnitsky Act laws that we have now introduced to deal with money laundering, sanctions and so on will be used. Have any steps been taken to use them? Will we see lists of people who will have sanctions used against them? Will we know which Ministers will handle the Magnitsky Act?

Lord Young of Cookham: The noble Baroness raises a series of important issues. On the general theme, perhaps I may remind noble Lords of what the Prime Minister said in her post-Salisbury Commons speech. She said that,

"led by the National Crime Agency, we will continue to bring all the capabilities of UK law enforcement to bear against serious criminals and corrupt elites. There is no place for these people or their money in our country".—[*Official Report, Commons, 14/3/18; col. 859.*]

More specifically on Magnitsky, the noble Baroness will recall that the House recently debated the Sanctions and Anti-Money Laundering Act, which gives us powers to sanction individuals or entities to promote compliance with international human rights laws. That will allow us to take a range of actions against those suspected of gross human rights abuse such as that committed against Sergei Magnitsky. She will also know that we introduced unexplained wealth orders from the beginning of this year, some of which I understand have already been used where individuals have a standard of living which cannot on the face of it be explained by their declared income. This is an issue that we take seriously. We have introduced a number of other measures, including action taken under other legislation, to bring to justice those who have committed any offence.

Lord Garel-Jones (Con): My Lords, given the open society in which we live, can my noble friend the Minister tell the House which areas of that society are particularly vulnerable to attacks of this kind and what, if anything, we can do to diminish that danger?

Lord Young of Cookham: The noble Baroness, Lady Kennedy, outlined a few moments ago the sorts of dangers that are run. Vulnerabilities could include the covert funding of political parties or movements in another country, the hacking or leaking of emails in order to discredit particular individuals or their parties, and the distribution of fake news. After the Salisbury incident the Kremlin put out 30 different stories about how it happened. Fortunately, the Government's response, explaining that Russia had the means and the motivation, commanded international credibility, as we saw from the diplomatic response to that incident.

Lord Rennard (LD): My Lords, election law provides for the disqualification of a successful candidate in the event that that candidate is proven to be responsible for serious breaches of election law, and for the setting aside of that election. In a referendum campaign, if there are shown to be serious breaches of election law—for example, through the use of illegal funding from Russia—should not equivalent sanctions apply?

Lord Young of Cookham: If the noble Lord is suggesting that we should rerun the European referendum, the clear answer is no. I believe we should respect the result of that referendum. Such information as we have indicates that the influence of the Russian so-called bots was fairly minimal and I do not think it accounts for the 1.3 million more people who voted for leave than remain. The Russians may be clever; I do not think they are that clever.

Lord Tomlinson (Lab): My Lords, does the Minister agree that one of the greatest threats to the resilience of our democracy is having a Government who are split asunder from top to bottom and are being threatened with all sorts of privations when they have to get together at Chequers this weekend to see whether they can thrash out not only an agreement but a White Paper that was promised the best part of a year ago?

Lord Young of Cookham: Well, I am not sure what sort of elastic the noble Lord is using in order to stretch a Question about resilience against Russian interference into alleged diversions of opinion within one political party. I say very gently to the noble Lord that perhaps his own party is not wholly united on this issue.

Baroness Fall (Con): I cast noble Lords' minds back to the tragic events of March last year when a young Muslim woman appeared to pass a dying victim of the terrible events of that day on Westminster Bridge. The image went viral. In fact, it was from a troll Russian account. The damage was done already. Does the Minister not agree that this is a corruption of the outlook of our democracy? Will he not urge that, since some of the cleverest people in the world came together to make these social media giants, they should put their great intellect and large amounts of profit together to help us come up with a solution?

Lord Young of Cookham: I understand the point my noble friend is making. There is, in fact, within the Cabinet Office, a rapid response unit that monitors news and information, particularly disinformation, and engages with online media. It provides round-the-clock monitoring on breaking news stories, ranging from chemical weapons attacks in Syria to domestic stories relating to the NHS and crime. I believe that this is the right way forward in order to deal with the misinformation my noble friend refers to. I note in passing that in 1688 the Privy Council passed a proclamation banning the spreading of false news—I am not sure whether it is still in force.

Natural Environment and Rural Communities Act 2006 Committee Report *Motion to Take Note*

3.17 pm

Moved by Lord Cameron of Dillington

That this House takes note of the Report from the Select Committee on the Natural Environment and Rural Communities Act 2006 *The countryside at a crossroads: Is the Natural Environment and Rural Communities Act 2006 still fit for purpose?* (HL Paper 99).

Lord Cameron of Dillington (CB): My Lords, from the moment we started our inquiry it was obvious to us that the Natural Environment and Rural Communities Act 2006, known as NERC, has undoubtedly been

overtaken by events during its 12 years of life. In our report, we start by looking at Brexit. In terms of the environment, the big difference here is going to be the disappearance of the threat of large fines from the European Commission, which I am told can have Ministers quaking in their boots. I read the other day about a 2014 EU fine against Italy under the waste directive. There was an immediate £40 million fine, followed by further £40 million fines for each six months of non-compliance. That does tend to make things happen.

Our committee was totally on the side of the Secretary of State in his desire to create a new environmental watchdog that is truly capable of holding public bodies to account, and we wish him well in his efforts. The only nuance where we might disagree with him is that we would hope to see the new body financed by more than one department, preferably including the devolved Administrations, thus making it very clearly an independent non-departmental public body.

On Natural England, created by NERC, our main message was that, as well as a 44% budget cut over 11 years, which might be expected in the age of austerity, it became clear to us that Defra was controlling more than just the purse strings of this so-called NDPB. A non-departmental public body should exercise a degree of political impartiality and be independent from its funding department. But we heard how Natural England has been overcontrolled by Defra and finds it hard to act as that vital critical friend—to speak truth to power or even, in some instances, to decide on its own priorities. This is not satisfactory. As we emerge from the EU, with all the land management challenges that that involves, and as the Government try to bed down their 25-year environment plan, Natural England will have a vital role and will need more funding and more independence to properly fulfil it.

In its response, Defra acknowledges that Natural England should,

“operate independently and ... have a distinct voice”,

but it seems blind to the fact that it is currently overcontrolling it. I believe that the problem lies not with the Ministers but rather in Defra's so-called integrated communications team. All PR departments hate mixed messages, which is why this team feels that it must control the output from Natural England. That is why, although a separate PR department for Natural England seems like a small issue, it is crucial for a truly non-departmental public body. It will not be high on Ministers' radar but it is something that they alone can grip.

When I chaired the Countryside Agency, I had an agreement with my Secretary of State that—with the crucial condition of no surprises—I could speak up for the countryside, and if she disagreed with me, she could respond in public by saying, “Well, of course he would say that. It's his job. But we have a wider agenda to work to”. Of course, the department did not like this, but I was free to speak up for the countryside in the same way that Natural England should be free to speak up for natural England.

Turning to Natural England's planning advice, it seemed to us that this was a question of managing expectations. At a time when both Natural England and local authorities were suffering big cutbacks, both sides had assumed that the other would fill the gap. Even now, with the problem exposed but with hundreds of thousands of planning applications per annum nationwide and the small resources available to both camps, no solution is likely to be perfect. But we felt that, with updated written advice from Natural England and mutual understanding of the resources available to both sides, the situation could be greatly improved. Incidentally, we generally approved of the proposals concerning net gain and natural capital, although we recognised that both policies have limitations and need further work.

Turning to Section 40 of the NERC Act—the duty of all public authorities to have regard to conserving biodiversity—there is no doubt that this is currently ineffective. Hardly anyone seems to even know it exists. But it will be important for the delivery of the 25-year plan. Personally, I do not think that changing the wording will have as much effect as introducing a reporting system. For instance, if local authorities had to report annually, they and others would become aware of the existence of Section 40, and a simple naming and shaming would, in my view, make a big difference, even before penalties for poor performance. It is to be hoped that the new environmental watchdog can take on this responsibility.

Having cantered briefly through the first half of our report, I come to the meat of our concerns: namely, rural communities. Rural communities are in the title of the Act and rural affairs are in the title of the department, but in both cases it is now all smoke and mirrors. I say first that the current Minister and rural ambassador really does understand the problems and has been brilliant at reaching out to rural communities, but he no longer has the back-up of independent research or even, with the abolition of the Rural Communities Policy Unit, a designated team within Defra.

Regarding research, in its response to our report, Defra states that it collects,

“a wide range of official statistics on the economic, demographic and social characteristics of rural areas to inform national level policy formulation across government departments”.

Frankly, that is flannel. That is not the same thing as doing research into specific issues and asking what the problems are and how they can be solved. In its last years, for instance, the Commission for Rural Communities looked into issues such as: how rural interests are being recognised within LEPs; the social isolation experienced by older people in rural areas—I remember that one being very revealing; barriers to employment and training for young people in rural areas, which is of huge importance to our rural young; variations in access to social care—something that is seriously exercising rural local authorities, which have no real help from central government; or, again, rural housing at a time of economic change. I just wish that the Government had a greater understanding of that

problem. It may be that the answers to those and similar problems would prove uncomfortable for Defra—or perhaps for the Government—and it may be that that is why the relatively inexpensive CRC got abolished: it did speak truth to power.

The only recent independent research done in this area has been by the Social Mobility Commission, which in its last report at the end of 2017 stated that some of the worst deprivation and poverty is now in rural rather than urban England. Are we surprised? As a department, Defra has always been a reluctant bride to its rural affairs remit. It inherited the Countryside Agency with a budget of £110 million; it soon wound that down and abolished it. The Commission for Rural Communities, which replaced it in the 2006 Act, also had its budget of £10 million wound down; then it, too, was abolished in favour of the in-house Rural Communities Policy Unit. The RCPU, too, was then abolished. This is a disgraceful abandonment of responsibilities.

Defra has never really understood that some 93% of the rural population have nothing to do with the land or fisheries. Thus their needs and their deprivation have, in the last decade or so, been largely ignored by government as a whole. All the evidence we received, without exception, emphasised this, but it was also obvious to us that Defra, with its current workload, was never going to be able to start a whole new area of work. Right now it is overwhelmed: it has to organise a wholly new agriculture and fisheries policy, and it has to implement a new 25-year environment plan. I believe that, of the Government's 325 Brexit work streams, Defra is managing 64. Statutory instruments are going to be flying like snowflakes. It is doubtful that Defra can cope with this workload, let alone reinstate a whole new rural policy. So I am afraid we took the view that it was simply not going to happen, even if the will was there.

This was why we decided to revert to plan A and ask the Ministry of Housing, Communities and Local Government to once again play a greater role in this agenda, as it always did with great enthusiasm in the past. After all, housing is one of rural England's most serious problems. Communities—villages and market towns—are where most of the solutions lie, and local government is the key delivery agent for the services needed: social welfare, transport and housing. So the Ministry of Housing, Communities and Local Government seemed to us to be an absolute shoo-in.

In a similar vein, but separate, there is rural-proofing. Rural-proofing is based on the fact that Defra's work has little effect on the lives of the 93% of the rural population not involved in the land. The quality of life for those 93% is dependent on the way that government services are delivered to rural areas by: the Department of Health, as a prime department; DWP through jobcentres; the Home Office, through the police; DCMS through broadband; the Department for Transport, which is crucial; and BEIS, since there are actually more manufacturing businesses in the countryside than the towns, et cetera. Every department is crucial. Thus, rural-proofing within each and every department is really important, and it depends on training in all

[LORD CAMERON OF DILLINGTON]

departments to take account of a whole range of rural problems which currently they do not understand. Why should they? They do not understand how population sparsity adds costs, nor the very real poverty that exists in our countryside, nor the lack of opportunity for the young and the growing cost of delivering social care to the elderly, nor the real problems of rural transport for all these groups.

Just last weekend, I was speaking to someone who lived in Hampshire. He did not have a car at a time when he was looking for a job. He went to the jobcentre and was told that there was a job in Salisbury, so he said to the lady who had apparently just come down from London, "Well, how do I get to Salisbury?". She said, "Take a bus". He said, "Well, which bus do I take?", and she said, "Well, the bus to Salisbury, of course". He said, "Yes, yes, I know that, but do I take the one on Tuesday afternoon or the one on Thursday afternoon?". Why should London-based civil servants understand these issues? There needs to be a dedicated team continuously training each and every department.

In any case, it is difficult for one department to tell another how to run its affairs, and because Defra no longer has a dedicated team, we were again forced to rethink what was necessary. All the evidence we received indicated that rural proofing has to come from the centre of government, for the authority that that gives and the co-ordination that might be possible. That means a well-resourced team within the Cabinet Office, with enough clout to embed the principles and training for proper rural-proofing within every department.

I realise that it is a hard pill for Defra to swallow to shed responsibilities, even if it does not have the resources to fulfil them, but I will say only this: I have dedicated most of my political life to defending the interests of those who live and work in our countryside. I have tried to highlight the obstacles that prevent the entrepreneurial spirit of my fellow countrymen flourishing. I have consistently drawn attention to the depressing, yet special, problems of the rural young, the rural poor, the unhoused and the rural elderly, of whom there are now more and more. However, in spite of the efforts of the Minister, I believe that rarely have rural communities and their problems been more ignored by their Government than now. Rural local authorities are at their wits' end. I was at a meeting with the LGA just a couple of weeks ago. Local authorities can see the problems, and they struggle to deliver much-needed social services for both young and old, but they remain largely ignored by central government and, with funding in some areas per head of population often as little as 60% of that of their urban counterparts, they can do little.

"Rural? Oh, that's a matter for Defra", say the other departments—but they do not realise that Defra has closed down its Rural Communities Policy Unit. They do not realise that no one is doing the independent research any more. I think that I have said enough. I beg to move.

3.32 pm

Baroness Byford (Con): My Lords, it gives me great pleasure to follow the noble Lord, Lord Cameron. In a way, he has nearly said it all. He was a wonderful

chairman of our committee. We had a very short time to look at a very wide topic. Noble Lords will have gathered that his many years' experience of the rural agencies, and as a rural advocate when he worked very closely with Defra and other departments, gives him a true base to express his views and reflect those that the committee heard when taking evidence.

I also thank and congratulate our team, our clerk and our special advisers, who helped us with this wide-ranging report. I should register my family's farming interests, which indirectly have a bearing on the discussions, and that I was shadow Minister when we took the NERC Bill through in 2006. I was able to reflect on that.

The question in the title of the report, *Is the Natural Environment and Rural Communities Act 2006 Still Fit for Purpose?*, can, as the noble Lord, Lord Cameron, said, be answered in one word: no. Things have totally changed in the past 12 years. When the Commission for Rural Communities was established on 1 October 2006, its aim was to make sure that policies, programmes and decisions took proper account of the circumstances of those living in rural communities. It was to be an advocate, give expert advice and be an independent watchdog. It was closed in April 2013, but I pay tribute to Stuart Burgess, who gave a voice to the some 12 million people living in rural England. The noble Lord, Lord Cameron, referred to the poverty experienced in those rural areas. I well remember Stuart Burgess saying that if you put all that rural poverty into one place, it would be bigger than the whole of Birmingham. That is something reflected in these many diverse communities.

So I reflected on what we were suggesting was happening in the rural areas in those days and on the crises, or severe points, that we were looking at: the early closure of post offices; restrictions on bus services; pressure on the viability of local primary schools; affordable housing; tourism and local businesses, particularly following foot and mouth; access to the countryside; jobs and access to them; and, indeed, the future of countryside sports. Today those are still challenges, but in addition we now have broadband or, in some areas, the lack of it; diversity and planning; diversity of farms and farm buildings and the planning that goes with that; the internet, which has grown so rapidly, and changes in how people shop; the extended roles now played by GPs and pharmacists; and, as the noble Lord said, 50% of small and medium-sized enterprises being based in rural areas.

Add to all that farming, the environment, wildlife and biodiversity, and you realise what a huge range Defra covers with rural affairs. So it is perhaps not surprising that since the other department was closed down, Defra took up this area and then was squeezed again, it has been an enormous challenge to cover everything that the department is supposed to. Like the noble Lord, Lord Cameron, I pay tribute to the Minister, who is the rural ambassador, for the work he does, but what is most important is not just his work but that all departments respond to all the calls, either by the Government or by Defra, to look at this vast range of things that need to be considered when

planning for the future. Local government and the Cabinet's rural-proofing are key. As I say, it is not surprising that it has been a struggle.

I turn to Natural England. Andrew Sells, its chairman, has sent us very good briefing papers, one of which says that a core aim of Natural England is,

“ensure that the natural environment is considered, enhanced and managed for the benefit of present and future generations”.

That briefing paper raised about seven issues, and I have picked on five. The first is funding. As with everyone else, the squeeze on funding has affected Natural England and its ability to perform across the board on some of its brief. The independence of its press, which has now been linked to the Defra body, is being looked at again. I gather that discussions are going on at the moment and that a protocol will be arranged shortly.

I support the powers of Natural England to charge for some of the services it provides. Not everyone supports it, but I think it is right because it enables Natural England to do more work than it otherwise could. Could the Minister update me on what is happening? I understand that a spending review is coming up in 2019. That is a long way off, but what progress is being made to ensure that Natural England is allowed to charge for more of its services? On planning, in the evidence that we took, too many people's response was “No comment”, which was of some concern to us.

The complexity of some countryside stewardship schemes has resulted in a lower take-up than originally hoped for. How many farmers have entered the new schemes since January 2017 and what progress has been made? I heard recently from a farmer that progress on payments was slow. If that is so, it is worrying. In addition, forestry—properly managed forests and greater public access—was a topic that came up for consideration.

We have had an amazing time looking through what one would hope to see in the countryside and what is readily available. I am not as gloomy as the noble Lord, Lord Cameron, because I believe there are great opportunities out there, but we need the Government to be on side and well aware—lack of awareness was the frustration that came through from the evidence we took. Some of the things that we are not allowed to do make it more difficult for businesses to start and grow, which is surely a disaster. The question was: is the Act fit for purpose? My answer at that stage was no, but I believe it offers great opportunities and I look forward to them being developed, but it needs more than just Defra to play its part.

3.40 pm

Baroness Young of Old Scone (Lab): My Lords, I declare my interests as listed in the register, particularly emphasising my chairmanship of the Woodland Trust, my membership of the RSA's Commission on Food, Farming and the Countryside and my delight now to be sitting on the Select Committee on the Rural Economy in your Lordships' House.

I got up this morning rather worried about the Minister. If you read the Government's response to the excellent report from the Select Committee—I add my congratulations to the noble Lord, Lord Cameron,

on his incredibly knowledgeable chairmanship of the committee and on the report—you will see that practically every proposal could not be commented on definitively because it either was being or would be consulted on. A number of consultations are out at the moment—on the National Planning Policy Framework, on environmental principles and on the new environmental body—much of what we want for the natural environment and rural communities depends on what happens to agriculture post the common agricultural policy, and we have not yet seen an agriculture Bill. That in itself depends on what comes out of trade agreements as a result of Brexit discussions, the shape of the Trade Bill and the marine Bill to cover the marine environment, all of which are still in a fluid state.

I am worried how the Minister will be able to respond at all, other than by saying that consultation and work is in progress, so I thought I would offer him a few things that he ought to say. First, I should declare my past. I was chairman of English Nature, which was the predecessor body to Natural England, and I was also chief executive of the Environment Agency, so I suppose I have the scars from being in an arm's-length body relating to Ministers and government. I was also the founder chairman of the Care Quality Commission, and I definitely have the scars from being in an arm's-length body reporting to Ministers from that, but let us leave health out of this debate.

To me, the two issues for Natural England are resources and voice. The squeeze on Natural England as a result of austerity measures has had some benefits. There is no doubt that financial stringency produces a much closer focus on priorities and how to use resources wisely, but we are now at the pips' squeaking point. It is important that we listen to what the witnesses said, one after the other, to the Select Committee. I believe that as a result of Natural England being unable to do some of the tasks it should as a result of the financial squeeze, it is less well respected than it needs to be. It needs to work with partners and harness coalitions and it needs to be believed by government departments. If it is running on empty and loses its respect, that will not come to pass.

My second point is one that the noble Lord, Lord Cameron, admirably made, the issue of voice. I must admit, when I was chairman of English Nature and when I was chief executive of the Environment Agency—and even these days, although I am very old—I was a bit lippy and rather fond of telling the Government in public that they had got it wrong. But I think that there are benefits from that. The issue of standing in the public mind, in terms of giving a position of authority to Natural England, would no doubt be greatly enhanced if it was able, in the politest possible way but very publicly, to say to the Government that they had got it wrong. It is about the ability to criticise government if that is necessary. Clearly, if it becomes a hugely campaigning organisation that is constantly telling the Minister that he is rubbish, it will not work. But I am sure that there are occasions—I am sure that every Government will admit—when they perhaps lose sight of an issue, to put in the nicest possible way, and do not quite land it properly. It is a very important for Natural England to have that ability, to instil

[BARONESS YOUNG OF OLD SCONE]

public confidence. In my mind, it is the mark of a sophisticated democracy if we can set up watchdogs and not act surprised when they bark.

The third thing that Natural England is not able to do at the moment is this work that will be required on a landscape scale if we are really going to harness all the tools to improve the natural world. All the principles in the Lawton report are absolutely vital and, although some of them can be pressed forward by changing the way in which grants and incentives for land management are delivered in a post-CAP world, the reality is that many of them are simply a product of boots on the ground. They are about how many people you can deploy out in the field to talk to partners around landscapes, to get the collaboration that is important if you can do this in the most effective and, certainly, the most cost-effective way. At the moment, Natural England, alas, does not have these boots on the ground.

We should learn some principles from the way in which Natural England has developed over the last few years and bear them very much in the front of our mind when we look at the new environmental body that is subject to current consultation. The consultation does not do that; it needs considerable strengthening beyond the principles and proposals consulted on. It envisages that the new body has very weak powers with no power to initiate legal proceedings, which I believe would severely constrain its ability to ensure compliance with environmental law, which will now be our law rather than Europe's law. It does not give legal status to the environmental principles and proposes only a weak duty in relation to the environmental principles policy statement. It proposes that only central government will be under duties with respect to the environmental principles and subject to the new environmental body's powers. I believe that all public authorities, as well as government departments, need to be caught and held accountable by the new environmental body.

Although the consultation recognises that the new watchdog needs to be not only independent but seen to be independent of government and capable of holding it to account, it does not actually outline how that is going to happen. That is not going to be easy. I cannot think of a single government-established regulator or watchdog that can hold Governments accountable, prosecute Governments and really enforce legislation, when that organisation has been appointed by the very Minister that it might be kicking around the block. I speak from bitter experience of the Care Quality Commission—having your boss as the person you regulate is not a happy place. But we need to deliver that independence and toughness, so we need novel and robust legislation, developed and tested with the full involvement of Parliament, the NGOs, civil society and other stakeholders in the countryside, if we are going to deliver an effective role.

I turn to biodiversity. We have endlessly wrung our hands about biodiversity in the last few years. Sites of special scientific interest—those jewels in the crown—have improved, and rare species, for which particular programmes have been put in place, have improved. But generally speaking, for the species and habitats in the wider countryside, we are losing the game. The

results are not good. Agricultural land management policy for the future will be hugely important. But we know that the NERC Act duty to have regard to biodiversity is not enough. We know that the focus on good practice is good, but not enough, because the figures are telling us that it is not enough. Therefore, I support the committee's recommendation that there should be a reporting requirement in future on ongoing losses of biodiversity.

We have new tools in the tool bag, of course, such as natural capital and the principle of net gain. We must remember that some habitats are totally unsubstitutable—my example is always ancient woodland, which we are delighted will receive better protection in the National Planning Policy Framework, and I hope that will be extended to ancient trees as well. However, we still see over 600 cases of threat in England to our ancient woodlands.

We do not yet know how natural capital will really work. We can demonstrate huge benefits from our natural capital in terms of the services that it provides for society as a whole, but those often happen in different timescales and different parts of the economy. We therefore need some really innovative financial instruments, developed with the help of the Treasury, to try to get those benefits, and the value chain of those benefits, delivered and to provide the money up front to do the things for the natural capital that then produce these economic and other benefits for society.

I propose that the new northern forest—of which, alas, an area of 3 square miles is currently ablaze, near Bolton, which is very sad—be used as a test bed for financial instruments. A northern forest bond could be a vehicle for getting up-front investment in a proposal to create woodland stretching from Liverpool to Hull that would deliver huge economic and other social benefits.

I shall finish on rural communities. The countryside is different from the town—the countryside is not just towns with fewer people—but we are in danger of losing sight of that difference, as the dash for housing is making local authorities terrified of their own shadows. We are seeing sustainability and biodiversity requirements in the planning system, including in areas of the country that should be regarded as of pre-eminent landscape quality, taking second place to the dash for housing. Garden villages are popping up as proposals all over the place. Many of them are excellent, but very many of them have a lack of facilities and transport infrastructure and are really just bringing an urban setting to a rural place.

My local proposal, in relation to which I should declare an interest as joint leader of the action group, impacts on 18 ancient woodlands and buggers up—if you will pardon the expression; it is a technical term—the last bit of open-countryside character in north Bedfordshire. However, local authorities are now so terrified of the constraints laid upon them as a result of the housing targets that that is the sort of thing that they are desperate to hang on to because it helps them meet their targets. I personally question the basis of the 10 million population growth over the next 25 years. I thought that Brexit was supposed to give us control

over our own borders, but 5 million of that population growth is due to net immigration. It does not work for me; it does not add up.

Therefore, I am not sure that I share the wish of the noble Lord, Lord Cameron of Dillington, to see rural community issues and responsibilities going over to the Ministry of Housing, Communities and Local Government. At the moment, with their pre-eminent focus on housing, local authorities are in danger of losing the plot as to what the countryside is actually about.

However, much of this is subject to consultation in some part of government, and I await the Minister's comments with bated breath—I have sympathy for him.

3.54 pm

Baroness Scott of Needham Market (LD): My Lords, I join in the thanks to the noble Lord, Lord Cameron, who chaired our committee with great diligence and hard work and also a certain amount of tolerance, because there were some quite significant areas of disagreement within the committee on some of our recommendations.

There is always a debate about what to call these reports. In this case, I personally believe that the countryside is at a crossroads. As we know, British farming has been shaped by the common agricultural policy for 40 years now, as has pretty much every aspect of our environment. Depending on the decisions that we make in the next few years, our countryside could be very different in 20 years' time. It is about much more than Brexit. Our overall rural policy is not, and never has been, driven by Brussels. The shortcomings in this area are entirely home grown and can be laid at the door of successive Governments. Although I have some serious reservations about rural policy-making, I want to place on record my admiration and support for the Minister, who fulfils his role as rural advocate with enthusiasm, commitment and great knowledge. Nor do I take issue with the civil servants who work for Defra.

However, pretty much all the evidence the committee took demonstrated that something is seriously wrong with rural policy-making, and that these problems are widespread and deep rooted. This has led me to believe that they are less about policy and more about culture, leadership and structure. The committee spent some time discussing the issues of rural policy-making and rural proofing. Indeed, many of our witnesses used those terms interchangeably. This did not help debate, and there is a clear distinction. Rural policy-making is about proposals aimed specifically at rural areas—housing, transport and broadband provision, for example. Rural proofing, on the other hand, is about looking at all legislation and policy through the prism of the countryside to see whether different interventions need to be made to make something better in the countryside.

I will give two examples. Last year, I was involved with the Bus Services Bill as it went through this House. It was heralded as a great breakthrough in the provision of public transport, yet it made not one mention of rural services. When it came, the draft guidance contained just a few lines. After pressure from this House, that was somewhat improved. If rural proofing is as effective as Defra claim in its response to the committee, how on earth did we get a Bus Services Bill which simply ignored rural areas?

My second example is the National Citizens Service, created by the Government last year. During the summer I went to Ipswich to have a look at how the scheme was working. It was an inspiring experience and I am confident that it was very positive for the young people involved. There is a “but” coming: the take-up from the south-west of Suffolk was very poor. Why was that? Because the whole programme has been set up to be delivered on county lines. People who live in the south-west of Suffolk cannot get to Ipswich. Cambridge is only just over the border, but they cannot use it. It is not the policy that is the problem here: it is simply that nobody thought about rural public transport when they set it up.

For rural proofing to be effective, it needs to be embedded in every department. It also needs central oversight and leadership from one department which can reach right across government activity—from health to highways and pensions to potholes. For that reason, I support the recommendation that this activity be carried out by the Cabinet Office, where a small team could build up real expertise in spotting rurality issues and work with the sponsoring departments to put them right. Rural policy making, on the other hand, probably needs to sit within one department. I have never understood why the Ministry of Housing, Communities and Local Government does not include rural communities. Instead, rural policy sits with Defra, alongside farming and the environment, and it is not well served by that, particularly at a time when the department's focus has to be increasingly on Brexit-related agriculture, fishing, and post-CAP and environmental frameworks.

I live in a very small village and like to look at the census. About 100 years ago, the village was about the same size as it is now. However, virtually everyone in the village worked on the land in some capacity. Now, there is not really anyone who works on the land. Important as the successor to the CAP is, its direct impact on rural communities will actually be pretty modest. Housing, social care, health, public transport and broadband are what matter to rural communities. Not a single one of those is delivered in any way by Defra. It would therefore make sense to move rural communities to HCLG, where it would sit with local government, which is responsible for delivering so much in the way of rural services. It would also be helpful to see rural areas in the context of their neighbouring towns and cities, where the jobs and services are often provided, as well as to see urban areas in the context of their rural hinterlands.

I am not surprised that the Government have rejected this recommendation, but the committee was right to make it. Who knows? It may even happen one day. But for now it puts down a marker that all is far from well. No matter how much the Government protest, if they look at the vast amount of evidence our committee received, they should admit, in private at the very least, that they have much to do if they are to restore the confidence of their key stakeholders.

As I was rereading the Government's response over the weekend, it struck me that it is pretty much all framed in terms of inputs: how much money is going in, how many people are here, and what mechanisms exist. However, I did not see any focus on the outcomes.

[BARONESS SCOTT OF NEEDHAM MARKET]

As the noble Lord, Lord Cameron, has already pointed out, the Social Mobility Commission has highlighted how the limited social and economic opportunities in rural areas mean that the worst-performing areas are now rural, which we would never have believed.

The Suffolk Community Foundation has done some ground-breaking work in gathering evidence about rural poverty and inequality and the failure to get services. It has produced two reports, called *Hidden Needs*. I commend them, not so much out of interest in Suffolk, which I recognise is not for everyone, but because it is a good example of how getting into the nitty-gritty of communities can identify some of the problems they now face and, crucially, how you can improve them.

As we have heard, the successive reorganisations have left a gap in evidence and analysis, which is operating to the detriment of rural areas. One of the most telling pieces of evidence was from Hastoe Housing Association, which told us that communities of under 3,000 are no longer monitored for delivery of affordable housing. In other words, there is no data available for rural communities in one of the areas which is most important to their sustainability: affordable housing.

Last week there was another example. The consumer group Which? reported that cash machines are being closed at a rate of 300 per month, and rural areas are particularly badly affected. LINK, which oversees the provision of cash machines, disputes both the number of closures and the impact, but how can we know what is going on if the Government have moved away from ensuring independent analysis and evidence-gathering?

In any event, across the piece, from a wide range of stakeholders, our evidence suggests that community rural stakeholders are far from content with Defra's performance, and government should listen.

4.02 pm

The Lord Bishop of St Albans: My Lords, I declare my interest as president of the Rural Coalition. I also express my gratitude to the noble Lord, Lord Cameron, and his Select Committee for their excellent and timely report, *The Countryside at a Crossroads*. Not surprisingly, many of the points that I wanted to make have already been made, so I will cut out a number of things. I will not detain your Lordships for too long but will just underline one or two points.

First, I will pick up on a subject that has already been raised by every speaker: research and data, which is then used for the formulation of policy. As someone who has been following the research and what has been going on in the countryside and in agriculture over many years, I would say that we really have gone backwards in terms of our grasp of what is happening on the ground. There was a period when I used to look forward to the annual reports that came out, when you could see consistent trends and how they were developing, and it was a crucial and essential basis for the making of policy and, indeed, for our laws.

Recommendations 35 and 36 of the report addressed the abolition of the CRC, the loss of that independent research capability on rural communities, and the

impact on policy-making of a lack of detailed data for rural areas. We have already noted that Her Majesty's Government point out that they engage actively with research. They cite the quarterly *Statistical Digest of Rural England* and various projects they have commissioned, as well as collaborations with academics working in this area. However, as we made clear in the response that I signed off on behalf of the Church of England, the work done on the provision of affordable housing in rural areas, for example, could not have been based on research that was really rooted in objective data. While government-funded research is recognised, it needs to move beyond the quantitative to the qualitative, listening to the most local and excluded voices, and we need to take a more open, proactive approach to partnerships with a whole range of academics, who have an extraordinary grasp of what is going on in these areas. We need to address this firm basis of research if we are to be able to produce good laws.

That leads directly on to recommendation 37, which calls for a statement of priorities for rural research. In their response, Her Majesty's Government have agreed to produce and consult on a "detailed statement of priorities" for rural research, and this needs to involve other government departments. Can the Minister tell us a little more about the process and timetable for doing this? Unless we can put some clothes on this proposal, there is a danger that absolutely nothing will happen—it will get lost in the huge amount of work that Defra is already being asked to deliver. I do not in any way want to disparage those working in Defra. My experience of meeting people who work in the department is that they are always very helpful. Indeed, the Minister himself has been a remarkably helpful colleague with any questions that I have asked or anything that I have wanted to do, and I have been very grateful for his help. Actually, it seems to me that he is being asked to do a totally impossible job. One issue therefore is whether he will get the help that he needs, but perhaps he could comment on these priorities.

I was pleased to hear that Her Majesty's Government are retaining the rural affairs policy team, despite the closure of the Rural Communities Policy Unit within Defra. The crucial question here is whether the team will have the staffing and funding to deliver the needs of rural policy across government. Some of us felt that the lack of integration of rural community policy in, for example, the recent Health and Harmony consultation on the future of agriculture post Brexit raised significant questions about whether there is sufficient capacity to deliver. I wonder whether the Minister might be tempted to comment on that.

Recommendation 39 in the Select Committee report suggests that responsibility for rural affairs needs to be transferred to the Ministry of Housing, Communities and Local Government. Her Majesty's Government have already indicated in their response that they do not intend to change the departmental responsibilities for rural affairs. The reasons given are that the policy needs of environment, agriculture and rural communities are highly interconnected and dependent on each other, and that makes good sense. However, if that is the

case, it would be good to see it reflected in the work of Defra, where currently the three elements can often feel very separate.

It seems to me that if the responsibilities are not to be transferred, a way of working more closely between at least three major departments needs to be established. First, for example, in relationships with the Ministry of Housing, Communities and Local Government, particularly around housing and planning policy, rural proofing has been absent from many of the recent policy announcements. Some decisions that have been taken are, I believe, detrimental, particularly to the provision of affordable housing in rural communities. Secondly, we need to think about how connections will be made with the Department for Education, as schools are a key part of many rural communities and fundamental to rural sustainability. Thirdly, with regard to the Department of Health and Social Care, there is a need to ensure that there is sufficient funding for hard-to-reach rural areas, where GP recruitment is challenging and all services cost more to deliver than the budget accounts for. There probably also need to be informal links between other departments, such as the Department for Transport and the Department for Business, Energy and Industrial Strategy, but let us just start with the big ones.

The response to recommendation 40, regarding the fact that services cost more to deliver in rural areas, is to be welcomed. I know that Her Majesty's Government have recently consulted on *Fair Funding Review: A Review of Relative Needs and Resources*, which proposed that rurality should be included as a common cost driver for delivery of public services. I understand that Her Majesty's Government are currently analysing responses to the consultation, but I hope that the Minister can give us some indication, and some assurance, that rurality will indeed be identified as an additional cost factor as soon as possible.

Recommendations 41, 42 and 43 deal with rural proofing. I see from their response that Her Majesty's Government do not intend for that to be transferred to the Cabinet Office, as the Select Committee report proposes, arguing that it should be mainstreamed into all departmental policy-making. But that is only arguing for what is presently supposed to be the case. How will that be different, when it is proving so difficult now? What is going to change? How can we get that change?

I suspect that one of the main issues is the provision of sufficient resources to do the job properly, particularly early enough in policy cycles for it to have sufficient impact to make the changes necessary. Frequently, it appears that the implications of policy decisions have not taken the needs of rural communities into account; for example, the recent changes to the schools funding formula.

Finally, I have a comment on recommendation 43. Is the Minister able to give us any more details on how Defra will have the resources and indeed the clout to request that other departments make sure that rural issues are considered as part of their annual departmental plans, so that truly effective rural proofing is in place?

4.11 pm

The Earl of Caithness (Con): My Lords, it was a great pleasure to serve on the committee and I declare my interest in that I am also on the Rural Economy Committee, which meets in this current Session. Many of the points just made by the right reverend Prelate the Bishop of St Albans will I know be picked up by that committee, which has a very wide brief and will cover areas such as transport and schools. I believe that the right reverend Prelate will give evidence to our committee, and we look forward to that.

I thank the clerk of our committee and the committee staff. We are very lucky to have such good quality staff to enable us to produce the reports that we do. Of course, they were backed up by Professor Maria Lee and Professor Mark Shucksmith, both of whom helped the committee in our deliberations. I also thank our chairman, the noble Lord, Lord Cameron, who, as the noble Baroness, Lady Scott of Needham Market said, was very tolerant. I was a lone voice on many issues and at least he gave me the chance to air my views, even though he did not necessarily agree with them.

It was a strange time to undertake a committee of this nature because, as the noble Baroness, Lady Young of Old Scone, said, many of the recommendations to which we should have got a firm answer are still in the pending box because of the changes that are going on. However, that had the advantage of allowing many members of the committee to put their views to the Government on what is happening. All of our committee proceedings were dominated by Brexit. Of course, the 25-year plan was not announced until 11 January, by which time most of our evidence had been taken, so I thank the Secretary of State for changing his diary and coming to see us personally to answer questions about the 25-year plan and other points raised from our earlier evidence. From that point of view, it was a unique experience and it was a unique reply from the Government.

Chapter 2 of the report refers to Brexit and the natural environment, and of course we do not yet know what is going to happen. However, to my mind there are two overriding objectives that cover recommendations 2 and 3 which concern the new environmental body. The first is that the legislation should underpin the promised policy statement on environmental principles in two ways. It should require all public bodies, not just the Government, to act in accordance with, rather than simply have regard to, the policy statement on environment principles. The second is that the legislation should set up a new environmental body with the necessary independence, expertise and resources, including powers to hold both of the public bodies to account for the implementation of environmental law.

When I refer to the word "independent", I do not mean the pseudo-independence of Natural England and which we make a lot of in chapter 3. Our chairman, the noble Lord, Lord Cameron of Dillington, mentioned it quite often in his speech. I turn to the recommendation made in paragraph 105:

[THE EARL OF CAITHNESS]

“We recommend that Natural England should be funded to a level commensurate with the delivery of its full range of statutory duties and responsibilities. This situation should be addressed as a matter of urgency”.

We were careful not to specify how much we thought Natural England should be allowed, and I know that my noble friend the Minister will say that what it is getting is absolutely right, but I should like him to ponder on the fact that when Sir John Lawton produced his report entitled *Making Space for Nature* in 2010, he suggested that in order to create a resilient network, between £600 million and £1.1 billion would be needed, whereas Natural England’s budget on a like-for-like basis has fallen from £177 million 10 years ago to £112 million now.

I believe that Natural England has changed significantly, and for the better. The present chairman has woken up the organisation and it is now working much more on an area basis, and that is to be welcomed. We suggest in paragraph 181 of the report that the role of Natural England will have to change again in the future, and indeed my noble friend Lady Byford spoke about that. I think that she raised this issue the most in our committee because where Natural England ends up will probably not be anything like Natural England today, if it exists at all.

However, I was alarmed by the Government’s response to that recommendation. In it the Government talk about the Countryside Stewardship Scheme and the Environmental Stewardship Scheme. The role of Natural England is going to be lost and transferred to the Rural Payments Agency. My noble friend Lady Byford also mentioned the Countryside Stewardship scheme but I would be a little firmer than she was. The scheme is a mess. It is thoroughly overcomplex. The start date for new applications has already had to be put back by a month because the papers are not ready, which means that applications will now have to be in by the end of July. Harvest will begin on some farms in the south of England in the next couple of weeks or so, and once the combine harvesters start rolling, farmers do not have time to fiddle around on their computers filling in forms that should have been completed a couple of months ago because of the inadequacies of Defra and the Rural Payments Agency.

The Rural Payments Agency is not liked by farmers and the fact that Natural England is losing its influence on this issue is a serious worry. I hope that my noble friend will take this on board. He knows that over the next three years or so, some 5,000 existing schemes will come to an end. The environment will not be as well protected because I know that many upland farmers have no interest in the new scheme. It is too complicated, it requires too much verification and there is too much bureaucracy. The slightest change in, for example, the area of a field causes the whole scheme to have to be thought through again. It means more work for the RPA, which gave the wrong figures to Natural England in the first place. I hope that the Minister will take back the message that the Countryside Stewardship Scheme needs to be thought through again and brought forward on a much simpler and more farmer-friendly basis.

I move on to chapter 4 on the biodiversity duty. It was not a recommendation of your Lordships, but I draw the House’s attention to paragraph 184 in particular, which is a quote from Dr Nick Fox in Charlie Pye-Smith’s booklet, *The Facts of Rural Life*. I was glad that the committee took this on board; I hope that the Minister will confirm that, as far as he is concerned, the statement is right:

“Conservation should be about maintaining high levels of biodiversity, which is the sign of a healthy habitat. Biodiversity is not just about species diversity, but the structural diversity of habitats and the range of trophic levels. It’s not about encouraging the biggest population of any one species, but ensuring that each is in balance with the habitat and the resources”.

If Defra worked on that basis, there is a good chance that our habitat would improve.

The noble Baroness, Lady Young of Old Scone, is absolutely right that planning is fundamental to the environment. We would like to know more about natural capital, which I hope will emerge in due course. I want to stress the benefit that one can get from net gain. I believe that every planning application should have net gain built into it. It does not need to be net gain related specifically to the application; it could come from elsewhere. One needs a fairly loose approach. If the Mayor of London pursues his policy of trying to build on gardens in London, we will lose a huge environmental benefit. If that policy is allowed to go through, which I hope it will not be, I hope that there will be considerable net gain elsewhere to create the green lines that our migratory birds need when they pass through London, which will be denied to them in the future.

Like others, I want to say a little bit about research. I will say less than I was planning to because it has already been well covered. I say to the Minister that we had only one, short evidence session with the Rural Economy Committee, but the one message that came loud and clear from everybody was that we lack proper statistics, based on good research. We will come back to this point and labour it, so my noble friend had better get a better brief than he has now.

Where should rural policy sit in government? This is where I was at odds with the rest of the committee. Despite a strong, powerful speech by the noble Baroness, Lady Scott of Needham Market, I remain of the opinion—contrary to what the committee said and what I signed up to—that it should remain with Defra. I believe that it would get thoroughly lost if it moved to MHCLG. Rural affairs would become a tertiary issue. One might say, as the noble Baroness said, that it is a tertiary issue with Defra now. I do not believe that my noble friend will allow it to be so for very much longer. I went back to the days when I was the Minister for the Countryside in the Department of the Environment. I lamented the fact then that I did not have the responsibility for the agricultural side of things, which handicapped my work enormously. When I mentioned this to the committee, I was told that I was about 30 years out of date. That is true, but it does not mean that I was wrong then or wrong now.

We moved on to the challenges of delivering services for rural communities through rural proofing. Enough has been said on this by the noble Lord, Lord Cameron, so I shall not add anything more.

I turn finally to a subject that none of us has mentioned. Chapter 6 deals with the eternal problem of what to do with green lanes. In Her Majesty's Government's reply to our recommendation about traffic regulation orders they said that the motor vehicle stakeholder working group would produce a report. What is the up-to-date situation on that? From what I have been able to garner from the internet, the two sides are as far apart as the Brexiteers and the remainers. There does not seem to be any common ground for the Government to work on. If there is no common ground, will my noble friend take matters into his own hands and come forward with the recommendation we suggested?

I hope that we will soon be able to give a big thank you to the Government for what they are doing on the environment and agriculture, but at the moment I am afraid that the applause is slightly half-hearted.

4.25 pm

Lord Rooker (Lab): My Lords, the committee has produced an excellent report; I found it a fascinating read. The 2006 Act that it looked at was virtually finished by the time I returned to the department in 2006, having had a spell in Northern Ireland. I was not involved in the legislation, but certainly the issues raised were sometimes on my watch, as far as a Lords Minister is concerned, between 2006 and 2008.

I will concern myself with a very small part of the report concerning recommendations 1, 2 and 3, set out in paragraphs 67, 68 and 69. These relate to a matter that has already been raised: environmental governance. The governance gap if the UK leaves the European Union has been identified by several Select Committees in both Houses. There is a serious issue to be dealt with. I fully accept that the Secretary of State was clearly aware of the governance gap last autumn when he came to the EU Energy and Environment Sub-Committee of your Lordships' House, on which I have the privilege of serving. He had clearly been listening to many green groups. Indeed, several told us how accessible he was. That was all to the good.

The Secretary of State made a very bold statement on 12 November last year. I would not say that it is full of hostages to fortune, but it says that,

"mechanisms which ... developed during our time in the EU which helpfully scrutinise the achievement of environmental targets and standards by Government will no longer exist in the same way".

Note that he did not use the word "enforcement". He continued:

"Without further action, there will be a governance gap. The environment won't be protected as it should be from the unscrupulous, unprincipled",

or from carelessness. He promised early next year—that is, this year—a consultation on the new environmental body. It opened on 10 May and closes on 2 August. I do not think it is unfair to say that the consultation will not deliver on the aims of the Secretary of State's statement, or the needs of the nation. All the governance in the world will not be effective if there is no enforcement mechanism. The European Commission has been the enforcement commission while we have been in the EU. I have not checked the recent figures, but six

months ago I used these on three or four occasions: the Commission has taken the UK Government to the European Court of Justice on 34 occasions on environmental issues—not agricultural issues—and won 30 of them. The Government did not lose the other four because there were disputes about how they were operating, but the Commission won 90% of cases. We have a better and safer environment because of it.

Think about this: under both parties, the Government opposed going to court. If it had been up to them, we would not have had the benefits; they did not want to be taken to court. They opposed the Commission; the Commission won 90% of the cases. For that, our population has a much better environment than if it was left to the Governments of both parties. Being taken to court in this case meant the Government would not comply with what was required by law. However, I know from my own experience that the Government move not just due to court cases but sometimes due to the threat of court cases. Infraction is something that Ministers and accounting officers do not enjoy dealing with because it is a complete and utter waste of money paying fines to the Commission when all you need is a few pennies to deliver what is required.

The Government response to the Select Committee is too clever by far, because it refers specifically only to last November's statement, which they must know is undermined by the consultation that they have now published. Quite clearly, these things are going on at the same time; they are not disconnected. The consultation does not deliver on the aims of the statement and the response takes your Lordships' House for fools.

Seven key omissions in the consultation are identified by the Green Alliance—I shall mention just three. The first is an enforcement gap, on which it states:

"There will be a serious enforcement gap—the consultation envisages the new body would have very weak powers, with no power to initiate legal proceedings; this would severely constrain its ability to ensure compliance with environmental law".

The second is:

"People's complaints mechanism is at risk—the consultation does not strongly back a complaints process for citizens, ignoring the vital role civil society has played in the implementation and enforcement of environmental law".

Thirdly—this has already been referred to—it states:

"The nature of the body is not discussed—more clarity is needed on how the Government intends to ensure that the new body will be independent, robust and equipped with the necessary expertise".

I shall not read the rest of it.

Defra is in charge of this. Defra is basically MAFF; it is the same department, bagged differently, with slightly different functions—some added, some removed. The culture is the point I want to raise: it loves control; we have heard some examples of that from the noble Lord, Lord Cameron. When MAFF was being dissected in 1998 for the Food Standards Agency to be set up and right before publication of the Bill—we had had a White Paper—there was a failed attempt at the highest level in the department to create the Food Standards Agency as an executive agency of MAFF. I was just in the engine room, by the way; I was only the Minister of State—it was not discussed with me. I went straight

[LORD ROOKER]

round to the Cabinet Office and No. 10 and that was squashed. It was set up, as planned, as a non-ministerial department.

Currently, the Defra board has the chairs of the Environment Agency and Natural England as members. If that does not lock them into Defra sufficiently for control, the chief executive officer of the Environment Agency is a member of the executive board. Come on, let us get serious about this: it loves control, and it has built in mechanisms for it. There is no plan to deal with governance and the enforcement gap left by the UK leaving the European Union. It has closed ranks and snuffed out external pressures previously provided by the Commission. In fact, the new strap line for Defra would be, "Take it all back in house".

Am I going too far? Defra cannot really be like old MAFF, can it? I invite noble Lords to come and judge for themselves this Wednesday 4 July, in Committee Room 1 at 10.30 am, when the EU Energy and Environment Sub-Committee will host a public round table with external experts on the current attempt at a land grab by Defra—the food producers' Ministry—to take unto itself the risk-management functions of the European Food Standards Authority in relation to food safety, rather than assign them to the Food Standards Agency. Talk about turning the clock back 20 years, when the food producers' Ministry was still trying to deal with food safety and we got into such a mess over a range of issues, back to the days when Professor Philip James wrote in his report of 30 April 1997:

"Many national surveys reveal that the public has lost confidence in the safety of British food. Secrecy characterises decision-making and inappropriate political and industrial interests are perceived to determine decisions on food safety to the detriment of public health and consumer interests".

He said of the proposed Food Standards Agency:

"The culture must be open and transparent in all its work ... interests of public health and consumers' interests must clearly dominate whilst proper account is taken of economic and business interests".

Ordinary government departments do not work in an open and transparent way. Nutrition, taken from the Food Standards Agency by the coalition Government in 2010, is now dealt with behind closed doors, not in open meetings as the FSA works. So Defra would be old MAFF reborn—it is still at it. It wants more control than it had before and, by heaven, it is seeking to get more control as issues come back from the Commission and Europe as we leave. It is a chance to turn the clock back. It is as though, while I accept that the officials at senior level are new compared to 20 years ago, the corporate desire for control has just been waiting to be reborn, and leaving the EU is the opportunity for it.

Defra fingerprints on environmental governance and food safety should not be allowed by Parliament. There is too much vested economic interest. What is more, we know what happened in the past. We thought we had solved the problem of trying to get separation in the public interest, consumer interest and the interest of public health. The evidence is abundant and the public will know who to blame if the clock is turned back.

4.37 pm

Baroness Parminter (LD): My Lords, like other members of the Select Committee, I add my thanks for the skills of our chairman: we are indeed fortunate to have his expertise, his passion and his good-natured chairmanship. As the noble Baroness, Lady Scott, and the noble Earl, Lord Caithness, both alluded to, it is not always the easiest job to chair Members of this House, and I thank him for it. I will also say how appropriate the title of the report is: indeed, the countryside is at a crossroads and it is important that in this House we learn the lessons of the past as we look to the future. I will be brief because I wish to cover an issue that has been very ably addressed by others, including the noble Lord, Lord Rooker. I assure the House that I will not repeat the points he made; I have a number of additional points on the issue of the governance gap to pick up.

As noble Lords can see, the report recognises that a governance gap will be in place when we leave the European Union and very strongly supports the creation of the new environmental body that the Government have consulted on. As other members have said, that consultation is weak in a number of areas. There has been some tightening of commitments and Members in both this House and the other place should take credit for the fact there has been some tightening through the process of the EU withdrawal Bill, with the body now being given the power to initiate legal proceedings and to list the environmental principles in legislation. But I will highlight four areas where I think there are still weaknesses and where the committee's report shows what I think is the correct way forward.

The first is an issue that the noble Lord, Lord Rooker, did address and which I, as a former chief executive of the CPRE, feel particularly strongly about: the consultation on the environmental body does not guarantee a complaints process for the general public on the future of environmental protection. We have seen in the past how important citizens' rights to seek environmental justice have been in improving the quality of our environment, in particular air quality. If we are going to have this environmental body, we need the public to see what is being undertaken and to feel that they have a stake in their environment. It is so important to them and if there is not a complaints process for the general public, it will undermine any commitments the Government might make. The Government's consultation does not strongly back a complaints process—that is a fundamental flaw.

My second point concerns an issue that has not been raised so far by other noble Lords: the scope of the new environmental body. The consultation limits who is subject to the enforcement and commitments therein. Our committee decided that it should be not only central government but all public authorities. We took advice from a number of individuals. I will quote just one, who said that the new body should,

"certainly ... hold public bodies other than Government to account".

That evidence was from Secretary of State Michael Gove to the House of Commons Environmental Audit Committee in November 2017. So clearly the government consultation is stepping back from the Secretary of

State's own commitments, quoted in our report and made in another place late last year. Might the Minister be tempted to say whether he stands by the wording in the government consultation or agrees with his own Secretary of State?

Thirdly, there is no commitment in the consultation to set out the environmental goals and objectives in legislation, yet all Members of this House, of whatever political party, have all seen how important it was to set out goals in the Climate Change Act to ensure that there was cross-party support as the issue moved forward. That is a singular failing. The committee felt that it was really important to set targets for nature in legislation. It is something that the Liberal Democrats feel very strongly about and had as a manifesto commitment in 2017.

Fourthly, I strongly echo the comments of the noble Baroness, Lady Young of Old Scone, on the need for independence and sufficient resources for the new body. Our committee saw from so many examples, particularly when looking at Natural England, that there is a real need for clarity on independence, as well as sufficient resources. Frankly, it is a load of old guff that the Government did not feel able to set out in the consultation some clarity on the two key issues of how the new body will be independent and sufficiently resourced. We know that the Government do this. Let us not forget, when the Water Bill was going through this House and the Government committed to undertake a consultation on the very tricky and controversial issue of water abstraction, they then produced an extremely good consultation document, setting out at great length two alternative proposals for the route they might go down. It was a very controversial issue and the Government set out the ways forward in their consultation document with a great deal of clarity. One can assume only that the Government have not set out the key issues of how the body will be independent and sufficiently resourced because they think that people will not be particularly happy about where they might end up.

Finally, another issue which has not been touched on by other committee members—so I hope your Lordships will allow me a little time to address it—is the strength of the duty that all public authorities should be under when they take account of environmental principles. In our report, as our chairman rightly highlighted, we talk about the biodiversity duty and how successful it has—or has not—been. On page 55 we say that,

“the requirement to ‘have regard’ for biodiversity is weak, unenforceable and lacks clear meaning”.

Yet the Government are proposing that public authorities should only “have regard” in future as they undertake their environmental principles. That will clearly not be sufficient.

While I agree with the noble Lord, Lord Cameron, that changing the wording on its own will not be enough, it is still important that the wording is tight and can form a bedrock so that when this body holds public authorities to account, the public authorities know what they have to do. If we do not have that, we will not be replicating the current status of environmental protection that we have in all EU treaties, and if the

wording is not strengthened it will be far too easy for environmental protections to be subjugated to other competing calls such as those for economic growth.

The House may well wish to reflect on the problems caused for rural housing by the viability test. That has basically run a coach and horses through the requirements for rural housing—and that is exactly what will happen if the wording is so weak that public bodies have only to “have regard” for environmental protection. Without stronger wording and if we do not get it right, I am afraid that all the laudable words, particularly from this Minister—I echo the comments of others—about this Government's intention to leave the environment in a better place will not be deliverable.

4.46 pm

Baroness Warwick of Undercliffe (Lab): My Lords, I welcome this debate and commend the report of the noble Lord, Lord Cameron, and his committee and the attention the report brings to the needs of our rural communities. This is Rural Housing Week and this debate is a great opportunity to recognise that our countryside faces huge challenges. It is at a crossroads and we will not set out on the right path unless we recognise the vital role of genuinely affordable housing in creating thriving rural communities. An understanding of this, together with the report's recommendation for adequate rural proofing of our housing and planning policies, is critical to the future survival of rural communities. I declare an interest as the chair of the National Housing Federation, the trade body representing England's housing associations.

I concur with the committee's report that current government policy does not take enough account of either the specific needs of rural communities or the challenges facing them. For too long, these issues have been sidelined and not considered in the context of wider policy-making. We can feel this perhaps most bitterly in the housing crisis, which is too often focused on and dealt with as a solely urban issue. Our rural towns and villages are home to 9 million people. Rural life offers a sense of community and the opportunity to live surrounded by some of our most beautiful scenery, but the housing crisis is damaging our rural areas and threatening this way of life. People are not always familiar with this picture of the countryside but our rural communities are feeling the pressures of the broken housing market as much as the cities are.

A quality, affordable home feels out of reach for many. The most affordable homes cost 8.3 times average wages in rural areas. As local people struggle to remain in their communities, we are seeing the loss of vital services. Schools in rural areas are closing at an average rate of 11 per year and we are losing post offices in rural communities at an average of three per month. It must be a real concern that the average minimum travel time to a hospital in rural areas is 60 minutes, nearly double that in urban areas. The services that people need are not where they need them. It would be very easy to be disheartened but this can be fixed.

The report is exactly right that rural affairs should be linked more closely to the work of the Ministry of Housing, Communities and Local Government, recognising the close link between the survival of our

[BARONESS WARWICK OF UNDERCLIFFE]
rural communities and access to housing. The National Housing Federation and housing associations believe that genuinely affordable homes are the key to supporting rural communities to thrive. The federation's *Rural Life Monitor* showed in 2017 that when housing associations work in partnership with local people, including local government, to build even a small number of affordable homes, vital community services stay open.

By building just four affordable homes on Holy Island, Bernicia Homes was able to help keep the island's sole primary school open. The local post office in Toller Porcorum in West Dorset would have closed when it reached the end of its lease without the intervention of Aster Group and a team of residents living in the village. The community and the housing association worked together to build six affordable homes and a new building for the post office. These are services that add value to rural life, offer opportunities and often employment for families and young people and can really make the difference between a community being viable or not.

Access to affordable homes can enable generations to stay in close proximity, keeping families together and tackling the other scourge of rural living, isolation and loneliness. These homes provide critical support for the rural economy, including the farming and food economy. DAMHA, the Durham Aged Mineworkers' Homes Association, an extraordinary and historic association, owns and manages 1,700 properties on 130 sites in 80 villages in the former County Durham coalfield, one of the most challenging areas in the north-east with huge regeneration challenges. Part of its mission is to assist in the regeneration of coalfield communities.

These housing associations are anchor organisations in their communities. They act as both landlord and employer and provide a whole host of lifeline services for local people. They are already building the quality homes our rural communities need, but they want to go even further. They have an ambition to deliver, but how can they, when current planning and land policy is not adequately rural proofed? The revised national policy planning framework gives us an immediate opportunity to do just that and to implement the report's recommendation to rural proof policy. Many of the draft proposals for the revised NPPF should be welcomed for their ambition to make real change to deliver bigger and better.

Will the Minister say whether the impact of these policies on rural communities has been measured at all? There are instances where proposals have clearly not considered the specific complexities facing rural communities. I shall give one example. The proposed entry-level exception sites policy risks undermining the existing and successful rural exception sites model. The proposed model does not involve the community, the homes are not solely for local people and it does not safeguard the affordability of homes for the future. These less stringent criteria are, very unhelpfully, likely to raise land values and could damage the provision of affordable rented homes in rural areas. Unless they are revised, there are potentially very damaging implications for a model that has been successful in delivering for

those most in housing need. The proposed standardised approach for measuring housing need is another example. It will not work in a rural setting where population projections are low and housing stock is less flexible. If the revised NPPF is going to meet the needs of rural communities, it must go further. It must emphasise the importance of implementing proper local plans, and it must encourage affordable housing contributions on sites smaller than 10.

As the Government consider the consultation responses for the draft NPPF, can the Minister assure us that they will listen to the concerns of rural housing associations and follow the recommendation of the committee's report to rural proof this critical policy to ensure it does not leave rural communities behind? During this rural housing week, housing associations will be setting out the sector's manifesto for rural housing. It states what they will do to boost rural housing supply through working in partnership with local communities, but it is also a call to action for parliamentarians. We need policies in place that can unlock the potential of rural housing associations to build the genuinely affordable rural homes we need. As we stand at a crossroads, the survival of our rural communities depends on it.

4.53 pm

Lord Bradshaw (LD): My Lords, I wish to touch on a point covered in the report of the Select Committee that has already been touched on by the noble Earl, Lord Caithness. After the NERC Act became law, there was an expectation that there would be progress in sorting the widespread problems created by off-road vehicles—motorcycles or 4x4s. Unfortunately, this problem has got worse rather than improved. The NERC Act had an exemption, Section 67(2)(b), that left over 5,000 miles of green lanes open to use by motor vehicles, comprising 2,800 miles of byways open to all traffic and over 3,000 miles of green lanes on which the rights of way were simply unknown.

The Select Committee, while recognising that green lanes are being destroyed by off-road bikes and four-wheel-drive vehicles, made recommendations that are feeble when compared to the scale and extent of the damage being done. The committee suggests that it should be cheaper and easier for highway authorities and national parks to make traffic regulation orders. Such orders are made one by one and the process will last for decades. The obvious solution is to do for the 3,000 miles of green lanes on which there are no established motor vehicle rights what the NERC Act did for footpaths and bridleways: to extinguish any latent motor vehicle rights that might exist. That would halve the scale of the problem at a stroke, leaving the highway authorities to concentrate their traffic regulation order powers on routes where vehicle rights do exist—that is, the byways open to all traffic—and it would give relief to the countless rural communities badly affected by off-roading. That is what the committee should have recommended and what the Government should be doing. It is worth remembering that the only reason why motor vehicle rights might exist on any green lanes is that they were used in the past by horses and carts. It is absurd that we are still allowing powerful

modern motor vehicles to use and damage precious remote parts of the countryside because of the ancient legal rights of horses and carts.

The Government have responded to the Select Committee recommendations by looking to the motor vehicle stakeholder group to produce a consensus report on off-roading. I suggest to the Minister that Defra knows that this group is deadlocked; its members' views are diametrically opposed to one another and they will not reach consensus. Every step in implementing a traffic regulation order can be delayed by those who are opposed to change. That process is expensive, and local authorities simply do not have the resources to follow an arduous procedure. I recognise that legislative time is scarce—it always is—but I ask the Minister to put an end to this farce of a stakeholder group and to ask officials to address how the harm being done to rural areas may be addressed and come forward with a practical solution. That would mean taking on some well-funded pressure groups but I suggest that we have to put an end to this running sore. Another possible measure would be a blanket ban on all off-road vehicles during the winter months.

4.59 pm

Lord Teverson (LD): My Lords, I make a couple of declarations of interest: I am a director of Anchorwood Developments Ltd and a board member of the Marine Management Organisation. I congratulate the noble Lord, Lord Cameron, on his chairmanship of the committee, on the report and on the excellent work that he has done over the years in this area. It is very good that he took on the role of chairman of the committee, and I thank him.

I had almost forgotten about the Natural Environment and Rural Communities Act, but it was a landmark piece of legislation 12 years ago, followed by the Climate Change Act 2008 and the Marine and Coastal Access Act, which I think was passed the year after that. This trilogy of legislation has been very important for our environment and now is absolutely the right time to consider it again. It is not so much that it is deficient but, as the noble Lord, Lord Cameron, said, time has moved on.

I live in rural Cornwall. We do not feel sorry for ourselves. We are not there as a charity part of the country. We are proud of being rural and believe that we contribute a great deal not just to the national economy but the social fabric of the nation. I was on a Local Government Association working party on the rural economy. A statistic that struck me was that non-metropolitan England had a greater proportion of GDP than metropolitan areas. Clearly, not all of that is rural, but we should be aware that this is not an economic backwater or hinterland.

Some really important messages came from the report. One, as other noble Lords have said, is that government intervention in this area—whether we think that that is good or bad—has declined. The Commission for Rural Communities and the rural advocate disappeared—during the coalition Government, I must say. I dealt regularly with the rural communities policy unit as the predecessor to the right reverend Prelate on the Rural Coalition. They were very committed

people in that unit and it was quite effective—perhaps not as effective as the CRC; it did not have the independence, power and research ability—but even that disappeared.

I remember the role of the noble Lord, Lord Cameron, looking at rural proofing some years ago. He brought a number of noble Lords with him to departments—I think it was a Cabinet Office or a No. 10 exercise—to find out what was happening. I was staggered. He managed to keep a straight face, but when he was in front of non-Defra departments, so often there was the response, “What’s rural proofing?”, or, “Yes, I’m sure we do something in that area”, but it was very diluted and unfocused. I was very pleased that the committee came up with recommendations about that.

Rural Britain—rural England—has suffered many pressures recently, and several of them have been recognised. On the subject of rural buses and roads, I was out this morning cycling. I left at 5.46 am. I noticed that all down my very rural road, yellow markings had appeared. I am delighted to say, as a compliment to local government and the Government, that they were to replace potholes with actual surface, which is starting to happen, but only just in time before those roads get even worse.

I was really pleased that the noble Baroness, Lady Warwick, mentioned housing, because rural housing is so important. We have had a crisis, which continues, because of the broadening right-to-buy legislation passed when the Conservative Government took effect post 2010. There is still suspicion by landowners that if they donate land at agricultural value to housing associations, other people will benefit financially in the long term as they come out of affordable housing services.

And, of course, there are Defra budgets. We know that Defra, along with the former DCLG, is always the department hit first in terms of budget cuts. I take the point made by the noble Lord, Lord Rooker, about protecting the Defra family, but when your budgets are cut by some 18% to 20%, you have to streamline your overheads. That, too, leads to a slight undermining of the independence of non-departmental public bodies within that area.

Biodiversity is such an important part of the report. We know that in Britain biodiversity is getting more difficult. We have increasing challenges from climate change. I know that the Minister is very concerned about invasive species—these are all threats to the fabric to our rural communities.

One thing that noble Lords have not mentioned, which I was very pleased to see in the report, was national trails and their funding. These are a fantastic means of access to the countryside, used by so many for tourism and exercise. That access through those national trails is crucial. Are there ways in which, as the report suggests, maybe through sponsorship or other means, we can make sure that what is truly a national treasure—our national trails—are kept?

The report says that certain areas are getting better. We now have a 25-year environmental plan, which is an important strategy, primarily for England. I hope that Scotland and the other devolved authorities will be able to go along with that in a parallel fashion. It is

[LORD TEVERSON]

key that that plan has a statutory basis to it as it is developed. I would be interested to hear from the Minister what the next concrete step is to make many of those important aspirations take effect, as that affects rural communities so much.

We have moved on to the concept of natural capital. Dieter Helm, whom I would describe as the Government's favourite guru, has moved out of energy into natural capital—and they are still digesting his energy report, because he has some big asks there. On the rural side and natural capital, it is excellent, and we all applaud it; but we have to remember, as other noble Lords have said, that those concepts have not really been tested to destruction in any way, and putting values on a number of the areas of the natural environment is very difficult. But we look at that with optimism and hope that it happens.

We have a Secretary of State who champions the environment very strongly—let us be clear about that—and all the areas of biodiversity. I also benefit from having broadband fibre right to my house, which is increasingly permeating rural communities, although I suspect that a number of Members of this House do not have that yet, and probably not in urban areas either. But that is improving.

What we welcome from these Benches is the report's suggested removal of rural affairs from Defra. As noble Lords have said, the challenges for Defra over the next few years are huge, in terms particularly of Brexit, fisheries legislation, farming and agriculture, along with the environmental area and all those other streams. Some 3,000 pieces of legislation will have to be brought on to the UK statute book. I am sad to say that the track record, as the noble Lord, Lord Cameron, said, shows Defra having not performed and having retreated from this function. It naturally fits within the Ministry of Housing, Communities and Local Government, and clearly needs to go there.

The issue in the report that is most important for our future, on the environmental side, is—as my noble friend Lady Parminter and the noble Lord, Lord Rooker, have said—the need for tough environmental enforcement post Brexit. That is a key challenge. There is zero doubt that government departments take notice of European Commission threats of infraction proceedings in the European Court of Justice, and that has made a very significant difference in terms of our enforcing environmental legislation in the past. We are starting to see that on the clean air side and in other areas as well. We also need to strengthen the biodiversity duty, as has been said.

On rural proofing, from my experience of having accompanied the noble Lord to departments on the issue, I think that that has to be done within the Cabinet Office. That is the natural way for it to go.

On the need for a long-term funding strategy for national trails, that is something that I really appreciate myself, and I know that visitors to the south-west do as well.

This is an excellent report. I hope that the Government will take forward its many and diverse recommendations, which over time, when the consultations finish, could be much strengthened. However, given the governance

gap on environmental enforcement, we will need a robust, independent organisation, with teeth, post Brexit—that is absolutely clear.

5.11 pm

Baroness Jones of Whitchurch (Lab): My Lords, I would like to thank the noble Lord, Lord Cameron, and everyone on the committee for what I felt was a powerful and well-evidenced report. I was impressed with the depth of analysis in many of the witness statements, both written and oral, underpinned by their description of the reality of the journey that they had been on in trying to stay true to the principles of the Act.

I read the report with a growing sense of loss and frustration at what could have been if the political drive and the resources had been available to implement the Act in line with its original vision. It was, of course, a Labour Government who introduced what was considered at the time to be ground-breaking legislation, which rationalised rural and environmental bodies to create Natural England. It was also a Labour Government who created the Commission for Rural Communities and, indeed, the Sustainable Development Commission and a number of other environmental bodies, which were all doing extremely valuable work but were killed off by the coalition Government in what I would describe as an act of environmental vandalism—but enough about that.

What is clear from the contributions from noble Lords to this debate is that, while we should acknowledge our failures—and we all have them—we should also learn and resolve to build something better for the future, and I think that is what the committee's report is about. That is why, like other noble Lords, I was so disappointed at the Government's written response to the report. To say that it was defensive is an understatement. I would have liked to have seen much greater acknowledgement of the weight of verbal and written evidence that the committee had taken time to assemble, rather than the rather dismissive tone that the Government's response adopted. As noble Lords have said, that is not the style of the noble Lord the Minister, and I hope that, when he responds to the debate, he is able to engage more constructively with the well-argued recommendations in the report.

Let me turn to the specific points in the report. First, as a number of noble Lords have said, the report addresses the impact of Brexit on how the Government can be held accountable for their environmental promises and policies. We debated that issue at length during the course of the European Union (Withdrawal) Bill, and we were pleased that, eventually, the Government moved some way towards addressing our concerns—concerns which are echoed in this report. I hope that the Minister can now agree that it is vital that the new proposed watchdog is independent, accountable to Parliament, financed by more than one department, tasked with providing environmental scrutiny, able to deal with individual complaints and able to take the Government and other public bodies to court when rules are broken.

I raise this issue again because, as my noble friends Lady Young and Lord Rooker and other noble Lords have said, despite the progress on the EU Bill, the

Government's actual consultation document on the role of the green watchdog is woefully inadequate. In essence, its role is defined as advisory to government, with little room for independent intervention or action. So I hope the Minister can assure the House that the Government's thinking has moved on since the consultation document was published. In addition, the habitats and birds directives require EU member states to report on the measures they have taken to implement the directives, including the conservation status of habitats and species. Does the Minister agree with this report's recommendation that the Government should mirror those reporting requirements post Brexit?

Secondly, the report analysed in some detail how Natural England is performing its role. In particular, it raised concerns about the degree to which Natural England is independent from government and whether it has a distinctive voice. It was interesting to compare the oral witness statements from Andrew Sells, the chair of Natural England, and some of his senior staff, who were quite candid under questioning about their real concerns, with the rather anodyne written briefing that they subsequently sent to us all. It felt that, once again, they were under pressure to moderate and play down their concerns. What is clear, as they fully admit, is that they are facing significant funding challenges and are not able to operate at a scale that would enable them to reverse the decline in biodiversity.

This is a huge challenge for us all. As the report points out, between 1970 and 2013 56% of UK species declined, with 40% showing strong or moderate decline, and with our decline in the UK being greater than the global average. I will be interested to hear from the Minister what practical steps are being taken to intervene and reverse this decline, given that Natural England does not feel that it has the resources to do so. I know that the Government lay great expectations on the subsequent publication of the 25-year environment plan—I am sure the Minister will say that in his response—but it was produced in January of this year, and it is now July. Time is going on. That report has lots of ambition but few detailed plans, and we are still waiting for some measurable metrics. For example, the report talks about producing a biodiversity strategy by 2020. That is pretty much an indication of a lack of urgency, as is the aim to consider delivery options for the nature recovery network over the next two years. That obviously has to happen before that network can be implemented. All this time the clock is ticking and the decline in biodiversity continues. I hope the Minister is able to address the need for greater urgency on this issue in his response.

The report also provides substantial evidence that the current duty in the Act that public bodies must "have regard to" conserving biodiversity has proved to be ineffective. Of course, the phrase "have regard to" is a meaningless concept. It simply means that you have to prove that you have thought about it and you can then decide to ignore it. I agree with the noble Earl, Lord Caithness, the noble Baroness, Lady Parminter, and other noble Lords that the wording needs to be tightened. The report comes up with helpful suggestions on this. I was shocked to read how little consideration local authorities gave to this requirement or how little it was understood. The reform of the National Planning

Policy Framework is a helpful start but the duties on biodiversity go further than this. I was sorry that the Government gave so little credit to the committee's recommendations on this. They say that,

"the government does not accept that the duty lacks clear meaning", and that they would like to see more evidence that changing the wording would lead to better outcomes. My challenge back to the Minister is to look again at the evidence that the current wording is being disregarded on a widespread scale, and to embrace the opportunity to take the simple steps for improvement that the committee proposed in its report.

Finally, on rural communities, the noble Lord, Lord Cameron, spoke passionately and very convincingly about the current failings in both policy and independent research. The report goes into some detail about the institutional failure that has led to the interests of rural communities not being given the priority they once had. As noble Lords have said, there is a real danger that the department is simply being overwhelmed by other pressures. Obviously the abolition of the Commission for Rural Communities is part of that, but there has clearly been a wider neglect. The result of this, as noble Lords have said, is that the indices on rural poverty, education provision, healthcare, transport, rural housing and other public services are all going in the wrong direction.

I can imagine how alarm bells must have rung in the department at the report's recommendation that responsibility for rural policy should transfer to the Ministry of Housing, Communities and Local Government, and that the responsibility for rural proofing should transfer to the Cabinet Office. To be honest, I am not sure what I think about that. Historically, all too often we have snatched at organisational solutions to avoid addressing the more fundamental questions of policy priority and leadership. In the current climate there is indeed a danger that we will transfer that function from one department without the resources to deal with it to other departments that, similarly, do not have the resources to deal with it. While I have heard all the comments from around the Chamber on this issue, a great deal more thought needs to be given to it. However, I agree that the report was compelling about the failure of the current Defra response to these challenges. My noble friend Lord Rooker also made a powerful point about Defra's desire for control at all costs, regardless of the public interest. These issues need to be addressed.

I say again to the Minister that I hope that in his response today he will be able to avoid the complacency of the Government's written response, acknowledge that there is a problem, and convince us that the message of this report has been heard loud and clear and that genuine action will follow. I look forward to his response.

5.22 pm

The Parliamentary Under-Secretary of State, Department for Environment, Food and Rural Affairs (Lord Gardiner of Kimble) (Con): My Lords, I declare my farming interests as stated in the register.

I thank the committee for its report, and I very much welcomed the opportunity to give evidence earlier this year. We took on board many of the report's

[LORD GARDINER OF KIMBLE]

recommendations and, although we have not accepted them all, we are nevertheless grateful to the committee for its work and for the thoroughness with which it has approached its task. It has shone a welcome spotlight on our rural areas. As Minister for Rural Affairs, I place supreme importance on the well-being of rural communities. Therefore, in the words of a noble Lord today, I speak up for the countryside, and I also hope that I am constructive. I very much look forward to engaging with the recently established committee, chaired by the noble Lord, Lord Foster of Bath, which will take forward this work with its inquiry into the rural economy.

When I arrived at Defra we went to something called a town hall meeting—when my officials told me we had to go there, I thought that I had gone to the wrong department. In my speech I said: “I look to Defra being a helping hand and not a heavy one”. I therefore take very seriously indeed all the points made by your Lordships. It will not be possible for me to address them in the time I am allocated, but I promise that there will be a response to all the points that have been made.

The noble Lord, Lord Teverson, spoke so eloquently in his opening in praise of country people. I agree entirely. The Government are committed to bringing sustainable growth to our rural areas, so that people who live in the countryside have the same opportunities as those who live in urban areas, and without detriment to the environment and its heritage. Our rural areas contribute nearly £250 billion to England’s economy. Half a million businesses—one quarter of the total—are registered in rural areas. I entirely agree with the analysis given by my noble friend Lady Byford of the economic engine. In fact, proportionately more people are employed by small firms in rural areas than in urban areas. Employment in rural areas is higher than the UK average and unemployment is lower, and well-being is also higher. There is a very strong sense of community, which is typified by the spirit of volunteers around the country who help with transport for those less able or who run the village shop or hall as a hub for the community.

I say to the noble Baroness, Lady Warwick of Undercliffe, that I recently had a meeting with Paula Vennells, the chief executive of the Post Office. My understanding is that the total number of post offices has risen by 16 to 11,659, and that is very much because of the collocation work that the Post Office is undertaking. My experience is that my local post office, which collocated to the convenience store, is now open many more hours than it was before. Therefore, it is an interesting picture and I am watching it very closely.

However, I acknowledge that, as all your Lordships know, there are challenges to rural life, many of which were highlighted during this inquiry and in this debate. Although the Government met their target for the provision of access to superfast broadband by 95% of premises by the end of 2017, and mobile phone operators reached their target for voice calls to cover 90% of the UK’s land-mass by the same date, I am acutely aware that the figures need to be improved. That is why we have legislated for a universal service obligation to act

as a safety net for those without broadband connections, and Ofcom is looking at attaching obligations on mobile phone companies to improve 4G coverage. I am grateful that the noble Lord, Lord Teverson, raised the point about broadband, because we are seeing improvements but we want them to go much further.

I very much agree with the points about affordable housing. I should perhaps declare an interest. My maiden speech was in a debate on rural housing, and I facilitated a housing development on the farm. Because it is Rural Housing Week, I shall be visiting a scheme on Friday, and I am very much looking forward to that.

We need to ensure that the people working to look after Exmoor live in Exford and do not have to live in Exeter. We also need to ensure that rural communities can survive, with young people remaining in villages. Our recent changes to permitted development rights mean that up to five new homes can be created from existing agricultural buildings on a farm, rather than the current maximum of three. It is also why the housing White Paper has a strong rural narrative, and the draft National Planning Policy Framework has a rural chapter. I am very seized of the importance of rural housing schemes and ensuring that the school roll is vibrant, which again is a positive feature of a flourishing village—something that we all want.

We are clearly all united on the importance of effective rural proofing, and the Government are strongly committed to it. The noble Lord, Lord Cameron of Dillington, was a key contributor to the rural policy guidance document, which I and other Ministers from Defra took to the Cabinet Office Minister to discuss. The committee suggested that the Cabinet Office should take over responsibility for rural proofing. Indeed, it went further and proposed that responsibility for rural policy should move from Defra to the Ministry of Housing, Communities and Local Government. That is clearly not a decision for me. However, although rural proofing should be the responsibility of all departments, I believe that there are strong reasons why Defra is best placed to lead on rural affairs. I do not see rural policy as operating in a silo separate from either agriculture or the environment. To me, they are absolutely interdependent.

I of course recognise that the range of businesses and interests in rural areas goes beyond farming, but farming is still a backbone, shaping the environment and landscape, which in turn is an economic beacon for rural tourism. In upland areas in England, where the challenges are often greatest, 41% of businesses and 23% of employment are in the agriculture, forestry and fishing sectors. In *Health and Harmony*—the biggest consultation on agriculture, with 44,000 responses—we asked explicitly about the challenges facing rural communities, particularly those in the remotest parts of the country. Of course, like many other departments, the Ministry of Housing, Communities and Local Government has a strong interest in rural issues—and, as the right reverend Prelate the Bishop of St Albans mentioned, it is clearly essential that Defra works closely with MHCLG on housing, local government finance and the proposed UK shared prosperity fund.

In her commentary on rural proofing, my noble friend Lady Byford said Defra acts as a champion for rural proofing across government and supports

departments so that policies take account of specific challenges and opportunities for rural communities. This is not an academic exercise: it is about achieving real benefits for those who live and work in rural areas, and I will take up the practical point made by the noble Baroness, Lady Scott of Needham Market, about the National Citizen Service. When decisions and policies are sent round for collective agreement, other departments know that we in Defra will be taking rural interests into account. It is not necessarily about delivering exactly the same outcomes for rural areas. The cost of providing basic services, as we acknowledge, is more expensive because of demography, sparsity and distance. We know that rural households are often further from hospitals, for example. But it is about showing that government departments have thought about how rural areas are different and how policies may need to be adapted.

For example, the new schools funding formula has reduced the gap between urban and rural schools. The Department for Education is testing out new work placement schemes in rural areas in the north-west and the south-west. I say to the noble Lord, Lord Cameron, that the rural services delivery grant for the current financial year is £81 million—the highest level ever and an increase of £31 million on the original allocation.

So I assure noble Lords that all Ministers in Defra are banging the rural drum. I am backed by a superb team of officials and I assure noble Lords that they are very committed to rural interests being at the heart of our department. We are able to draw on the work of not only Natural England, the Environment Agency and the Forestry Commission, but so many others who are active in rural areas. My own experience, as someone who has a deep personal commitment to the countryside, is that there is a deep recognition and understanding among many Ministers in other departments, many of whom have rural constituencies. So it is really important that Defra has these close and effective relationships across Whitehall. That is why I am on the ministerial task force on digital and on housing and am now a member of the new cross-government department team looking at loneliness. We are working with BEIS to bring about the rural dimension of the industrial strategy and making sure that we are involved in clean growth issues, and it is important to champion the UK's food and drinks sector, which has its roots in rurality.

My officials and I have close engagement with organisations representing rural communities and businesses. Defra funds ACRE, with its network of 38 rural community councils across England. I have held a number of really outstanding meetings with a broad range of rural stakeholders on well-being, digital connectivity and the rural economy, and will soon hold two similar ones on loneliness and transport. I agree with the noble Baroness, Lady Scott of Needham Market, that in the end it is the sharing of knowledge, experience and good practice that will develop the solutions that work on the ground in rural areas. That is exactly what we need to fine tune. We need to get the solutions that work. That is why I agree with all noble Lords—I think that the noble Lord, Lord Cameron, led the charge—about a strong evidence base being

essential. Defra will continue to publish data to help a much wider appreciation of rural issues. We have set up a rural academic panel. As we stated in our response, we will also produce clarity on rural research requirements to which we hope academia and the research councils will be able to respond. To respond to the right reverend Prelate the Bishop of St Albans and my noble friend Lord Caithness, we intend to publish the statement of research priorities in the autumn.

A number of noble Lords rightly raised the natural environment. My noble friend Lord Caithness referred to the publication of the 25-year environment plan and the noble Baroness, Lady Jones of Whitchurch, quite rightly wants action—as I do. That is why the review has been launched of our national parks and other designated areas of natural beauty—the noble Lord, Lord Cameron, is on the advisory panel. We have appointed a tree champion. We will also be making 2019 a year of green action, putting children and young people at its heart. The noble Baroness is absolutely right: we need and will be setting out how that will be progressed so that all noble Lords can feel that this is an action plan that has results.

Almost all noble Lords raised the governance gap for environmental protection. The noble Lord, Lord Rooker, and the noble Baronesses, Lady Parminter and Lady Young of Old Scone, made particular points. Since the committee published its report, we launched a consultation on a new environmental principles and governance Bill, which will make sure that environmental protections will not be weakened as we leave the EU. This will establish a world-leading body to hold the Government to account for environmental outcomes. Although it will be funded by the Government, it will be independent. I understand the frustration, but I cannot pre-empt the consultation and the consideration of all responses. I assure the noble Baroness, Lady Jones of Whitchurch, and noble Lords that I have heard all they have said on this particular matter.

The committee made a number of recommendations about the role of Natural England. I say to the noble Baroness, Lady Jones of Whitchurch, the noble Lord, Lord Cameron, and my noble friend Lady Byford that I can confirm that a communications protocol is currently being agreed with Natural England, which will codify ways of working with the Defra group to protect the integrity and independence of Natural England's voice and brand. Clearly, Natural England has transformed its approach so that it deploys its resources strategically for the greatest positive impact and to deliver its statutory functions. Natural England is a separate legal identity and may exercise its legal powers in pursuit of anything that falls within its general purpose. This independence is in line with Natural England's statutory remit.

The committee expressed its concerns about the long-term sustainability of the national trails network, which the noble Lord, Lord Teverson, raised. We are committed to finding a long-term and secure future for our national trails. We will work with interested organisations to explore options such as sponsorship that the committee suggested. Natural England is also working hard to complete the English coast path by 2020 and I am looking forward to a visit in north

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Yorkshire later this month to see further stretches connected. On the question of charging from my noble friend Lady Byford, the Government will consider as part of our planning for the 2019 spending review what charges could assist Natural England's charging strategy. That is under consideration.

The noble Lord, Lord Bradshaw, and my noble friend Lord Caithness mentioned the vexed issue of green lanes. I appreciate that and have met the noble Lord, Lord Bradshaw, before on this matter. The motor vehicle stakeholder working group will meet in October. Obviously, we want there to be as much consensus as possible, because that is the way in the countryside that most of us find a way through. This is about trying to find those solutions. I am aware that it is a knotty challenge for some of the characters involved on all sides of this issue, but surely it must be right that having these quarterly meetings with the stakeholder working group helps us to try to find some consensus in the key areas on which there can be agreement so that we find a resolution. We want to ensure that green lanes are suitable for purpose and can be used by ever more people.

A number of noble Lords have raised the issue of the Countryside Stewardship Scheme. I am well aware of some of the concerns that have been expressed and my ministerial colleagues and I are alive to the issues as we go around the country. I hope that many key stakeholders—indeed, I can be confident about the number—now recognise that the simplified offers for the 2018 countryside stewardship application have been welcomed by the NFU and by the industry. I am very clear that the work in countryside stewardship and environmental advancement is going to be hugely important. It is the way forward whether it be health and harmony, environment, land management—indeed, all the areas that we in this House will be considering later on. This is going to be very important work for us.

The committee raised the issue of biodiversity. The noble Baroness, Lady Young of Old Scone, and the noble Lord, Lord Teverson, in particular mentioned the phrase “natural capital”. In areas such as flood resilience we are seeing a much greater understanding of the phrase and are attaching importance to it. In response to the noble Lord, Lord Cameron, and my noble friend Lord Caithness, I should say first that through commitments to strengthen the duty on public bodies, we wish to embed a principle of net gain within the planning system. This will address many of the issues which have sometimes made housing and development a problem. This will lead to a net gain within the housing system.

Secondly, we will publish supplementary information to accompany our guidance on the biodiversity duty, setting out how public bodies can further the ambitions of the 25-year environment plan. We will continue to work in partnership to help public bodies take action and to protect and enhance the environment. I have to say to noble Lords that if I had more time, I could outline many examples of this. Addressing the decline in biodiversity is a priority for the Government.

In conclusion, I have spoken about landscapes, the environment, farming, the rural economy and services, but in the end it all comes down to people and the

communities they create. We need to see proper recognition of the communities on whom we rely for so much. They should have the same opportunities as those in urban areas and their needs and challenges need to be taken properly into account. That is our ambition in government, and it is my ambition, given that I have the privilege of being the Minister for Rural Affairs and the rural ambassador. Given all the differences and challenges in your Lordships' House, I believe that we are united in the purpose of seeking a very strong and vibrant future for the rural communities not only of England but of the whole of the United Kingdom. We owe them a great deal and it is our task to ensure that they have a buoyant future.

5.43 pm

Lord Cameron of Dillington: My Lords, I thank all the speakers for their views and indeed for their support of our committee's views. I also thank the members of the committee for their hard work and for the sometimes quite strong arguments. I am grateful to the clerks and special advisers to the committee for their hard work, and I appreciate the particular wordsmithing skills of the clerks in implementing some of the various and divergent views that arose within the committee. They were very skilful in that particular respect. I also thank the Minister for his response to the debate and I support his positive views on the economic and social potential of our rural areas, in particular the potential of our rural young if only they are given the chances and support that they deserve. I am grateful to him for outlining the various changes that are being made or are going to be made.

In dealing with the various issues that arose, I am glad that the views of our committee on the environmental watchdog have been strongly supported around the House. We look forward to seeing what comes out of the consultation and the Bill on that issue that no doubt will eventually come to this House.

I turn to Natural England, and all the speakers, I think, took on the theme that this is a really important body and will probably become even more so in the future. As the noble Earl, Lord Caithness, said, it is also a respected body, which is very important. It needs more government support and the Government should give it more authority and independence—I underline that word. It was good to hear from the Minister about the new communications protocol with Natural England, although obviously that remains pretty vague. We hope that something firm and concrete comes out of that.

On rural communities, again a lot of support was expressed for our view that we need much better, more integrated and detailed research in order to produce solutions. Again, it was good to hear from the Minister about possible changes in that respect. I agree that our suggestion to move rural affairs to MHCLG was a bit controversial and I will not say any more about it. However, if it is not going to happen, I thought that the suggestion of the right reverend Prelate the Bishop of St Albans to seek more focused work by Defra with the key departments is going to be extremely important.

Rural proofing, on the other hand, as mentioned in particular by the noble Baroness, Lady Scott, is different. There was no divergence within the committee on this

issue. Without strong and proper rural proofing, in particular the importance of training, especially with the authority coming from the heart of government, the committee believes strongly that rural problems associated with all departments will continue to be swept out of site under the urban carpet. Rural proofing remains a bone of contention between us and it is an important area. Nevertheless, I beg to move.

Motion agreed.

European Council *Statement*

5.46 pm

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

“With permission, Mr Speaker, I would like to make a Statement on last week’s European Council. The focus of this Council was on migration and there were also important conclusions on security and defence. The UK made a substantive contribution to both, and our continued co-operation after we have left the EU will be in everyone’s interests, helping to ensure the long-term prosperity and security of the whole continent.

The consequences of mass uncontrolled immigration are one of the most serious challenges confronting Europe today. The problem is felt especially acutely by countries on the Mediterranean and the Aegean that are often where migrants first arrive, but this is a shared challenge which affects us all. More than anything, the situation is a tragedy for the migrants themselves, thousands of whom have now lost their lives. At the core of all our efforts must be trying to prevent others from doing so.

The UK has long argued for a comprehensive, whole-of-route approach to tackling migration, and the Council agreed to actions in each of the three areas that we have championed. First, there will be more work upstream to reduce the number of people who undertake such perilous journeys in the first place. This includes providing more opportunities in the countries where economic migrants are coming from and helping to ensure that refugees claim asylum in the first safe country they reach. To support this, the UK will continue to invest for the long term in education, jobs and services in both countries of origin and transit.

We are also committed to the second tranche of the EU Facility for Refugees in Turkey, provided that we can agree an appropriate mechanism for managing the funds; and we made a further commitment at this Council of €15 million to support the EU Emergency Trust Fund for Africa. Both are delivering on the UK’s call for more support for countries of transit and origin on the main routes into Europe, which is vital if we are to achieve the solutions we need to mass uncontrolled migration. Alongside our economic development and humanitarian support, we have been stepping up our communications effort upstream so that more potential migrants understand the grave

dangers of the journeys they might undertake and the criminal people smugglers who are waiting to exploit them.

Secondly, there will be more work to distinguish between genuine refugees and illegal economic migrants. This includes exploring the concept of regional disembarkation platforms. It was agreed at the Council that these could be established on a voluntary basis. Key to their success would be operating in full respect of international law and without creating a pull factor for further migration. There is clearly much more work to be done with the support of the UNHCR and the IOM to establish whether such proposals are practically and legally viable. But we need to be prepared to look again at new solutions, given the gravity and intractability of this challenge.

Thirdly, there will be further efforts to strengthen borders to help prevent illegal migration. Last week I agreed with Prime Minister Tsipras of Greece that we would work towards a new action plan of UK support for Greek and European efforts, including a further Border Force patrol vessel to work with the Greek Coast Guard. The UK now has law enforcement officers in 17 EU and African countries as part of our Organised Immigration Crime Task Force. UK and French officers are also working together to build links between counter-trafficking agencies in Nigeria and Niger to strengthen this key border on the central route. I am keen that we should replicate this model with other states. This is a challenge that faces the whole of our continent. As I said at the Council, we will continue playing our full part in working together with the EU to meet it—both now and after we have left, for that is in our national interest and in the interests of Europe as a whole.

The same is true for security and defence, which is why at this Council I made the case for a new security partnership between the UK and the EU after we have left. We have seen over recent weeks and months that Russia and other hostile state and non-state actors are trying to sow disunity, destabilise our democracies and test our resolve. So we must work together to adapt our current defences to the new normal and take responsibility for protecting international norms and institutions. In this context, I thanked our European partners for their solidarity in the wake of the appalling nerve agent attack in Salisbury. The unprecedented co-ordinated expulsion of undeclared Russian intelligence officers demonstrated our unity in response to this kind of disregard for global norms and rules, which poses a threat to us all. At the March Council, we agreed to do more to strengthen our resilience against such threats. Since then, the UK has led work with our European partners to propose a package of measures to step up our strategic communications against online disinformation, strengthen our capabilities against cybersecurity threats and further reduce the threat from hostile intelligence activities. This Council agreed measures in all of these areas, including an action plan by December which must go even further in co-ordinating our response to the challenge of disinformation.

This effort to adapt our defences to protecting international norms should also enable us to respond robustly to events beyond Europe when they threaten our security interests. So this Council welcomed the agreement reached by my right honourable friend the

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Foreign Secretary in The Hague last week, enabling the Organisation for the Prohibition of Chemical Weapons to attribute responsibility for chemical weapons use. The Council reinforced this by agreeing with President Macron and myself in calling for the adoption of a new EU sanctions regime to address the use and proliferation of chemical weapons. The Council also agreed to roll over current sanctions on Russia in light of its failure to fully implement the Minsk agreements in Ukraine. In the context of online threats from the full range of state and non-state actors, President Macron and I joined together in pushing for further action to tackle illegal content, especially terrorist content, online.

Finally, on security we looked ahead to the NATO summit next week, which will be an important moment to demonstrate western unity. The NATO Secretary-General joined this discussion at the Council, where we agreed that Europe must take greater responsibility for its own security while complementing and reinforcing the activities of NATO. Far too few of our allies are currently meeting the commitment to spend 2% of GDP on defence. At this Council, I urged them to do so, in order that, together, we can meet the full range of threats that challenge our interests. For our own part, we have the biggest defence budget in Europe and the biggest in NATO after the United States. We are investing more than £179 billion in new equipment. That means, among other items, new aircraft carriers and submarines for the Navy, new cutting-edge F35B aircraft for the RAF and new Ajax armoured vehicles for the Army.

We are leading throughout NATO, whether that is deployed forces in the Mediterranean, air policing in eastern Europe or our troops providing an enhanced forward presence in Estonia. We are operating with our allies to defend our interests all over the world. In April, RAF aircraft took action to degrade the Syrian regime's chemical weapons capability and deter their future use. Over 1,000 personnel are deployed in the fight against Daesh and we are the second-largest contributor to the coalition air campaign in Iraq and Syria. In Africa, UK troops have built and now operate a hospital in South Sudan supporting the UN mission there; they are training security forces in Nigeria, and our Chinook helicopters are deploying to Mali in support of the French this week.

Two Royal Navy vessels are deployed in Asia in support of sanctions enforcement on North Korea, working closely with the US, Japan and others with another to follow—the first Royal Navy deployments to the Pacific since 2013. Our submarines are silently patrolling the seas, giving us a nuclear deterrent every minute of every hour, as they have done for 50 years. Our modernising defence programme will ensure that our capabilities remain as potent in countering the threats of tomorrow as they are in keeping us safe today. We are the leading military power in Europe with the capabilities to protect our people, defend our interests and project our values, supporting the global rules-based system. The Government I lead will ensure that that is exactly how we remain.

Turning to Brexit, I updated my fellow leaders on the negotiations and the 27 other member states welcomed the further progress that had been made on the withdrawal

agreement. With the exception of the protocol relating to Northern Ireland, we now have agreement or are close to doing so. There remain some real differences between us and the European Commission on Northern Ireland. So, on the protocol on Northern Ireland, I want to be very clear. We have put forward proposals and will produce further proposals so that if a temporary backstop is needed, there will be no hard border between Northern Ireland and the Republic of Ireland. We are absolutely committed to the avoidance of such a border and we are equally committed to the avoidance of a hard border between Northern Ireland and the rest of the United Kingdom. Northern Ireland is an integral part of our country and we will never accept the imposition of a border within our United Kingdom.

We all agreed that we must now urgently intensify and accelerate the pace of negotiations on our future relationship. I warned EU leaders that I do not think this Parliament will approve the withdrawal agreement in the autumn unless we have clarity about our future relationship alongside it. I will hold a meeting of the Cabinet at Chequers on Friday and we will publish our White Paper on the future partnership with the EU next week. The EU and its member states will want to consider our proposals seriously. We both need to show flexibility to build the deep relationship after we have left that is in the interests of both our peoples. Our White Paper will set out detailed proposals for a sustainable and close future relationship between the UK and the EU—a partnership that means that the UK will leave the single market and customs union, but a partnership which supports our shared prosperity and security. It will mark an important step in delivering the decision of the British people. I commend this Statement to the House”.

5.58 pm

Baroness Smith of Basildon (Lab): My Lords, this was an extraordinary European Council summit. I am grateful to the noble Baroness for repeating the Statement.

I think we are all surprised to see so little on Brexit right at the end. Obviously, Brexit is the key issue for the UK. Although it is increasingly apparent that everything in government is now seen through the prism of Brexit, the summit highlighted that it does not occupy the EU 27 in the same way. So I have some sympathy for the Prime Minister. It must be increasingly difficult at such summits, struggling to maintain influence and credibility in Brussels when under such pressure at home. Then, there is luck—or the lack of it. Who could have predicted that the Belgian Prime Minister's gift of a No. 10 football shirt could possibly present any hazard? At least he is an attacker, not a defender.

The summit was also extraordinary in other ways. We saw the vetoing of an entire set of conclusions, requiring an all-night session to ensure progress on migration. Angela Merkel, who has taken the lead on the migration issue, questioned the very purpose of the EU if it is unable to deal with this. The discussion on security and defence took place against the backdrop of our Government refusing to confirm that the UK will remain a tier 1 military power and the US President confirming a summit with Vladimir Putin in July.

Migration has divided EU member states for years. The conclusions eventually reached on Friday morning stated:

“This is a challenge not only for a single Member State, but for Europe as a whole”.

Although there have been fewer crossings, the recent plight of more than 600 migrants on the rescue ship “Aquarius” highlighted that political judgments need humanity and decency at their core. We agree with Spain’s Prime Minister, Pedro Sánchez, that unilateralism and inflammatory rhetoric are not the answer. I hope his message was echoed by the Prime Minister in her contributions to that discussion.

Member states are right to want to step up their efforts in Libya, including increasing support for the Libyan coast guard. But, as your Lordships’ House debated recently, Operation Sophia is falling short of expectations and can only ever be one piece in this complicated puzzle. The UK and the EU must do more to secure a political solution in Libya and to support the development of state institutions to tackle people smuggling at its source. Could the noble Baroness the Leader of the House clarify the Government’s position on the UK’s post-Brexit participation in EU migration agreements with Turkey, Libya and other states? Will the UK’s support in Libya continue to be a part of co-ordinated European efforts?

EU leaders also discussed security and defence. Like many, I was disappointed by the Prime Minister’s almost belligerent attitude. The Prime Minister was criticised for appearing to make threats on security at Lancaster House. Even with the Commission’s strict stance on Galileo, it is disappointing that she has returned to playing hardball. As with migration, co-operation is essential; we are co-dependent in ensuring the security and safety of all our citizens. The Prime Minister noted the imminent arrival of the NATO summit, arguing that we are “leading throughout NATO”. That does not appear to be the view of President Trump, his Defence Secretary, or even the Prime Minister’s own Defence Secretary, whose agitation and campaign for additional funding show no signs of abating.

Elsewhere, we welcome that action will be taken to allow a co-ordinated response to the challenge of disinformation and to enable the improved identification and removal of online content that incites hatred. Discussions on tax avoidance and evasion, and the importance of rules-based international trade, remain as important as ever.

But, on Brexit, the four—just four—paragraphs in the conclusions are a stark reminder of how much work lies ahead in the next few months. They express, “concern that no substantial progress has yet been achieved”,

on the Irish border, echoing the comments made by the Dutch Prime Minister, Mark Rutte, that breaking the impasse and fleshing out the details of the proposed backstop solution is the EU’s,

“first, second and third priority”.

They issued a warning, to be heeded by certain Cabinet Ministers, that,

“negotiations can only progress as long as all commitments undertaken so far are respected in full”.

In the absence of the Government’s White Paper, the EU demanded,

“further clarity as well as realistic and workable proposals from the UK”,

highlighting that the fractures at the heart of government are damaging our interests.

Nothing in the conclusions reflects the Prime Minister’s optimism when she arrived in Brussels hailing the significant progress of recent weeks. The reference to Gibraltar will rightly raise concerns, so I hope the Leader can inform your Lordships’ House of how the UK will engage constructively with EU and Spanish counterparts to resolve the situation.

I return to a point I raised previously on the Prime Minister’s Statement back in March. The paragraph in the draft withdrawal agreement on the onward movement rights of UK citizens living in the EU simply disappeared overnight. I was assured in a letter from the noble Baroness the Leader of the House following that debate that this remains a priority for the Government but that it was a matter for negotiation. Yet, the UK-EU joint statement of 19 June suggested that no progress had been made. Can the noble Baroness confirm whether this remains a priority for the Government? If so, what does that mean? When will this next be discussed by negotiators? Did the Prime Minister have any informal discussions on this important issue at the summit? Has any progress been made? What discussions have taken place and when? If the noble Baroness does not have the details on that part, I am happy for her to write to me.

Both the Prime Minister and the EU have called for an acceleration of the negotiations, but it is not the first time that attempts have been made to inject a sense of urgency into the talks. It now has to happen. We are running out of time. There appears to be a growing consensus across the EU that it will be the December summit, not the October summit as previously anticipated, that signs off any agreement. That is a problem. Are the Government still aiming for October, not least to give both Houses of Parliament sufficient time to study the details of the deal? The House of Commons Brexit committee warned last week that even without any slippage it might prove difficult to ratify the agreement and pass enabling legislation before the Article 50 window slams shut.

In the absence of an agreed UK position, the EU has made it clear that it is preparing for a no deal outcome. As we have said so often, no deal is the worst possible outcome and would be catastrophic for the UK. I see the Brexit Minister shaking his head. That really does not inspire confidence in anyone in this Chamber. Nevertheless, the EU 27 have reiterated their willingness to come up with an improved offer if the UK reconsiders some of its red lines, for instance over the EU charter and the underpinning of the European arrest warrant.

All eyes will be on Chequers on Friday. With no England match, there will be nothing to distract the Cabinet from fulfilling its responsibilities. This could be the most important Cabinet meeting for a generation and it is time for leadership. We all know that no plan was put forward at this summit because the Prime Minister had sought party and Cabinet unity on an

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issue when there is none. Is it the case now that the Prime Minister believes that the dangers of not having a detailed plan for Brexit are outweighed by the dangers of losing a Cabinet Minister or two? As the Lord Privy Seal, the noble Baroness the Leader of the House will have a seat at that table on Friday. She has an important role, and I hope she will urge Cabinet colleagues to put their differences aside, to open their minds and to agree a position that enables the UK to achieve the deal it needs, rather than the deal that the Brexiteers will let it have.

Lord Newby (LD): My Lords, this is a Statement of two parts. The first relates to the major issues on migration and security, which were rightly at the top of the agenda. The Prime Minister sets out in the Statement the things that we are doing to support the EU efforts to control migration: a further Border Force patrol vessel off Greece—leaving how many, I wonder, left to patrol our own territorial waters—a few policemen helping EU and African countries, and a small contribution to the EU trust fund for Africa. But while the Statement reiterates the UK's commitment to working together with other member states to counter illegal migration, the Prime Minister is silent on how this will be achieved if we leave the EU. We will obviously not be in the room when the European Council discusses these matters, but which room will we be in? What forum of which the UK is a member does the Prime Minister propose should take these discussions forward post March next year? The same applies to security, where again the Prime Minister says that she wants a new security partnership but has given no indication of what form that might take, other than via our continued membership of NATO bodies.

The statement issued by the European Council naturally covers the issues discussed last Friday in the absence of our Prime Minister: jobs, growth, competitiveness, innovation and digital. On these vital issues for our future prosperity we are already out of the room and having zero input on the development of more-effective EU policies. The Government have no answer to the question of how we might have an input in the future, despite the implications for British jobs and prosperity.

The second half of the Statement is on Brexit—or, rather, the final page of a seven-page Statement is on Brexit, which confirms that the issue was hardly discussed, either when the Prime Minister was present or in her absence. The EU's statement, four paragraphs of it, on its Friday discussions is terse and crackles with frustration at the lack of progress made in the talks so far.

How had the PM sought to deal with this frustration the previous day? According to her Statement:

“I warned EU leaders that I do not think this Parliament will approve the withdrawal agreement in the autumn unless we have clarity about our future relationship”.

She warned them about a lack of clarity? This is a Government who will have a Cabinet meeting in Chequers purely to get some vestige of clarity among themselves. The EU has been patiently waiting for a British proposal for months. The Secretary of State for Exiting the EU has obviously decided that his position is so embarrassing

that he does not even bother to meet Monsieur Barnier, except very occasionally. The Prime Minister would do better to warn the Cabinet of the consequences of lack of clarity in UK policy. It is surely a bit rich even by her standards to blame the EU for a problem which is entirely her own.

The Statement is curious in that it does not mention the issue which the Prime Minister's spin doctors were claiming last Thursday night to be the main burden of her intervention on Brexit. The *Times*, for example, led with the headline:

“EU putting lives at risk over Brexit, warns May”.

Did the Prime Minister, as alleged, accuse the Commission of,

“putting obstacles in the way of a new security pact”?

If so, what response did she receive? If she really raised security but failed entirely to mention trade and Northern Ireland, what sort of message does that send to the many British businesses now seriously worried about the prospects for jobs and investment?

There are many questions which one could ask about the Government's approach to Brexit, but I realise that the Leader of the House will enjoin us to be patient and wait for the White Paper promised for next week, so to ask them is pointless. But, 10 days ago, I said that if there were a World Cup for kicking a can down the road, the Government would win it hands down. This Government are kicking and kicking, not least each other. I suspect that they are likely to continue to do so well after Friday's Chequers meeting concludes.

Baroness Evans of Bowes Park: My Lords, I am grateful to the noble Baroness and the noble Lord for their comments. As the Prime Minister made clear, the UK is playing, and will continue to play, an important role in international affairs. The noble Baroness asked about migration. We will certainly continue to work closely with our EU partners on this difficult area. I am afraid that I do not agree with the noble Lord's somewhat implied assessment that our contribution has not been significant. I assure them both that we remain absolutely committed to providing protection for the most vulnerable refugees and improving the ways in which we distinguish between refugees fleeing persecution and economic migrants. As the noble Baroness pointed out, the UK is providing a further Border Force patrol vessel to work with the Greek coastguard. This brings our total maritime support to FRONTEX to two vessels in the Aegean and one in the central Mediterranean. As was mentioned in the Statement, the Prime Minister has agreed with Prime Minister Tsipras of Greece that we will work together on a new action plan of support for Greek and European efforts. Despite the noble Baroness's misgivings about Operation Sophia, our naval assets have destroyed 182 smuggling boats and saved just under 13,400 lives since the operation began, so it is having an impact. We have also agreed to hold a strategic dialogue on migration with Turkey, which will allow us better to work to address the drivers behind illegal migration on the eastern route and to tackle organised crime groups. All this work will continue. We have so far contributed €328 million to the EU's facility for refugees in Turkey and remain committed to the second tranche.

The noble Baroness asked about Gibraltar. The scope of the draft withdrawal agreement, including the implementation period, explicitly covers Gibraltar. We have been consistently clear that it is covered by our exit negotiations with the EU. Alongside the Government of Gibraltar, we have had constructive discussions with Spain about arrangements for future co-operation and look forward to these continuing. The Prime Minister had a first conversation with Prime Minister Sánchez since he took office. They touched on our close links. I understand that Gibraltar was mentioned in that conversation. We will continue to work with the Spanish Government and the Government of Gibraltar in developing our plans.

Both the noble Baroness and the noble Lord acknowledged that we will publish a White Paper on our future partnership with the EU next week. It will be a comprehensive document covering the entire breadth of our future relationship.

The noble Baroness asked again about the onward movement of UK citizens. I assure her that this issue remains a priority. As we accelerate the pace of negotiations, we hope to reach agreement quickly.

The noble Lord asked about our future security arrangements. The Prime Minister has set out in her Munich speech what we would like to achieve, which is an unprecedentedly deep partnership. On her comments at the summit, we have given a firm commitment to the future security of Europe and we will continue to make a major contribution, but the Prime Minister pointed out that our ability to do this could be put at risk. The existing legal frameworks for third countries do not allow us to realise the extent of the ambitious partnership that we believe is in both our interest and that of the EU. For example, under the Commission's current position, the UK and EU would not be able to share information through key databases and agencies. Those are issues on which we want to continue; we have been very clear about that. We will continue to work with the EU to make sure that they are included in our future relationship.

6.16 pm

Lord Howell of Guildford (Con): My Lords, contrary to the rather gloomy assessment that we have just heard from the noble Lord, Lord Newby, does my noble friend accept that it appears that the Prime Minister made very considerable progress on migration and defence and security? This is all the more remarkable when one needs to be aware, as I think some of your Lordships are not, of the enormous changes going on throughout continental Europe on these issues. The entire posture of the European Union in relation to freedom of movement, migration and immigration has changed radically and will do so again, while on security and defence we are in the midst of major changes, as will be seen at the NATO summit next week, when the challenge of President Trump will be one thing and the threat of Turkey to leave NATO altogether another. It seems that remarkable progress has been made in very difficult and fast-changing circumstances.

As to the specific issue of customs control and tariffs, again, I do not quite understand. The noble Lords opposite talked about time running out. This is

a negotiation. Decisions and agreement come at the end of a negotiation. First, you have it, then you have the decisions and agreement. That is what we are moving to now. Frankly, I cannot quite understand what all the fuss is about from the Opposition Benches.

Baroness Evans of Bowes Park: I am very grateful for my noble friend's support. I entirely agree with him.

Baroness Quin (Lab): My Lords, the Statement spoke approvingly of the EU sanctions regime. Is it the Government's intention to continue to be part of that regime after Brexit?

Baroness Evans of Bowes Park: The noble Baroness will know that we have passed the sanctions Bill, which will allow us to set out our own legal framework. We have been clear that we are looking to replicate the sanctions in which we are currently involved with the EU, and we now have the legal mechanism to be able to start to do that.

Lord Davies of Stamford (Lab): My Lords, as has already been referred to, the Prime Minister said the other day that she regarded our continued membership of Europol and the other security agencies and institutions of the EU as a matter of life and death—"lives would be at risk" if we left them was, I think, her phrase. If she really believed that, should she not, as Home Secretary, and therefore having the responsibility of dealing with those institutions at that time, have said that clearly to the British public at the time of the referendum? The British public never heard that opinion expressed at the time by the Home Secretary, as she then was, and it was apparently a vital matter which we were determining by the way we voted in that referendum.

Baroness Evans of Bowes Park: I think the Prime Minister has been very clear: we have given a very firm commitment to the future security of Europe and said that we want to continue to make a major contribution. We have pointed out some of the issues we still need to overcome in our discussions and we will continue to do that, because we want a strong relationship on security with our EU partners.

The Lord Bishop of Chester: Can the noble Baroness tell the House more about the proposed regional disembarkation platforms? How would they operate and where would they be likely to be established?

Baroness Evans of Bowes Park: On both the regional disembarkation platforms and the control centres, these were early discussions and it was agreed that they could be established on a voluntary basis. There is clearly a lot of work to do, in particular working with the UNHCR and the IOM to establish how these may be done in order to comply with international EU law. We will now work with our EU partners and the organisations I have just mentioned to take these issues forward. A progress report will be presented at the October council.

Lord Kerr of Kinlochard (CB): I agree with the noble Lord, Lord Newby, that there is something a little surreal in the Prime Minister's warning of the need for clarity about the future relationship. The 27, of course, warn her in their conclusions text that further clarity is required,

"as well as realistic and workable proposals from the UK as regards its position on the future relationship".

I know what they mean and I do not know whether the Government can satisfy them by producing proposals at Chequers. I hope that, in producing these proposals, party solidarity and unity will not be the only concerns and there will be a little time to think about the national interest and negotiability. Does the Minister agree with the Prime Minister when she said it is not realistic to think that we could just replace European trade with deals in new markets? That was in April 2016. Does the Minister believe that Trump's flouting of WTO rules and his sanctioning of UK companies makes it any more realistic now?

Baroness Evans of Bowes Park: The Prime Minister has been very clear that we are looking to have a strong, sustainable and close economic relationship with the EU and continue with that, but we also want to be able to undertake an independent trade policy which will help to complement that and provide us with new relationships with global partners across the world.

Lord Forsyth of Drumlean (Con): My Lords, given the decision on what the European Union, which is 27 member states plus the European Parliament, is prepared to accept—we are now being told that if they do not get what they want they are prepared to walk away—should we not be making the same preparations, so that we are in a position in March of next year to walk away? Should the Government not make that clear to the British people and business, so they have some certainty?

Baroness Evans of Bowes Park: As my noble friend knows, we are very confident that we will be able to reach a good deal with the EU—but he is absolutely right, we are also preparing for all contingencies. That is what any responsible Government should do and that is what this Government are doing. We are advancing our no-deal planning; that is happening across government and across departments and I can assure him that it is on track. We hope it will not be necessary to use it.

Lord Harris of Haringey (Lab): The noble Baroness the Leader of the House agreed with the noble Lord, Lord Howell, that we really should not worry about when an agreement is going to be reached, because it is going to be reached right at the end. Does that mean that the Government have given up on the target of reaching agreement at the October summit? If so, how much time is Parliament going to have to consider the terms of any agreement?

Baroness Evans of Bowes Park: No, the Prime Minister has reiterated, as have our European partners, that we are looking to secure agreement in October. That is what we are working towards. We will accelerate progress,

we will be publishing our White Paper next week and we are confident that we all want to achieve the same thing and that that is still the aim.

Baroness Altmann (Con): My Lords, I think the whole House will echo the words of my noble friend the Leader of the House in terms of our commitment to protect the Northern Ireland border. In that context, will my noble friend impress on her colleagues in Cabinet and also explain to the House the importance of dropping the threat of no deal—because it is absolutely impossible to respect the Northern Ireland border commitments if there is no deal. Indeed, the red lines we have in terms of the customs union and single market are incompatible with the red line of protecting Northern Ireland under any kind of no-deal scenario. So this is not like a normal negotiation; it is a negotiation from which, if we walk away with no deal, we will walk away without our way of life as we know it. I urge my noble friend to impress on her colleagues the importance of the Northern Ireland situation.

Baroness Evans of Bowes Park: I can certainly reassure my noble friend that we are extremely mindful, and the Prime Minister is absolutely mindful, of the importance of this issue. We are committed to avoiding a hard border between Northern Ireland and the Republic, as we are to maintaining the integrity of the United Kingdom. We believe that these commitments can be fulfilled through our overall future partnership, but we have also set out that there may need to be a backstop solution for the border which ensures that we do not have a hard border and protects our constitutional integrity. We have set out our proposals for that, the EU has set out its proposals, which are not acceptable, and we will continue to discuss these over the coming weeks.

Lord West of Spithead (Lab): My Lords, the Statement shows breath-taking complacency about our military capability. The last Secretary of State and this one both made it very clear that there is insufficient money to meet the demands of Force 2030. The £179 billion that the Minister referred to is being achieved through efficiency savings—but it is quite clear, as people have stated, that it cannot be achieved. The letter from General Mattis, which I have seen, makes it very clear that we will no longer be the ally of choice of the United States, because of where we are going. The military is in quite a parlous state, so my question is, bearing that in mind, are we really going to be able to be part of the European Intervention Initiative and still meet our commitments to NATO?

Baroness Evans of Bowes Park: We are entirely committed to NATO. Indeed, as the noble Lord will know, we have a £36 billion defence budget, which is the biggest in Europe and the second biggest in NATO. We support the European Intervention Initiative and we believe that it complements existing structures and NATO. We believe that it also supports our argument that Europe is able to co-operate in new ways on defence outside existing EU structures. We were very pleased to sign the letter of intent, with France, Germany, Spain and four other countries, around this.

Lord Lawson of Blaby (Con): My Lords, is my noble friend aware—I am sure she is—that the two most important aspects of the Belfast agreement on Northern Ireland referred to were, first, the recognition by both sides of the existence of the border—the border is a reality and will continue to be a reality and a “hard border” is a meaningless phrase—and, secondly, and perhaps even more importantly, that it was agreed that there was a peaceful route to reunification of the island of Ireland through a referendum of the people of Northern Ireland? If anything is done in the European Union sense here to shed doubt on the primacy of the referendum result, this will be disastrous for Northern Ireland.

Baroness Evans of Bowes Park: I can only reiterate to my noble friend there remain real differences between us and the Commission on Northern Ireland but that we are absolutely committed to resolving them. We are all committed to working together to make sure that there is no return to a hard border between Northern Ireland and the Republic and that we maintain the constitutional integrity of the UK.

Lord McNally (LD): My Lords, the interventions on Northern Ireland show just how important Ireland remains as this matter unfolds. Will the Minister clarify where Sir Robert Peel now sits in the Conservative pantheon? Is he a traitorous Prime Minister who sold out his party, or is he, in fact, an example to any Prime Minister of someone who put national interest before party interest in the way he carried out his duties?

Baroness Evans of Bowes Park: I suggest that we want to be looking forward, not backwards, and that is what this Government are doing.

Lord Lea of Crondall (Lab): Will the Minister tell us her understanding of the difference between a White Paper and a Green Paper? If the document that comes out next weekend looks, of necessity, like a Green Paper, will the understanding then be that there will be a national conversation about the various trade-offs—what we are actually looking at at the moment are different packages of trade-offs—between the different ways of handling our future relationships?

Baroness Evans of Bowes Park: As I have set out, the White Paper will be a comprehensive document detailing the entire breadth of our future relationship, and we expect and ask the EU member states to consider the proposals seriously. We both need to show flexibility to build our relationship. This will be a detailed paper about our view of our future partnership with the EU and we look forward to discussing it with it over the summer.

Lord Cormack (Con): My Lords, does my noble friend accept that what we all hope for at the weekend is a constructive Cabinet discussion and the reassertion of the doctrine of collective responsibility? I express the hope that neither she—I am absolutely confident that she will not—nor any other member of the Cabinet will be overinfluenced by missives from Somerset.

Baroness Evans of Bowes Park: I thank my noble friend. Yes, I think it will be a constructive discussion. That is absolutely the intention and I look forward to it.

Viscount Waverley (CB): Will the Government support the case for an early debate on the White Paper as soon as possible? In addition, will they take an innovative approach at future summits by supporting a system of destination taxes, whereby taxes are retained whence revenues are derived rather than wherever those service providers have their corporates, and so help pay for health, education and acceptable levels of economic well-being in the countries that migrants come from?

Baroness Evans of Bowes Park: On the noble Viscount's first point about debates, I am sure, through the usual channels, we will look to ensure that this House has an early and, I am sure, lengthy discussion on the White Paper.

Lord Campbell of Pittenweem (LD): My Lords, I recommend to the Leader the Tamworth Manifesto, produced by Sir Robert Peel, which laid the basis for the modern Conservative Party. I do not think she should be quite so dismissive of him. Going back to the issue raised by the noble Lord, Lord Kerr—looking forward, as she has encouraged us to do—can we look forward with any confidence to a trade relationship with President Trump, who is now threatening British companies if they continue to trade with Iran, because of his unilateral withdrawal from the nuclear agreement, and has fallen out in the most public and deeply unpleasant way with his closest ally, Mr Trudeau, the Prime Minister of Canada? How can we possibly put our trust in someone so wholly unpredictable?

Baroness Evans of Bowes Park: We want to ensure that UK and US businesses can continue to trade easily. Together, we have around \$1 trillion invested in each other's economies. The US is our largest single trading partner and top export destination. President Trump is coming to the UK at the end of next week and it will be an opportunity for us to have full and frank discussions and to advance our common interests.

Lord Higgins (Con): My Lords, the thing that is unpredictable about President Trump is that he is occasionally right. He is certainly right to have complained that the other members of NATO are not contributing their fair share and that the United States and United Kingdom are carrying a disproportionate burden. Was this matter raised at all at the summit and, if not, should it not be?

Baroness Evans of Bowes Park: Yes, it was raised at the summit and there was a session with the Secretary-General of NATO. That was a point that the Prime Minister made. I think there has been an understanding from other European leaders about this. Indeed, Chancellor Merkel herself has said that the President has a point. So, yes, it was discussed and obviously there will be further discussions in the NATO summit next week.

Lord Kilclooney (CB): My Lords, does the Leader agree that the Republic of Ireland will suffer more from Brexit than any other nation in the European Union and therefore it is right that people, even those dressed in green, show a new interest in the border between Northern Ireland and the Republic of Ireland? Does she welcome the fact that the Government of the Republic of Ireland, who have refused to negotiate with the United Kingdom about Brexit, have now at last agreed to create a sitting of the British-Irish Intergovernmental Conference, which will begin to discuss the implications of Brexit in the Republic of Ireland? Having just returned from the border area, where I live, this time to the south of the border, I assure your Lordships that the rural communities in the Republic—not Dublin, not Dún Laoghaire—are petrified and they are being ignored by their own Government in Dublin.

Baroness Evans of Bowes Park: I certainly agree that we want discussion at all levels between the UK Government and Ireland. There has been good engagement at all levels and we want that to continue because, as I have said in numerous answers to questions, this is an absolutely critical issue. We both want to achieve a solution and we believe we can.

Lord Judd (Lab): My Lords, as Ministers prepare to assemble at Chequers, is it not essential to remember what the Leader herself has stressed: the protection of the people of Britain? Terrorism, trafficking, crime and drugs are all international in character. It is not a matter of whether we reach an agreement on these matters; we have to reach an agreement. There cannot be an interregnum between our coming out and something being fixed. Something has to be fixed before we come out.

Baroness Evans of Bowes Park: I agree with the noble Lord. That is why the Prime Minister put such emphasis on it at the summit. Although not directly related to the summit, I point to the success of the special session of the Conference of the States Parties to the Chemical Weapons Convention, which happened last week, and the leadership that the UK showed in that area to get that very important agreement. It shows that we remain a critical voice in international fora and are continuing to lead in important areas on a global stage.

Detainee Mistreatment and Rendition

Statement

6.37 pm

Baroness Goldie (Con): My Lords, with the leave of the House, I shall now repeat in the form of a Statement the Answer given by my right honourable friend Sir Alan Duncan, the Minister of State for Europe and the Americas, in the other place to an Urgent Question from my right honourable friend Mr Kenneth Clarke. The Statement is as follows:

“First, I thank the right honourable gentleman for his Question and for his leadership of the All-Party Parliamentary Group on Extraordinary Rendition. The Government welcome the publication of the Intelligence and Security Committee’s reports and are

grateful for the committee’s vital work and examination of allegations of UK involvement in mistreatment and rendition. I declare that between 2014 and 2016 I was on the Intelligence and Security Committee when it was conducting this lengthy investigation. It is right that these reports, and as much information as possible from this period, are put in the public domain. We need to ensure that we learn from past mistakes so that they are never repeated. The Prime Minister laid a Written Ministerial Statement in Parliament last Thursday setting out the Government’s initial response to the reports.

It is important to begin by noting the context in which the Government, including the security and intelligence agencies and the Armed Forces, were working in the immediate aftermath of 11 September 2001. The UK responded to the tragic events of 9/11 with the aim of doing everything possible to prevent further loss of innocent life. With the benefit of hindsight, it is clear that UK personnel were working within a new and challenging operating environment for which, in some cases, they were not prepared. It took too long to recognise that guidance and training for staff were inadequate, and too long to understand fully and take appropriate action on the risks arising from our engagement with international partners.

The *Detainee Mistreatment and Rendition: Current Issues* report recognises that improvements have been made to operational processes since those post-9/11 years. In particular, the consolidated guidance published in 2010 provides clear direction for UK personnel and governs their interaction with detainees held by others and the handling of any intelligence received from them. This is coupled with world-leading independent oversight, including by the committee and the Investigatory Powers Commissioner, Sir Adrian Fulford.

Formal oversight responsibility for the consolidated guidance rests with the Investigatory Powers Commissioner. Last week, Sir Adrian Fulford welcomed the Prime Minister’s invitation to him to make proposals on how the consolidated guidance could be improved further, taking account of the committee’s views and those of civil society. The Prime Minister has stated that the Government will give further consideration to the committee’s conclusions and recommendations. The Government will also give careful consideration to the calls for another judge-led inquiry and will update the House within 60 days from publication of the reports.

I would like once again to reassure the House that the Government do not participate in, solicit, encourage or condone the use of torture for any purpose. We can and should be proud of the work done by our intelligence and service personnel, often in the most difficult circumstances. It is right that they should be held to the highest possible standards. I am confident that the changes we have made in recent years will allow us both to protect our national security and maintain our global reputation as a champion for human rights around the world”.

6.41 pm

Baroness Chakrabarti (Lab): My Lords, it is a customary courtesy on occasions such as this for me to thank the Minister for repeating an Answer but this

evening those thanks are very much heartfelt, as are my thanks to Kenneth Clarke, the Father of the House of Commons, for putting this Question. My thanks to the Minister are for two words in that Answer: “60 days”. They are for the promise to come back within 60 days with an answer on whether we are finally to have a judicial inquiry into what is perhaps the darkest part of the so-called war on terror, as far as this country is concerned. I am very grateful for that.

However, when the Minister returns with that answer and, I hope, to deliver the judicial inquiry that the agencies, victims of kidnap and torture and the wider public need to close this chapter and move forward, will that inquiry be truly independent and autonomous, bearing in mind that the first of the two ISC reports highlighted the fact that Mr Grieve and his colleagues were not able to summon witnesses, including those involved in the agencies at the pertinent time? Will that inquiry also look into the operation of the Justice and Security Act—the so-called secret courts Act—which I suspect Mr Clarke and others on all sides of both Houses might have thought twice about in 2013, if they had known what was to be revealed subsequently? Finally, can the Minister say whether the consolidated guidance will be reconsidered in the light of full public consultation, since the contemporaneous report—the second of the ISC reports—said that Ministers still lack a common understanding of what they may and may not authorise? Rendition, the transfer part of this terrible practice, is still not dealt with in current guidance.

Baroness Goldie: I thank the noble Baroness for her response to the reply to the Urgent Question. She welcomed the agreement that the Government will respond within 60 days and update the House on what they consider the position to be. I obviously do not want to pre-empt that by anticipating what may or may not be within the Government’s response. On the particular matter of an inquiry the Government, as I said, will give careful consideration to calls for another judge-led inquiry. One would imagine that implicit in that phrasing is a degree of independence, if it is indeed the Government’s decision to go down that road.

On the matter of the consolidated guidance, I think there is universal recognition that its introduction in 2010 saw a major step forward in how the Government—and the state, for that matter—deal with these sensitive and delicate issues. It was interesting that the committee acknowledged that very few countries in the world have attempted to set out their approach to these matters and let themselves be held accountable in the manner in which the United Kingdom does. That was a welcome acknowledgement by the committee of the strength of CSG. Clearly, however, the invitation to Sir Adrian Fulford to make proposals to the Government about how the consolidated guidance could be improved, taking account of the committee’s views and, importantly, those of civil society, will obviously inform the Government’s thinking in relation to that guidance.

Lord Campbell of Pittenweem (LD): My Lords, I declare a rather improbable interest, which is that in May 2010 I was party to a conversation with the then

Prime Minister, Mr Cameron, who invited me to embark upon the inquiry that has now been fulfilled and produced these two documents. In opposition before that stage, the Conservative Party had promised a judge-led inquiry and when I pointed out that I was not a judge, it seemed to be the end of the matter and the circumstances were referred to Sir Peter Gibson.

The point which jumps out of this is why the Prime Minister refused to allow the committee to have access to all the relevant witnesses. Every member of the committee is a privy counsellor and all have signed the Official Secrets Act. The committee has a long and distinguished tradition of not leaking. No reason of any kind has been put forward for the committee, which after all was dealing with the matters in the round, not to have access to those who probably know best whether these allegations are well founded. The consequence is—to some extent, I am picking up the point made by the noble Baroness, Lady Chakrabarti—that unless the Government hold a judge-led inquiry, there will be a continued belief that they have something to hide. If these matters are to be seen in plain sight, the best way of doing that would have been to allow the committee access to all the evidence it thought was necessary.

Baroness Goldie: I thank the noble Lord. He reminds me that I omitted to address part of the question of the noble Baroness, Lady Chakrabarti. In relation to the committee not being permitted to call all the witnesses it wanted, my understanding is that that was not possible for a combination of reasons of policy and legal reasons. In some cases, this was because the officials in question were junior at the time of these events and, apparently, it is not normal practice for a parliamentary committee to take evidence from junior officials. As to the suggestion that the Government are trying to cover something up, let me make two observations. As the noble Lord acknowledged, it was the Government who invited the committee to go down the road of undertaking this inquiry; it is something that the Government wanted the committee to do. This might come up later on but there was also some question about whether there was any redaction of the report. My understanding is that at the request of the US, because of national security concerns, the committee agreed to redact one word in 300 pages of the report. It seems to me that this has been a thorough and very open process.

Lord Howarth of Newport (Lab): My Lords, in declaring my interest as a member of the Intelligence and Security Committee between 2001 and 2005, may I press the Minister further on this? Will she accept that if the committee does not have power to see whatever material it requires to see, and to interview whatever witnesses it demands to see, then its credibility with Parliament and the public—and, much more importantly, the credibility of the agencies with Parliament and the public—cannot be maintained? This is an absolutely key constitutional issue and a key issue of national security. Will the Government accept that for the Prime Minister to deny the ISC, which represents Parliament, access to key witnesses that it requires to see is to make a travesty of these proceedings?

Baroness Goldie: I thank the noble Lord for his contribution and pay tribute to his contribution in the other place on the committee. As I said in response to the noble Lord, Lord Campbell, the Government adduced reasons as to why they thought it would not be acceptable to have the witnesses called that the committee sought to call. I understand that it was not possible for a combination of policy and legal reasons.

I do not need to tell this House, and surely do not need to tell the noble Lord, that in these very sensitive areas of national security there will always have to be a balance struck between what is thought prudent in the interests of the security of the country, preserving confidence over certain matters and the safety of personnel. I suppose that is never going to be an easy balance to strike, but the Government felt there were good reasons for declining to accede to the committee's request and I am unable to add to that.

Lord West of Spithead (Lab): My Lords, I thank the Minister for her kind words about the consolidated guidance which I was very involved in producing. We thought at the time that we had done extremely well when one looked around the world at the guidance that was available to anyone else, but without a doubt it needs to be looked at again. If we go down the route of a judicial inquiry—I was swayed by the comments of the noble Lord, Lord Campbell of Pittenweem, about that—we must ensure that the people in the agencies, who I have worked with for some 50 years, are looked after in the sense that we realise that they are trying to do the best for our nation. When we were writing the consolidated guidance, they said that they had been put in very difficult circumstances and had tried their best but had not received the proper guidance they should have received from our nation. We need to make sure that that is reflected in anything that happens.

Baroness Goldie: Yes, I am sure the noble Lord's observations will be heard. I entirely endorse his comments with regard to our security and intelligence services. The professionalism and commitment which is demonstrated by the members of those services is outstanding and exemplary and this country owes them a huge debt of gratitude. Our safety and our future stability depend upon them.

Lord Blunkett (Lab): My Lords, I declare an interest—

Lord Taylor of Holbeach (Con): My Lords, I apologise for interrupting the noble Lord but we usually have 10 minutes for a Urgent Question repeated from the other place. Those 10 minutes are up, and we have other business to transact.

Lord Campbell-Savours (Lab): I have a question for the Chief Whip. Did the 10 minutes include only Back-Benchers? Judging by the clock it did not.

Lord Taylor of Holbeach: Unlike a Statement, it is 10 minutes in toto.

Brexit: UK-EU Relations (EUC Report)

Motion to Take Note

6.52 pm

Moved by Lord Boswell of Aynho

That this House takes note of the Report from the European Union Committee *UK–EU relations after Brexit* (17th Report, HL Paper 149).

Lord Boswell of Aynho (Non-Affl): My Lords, the House having a few minutes ago considered the repeated Statement on the outcome of the European Council meeting, we now move to our debate on the European Union Committee's report on UK-EU relations.

It was originally intended that the European Council meeting this past weekend would mark a decisive step forward in the Brexit negotiations. It was to be the meeting at which the withdrawal agreement would be signed off and the outlines of what will become the accompanying political declaration, setting out the framework for future UK-EU relations, would become clear. None of that has happened. I will not labour the point, but the result, as our report points out at paragraph 121, is that we now have only a matter of weeks, in practice, in which to finalise the framework for future UK-EU relations.

Noble Lords' European Union Committee, which I have the honour to chair, has published more than 30 Brexit-themed reports since the referendum. Perhaps in company with others, we have reached, if not actually passed, the point of Brexit-fatigue, but the fact is that our relationship with the EU matters. It matters economically, it matters to our internal and external security, and it matters culturally and socially, so tonight's debate could not be more timely. Apart from anything else, it gives us a chance to discuss what we expect from the Government's forthcoming White Paper, which was originally planned for early June, and is now, we understand, to appear next week following what is widely reported to be a crucial gathering of the Cabinet at Chequers on Friday. I hope the Minister will be able to confirm tonight exactly when the White Paper will be published. I hope also that he will confirm that it will be more than a 150-page wish list or a copy-and-paste exercise merely regurgitating past statements. It has to have some bite.

If there is one point in our report that I would like to emphasise to the House, it is that the Government need to understand that there is no free lunch. If we want to derive benefits from a new relationship with the EU, we will have to pay a price. That may be an economic price—we may have to pay for access to specific agencies or programmes—or it may be a political price—we may need to compromise, for instance on allowing a continuing role for the European Court of Justice or even on free movement—or there may be a trade-off between the two, but there will be a price. That is the nature of any negotiation. You identify the benefits you want to achieve, you work out how much you are prepared to pay, and then you start talking. The greater the benefits, the higher the price you can offer. This applies as much to the EU as it does to the UK. The EU also has much to gain—access to the

City of London's capital markets; tariff-free access to the UK market; the maintenance of supply chains; and, as the Prime Minister rightly emphasised at the European Council, the expertise of our security services—and the EU will also have to pay a price.

I stress to the House that our report does not recommend a particular option for future UK-EU relations, and let me be clear that it is not a covert plea to reverse the referendum result. It is clear in the title of the report we have just issued that that is not our intention. There are different views within the committee, and we would, like Parliament as a whole—indeed, like the nation—find it difficult to agree on a single model. Where we do agree is that, as illustrated in the very simplified graphic on page 18 of our report, there is a continuum where benefits and compromises exist in balance. You cannot have all the benefits without the compromises, as the Government occasionally seem to imagine, nor can you demand all the compromises without offering the benefits, as some of Monsieur Barnier's speeches sometimes might suggest.

I deliberately emphasise to the House the two-sided nature of the negotiation because, for obvious reasons, our focus in the report is largely on the Government's approach. That is our job. We are a Select Committee of your Lordships' House, and our job is to scrutinise the UK Government. I trust that those with analogous roles in Europe, in the European Parliament and in national Parliaments across the EU 27, are doing their jobs with equal vigour, and I will touch on that now.

It is striking that the European Parliament, building on the tightly defined role afforded it by Article 50—the withdrawal provision—has been more constructive and imaginative in its approach to future relations than other European institutions, for example the European Council or the European Commission. Maybe it is because parliamentarians collectively are more sensitive to the realities of people's daily lives than Governments and civil servants, but whatever the reason, the European Parliament, in defending citizens' rights, including the rights of UK citizens resident in the EU, and in using the language of partnership through its advocacy of an association agreement, has made a positive contribution, on which I hope we can all build.

As I said a moment ago, time is short. We have a matter of weeks in which to make progress. We need a breakthrough. Both sides need to realise that people's lives, their security and their prosperity are more important than abstract red lines. I hope that next week's White Paper will achieve that breakthrough. It will not be easy, and I do not underestimate the difficulty of balancing benefits and costs, particularly when you start to factor in the benefits that the UK could conceivably achieve by not entering into a structured relationship with the EU. This particularly applies in respect of trade, where the economic benefits of entering into a customs union with the EU need to be set against the benefits of negotiating trade agreements with countries outside Europe. While we understand the scale of that challenge, we are clear that the Government's White Paper will be judged against a number of key principles. These are set out in paragraph 125 of our report and I will briefly run through them. First, will the White Paper focus on achieving real,

tangible benefits from our relationship with the EU? We know that we are leaving on 29 March next year, so it is time for a new mindset. What is true of any major project or programme is true of these negotiations: you need to focus on achieving benefits from them.

Secondly, will the White Paper build on areas of mutual UK and EU interest? Those should be the quick wins. Thirdly, will it offer a realistic assessment of the costs and trade-offs that will be required if the benefits are to be achieved? The Government have spent much of the last two years assuring us that they want to retain many of the benefits of EU membership but without sufficiently acknowledging the cost. In the interests of even-handedness, I could say the same about the Opposition. That mindset needs to change.

Fourthly, will the White Paper express an inclusive vision of future UK-EU relations, commanding broad support? The inwardness of much of the discussion that has filled the press in recent months is, frankly, disturbing. Getting agreement within a Cabinet committee, or even within the whole Cabinet, is not enough. The country is deeply divided and simplistic majoritarian arithmetic is not sufficient. It was Daniel Hannan—most definitely not a remainer—who in evidence to us highlighted the narrow margin in the referendum and argued that a nuanced approach was required. There will always be diehards on both sides, but the Government need to set out a vision that appeals to the whole country: those who voted remain as well as those who voted leave.

Lastly, the White Paper needs to use the language of partnership. This is why the European Parliament's support for an association agreement is welcome. The White Paper needs to reset the tone of the negotiations in order to start rebuilding the trust that has been so eroded in recent months. Then the onus will be on the EU to respond positively. Mr Barnier might disagree but the EU also has its red lines, and it will need to show flexibility. Simply insisting on the indivisibility of the four freedoms will not help the two sides to make progress.

I do not have time now to cover everything in our report. There is the specific and pressing problem of applying the principles of the future relationship to Ireland and Northern Ireland, which we touch on briefly but on which we published a comprehensive report as early as December 2016, and we remain firmly on the case. There are what might appear to be second-order issues that could derail the negotiations, as the recent disagreements over Galileo demonstrate. We also need to defend the interests of the Crown dependencies, Gibraltar and the other overseas territories.

I conclude with a final word from my own experience. No one should regard negotiations of this seriousness and complexity as a pushover but there are dangers in a bunker mentality, which both sides appear to have adopted. There is also a time for openness and even a degree of generosity of spirit. That time is fast approaching. I beg to move.

7.04 pm

Lord Whitty (Lab): My Lords, I thank the noble Lord, Lord Boswell, for steering this report and initiating it himself, and for giving the House such a masterly

[LORD WHITTY]

presentation of what it is advocating. That makes it rather more difficult for the rest of us, and I may need to be slightly more controversial than I had originally intended simply to distinguish myself from the noble Lord. Still, his basic message is that time is short and it is time to abandon the red lines on both sides.

We are in a very difficult situation. Let us remind ourselves that the withdrawal treaty has not yet been agreed and that the issue of the Irish border threatens our even reaching stage one in any mutually agreed arrangement for the future. The transition period has also not been agreed, and therefore the question of what happens after 29 March next year is not as certain as a number of people and businesses already think. We are looking positively at October or November for not only agreement on the withdrawal agreement but a political declaration on all aspects of our future arrangements. Some on the European side refer to this as a four-pillar approach: the first pillar on economic affairs and trade; the second on internal security, police and justice matters; the third on external security and foreign policy; and the fourth on what my colleague, the noble Baroness, Lady Noakes, would probably refer to as the “odds and sods” of the agreement but it will include important things such as R&D, transport and, importantly, internal migration within the former EU.

How has it taken the Government so long to get to the point where the communication to the EU of our basic approach to the long-term relationship will depend on agreement by a fractious Cabinet this weekend? I claim no great foresight on this but the noble Baroness, Lady Verma, and I chaired a committee nearly 18 months ago at which we pointed out some of the arrangements that were needed and some of the decisions that would have to be made. For example, we referred to our future trade arrangements. We said the EEA option would be the least disruptive, although of course it had downsides in terms of freedom of movement. We said that all international agreements require some degree of compromise. We argued then that it is possible that a temporary arrangement to stay within the customs union, or a union with the customs union, would be a very sensible defence. Even this week we have seen the strange position of Michael Gove being ahead of the game once again by tearing up one version of the customs arrangements before, as I understand from the papers today, the Prime Minister tore up two. So we do not even know where we stand on basic trade in goods.

Our committee also said at the time that the issue of trade, important and central though it was, would have to be considered eventually in the context of other arrangements. We touched on an association agreement, which we come back to in this report. We were ambivalent about it because there were members of the committee, witnesses and others, who saw association agreements as a way into the EU rather than facilitating a way out. However, association agreements are much wider than that. One of the things that we must by now have noted about the EU is that it needs a legalistic basis for agreeing any movement, and association agreements in their broadest sense are clear within the treaties of the EU whereas bespoke agreements of any

sort are not. Association agreements, for example, cover not only potential accession countries but countries such as Chile, which, as far as I know—I keep in touch with Chile as I have family there—have no intention whatever of joining the EU. So association agreements could be central to bringing together all the different themes of trade, security and foreign policy in a way that would give us a context and a totality of approach and give the Europeans what they need in terms of a legal base.

I have also on occasion been critical of how the negotiations have proceeded. A few months ago, I tried to relate them to my experience conducting industrial relations negotiations and talked about how so many mistakes have been made by the Government in that respect. I add another point to what I said then. In any such negotiations, it is very important to ensure that the people you purport to represent understand what you are doing and that, at the end of the day, there must be some compromise. I fear that the leadership of the Conservative Party has not obviously observed that and some of the members of the party are taking advantage of that failure to lay down those rules.

However, on reflection, this process is less like a negotiation over wages or the price of a house and rather more like a divorce. That is partly because it has serious emotional overtones but also because there are always complexities that you do not appreciate at the beginning. It is not a no-fault divorce. It is we who are walking away from what has for a long time been a tetchy marriage. As a result, we are not having any serious communication of minds between us and the European Union. We are in terms of procedure and what needs to be done next, but in terms of approach there is serious dissonance.

The Select Committee has picked this up on our visits to Brussels and in the report back that we get from the Secretary of State. It is all very formal and helpful, but indicates that there is no meeting of minds. To take the divorce analogy a stage further, we have made a grudging contribution to the ongoing upkeep of the house, but we are not engaged in what our future relationship will be. There are so many arrangements that we have to untangle and redefine after 45 years of marriage.

I shall focus a little on trade. A disturbing idea in the past few days is that we can reach agreement with the EU on customs for goods and ignore the whole of the service economy. That seems a crazy position for a country whose employment and GDP is now 60% in services. In the modern world, it is difficult to disentangle some of the contracts that offer products from the service element of looking after those products. So that is difficult to do in any case, but a single market for goods and a complete barrier on services as a result of regulatory non-alignment would be a foolish outcome for this country.

All the service sectors, which are so important to our economy—as important as manufacturing—require some across-the-board arrangements. They require the right of establishment, they require something such as passporting, they require intellectual property rules, they require data protection and data flow rules and mutual recognition of qualifications. They also require access to EU agencies in many areas, an issue

which I was raising throughout the passage of the withdrawal Bill but has not yet been resolved, despite the fact that the Prime Minister's Mansion House speech recognised that in some cases, we will need associate membership—if we can achieve it, if the Europeans agree—in some of those sectors. There are 30-odd agencies to which many sectors have to redefine their relationship. We hope we can get some degree of membership or associate membership to them. All these service sectors, from finance to the performing arts, need some access to those arrangements.

Most mention as their first item their need for access to the talent and labour available from the European Union. Some would say that it is our own fault that we have not trained people to be medics, scientists, vets or to contribute to the physical and performing arts, but the diversity of people who are talented in those areas that the European Union has brought us has been an important part of British success in those sectors. That means that the trade agreement is interrelated to the agreement, if we can reach one, on the future access of workers—of people—between the EU and the UK. We will need a bilateral agreement, as one of our sub-committees said a year or more ago, as part of the final deal.

We will also need respect for the rights of those workers and individuals. I was worried when I read a government paper that stated that environmental standards have to be as good as or better than those of the European Union once we have complete control of our regulations. It did not say that in relation to workers. It simply said that those standards should reflect the changing nature of the labour market. That is not much of a commitment to workers at either end—British workers or European workers coming here.

There are a lot of questions that the Government need to address. After all the division, manifest in the press and beyond over the past few weeks, the Government need in the next few days to come to a position that defines their approach to the negotiations, which can elicit a positive response from the European Union and which the British people will understand. At the moment, I fear that the Government are a long way from that position.

7.16 pm

Lord Risby (Con): My Lords, it is truly an enormous pleasure for me to participate in this debate because I recently became a member of the European Union Committee. I pay unreserved tribute to the committee members and the members of staff, including the clerks, who produced the report.

We are indeed at a critical juncture in respect of the matter in hand, with the Prime Minister's Chequers meeting, the publication of a White Paper and so much to be done before the autumn. What makes the report stand out, as so beautifully enunciated by the noble Lord, Lord Boswell, is that it is a successful attempt to move above and beyond the often emotional observations of the commentariat: either claiming that the EU is bullying us and out to destroy the United Kingdom or that we have been unable to clarify our position on anything of substance. Although I would have preferred more advances to have been made by our Government in some respects, I can only

hope that the shared collective statements about a very positive post-Brexit relationship can take substance before the October European Council.

Of course, these negotiations are substantially focused on trade, but we need to see this whole discussion in the context of some remarkable developments which are clearly beginning to affect us all and may do so enormously in future. President Trump is shortly to meet President Putin. I speak as the chairman of the British Ukrainian Society, which tries to build bilateral links between our country and a country which has suffered grievously from Russian aggression.

We in Europe have collective energy interests. Nord Stream 2 will go ahead, avoiding Ukraine. Russia presently supplies 30% of Europe's energy needs—40% in the case of Germany—and this will rise. All of us in Europe will, to a greater or lesser extent, be affected by this huge gas transmission system. I simply point out that Russia has a history of pricing its energy on the basis of how it determines the political attitude of the recipient country. That in itself means that we have a common interest in looking at our energy security.

One of the most telling observations about politics was once made by the late German Chancellor Willy Brandt, who said that politicians go in to politics to resolve a given set of problems but, once resolved, they cannot move on. That applies to institutions as well. It is very important, as we have this negotiation, to move away and understand the challenges that face us both across the channel and among ourselves, and not adopt positions that are frankly completely ossified.

This report highlights or notes our shared common strategic foreign policy and defence interests. The post-Brexit partnership with the EU, in my view, has not been given the importance that it should have been thus far in this key area. I therefore greatly welcome the European intervention initiative, spearheaded by President Macron and structured in a way that enables the UK to participate in crisis situations near Europe's borders. It may well be that the defence umbrella with which the United States currently provides Europe will undergo change. In fact, we know that President Trump has expressed dissatisfaction with the levels of European defence spending on NATO. In these rather known unknown circumstances, it is simply imperative that Britain should not be treated as a detached third party. Of course, we are in the context of NATO—but imaginative defence, security and intelligence structures should be pursued in our common interests in Europe.

If we reflect on the past 20 years or so, we can see that a number of very disagreeable regimes have disappeared. In developing countries broadly, we have seen a great acceptance of the values of more active civil society, judicial oversight and electoral processes. These are values that are shared right across Europe. The belt and road project initiated by China is truly massive and focused particularly on infrastructure development. Yet investment does not come with any requirements on good governance. With our generous aid budgets and access offered to our markets, these must continue to be used to encourage good governance.

I say this because the UK and the European Union essentially share the same values. As China becomes ever more a player on the world stage and the United

[LORD RISBY]

States feels that its generosity and world view is insufficiently appreciated, it is most important that the UK and the EU co-operate, as we recently saw at the Paris climate change conference, on consumer protection or over Iran, based on our common values or perceptions. I hope that some of those issues come to elevate the context of these negotiations. If, after all, our European neighbours thought that we would set off a chain reaction with the departures of other countries, that has certainly not happened at all.

I turn to the issue of the financial sector and the City of London. There have been assertions by some, including the European Banking Authority, that the UK's financial sector has not adequately prepared for Brexit. The City of London provides a level of expertise, lending and specialist activity that is unique. Indeed, there has been an enormous amount of preparation for exactly the process that is taking place. Inevitably, new arrangements will be made by many British-based financial institutions to set up activities within the EU, but what needs to be understood within the EU is that the City of London is an immense asset for the whole of Europe. If its ability to function is materially impaired, the major beneficiaries will not be Paris, Frankfurt or Dublin but New York, Singapore and Hong Kong.

Of course, the essence of these negotiations are about trade and creating a customs structure, but what this report sets out so admirably, in the clearest possible terms, are the current positions in respect of trade and services of the European Commission, the European Parliament and the UK Government. It does the same thing in the areas of trade. At the heart of this is the need to have a mutually beneficial customs relationship and a mechanism for adjudicating disagreements. As my noble friend Lord Boswell indicated, a price will have to be paid on both sides. However, it is worth reminding ourselves at this juncture that, with the difficulties currently happening within the European Union, the United Kingdom has absolutely no interest in anything but a prosperous and harmonious European Union, as we seek to maintain the breadth and depth of our trade relationship.

I heard a speech very recently by that most experienced European figure, José Manuel Barroso, in which he repeated that the EU always reaches agreement at the last moment, whether discussing matters internally or with third parties. Indeed, we saw that illustrated over the migration crisis, and I suspect that that is precisely what will happen in our negotiations. It is perfectly true that the hand of an individual, business or country is strengthened if there is a threat of walking out of a negotiation. What, however, is undeniable is that all of us who have tried to follow the whole Brexit process know how immensely complex and entwined our commercial relationship is with the EU. Therefore, any enthusiasm for this tactic on my part is tempered by my difficulty in answering the question of the extent to which Her Majesty's Government have prepared for such an eventuality—because I think, however regrettably, that the hour, if ever there was one, has probably passed.

I conclude by repeating the last sentence of the conclusions of this excellent report, because it says it all:

“The success of the negotiation can then be measured by the willingness of all parties to compromise, as they discover mutual interests and deliver shared benefits”.

7.26 pm

Baroness Quin (Lab): My Lords, as the first Member of your Lordships' House to speak who is not a member of the European Union Committee or one of its sub-committees, I none the less congratulate the committee and the relevant sub-committees very warmly on this report. It is a concise report that none the less covers a huge amount of ground and many different subjects, and does so in a very straightforward and comprehensible way. Indeed, reading it I wished that similar straightforward material had been put through every door during the referendum campaign over two years ago.

When I look at the speakers' list and around the Chamber, I see a number of Members with whom I have worked on European issues over a long period of time. Perhaps I could mention those doughty trade unionists—my noble friend Lord Whitty, who has just spoken, and my noble friends Lord Lea of Crondall and Lord Monks. I rather wish that, with their wealth of negotiating experience they were negotiating for us at the moment instead of the current Cabinet, which, unfortunately, seems to be catastrophically divided, and whose squabbling in public has been such a feature of recent days. Indeed, in the report that we have in front of us, there is a very helpful list in different colours—red, green, yellow and white—of the state of negotiations. I imagined when I was reading the report a similar table outlining the positions of the various members of the Cabinet. But I suspect that a tremendous amount of that report would have been covered in bright red.

At the time of the referendum, many prominent people who voted leave were prone to say to people like myself, who voted remain, “What part of the word leave don't you understand?” At the time, there was a very great deal that we did not understand about the word leave—such as what the result would mean in terms of trade, financial services and the National Health Service, about which there has been much reporting over this past weekend. Then there is security policy, police co-operation, environmental action and so on. What worries me is that, two years on, we still do not know what the Government's position is on some of the many fundamental issues that confront us. I hope that we will be clearer by the end of this week, with the Chequers away day and the publication of the White Paper—but it worries me that, while a lot of Ministers seem to support the Prime Minister in her undoubted goal of future close co-operation with the European Union in the interests of both Britain and Europe, others seem to want to have almost nothing to do with the EU and contemplate a no-deal scenario with enthusiasm. Some have even gone as far as the Foreign Secretary apparently did when confronted by the economic worries and uncertainties facing both our large and small companies, just to tell business to “Eff off”. Indeed, on the same occasion, apparently he said something to the effect that he imagined that it would be the hard-liners and no-dealers who would win in the forthcoming Cabinet discussions.

So this is a very worrying and alarming situation, but against that situation the committee's report makes some interesting suggestions about the way in which we can move forward. I agree with the report in its call for a change of tone in the negotiations, with less concentration on red lines and more concentration on those areas where co-operation is undoubtedly needed and in the interests of both sides, and we should try to build on that for the future. I have a feeling that the Prime Minister and her closest supporters would welcome such a change in approach, but I am not sure that is true of the whole Cabinet or of the whole of the Conservative parliamentary party.

I was also struck—the noble Lord, Lord Boswell, referred to this—by the report's highlighting of the proposal from the European Parliament that some kind of association agreement could come forward from the negotiations, as my noble friend Lord Whitty also mentioned. The relevant section of the committee's report is paragraph 105. I was interested that this approach was welcomed by people from both sides of the argument, including Daniel Hannan MEP and the excellent North East MEP Jude Kirton-Darling, to whom I would like to pay tribute because she is a very devoted and hard-working MEP. It was interesting that they both welcomed that approach, which also occasioned some warm, or warmish, words from the Secretary of State for Exiting the European Union.

Certainly, I agree with the report that, if we do not manage to get the negotiations on to a more positive footing, the prospects are deeply alarming. Even so, we have to confront very real difficulties. In listening to what has been said so far in this debate about Northern Ireland, and what has been said about Northern Ireland really from the outset of the leave vote, I cannot see how that can be resolved without something that closely resembles the customs union and the single market arrangements that we already have, which are very much in the UK's interests but also very much in the interests of Northern Ireland and the Republic.

Before I close, I have two questions for the Minister. One is a general question, and one is specific to the north-east of England, to which both the Minister and I belong. The general question relates to paragraph 52 of the report, which quotes Professor Derrick Wyatt, who said that negotiations on free trade agreements,

“used to be mainly about tariffs, but now they are relatively little about tariffs. They are about non-tariff barriers and harmonisation of regulatory standards. They reach deep into the domestic policy-making sphere”.

Does the Minister agree with that statement? Does not that make a nonsense of the claims that we will be free to adopt whatever standards or rules we want after Brexit, either in our relationship with the European Union or in any free trade agreements that we may negotiate with other countries?

My second question, relating to the north-east, arises from an Oral Question that I asked the Minister, about a month ago now, on the impact assessments that the Government had carried out on the likely impact of Brexit on particular regions of the UK. Those showed that the north-east was likely to take by far the biggest hit economically under any of the scenarios but particularly under the scenario of no deal. At the time, the Minister said in response that the

assessments were “incomplete”. My question to him is: when will those impact assessments be refined and completed; when will the completed assessments be published; and will they be shared with us here in Parliament and more widely with the public?

I know, as many people tell me, that my region, the north-east, voted by a majority to leave—although it has to be said that the city of Newcastle voted to remain—but none of us wants to see the north-east punished for having voted leave, and yet the Government's own figures suggest that it will be. Therefore, I want answers to the questions that I have raised. It is such a serious issue that I intend to keep on raising them again and again, as I am sure the Minister will appreciate.

I conclude by warmly congratulating the committee once again. I hope that the Government will listen to the recommendations in the report, that they might, indeed, even be influenced by the report in their deliberations at Chequers and in the publication of the White Paper, and that they will turn their back on the folly of a no-deal outcome to these negotiations, which are so important for the future of our country.

7.35 pm

Lord Teverson (LD): My Lords, I again thank the noble Lord, Lord Boswell, for chairing the committee so well. It is perhaps not unreasonable to mention that we had a debate within the committee on whether to shelve the report until after the White Paper came out, because it was so imminent when we first considered our report, or whether we should continue. Of course, we have just been taken in so often: it was quite obvious that the White Paper was not going to be produced, and that it would be another month or two months until it was available—and we are already here at a debate on our report, so it must be well behind.

It is a great pleasure to follow the noble Baroness, Lady Quin, and all that she has said, but I also agree entirely with the noble Lord, Lord Risby, that issues such as Nord Stream 2 are key and on the importance of the financial services industry in the UK. However, I have to say to him that, after Brexit, we will be just like a third country as far as the EU 27 will be concerned—we will be the same as Singapore and New York. Although other EU capitals will probably benefit relatively marginally, certainly in Paris that marginal benefit will be important to them, and it is a foundation of building up their capability. That is how they see it. I do not think it is appreciated how important the City is, and that is a great loss because it is important not just to us but to the broader world.

I may disappoint the noble Lord, Lord Risby, in that I will probably be slightly more polemical than he would like in this debate. We are two years on—two years. We have eight months to go, and we will no longer be a member of the European Union. It is unlikely that this can be solved at five to midnight—sorry, five to 11 o'clock, British time—on 29 March, because the EU has to go down legal processes and, apart from anything else, it needs a vote of assent from the European Parliament. Therefore, the usual rules of stopping the clock will not work, because we are working within a strict legal framework.

So where have we got to in these two years that we have had? Of course, nothing is agreed because, as we are told by our EU 27 partners, nothing is agreed till

[LORD TEVERSON]

everything is agreed and so we have nothing agreed. However, we sort of have a formula for payment: we have negotiated down to, I think, £35 billion to £39 billion in compensation, except that the National Audit Office has pointed out that, to taxpayers, it is actually some £10 billion worse than that—there is the £7 billion in refund that goes straight to the private sector and the £2.5 billion that we will owe the European Development Fund is not included in that figure because it is not technically part of the EU. So we are £10 billion worse off on that.

On citizens' rights, I endorse the Government's strong welcome to EU citizens to remain here but, strangely enough, it is the European Parliament that has criticised the EU 27 for not being able to safeguard the rights of UK citizens within the EU 27. The European Parliament and its rapporteur seem to have been stronger in this area than the UK Government themselves. We are clearly not there yet, and on Northern Ireland we are obviously nowhere at all. We are somewhere on those three areas of the withdrawal agreement, but not where we expected to be and nowhere on Northern Ireland.

We have agreed a transition deal in principle, but it is for 21 months. I cannot imagine that the future relationship, whatever it is, will not be a mixed agreement. We not only have to negotiate that agreement, and the UK Government have not yet decided what we want, but we have to agree it with the EU 27. It then has to go out to all the Parliaments—and one or two regional ones as well—to be ratified. It is an impossibility that this can be completed within 21 months. That means British business will go over at least two, maybe three, cliff edges and changes to regulations. The other side has already told us that we can forget areas such as the European arrest warrant and Galileo.

We hope to get the White Paper on the future relationship next week, but we are nowhere on it at the moment. We have no British ask whatever, but we have the red lines. The Prime Minister outlined these at the Conservative Party conference in 2016, when I am sure she got a huge round of applause for them from her party members. However, as a result of declaring them we effectively dug ourselves, and the EU, into the trenches from which we have not been able to move since. I do not commend the EU's response either. We have—if Led Zeppelin were dead they would turn in their graves—a “Stairway to Brexit” from the EU side, which goes through all the different options. Against our red lines we are, at best, looking at a Canadian or a South Korean deal, which does not suit the UK in any way. The question is: how do we break out of this trench warfare? That is how our two MEP witnesses said it.

Following the theme of the noble Baroness, Lady Quin, the only way we can break out of this and come to some sort of sensible negotiation and agreement is by an association agreement. We have an excuse to go down that route, in that the European Parliament has mentioned it and written about it as a sensible option. We should use the European Parliament's not inconsiderable leverage with the EU 27 to go down that route and start talking about an association agreement. The EU currently has those agreements with countries

such as Moldova, Israel, various north African countries and some eastern European ones. They are not exactly the sort of agreements that we would necessarily want. Many of them, particularly in eastern Europe, are with countries aspiring to future membership rather than retreating from it. However, that is how this can be unlocked and we should move forward with it. I suggest that we get Guy Verhofstadt to intermediate for us. He seems to get on very well with David Davis, the Secretary of State. Perhaps he is the person to broker some movement on this.

As we have seen from the Statement this afternoon, Brexit is about number five on the EU's priority list. We have lost leverage with the EU because of the lackadaisical and divided approach that the Conservative Government have taken. Immigration, the eurozone and the rule of law in eastern Europe are all more important issues to the EU 27 than our going, which they have already banked. It is a very sad situation, but that is where we are. Once the Conservative Party and the Government had lit the blue touch paper, we could have asked for—and got—a Brexit with dignity. It is such a shame that we could not even manage that.

7.44 pm

Lord Jay of Ewelme (CB): My Lords, it is always a pleasure to follow the noble Lord, Lord Teverson. I agree with him about the association agreement approach; it justifies really careful study. I welcome the chance to discuss the report this evening, before this week's meeting at Chequers and the publication of the White Paper planned for next Monday. I say “planned” because we have been disappointed once or twice over the last few weeks, but we look forward to seeing it when it appears. I congratulate my noble friend Lord Boswell for his introduction to the debate. It has been a privilege to be a member of the European Union Committee.

Focus on the longer-term relationship between the UK and the EU is overdue and welcome, but it presupposes that the present negotiations on withdrawal from the EU do not break down and that we do not end up with no deal. The harder you look at the prospect of no deal, the less palatable it seems. I will start by looking at it, because doing so shows up what the longer-term relationship needs to be and where Britain's real interests lie. The main components of the withdrawal negotiations now under way are foreign and security policy, internal security and trade and economic relations. Our own interests are inextricably linked with those of the EU and require the closest possible relationship we can get on foreign and security policy, all the more so with a maverick US president. Let us hope that he becomes less maverick after his visit here, but the precedent is not hugely strong.

We participated in Operation Atlanta, curbing piracy in the Indian Ocean, because it was very much in our interests to do so. The same was true of our participation in Operation Sophia, the humanitarian mission in the Mediterranean, as the Leader of the House mentioned earlier today. We rightly continue to work closely with France and Germany, as well as with Russia and China, to preserve the Iran deal—hard though that is faced with American determination to end or amend

it—because, again, it is in our interests to do so. I cannot see that it is in our interests to walk away from protecting ourselves in these challenges and, no doubt, in future ones. However, I have no doubt that there will continue to be fierce domestic battles about how much this nation is prepared to pay to support them.

On internal security, our own interests point, once again, to the need for a close relationship with the EU, as do those of the EU itself. The Prime Minister is absolutely right to argue that there is mutual interest in continuing close co-operation with Europol, Eurojust and other EU institutions and arrangements such as the European arrest warrant. I hope that the other 27 EU member states, whose first duty, like ours, is to the security of their citizens, will recognise this and trump—I am increasingly hesitant to use that word—the Commission’s negotiating stance. As other noble Lords have said this evening, the Government need to recognise that, seen from Paris, Berlin, Rome or Madrid, finding a solution to the risk Brexit poses to internal security is far less immediate a problem than finding one to the migration issue and the domestic political challenges they now face. Last week’s European Council showed that clearly. Britain, alas, is not the only European country to face difficult domestic political challenges. Even so, to walk away from those issues—to give up looking for a deal—cannot be in our or anybody else’s interests.

Turning to economic issues, do we really want to contemplate, even in extremis, planes not flying from our airports, 20-mile queues to the Channel ports, or lack of access to key medicines and equipment needed by the NHS? Of course not. Who would gain from that? Businesses—that means employers and employees—urgently need to know what the future holds. No wonder we are seeing stories of investment withheld or threats to relocate. To talk of walking away only compounds the problem and does no one any good. I agree very much with what the noble Baroness, Lady Quin, said on that point.

I will not argue now the merits or demerits of the customs union, a customs union, customs arrangements, maximum facilitation, a customs partnership or any other possible permutation. Let us hope—I am sure the Minister can confirm this in his summing up—that the White Paper will be clear and that the Commission will not rubbish it. I am glad to see a smile from the Minister; it is always good to get that. I emphasise, as I have done before in your Lordships’ House, that whatever arrangement is agreed on the customs arrangements must avoid any physical controls on the Irish border. I should be grateful if the Minister confirmed that the avoidance of any sort of physical controls on the Irish border is indeed the Government’s intention. I have long thought that Ireland is the most complicated issue we face in the Brexit negotiations. For Brexit to jeopardise 30 years of careful peacebuilding across the Irish border would be simple madness, and future generations would not forgive us if that happened.

I will make one final point on no deal. Are the Government really prepared to go back on agreements reached for EU citizens to live and work in the UK, and for UK citizens to get healthcare in other countries? Of course not.

Of course we need to prepare for no deal. It would be wholly wrong not to do so. But our real need must be to focus on what we want in the longer term from our relationship with the EU on foreign and security policy, internal security, economic issues, citizens’ rights and, as I say, Ireland. Our relations with the EU will continue to be by far the most important we have around the world. Look at a map and look at the figures; there is no doubt that that will remain the case.

None of us here knows what the outcome of the negotiations will be, although many of us will have views. But we do know that, as in any negotiation, we shall need, as the report says, a clear sense of our objectives and a willingness to cede some points, painful though that will be, to gain others. That is what negotiation means and what negotiating is. That is certainly my experience of negotiating over the years—I do not want to get into my anecdote—with Margaret Thatcher, John Major, Tony Blair and others. That is the essence of negotiations. The noble Lord, Lord Teverson, also made the point that the Commission will need to show the same flexibility if the negotiations are to succeed, which is in everyone’s interest. At some point the Commission will have to recognise that, tempting though it is to talk about the Canadian option, the Swiss option or the Norwegian option, we and it are engaged in unprecedented negotiations for which there is no existing institutional blueprint. Both sides will simply have to engage, make compromises and, in all our interests, reach agreement. Time is running out. Let us hope that at Chequers this Friday the appetite for dissension—and dissent—has run out too. Ministers need to stop negotiating acrimoniously with each other and start negotiating seriously with the European Union.

7.54 pm

Lord Soley (Lab): It is a pleasure to follow the noble Lord. He chairs the Home Affairs Sub-Committee on Brexit, of which I am a member, and one of the things we have focused on recently is security, which is so important here.

The report is absolutely delightful to read—I agree with almost every word. Every now and then I look at the speeches made by Monsieur Barnier or by the Secretary of State David Davis, and I noticed that they flag up areas of agreement and say that there is more agreement than we sometimes recognise or is recognised in the media. I hope that they are right. If at some stage in the very near future they suddenly produce, with a flourish, an association agreement, nobody will be more delighted than me. But if they do not, and we run into difficulties at the Cabinet meeting at the weekend, which we might well do because of the infighting at the moment, we will be in deep trouble.

When I started reading this document, one phrase, which we all need to bear in mind, caught my eye almost immediately. It says in the fourth paragraph of the summary:

“We note the European Parliament’s advocacy of a UK-EU Association Agreement, and suggest that UK commitment to such a dynamic and evolutionary partnership could bring a positive change in the tone and language of the negotiations”.

I agree. Two of the key words there are “dynamic” and “evolutionary”. One of the things that will not happen is that we will end up with a number of set and rigid

[LORD SOLEY]

parts of an agreement which will be hard to change as the relationship between the EU and the UK develops. It almost certainly has to be flexible and dynamic. I therefore welcome that and think it is a great use of language. The committee also says that the use of red lines by both sides—it is both sides—is disastrous in trying to get to a solution. I understand how important it is for both sides to say that they will not accept certain changes in the run-up to the hard side of the negotiations. But at the end of the day, those red lines on both sides have to be breached. There cannot be an agreement without some degree of breaching. It might be marginal, but there will be breaches, and if there are not, there will not be an agreement.

Ever since the referendum—the result did not surprise me that much, although I voted remain—I have felt that the key to understanding this is to understand that the United Kingdom needs the European Union and the European Union needs the United Kingdom. That is not just for the financial, economic and trade reasons, which of course we spend a lot of time on, but it is also, as the noble Lord, Lord Risby, mentioned, about security, defence and the political impact this will have on British and European Union influence around the world. It has damaged both of us in terms of political influence. I worry about that, and if the European Union looks as though it is fracturing and the United Kingdom is getting more distant from the European Union, the only winner in that situation will be Mr Putin; he will be delighted, because that is part of Russian foreign policy. We need each other.

I was delighted again at the suggestion of a joint UK-EU parliamentary group, which I suggested in this Chamber immediately after the referendum, and for which I got support from all sides of the House. We have to do that. We cannot do it yet, because the agreement has not been made, but when it is ready, I hope that we will rapidly set up a high-powered UK-EU parliamentary group. Again, we will need that degree of interaction between the two parties to make it work.

We will need joint institutions—I have gone on for some time about how they will be necessary. If we are to get agreement on security, on policing and the security exchanges in general, as I hope we will, but there is an idea that we cannot have institutions that constantly examine changes in UK and EU law and the way they affect the exchange of information about intelligence, policing and crime, we will have a rather rigid system which will not be flexible enough to meet the demands of the occasion. We have to build flexibility into this, and that is why I was so pleased to see reference to a “dynamic and evolutionary” partnership—a phrase used several times in the report. That is what we need.

I do not want to speak for too long, so I shall conclude my remarks with this final point. If, as I said, the Government come up with an association agreement that covers the many points that we are all nervous about, nobody will be more delighted than me. It really will be good news. Maybe that is what David Davis and Michel Barnier are talking about when they say that the agreement is about more than is immediately apparent. However, if there is not such an agreement, we will be in deep trouble, and it will be deep trouble

not just for the UK but for the European Union. I say to the Government that if they are in that situation and if, after the Cabinet meeting, there are still divisions that prevent us getting an effective and good agreement between the EU and the UK, they will need to step outside party-political lines and reach across the Chamber. They need to talk to people like my right honourable friend Keir Starmer and to my noble friend Lady Hayter on the Front Bench here, who has done so much. They have good knowledge of the situation.

The Minister might smile but this is not about the Conservative Party and the divisions within it. I understand that; there are divisions in the Labour Party too, as well as throughout the country. When a country is deeply divided like this, a politician with good judgment will step outside that and put the needs of the country before the needs of his or her own political party. If the situation is as bad as some people suggest, the Government need to make that gesture and move. If they fail to do so, frankly both the EU and the UK will be greatly diminished, not only in our eyes but in the eyes of the world. My belief is that in the longer term the European Union will have one advantage from the United Kingdom leaving, and that is the fact that the United Kingdom has always been a drag anchor on further political union within the EU. My guess is that over time some key countries in the European Union will move further and faster on political union. I say “Good” to that. It is in our interests that they do so and we should encourage and support it. However, let us not pretend that somehow or other this will not have a profound effect on the United Kingdom.

8.02 pm

Lord Cormack (Con): My Lords, it is a particular pleasure to follow the noble Lord, Lord Soley, because I agree so much with what he said. When he talked about cross-party co-operation, he was right. In many ways, the situation that we face needs a national Government, although I accept that in the conventional sense that is not a starter. I regret it but I accept it. However, as we go through these next few crucial months, it is important that there is a sharing of information and aspiration across the party divide, not least because the overwhelming majority of Members of Parliament in both Houses do not want a no-deal or a hard Brexit.

The noble Lord, Lord Soley, was right too when he talked about the need for joint institutions and parliamentary groups. When the new relationship is developed, there must be no question that there must be a very senior British diplomat as ambassador to the EU. That is absolutely crucial.

We are all very much in the debt of my noble friend Lord Boswell of Aynho—I call him that even though he is not aligned. He made an excellent speech and used three words that really sum up what I have just touched on. He talked about the need for a generosity of spirit. If ever there was a need for understanding and a generosity of spirit in our national affairs, it is now. The report that his committee has produced does honour and credit to your Lordships’ House. It is balanced, judicious and wise—a word that is not always used of parliamentary reports.

Although not an original analogy, the noble Lord, Lord Whitty, used the analogy of divorce, and I want to talk for a moment or two about the human dimension. We have to remember that we are the ones who are walking away, and we need to maintain relationships with countries with which we have enjoyed close individual friendships, in some cases over centuries. My noble friend Lord Risby referred to former Commissioner Barroso, with whose country we have the longest alliance, going right back to the early 14th century.

The situation that faces us and the human dimension of it were brought home to me just a few weeks ago when I spent an evening with some Finnish friends. I had the honour to be chairman of the British-Finnish All-Party Parliamentary Group for 20-odd years. One of the Finns present, who was a former senior member of the Government and served his country with great distinction, helped to negotiate Finland's entry into the European Union. He said to me, "I am grief-stricken". He meant it and he was. We have to remember that, in spite of this divorce, rupture or break—whatever we care to call it—people like him are desperate to maintain close and cordial relations with our country.

The Baltic states are in a similar situation. I shall never forget being in the Baltic states in 2004 and being greeted by the rector of the University of Tartu in Estonia. He was speaking to a group of British parliamentarians and said how proud he was that his nation could now look not east but elsewhere, and particularly to the United Kingdom, for friendship and leadership. They feel let down and we must not forget that. They are bruised by what we have decided to do.

Although I do not think that there are many in the Chamber this evening, I want to appeal to the ones who were on the winning side. I acknowledge that they were on the winning side and I have never sought not to acknowledge that. However, I want to appeal to them yet again to recognise that the margin of victory was clear but small. This cannot be a situation where triumphalism dominates and the winner takes all. As this report makes so abundantly plain—it uses the word many times—there has to be compromise. There has to be give and take. I include in that sentence myself and all those of us who voted remain, just as my noble friend Lord Boswell did. We have to compromise and we have to give, but that applies right across the board.

If we are to have any sort of settlement that is not going to bring increased poverty, anxiety and worry to areas, particularly like the north-east as represented by the noble Baroness, Lady Quin, and from where my noble friend the Minister comes, we must not sacrifice everything that we have obtained from our membership. I go back, too, to the individual nation states that are the members of the European Union, with each of which we must maintain as close and cordial a relationship as we possibly can. Time is running out. We have this White Paper on the horizon. I look forward to seeing it with a degree of trepidation, but I hope that it will be reassuring. I hope that it will be a basis for all of us to move forward, but there is not a lot of time.

I conclude by appealing—I referred to this when the Leader of the House gave her Statement earlier today—through my noble friend the Minister. I do not

know whether he will be at Chequers or not, but I hope that those who are there will talk to each other as friends and seek to come together in a spirit of compromise and realism to give us the basis in these last few months for meaningful negotiations. We have talked about a meaningful vote enough in this House, but it is meaningful negotiations that we now want—negotiations that will produce a result that we can all accept. I hope that there will indeed be an outbreak of Cabinet collective responsibility after Friday and that it will hold. I hope that individual Members of the other place, who are, in parliamentary terms, in a minority, will not issue threats to the Prime Minister or anyone else. The time for threat is over. The time for healing has come and if we cannot act in that spirit we are not serving our country as we should.

8.12 pm

Lord Lea of Crondall (Lab): My Lords, this is an excellent report—a gold standard, as one has come to expect. I add my appreciation to the committee's members and the clerks, all of whom are to be congratulated. I acknowledge and thank my noble friend Lady Quin—neither of us is a member of the committee—for making reference to the TUC trio, if I may put it in those terms. I am glad that we are able to make a contribution more or less always on the same hymn sheet.

After the White Paper, there will no doubt be some parliamentary process. Then there will be the Recess and the parliamentary conference season. The only date that is clear in the autumn is that of the political declaration on 18-19 October, just two weeks after we get back. But the relationship between that date and the "finishing line", to use the language of the report, is mentioned in paragraph 13 of the summary, which states:

"While the 'political declaration' may not be legally binding, we accept that at least at a political level it may bind future European Councils".

Apart from that, all is still rather foggy—as in, "Fog in Channel: Continent Isolated". I can imagine that particular dictum being put in rather different terms in Brussels, or indeed Paris or Berlin and so forth, where they think that we are trying to kick the can down the road indefinitely.

The analysis of each of the issues in turn is a model of its kind—for example, the succinct analysis of the EEA, EFTA, the EEA Joint Committee, the specific characteristics of Norway and Iceland and the question mark over the credibility of the idea that the EU might simply wish to do a free trade deal with Britain on its own. The Government have been far too quick to rule that out. Today's Prime Minister's Statement from the European Council states:

"Our White Paper will set out detailed proposals for a sustainable and close future relationship between the UK and the EU—a partnership that means that the UK will leave the single market and customs union, but a partnership which supports our shared prosperity and security".

Apart from anything else, a point emphasised in the European Union Committee report is that at that stage it simply leaves on one side a fact that we are all conscious of: namely, that to a great extent it will be perforce the Irish tail which wags the UK and

[LORD LEA OF CRONDALL]

European dog. At paragraph 57 the report states that the Irish question is “uniquely” able to determine not only the process but the substance of the outcome. Churchill’s phrase,

“the dreary steeples of Fermanagh and Tyrone”, is once again haunting us at the present time.

Against that background we have heard some extraordinary invective from Ministers in the Government. For obvious reasons I will not quote what the Foreign Secretary said recently about business, but, given his predilection for the Anglo-Saxon expletive, I would say that until now business has been very restrained in speaking out. I shall mention one statistic which came as a shock to me. I was at a small but well-informed meeting of the London representatives of multinational companies operating in Britain in terms of direct investment. I do not mean equity investment: I mean people who are typically involved in manufacturing, services and so on. They are saying that the foreign direct investment decisions on regards jobs, plant, technology and so on being made now to cover the next two years are in value terms some 80% down on what they were two years ago. If that is not a shock, I do not know what is.

The trade-offs set out in the report are well described, but I would go a little further. The trade-offs should be described as arising specifically between packages. There is a trade-off between trade-off package A and trade-off package B, but there are also trade-offs within each of the packages. I hope that, if the White Paper does one thing, it will be to copycat the reality of this point as it is described in the report. However, I fear not: say the phrase “trade-off” and not just the Foreign Secretary but many Members of the Cabinet smell a rat.

We are now stuck with these red lines. I admire the pithy remark by Frances O’Grady set out in paragraph 18:

“It is fine having red lines, but you do not publish them”.

My own bottom lines of course include the protection of workers’ rights, and that means not just relying on HMG’s good will but staying in the Maastricht treaty extension of the single market, that being the only way in which we can guarantee the rights negotiated in Brussels, whether we are in pillar I of the EEA, which is the EU, or pillar II, which is EFTA.

As my noble friend Lord Whitty reminded us in his report a few months ago, the EEA outcome would be the least destructive as far as trade is concerned. It is not the end of the story, but that is a very clear statement. I think that the opposition to the EEA has been considerably overstated. Of course we are not rule-makers as opposed to rule-takers, but let us take a current example that we will all understand: FIFA. We are rule-takers and rule-makers, are we not, and is that not true of most of the civilised things that we do together around the world?

In conclusion, I want to mention that as regards the association agreement, I think that I am with the implication of the remark made by the noble Lord, Lord Jay, and I can see the attractions of that label. Equally, however, we need to cast a beady eye over any idea that this is a magic potion and that with one leap Jack was free. We have to be a bit careful about supposing that the component parts of the EEA,

embracing all the trade agreements around the world, will suddenly, with a wave of a magic wand, allow us to make trade agreements in place of the 50 or so made under the present umbrella. The referendum was a bit of prime ministerial party opportunism that went wrong. Perhaps we are now able to see whether we can unscramble this particular omelette—without, I hope, leaving too much egg on our respective faces.

8.23 pm

The Earl of Sandwich (CB): My Lords, I am delighted to join this debate on the EU Committee’s latest contribution to the *mêlée* of ideas now swirling round our exit from the EU. The report shows how hopelessly tangled the Government’s position on Brexit has become. It makes a growing number of people doubtful about whether it can ever be achieved, as we have heard—although there is a bit more realism in this debate.

My main reason for speaking is simply, as a former committee member, to reinforce some of the report’s conclusions. Reading the report and the Library summary made me admire the many teams of civil servants and researchers who have had to prepare so many documents for negotiations that will be out of date only days later. Frankly, this was not what the majority voted for. They wanted a clean break—to cast off, in nautical terms, from Europe—and they were looking for an independent offshore island that has not existed since the time of William the Conqueror.

I refer first to paragraph 123 of the report, which has already been highlighted by my noble friend. It states:

“Given the closeness of the referendum result, the Government must articulate an inclusive vision for future UK-EU relations, commanding broad support, in order to achieve an acceptable and durable outcome”.

That echoes the committee’s previous report, paragraph 120 of which quotes the Prime Minister as saying that she needs,

“to make an inclusive case for EU membership, one that speaks for all”.

It cannot be said loudly enough—the noble Lord, Lord Soley, and others said it—that this country is in two halves that have to be brought back together. As the *Times* said today, the Prime Minister has got to discipline her band of hard Brexiteers and show them the futility of their arguments.

The noble Lord, Lord Cormack, said that the time for healing has come—but it will need statesmanship and leadership, not bickering and fudge. I sympathise with those in No. 10 charged with minuting ever-shifting policies. But, as the noble Lord, Lord Whitty, said, there must be a plan that people can understand and that a clear majority of MPs will vote for, if and when they get a meaningful vote. Otherwise, there is a real risk of a rift inside both the Tory and Labour parties at every stage of negotiation, which would then lead to an even messier election. If it requires a second referendum, which will become more likely next year, so be it—but that would be a defeat for the Government and might not be conclusive. Far better for the Prime Minister to lead from the front with a genuine plan and a timetable. I am hopeful that the White Paper, when it finally comes, will contain that degree of realism.

I am not sure that Brexit exists any longer. It was an ideological statement of a bare half of the population in an advisory referendum that should and could never be translated into policy. Events have shown that it will be quite impossible for the UK to leave a partnership that has evolved over decades, demonstrated so many advantages and raised so many standards. Of course, we have projected our own ideas into the EU and Europe has benefited from that—and, had we stayed, we would have an even stronger influence in some sectors. But the fact remains that we will have to rebuild a partnership that will be very similar to the one we had, short of actual membership. No wonder Brussels has been exasperated by our failure to see that it is the club that makes the rules, not the individual members.

The situation at Westminster is dire. The intellectual justification for Brexit is there, but there is simply not enough support for it in either the Conservative Party or the Commons as a whole. The Irish border issue will remain insoluble right through the trade and customs legislation into next year; it is impossible to see a way out of it. There is no way out unless a viable customs arrangement is put forward and supported by the Cabinet this Friday at Chequers. Otherwise, the report suggests that we will have to enter an association agreement as though we were Turkey, Georgia or Ukraine. I was in Georgia when the association agreement was signed—I know how much it means to Georgia—but I am not certain whether it is the right way forward.

We should also be concerned about the effect of our so-called departure on the present structure of the EU. A very few short-sighted Brexiteers may rejoice at what they hope will be the potential collapse of the euro and the Union, but the more discerning will see the damage already done by our departure and will want to start repairing it. The EU needs the UK, not just in defence and security and policing—as the Prime Minister re-emphasised for her own reasons last week in Brussels—but in a range of other areas, such as the environment, labour rights, education and international development. As the report states:

“The United Kingdom and the rest of Europe are geographically, economically and culturally intertwined”.

Of course, we have to accept that the EU is fragile in some places. We have to remember that we are members still and partly responsible for that: we helped to enlarge it and to hold it together. I am sorry that Germany is out of the World Cup, because she is our ally and needs to hold her head high. Chancellor Merkel has won our admiration thus far for so carefully steering the EU through the reefs. The coalition with the CSU is currently in deep trouble—but I am optimistic that it will survive.

It may be that, over time, we shall see a Europe of concentric circles—a very good phrase from one of the MEP witnesses quoted in the report—but we need to decide to which circle we belong. Perhaps we should ourselves make more effort with the question of migration. For years we have stayed out of Schengen while keeping a very close eye on lorries entering Calais, because the Dublin rules have served us well. Yet we are engaged in that other dimension of migration, which is the push factor in north Africa. We have opted in to the Khartoum process, which is trying to deter migration out of

countries such as Libya, Eritrea and Nigeria. We provide the home base of Operation Sophia, as has been mentioned, which has had considerable success in the Mediterranean. These are both important EU projects and we will need to be associated with them well beyond 2019. I think that the Minister has already given that assurance.

On international development, which is another vital element in migration policy, the noble Lord, Lord Risby, referred to common values. The EU is already reorganising institutions such as the European Development Fund and the Cotonou agreement. I understand that both the FCO and DfID are keen to remain closely involved in any new configurations of these that emerge. I am relieved to hear that. On trade, we shall scrutinise the trade and customs legislation to ensure that it will protect the interests of developing countries. Again, we have had some reassurances there. The MoD is also engaged in critical aspects of European defence and security outside NATO. All these projects have to go on in a dangerous and unstable world environment.

So I look forward to some more clarity, if not from the Minister today then from the Prime Minister on Friday. What game are we really playing? Is it not time that we gave it a name and drew up our ground rules? There are 27 states waiting to play, and, like the noble Lord, Lord Tomlinson, they are getting impatient. So are the British people—on both sides of the referendum.

8.32 pm

Lord Monks (Lab): My Lords, I agree with rather a lot of what the noble Earl, Lord Sandwich, said, but I make one conspicuous exception—his remarks about the German football team. Like many others, I was quite pleased to see them knocked out before they encountered our boys.

I add my appreciation to the long list of tributes being paid to the noble Lord, Lord Boswell, his committee, its staff and all those who have been involved in the preparation of this report. It is an excellent one and I hope it will not be added to the rather long list of excellent reports from this committee whose exact effect on government policy over time I am still trying to see—not very much, in my perception. I ask the Minister what points he will take from this report into the deliberations that will take place at Chequers later this week and in the preparation of the White Paper subsequently.

The report certainly reminds us time and again what a vast and complex exercise it is for the UK to give effect to this schism with the European Union. I suspect that few of us in this debate need any reminder. I have long been convinced that the referendum decision in 2016 risks triggering a national calamity by launching the UK on a journey that could lead to less influence, a weaker economy, job losses and lower public revenues available for the NHS and our other vital services. We are on a road to diminution if we are not careful.

The Government’s flat-footed interpretation of the referendum vote has made matters worse. In retrospect, should not the Prime Minister, before triggering Article 50, have tried to build an all-party approach at Westminster, as some previous contributors to this debate have

[LORD MONKS]

mentioned? I do not pretend that it would have been easier, but it could not have been much worse than trying to build a consensus in her own Cabinet and her own party, which has been extremely painful to watch. Instead of reaching out, she started with her red lines, which got a round of applause from the Brexiteers in the party but which in reality took us into a cul-de-sac, a dead end from which we are finding it devilishly difficult to extricate ourselves.

Parliament must share some of the blame for this. We have been spectators observing the fumbblings of the Government, tolerating their inability so far to come up with any realistic vision of how the UK will relate to the EU in the future. This House supported the idea of Parliament giving the Government a mandate. Unfortunately, the other place narrowly turned it down and an opportunity was missed.

Now we await next week's White Paper. The Prime Minister, a bit like Baldrick in "Blackadder", may have a cunning plan which she will unveil at Chequers this week to her Cabinet. Let us hope so, because there is a great need for a realistic and pragmatic plan on which we have a chance of negotiating a decent and practical deal with the EU. But, as the committee's report details in its careful and judicious language, the challenges are formidable and none of us should be holding our breath tonight.

There must be every prospect of a withdrawal agreement foundering on any one of a range of issues, starting with the Irish border question, to which an agreed solution remains elusive—I fear, even remote. A host of other issues are well illustrated in the helpful charts in the report. It is ironic that the Brexiteers who favour no deal can probably look to the EU as their main ally, because the EU will not compromise its rules and principles, and will not add more border in Ireland to what already exists. British negotiators, with their airy talk of bespoke deals, have yet perhaps fully to recognise this strand in the Commission's thinking.

As my noble friend Lord Lea said, the trickle of jobs and investment going abroad is already evident. If the UK is to end up as a mere third country aiming for a Canada-style free trade agreement, with no certainty for several years about what that deal will be, expect the jobs and investment emigration to accelerate. I do not believe that businesses are bluffing. Indeed, I am with those who think that they have been far too polite. One reason for that is that many of them are foreign owned and do not want to be seen to be interfering in British internal life and democracy. Only now are they becoming rather desperate and speaking out strongly.

How can we get out of the situation we are in? First, we have to take the least worst options available. For me, that is joining the EFTA and remaining in the European Economic Area, and, from that core, negotiating some bespoke aspects of our future relationship.

In today's Statement, the Prime Minister again ruled out membership of the single market and the customs union. But whether or not the terminology can be changed to "customs partnership" or "market access", perhaps under the umbrella of an association agreement—which the report helpfully reminds us is a

mechanism the European Union is familiar with and will therefore gravitate towards, rather than to something unfamiliar—let us remember that the EU will always want to keep the arrangement in essence as close as possible to the existing system, especially on trade. So should we.

8.40 pm

The Earl of Kinnoull (CB): My Lords, what a pleasure it is to follow the noble Lord, Lord Monks, and his incisive wit, as we heard in a very clear speech. I declare my interests as set out in the register of the House, in particular as a member of the EU Select Committee and, for reasons that will become clear later in my remarks, in respect of the insurance industry as well. I congratulate our chairman, the noble Lord, Lord Boswell, who has overseen the production of more than 30 reports, all unanimous, since the referendum. He continues to keep our spirits high in these very busy times. He made a very powerful speech, which I hope will be widely read in many countries. I should mention that we are very lucky to have 24 dedicated and immensely skilled staff, led by our principal clerk, Chris Johnson, who is deputising as clerk this evening as well, and our committee clerk, Stuart Stoner, who I see is also with us. I pay very warm tribute to them all.

I shall make just three points this evening, and in one context. My context is simple. The lives of 500 million people will be affected by what is agreed between the parties in this negotiation. Damage inflicted by one party on another will inevitably be reciprocated somehow or other, as indeed we are about to discover in the seemingly forthcoming world trade rumpus. Those who are party to the negotiations must therefore have regard to what works for all 500 million and not just their 65 million or their 440 million. As we said in our summary,

"this means using the language of partnership, and accepting that compromises will be necessary".

Indeed, many others have alluded to that. As the noble Lord, Lord Jay, alluded to, and I say again, the UK and the rest of Europe are historically, geographically, economically and culturally intertwined. We are each other's ultimate repeat order customers and agreement reached must not leave a bad taste for one or other party. I note that in commercial life I have never known an act of generosity go unrewarded and I very much hope that the negotiating teams have had that experience to guide them.

My three points concern the EU agencies for security and, curiously, reinsurance. Turning to the EU agencies, I note that there are 37 of these today, 36 of which the UK is a member of. At the time of writing our report there was considerable confusion as to what exactly we had asked for and what the responses had been. The European Maritime Safety Agency has Iceland and Norway as full members. The European Aviation Safety Agency has Iceland, Norway, Liechtenstein and Switzerland as full members. Looked at through the lens of the interests of 500 million people, should the UK not be a member of at least these two agencies? Have we asked to be members of these agencies? What response have we had from the EU negotiators? Similar cases can be made for a large number of other agencies.

I very much hope that the White Paper will be clear about our ask where agencies are concerned. In that, I very much echo the noble Lord, Lord Whitty.

Turning to security, I was alarmed and hugely disappointed to read the front page of the *Times* on Friday 29 June, which suggested that EU negotiators will not allow the UK access to three vital systems; presumably there will be a similar lack of access to UK databases with this type of information on them for EU countries. The EU negotiators are citing legal framework problems. The three systems are the Schengen Information System, which shares information on criminals, missing persons and persons under surveillance; the European Criminal Records Information System, which allows police from one country to check if a suspect has committed a crime in another; and Prüm, the new EU-wide DNA database. Again, looked at through the lens of the 500 million and in a world of heightened terror problems, is it not crystal clear that a different approach is urgently needed?

It is not as though the EU has not found a way in the past. In 2017 two British MEPs, Labour's David Martin and Alyn Smith of the SNP, published a European Parliament report called *Variable Geometry Within the EU*, which explains in 31 clear pages all the many ways in which the EU has flexed itself to cater for oddities. I dare say that in each case the EU as a whole was satisfied that the accommodations were in the interests of all concerned. This approach is needed again here. Therefore, I ask the Minister to confirm that we are seeking mutual access to these three information systems and—not that I do not believe the front page of the *Times*—what the current EU negotiation stance is.

My final point concerns non-life reinsurance. Insurance allows the western world to function. Every aspect of personal or commercial life is the subject of the pooling of risk that is insurance. Under Solvency II, the EU led the world in creating the modern way of regulating insurers, a key strand of which is determining how much capital they require to trade. Insurers' capital is made up of permanent capital—shareholders' equity—and temporary capital that they source from reinsurers as reinsurance. In the EU the temporary capital counts only if it is from an EU reinsurer or one based in an equivalent jurisdiction.

The largest reinsurance market in the world is in Bermuda and it is thus not surprising that it was granted equivalence for the start of Solvency II. Not to have done so would have hugely damaged the insurance industry throughout the EU. EU insurers in the aggregate would have been far short of the required capital under Solvency II, and whatever corrective strategy they chose to take would have caused problems for large numbers of personal and commercial clients. The second largest reinsurance market is London. The same considerations apply. Again, looked at through the lens of the 500 million, the granting of equivalence where reinsurance is concerned would seem very much in everybody's interests. Can the Minister confirm that the equivalence position is being talked about and tell us the EU negotiators' current position?

In closing, I note that the common theme that runs through our report is the need for a collaborative approach and a can-do attitude. The report calls it,

“the language of partnership, and accepting that compromises will be necessary”—

the lens of the 500 million people. That is a challenge that those who gather at Chequers later this week have the opportunity to take up. I very much hope that they do.

8.48 pm

Lord Desai (Lab): My Lords, as I am the last Back-Bench speaker in the debate, there is not much left for me to say. We have an excellent report from the noble Lord, Lord Boswell. As many people have pointed out, we do not have many choices that are pleasant, and we can hope only that when the Cabinet meets and the White Paper is published, it will draw on some of the wisdom that the noble Lord, Lord Boswell, has provided. Indeed, he has provided the optimal solution—and if the Cabinet could not be bothered, it could just say, “The option preferred by the report of the noble Lord, Lord Boswell, is the one to go for”. Of course, chance would be a fine thing.

I will concentrate on something different that is germane to the report. When the referendum was held—we will not debate whether the result was narrow or broad—had anybody in the Government drawn a picture of what it would mean to withdraw? I ask this because there was a famous episode when Harold Wilson became Prime Minister in 1964. The Civil Service had two draft reports for him—one for devaluation of the pound and the other against—and said, “Prime Minister, you have to decide”.

Did Mr Cameron ever have a detailed report on what it would mean to withdraw and what it would mean to stay? We obviously did not have to worry about what it would mean to stay. I ask this because, having lived through the experience—I am sure others will agree—I think a lot of the things that people thought were simple have turned out to be very complicated. People thought that out meant out—that we would have freedom from the bureaucracy of Brussels and could fly the flag of free trade everywhere, and that would be that.

Nobody told them about Northern Ireland. Coming from an ex-colony, that does not surprise me; the English do not always remember the rest of their empire. But they were not worried about Northern Ireland and were not even aware that a withdrawal would mean a major schism between it and the Republic, and that there would be consequences. That is quite remarkable. I have not been to see the wiring and the plumbing here in the Palace, but I presume that what nobody realised was that the community we had joined, the Common Market, was full of tangled wires like that, and that it would be very difficult to risk pulling something out and walking away.

My noble friend Lord Whitty gave the analogy of divorce, which has been used before. Most people thought that our going away would be just like walking out, without saying anything further about the law, responsibility for the children, the division of assets or anything like that. I am puzzled by this, because it says something about the quality of governance in a country. Here we are, travelling through a train wreck: the windows are shut and we cannot get out but we can see the train wreck happening. It is going to happen.

[LORD DESAI]

The only question is whether it will be a big jolt or a small jolt—but there will be a jolt. There is the problem of governance: at what stage did the Government neglect to find out what it would mean to withdraw?

Did even the hard Brexiteers ever have a document prepared or published in which they knew all the things that would be done? I think that when we had our first debate after the referendum, the noble Baroness, Lady Randerson, spoke from the Liberal Democrat Front Bench to point out that the prospect of British airlines landing at European airports was under threat. I thought, “Nobody has told me that yet”. As has been pointed out, there are also problems with sharing information on terrorists or such simple things as being able or unable to import our daily supplies.

Even when all this is over and we have certainty, we do not know what kind of settlement we will get. That is another thing we have to mention. We all wish for it to be a good one but we must all be prepared for a bad one. I am told that in the City of London, quite a lot of businesses are prepared for the worst-case scenario. One always has to prepare for a worst-case scenario, but let us be there so that we can see what the worst-case scenario is like. Right now, the uncertainty is absolutely crippling. As the noble Earl, Lord Kinnoull, pointed out, everybody in the insurance industry and the banking industry is worried. We ought to have a sort of working party or plan for what to do when we finally know what we have got.

I think a hard Brexit is most likely. I am not an optimist in this respect; I am a pessimist. I think we are going to get a hard Brexit because I do not think there will be sufficient agreement in the Government. But, whatever it is, we ought to be prepared for the consequences of a bad Brexit. How will we cope with a bad Brexit? What would be our options in terms of economic policy for the future? How will we adapt to a bad Brexit? At some stage, if we still have the European Union Committee or some version thereof, that should be its first task—and I hope that the noble Lord, Lord Boswell, will guide us through that problem as well.

8.55 pm

Baroness Janke (LD): My Lords, I welcome the opportunity to speak in the gap on this report, which I read with great interest. The spirit of generosity, magnanimity and compromise over the costs and benefits that the noble Lord, Lord Boswell, spoke about is very welcome. In my area—Bristol and the south-west—there is huge anxiety and a lack of confidence in matters moving forward on Brexit. Noble Lords talked about Airbus. Airbus is in Bristol in addition to being in Wales. The south-west also has the largest number of small and medium-sized enterprises supplying the aircraft industry, aerospace and the motor industry. In the absence of a plan, reassurance or understanding of the Government’s game plan, there is huge anxiety, and not only in business and among investors. Long-term investment in Airbus is being decided now. Citizens have lost confidence that Brexit can be delivered without major harm to them and their employment. So I welcome the spirit of the report. I hope it may have some effect, but it is understandable that there is a lack of confidence.

We have heard about security issues. There is a huge amount to be resolved there. I am a member of the Home Affairs Sub-Committee, which has produced reports on this. There are issues about Europol, Eurojust, the European arrest warrant and data sharing, as the noble Earl, Lord Kinnoull, and the noble Lord, Lord Jay, said. People have mentioned Northern Ireland. This all takes time to resolve. Our witnesses emphasised that it is not just about having a plan; it is about having time and understanding what it takes to resolve some of these major issues. We are discussing a report about health tomorrow. I have hardly heard health mentioned in the Brexit debate but it is another major issue. I was encouraged by the mention of the association agreement. I hope this broader, more strategic approach may help the Cabinet to move forward in its work.

The other thing that affects confidence is the fact that there is so little time. I and others in my party worry that whatever is agreed will be agreed in so short a time that there will be very little opportunity for us or for anybody else—interested parties—to comment or to input into a major decision for this country. I hope the White Paper will address these matters and the need for confidence, understand the wish for leadership and demonstrate inclusivity in this very divided country that other Members have talked about.

8.59 pm

Baroness Hayter of Kentish Town (Lab): My Lords, as the noble Lord, Lord Jay, said, it is brilliant timing to have this debate just now, almost on the eve of what people have referred to as the Friday Chequers session—or maybe it will be Saturday and Sunday as well. Maybe the best thing would be just to lock the doors. My father used to be the security officer at Chequers and he had the key to the front door; maybe we should lock it and not let them out until the white smoke appears.

We face a serious situation. It is 461 days on, there are 270 days to go, and what do we know? We know there will certainly not be the smooth and orderly Brexit predicted by the Prime Minister. As the noble Earl, Lord Sandwich, said, the country remains divided, the Government having failed to repair the divisions of the referendum between the 48% and 52%. Parliament is divided, leaderless and restless. It is ready and eager to comment on the Government’s plans but they have yet to appear. The Cabinet is seriously divided; it is, “in a remarkable state of disarray”,

says the *FT*, with the behaviour of Ministers labelled “bizarre and inexcusable” by the former Deputy Prime Minister, Damian Green. Clearly getting unity among 27 is rather easier than among the Cabinet’s 25. Last week the noble Lord, Lord Bridges, attributed the Government’s chaos and confusion to the Prime Minister’s loss of a majority when she,

“returned to office but not to power ... unable to stamp her authority on her warring Cabinet”,

with Ministers,

“lobbing grenades at each other”.

This is a very recently former Conservative Minister describing others as lobbing grenades at each other. Another government aide even wondered now whether the Cabinet were fractured beyond repair.

Yesterday Graham Brady warned that a divided party would let Labour in. I would welcome that; we would certainly sort out this unholy mess. As my noble friend Lady Quin suggested, with all our trade unionists we should be able to do that. Short of that happy day, however, we need leadership and a good deal from the negotiations for the sake of UK plc. We need the spirit of generosity recommended by the noble Lord, Lord Cormack. What we do not need is offstage threats from Back-Bench Tories putting egos above the national interest. I noticed that on Twitter Nicholas Soames has urged one particular miscreant to “put a sock in it”—his words, not mine.

Equally serious is that business is being ignored. So frustrated is business that the directors-general of BusinessEurope and the CBI as well as the general secretaries of the ETUC and the TUC issued a joint statement urging faster progress, while the CBI, the British Chambers of Commerce, the EEF, the Institute of Directors and the Federation of Small Businesses wrote to the Prime Minister protesting at the lack of progress. Rather than telling business to “something off”, it would be rather better if the Government heeded these views of business and those of Standard Life, the Society of Motor Manufacturers and Traders, Cicero, BMW, Siemens, INEOS, the Freight Transport Association—all those other wealth generators and job creators.

It is not just business; voters are being ignored as well. Their refusal to provide a mandate for a hard Brexit has been conveniently overlooked and, unsurprisingly, two-thirds of them think the PM is making a hash of Brexit. Consumers and young people are being ignored, the Government more set on finding a Brexit to satisfy their own warring factions than a Brexit for those young people’s futures.

Trade experts are ignored, especially when they remind the Prime Minister that we export 10 times more to the EU than to China, 25 times more than to Canada and 40 times more than to India, and that therefore any new trade patterns will take many decades to make good losses with the EU. By the way, any idea that a US deal would be great for us somehow overlooks the interests of America—their desire to send us hormone-injected beef and chlorinated chicken and to get their hands on part of our precious 70 year-old NHS, as well as Trump’s current imposition of new tariffs on imported steel and cars.

Meanwhile, Europe is exasperated by what it calls a blurred Brexit, with EU politicians, business leaders and regulators watching in dismay as UK Ministers fail to agree coherent negotiating positions among themselves, let alone present them in the Brexit talks. They, along with my noble friend Lord Whitty, are mystified that two years on, the Government are yet to sort out the divorce, let alone our future trading, security, defence and other relationships.

Unlike the noble Lord, Lord Cormack, I have not met any Finns recently, but an exasperated former Scandinavian Minister said that our Prime Minister had,

“reached the point where she is making contradictory commitments, and any semblance of consistency was lost long ago under the weight of these blurred promises”.

This is serious stuff.

We have all read that Jean-Claude Juncker said:

“We cannot go on with a split Cabinet. They have to say what they want and we will respond to that”.

That brings us to the EU Committee’s excellent report—a gold standard, in the words of my noble friend Lord Lea. It is about the only bit of sense coming out of London at the moment and does the Government’s job of setting out the options for the future, stressing that it is a matter of only weeks before the framework for future UK-EU relations has to be finalised, as that is meant to be part of the October political declaration.

The EU Committee report includes a swathe of practical advice, such as, as we have heard, to expect compromise and that even the simplest model for future UK-EU economic relations—i.e. a free trade agreement—will require acceptance of a degree of regulatory alignment. The report also evaluates the potential options for trade and sets out the criteria against which the White Paper should be judged, as spelled out by the noble Lord, Lord Boswell.

The report notes the CBI’s assessment of the potential impact on SMEs of leaving the customs union and that 150,000 businesses export only to the EU, with no ability to create systems able to deal with border controls. It highlights the benefits that the UK gets from being party to 57 trade deals successfully negotiated by the EU, the loss of which would be highly disruptive, but whose continuation is not guaranteed. In my view, the 46 pages of that report should be compulsory reading for the Cabinet before it heads off to Chequers, because that would ensure the influence hoped for by my noble friend Lord Monks.

The Cabinet might also take some other advice, whether from the expert CER or the noble Lord, Lord Bridges, who calls on the Government to commit to remain completely aligned to EU regulations and standards covering goods and agricultural products, together with zero tariffs and trusted trade schemes to deal with rules of origin, which would help minimise friction in trade and help address the Irish border. He also suggests that we should remain convergent on data sharing, recognise legal contracts and professional qualifications and be party to critical EU agencies, where necessary under the jurisdiction of the ECJ. This is a man who has looked at these things, who has been around the capitals of Europe talking to people and has some sense of what will be possible for both us and them.

Meanwhile, the Law Society worries about judicial co-operation, the European arrest warrant and recognition of family judgments and calls for legal services to be included in any EU-UK trading arrangement, and for a dispute resolution and enforcement mechanism. The transport sector worries about flights, lorry parks, passenger rights and compensation. Architects worry whether they can contract abroad. The creative industry worries about free movement for stars, designers, musicians and IP. The tech sector worries about access to talent. The financial sector worries about everything, despite its preparations, mentioned by the noble Lord, Lord Risby, and as stressed by the noble Lord, Lord Teverson—and we all worry about Northern Ireland.

But all of this is worse, of course, because of the lack of foresight, as described by my noble friend Lord Desai. It is no good threatening the EU with no

[BARONESS HAYTER OF KENTISH TOWN]
deal in the face of the Government's own assessment that GDP could decline by 7.7% over 15 years—let alone Airbus's warning, as the noble Baroness, Lady Janke, said, in saying that a no deal would lead to, "severe disruption and interruption of UK production", forcing it, "to reconsider its investments in the UK, and its long-term footprint in the country".

John Lewis's chairman described no deal as "unthinkable", with "grave" consequences. As the noble Lord, Lord Jay, and the earlier report on no deal stressed, the implications for this country of no deal are too serious even to contemplate.

The country is facing a crisis of the Government's own making. Far from the Brexit negotiations being one of the easiest in human history, we have yet to see the White Paper, or the fisheries, agriculture or immigration Bills. Then there are no moves on security, defence and defence systems and the agencies mentioned by the noble Earl, Lord Kinnoull, as well as finding a solution to the Northern Ireland border or clarity over our future customs arrangements with the EU or our relationship with the single market. As my noble friend Lord Soley says, we are in "deep trouble".

Our plea today is for leadership and direction, and we are not alone in asking for that. Matthew Parris speaks for many when he says that, "the office of prime minister is effectively unoccupied".

My question to the Minister is akin to that of my noble friend Lord Soley. When will his Government put the country before his party's internal squabbles?

9.12 pm

The Minister of State, Department for Exiting the European Union (Lord Callanan) (Con): My Lords, it is my great pleasure to respond to tonight's debate on the European Union Committee's report. I am grateful for the opportunity and start by extending my thanks to the noble Lord, Lord Boswell, to all members of the committee for their contributions to the report and to everybody who has spoken in tonight's debate.

I assure noble Lords that a response to the committee is in full preparation, and we expect to be able to publish it over the summer. As I expected, many of the points raised by noble Lords about our future partnership with the EU relate directly to the ongoing negotiations. As such, I hope noble Lords will understand that it will be difficult for me to go into great detail on some of the areas at this stage. Nevertheless, I will endeavour to respond to as many of the points as possible. Noble Lords have raised a wide range of issues this evening; let me start by going through some of those points in greater detail.

On our ambitions for the future relationship, as the Prime Minister has made clear, we want our future relationship with the EU to be a deep and special partnership, taking in both economic and security co-operation. The Prime Minister set out the Government's vision for a future partnership in her Mansion House speech in February, which contained what she referred to as the five foundations that must underpin our trading relationship with the European Union.

First, our agreement should create a deep and broad economic partnership that supports trade and co-operation between the UK and the EU. That should be supported by reciprocal and binding commitments to ensure fair and open competition. The level of integration between the UK and EU markets mean that these reciprocal commitments will be particularly important in ensuring that UK business can compete fairly in EU markets and vice versa. Secondly, we will need a completely independent arbitration mechanism—again, something fairly common to free trade agreements. This will ensure that any disagreements about the purpose or scope of the agreement can be resolved fairly and promptly. Thirdly, given the close relationship that we envisage, we will need an ongoing dialogue with the EU and to ensure that we have the means to consult each other regularly. Fourthly, we will need an arrangement for data protection. The free flow of data is critical for both sides in any modern trading relationship. Fifthly, we must maintain the links between our people. EU citizens are an integral part of the economic, cultural and social fabric of the UK, and UK nationals are viewed in entirely the same way by communities across the EU.

The Prime Minister has also set out, in her Munich speech in March, her vision for a future security partnership with the EU. This would encompass both internal and external security cooperation. On internal security, the Prime Minister has proposed a new UK-EU treaty that would cover practical co-operation on law enforcement and criminal justice matters, including on extradition, co-operation with and through EU agencies and exchange of data. Furthermore, this treaty would need to respect our sovereign legal orders and be dynamic to respond to emerging and future threats to our common security interests. It would also, clearly, need to be supported by comprehensive data protection arrangements.

On external security, we are seeking a partnership that will enable the UK and the EU to combine our efforts where it is in our shared interests. Let me say in response to the noble Lord, Lord Jay, that that future relationship on foreign policy, defence and development is focused on three key areas: regular consultation on global challenges and sanctions; co-ordination on the ground, including through EU mechanisms for defence and development, where appropriate and mutually beneficial; and continuing to develop new capabilities to meet future threats. Underpinning arrangements for the exchange of information and expertise will support this partnership.

For more than half a century, the UK has worked with our European partners to forge our common security, based on the fundamental values we all share. Close co-operation has been, and will continue to be, the most effective response to the common threats that we face. As we leave the European Union, our commitment to the security of Europe is undiminished. We want to continue using our assets, capabilities and global influence in support of our common security interests. Our proposed future security partnership builds on the breadth and depth of our shared interests and values, and must be a partnership that underpins practical collaboration to tackle real-world challenges, both within Europe and beyond.

Let me turn to the negotiations so far. The Government have published a joint statement with the European Commission that sets out the significant progress that we have made in finalising the text of the withdrawal agreement on the majority of the remaining separation issues. While there are still some key questions that remain to be resolved, we have had constructive discussions and our negotiating teams are currently working hard and at pace to ensure these are finalised by October. We remain confident that a deal is in the interests of both sides, so we approach these negotiations anticipating success. We do not want or expect a no-deal outcome. However, as the Leader of the House said earlier today, a responsible Government should prepare for all potential outcomes, including the unlikely scenario in which no mutually satisfactory agreement can be reached, and we are doing that. But I stress that we do not want or expect a no-deal outcome. The most important issue for us now is focusing on negotiating the right future relationship.

Let me address the point made by the noble Baroness, Lady Quin, on the impact on the north-east of England. We are undertaking extensive work to consider the impact on all regions of the UK of all the potential outcomes, and the impact on particular regions will be at the forefront of our minds. We will continue to undertake that analysis and, where it is possible to share it without compromising our negotiating position, of course we will do so.

We have, jointly with the European Commission, published the topics for discussion on the future framework. This incorporates the economic and security partnerships outlined by the Prime Minister as well as the institutional framework that will underpin them and other cross-cutting issues. The joint publication reflects the determination of both sides to achieve a broad partnership that stands the test of time after the UK leaves the EU. It remains our view that it is pragmatic common sense that we should work together to deliver this outcome for both sides. So we are continuing to work hard to have all of this agreed by October. We have been having regular discussions with the EU on the future framework, outlining our positions on a wide range of topics covering the future security partnership and the future economic partnership. We have continued to publish key documents on these topics.

The noble Lord, Lord Boswell, and other noble Lords asked me about the White Paper. The Prime Minister announced that the Government will publish this the week beginning 9 July, and it will set out the UK's position on a future relationship. In response to the noble Lord, Lord Monks, I am not sure exactly how cunning he will find the plan when we publish it, but the Secretary of State for Exiting the EU has said that it will offer,

“detailed, ambitious and precise explanations of our positions”,

and will set out what,

“will change and what will feel different outside the EU”.

This answers the first question asked by the noble Lord, Lord Jay. His second was: will the EU rubbish it? I leave him to reflect on what the reaction to it might be. Following the White Paper, we hope to see

our negotiations accelerate and intensify and, as I said earlier, we remain confident of reaching agreement on the withdrawal agreement and future framework by October.

The noble Baroness, Lady Quin, the noble Lords, Lord Teverson, Lord Jay, Lord Soley, and Lord Whitty, raised the issue of association agreements. Guy Verhofstadt and a number of Members of the European Parliament have also raised this when I have met them. We are considering the merits and drawbacks of such an agreement. It has the merit that the EU understands it; it is an established legal procedure. However, it has some drawbacks: it is not possible to agree things outside it. We are not ruling it out; we are exploring it and looking at whether it might be the appropriate model. In response to the noble Lord, Lord Teverson, I know Guy Verhofstadt well. I used to sit next to him for many happy hours in the EU Parliament's conference of group presidents. He has many virtues but being a trusted intermediary whom we should use is perhaps not one which we should explore on this occasion.

The noble Earl, Lord Kinnoull, and the noble Lord, Lord Whitty, asked me about the UK's membership of different agencies. The Government have said on a number of occasions that we will want to explore membership of some agencies with our EU partners. The Prime Minister mentioned a few of them in her speech. Where there is a demonstrable national interest in pursuing a continued relationship with an agency or other EU body, the Government will carefully examine whether or not we should do so. No final decisions have yet been made on that future relationship with those EU agencies, but where there is one we will happily contribute to the costs. The Prime Minister has said that we accept that there will be a role for the EU's Court of Justice in such circumstances. If noble Lords can contain themselves, there will be some more detail on this in the White Paper.

The noble Lord, Lord Monks, raised the issue of joining the EEA/EFTA and the customs union. Neither the EEA/EFTA countries—Norway, Iceland and Liechtenstein—nor Switzerland are currently, individually or through membership of EFTA, part of the customs union, though they are members of the single market. The customs union has a single external border which sets identical tariffs for trade with the rest of the world. International trade policy is consequently an exclusive competence of the EU, to avoid the creation of different customs rates in different parts of the EU's customs union. To make a political point, we are criticised extensively by the Labour Party. Of course, the Labour Party is now in the somewhat bizarre position of being in favour of a customs union but then, in the House of Commons, voting against the trade agreements that the EU negotiates as part of that customs union, so I do not think that we will take its criticisms too seriously.

Turning to trade and our future customs arrangements with the EU, the Government are working towards a customs solution that will allow us to trade goods and services with the EU as frictionlessly as possible but also free us to strike trade deals around the world and, crucially, avoid a hard border between Northern Ireland and Ireland. As has been reported, the Prime Minister

[LORD CALLANAN] has set up working groups on the two options—the highly streamlined customs arrangement and the new customs partnership—but of course the exact nature and form of the final customs relationship will be subject to negotiation.

The noble Baroness, Lady Quin, raised the issue of free trade agreements, which, as she correctly said, concern tariffs, although it is equally important to discuss non-tariff barriers and regulatory standards. She was essentially correct in the points that she made, but of course these are valuable tools and we should still seek to agree them as far as possible.

The noble Earl, Lord Kinnoull, asked me about equivalence in financial services. The Government have been clear that they want a comprehensive and ambitious deal with the EU. We think that it should cover financial services and protect the role of the City of London as a top global financial centre. That point was also well made by my noble friend Lord Risby. Reaching an agreement will require detailed technical talks but, as an existing EU member state, we will begin those talks from a unique position, having the same regulatory frameworks and standards. As we move from our current relationship to our future partnership, people and businesses in both the UK and the EU will benefit from the implementation period that we have agreed. We want to establish access to each other's markets, based on maintaining the same regulatory outcomes over time with a mechanism that determines proportionate consequences where those outcomes are not maintained. It is important that we take that forward into the future negotiations.

On the subject of Northern Ireland and Ireland, the UK has been clear that we are committed to turning all the commitments made under the joint report into legally binding text. I think that that answers the point made by the noble Lord, Lord Jay. Again, as I am sure noble Lords are aware, there are some aspects of the Commission's proposals which we agree with—particularly the preservation of the common travel area—but the Prime Minister has made clear our position on the other elements of the draft text and has said that we should never accept a border in the Irish Sea. That remains our position, and that is why those parts are marked as not agreed in the withdrawal treaty text. However, we are taking discussions forward with the European Commission and the Government of Ireland to try to resolve this issue.

Turning to the vital subject of security, I welcome the report's conclusions on both internal and external security. I reiterate our unconditional commitment to a close relationship with our European partners to keep all our citizens safe as the UK leaves the EU. I believe that the Government's approach is in alignment with the principles in the report, in that it is practical and legally viable and would maintain and build on the areas of greatest value to our common security. There is now a need to agree with the EU structures to allow this to happen. The Prime Minister made clear in her Munich speech that we must do whatever is most practical and pragmatic to provide security for our citizens and not allow rigid institutional ideology to inhibit our co-operation and jeopardise their security.

My noble friend Lord Risby, in his excellent contribution, talked about the importance of energy security in this context. I agree that that, too, will be an important part of our security partnership. That is why, on internal security, the Prime Minister has proposed a stand-alone UK-EU treaty that would ensure that we continue to co-operate where it is of mutual benefit and would minimise any disruption as we move to the future relationship.

To be fully effective, this treaty should meet three requirements. First, it should be respectful of both UK and EU sovereign legal orders. Secondly, it should include comprehensive data protection arrangements. Thirdly, it should be adaptable in the face of future threats. This new relationship should of course be underpinned by shared rules and agreed safeguards that are strong enough to provide trust and legal certainty for all sides. We believe that our proposal is legally viable, and has precedent in the comprehensive strategic relationships that exist between the EU and other third countries. It would serve our common security interests, while respecting both of our sovereign legal orders. Of course, there will be challenges to be overcome, but it is in all our interests to get this right, and with the ambition and political will on both sides, we are confident that this can be achieved.

On external security, we have proposed a future partnership that offers us the means and choice to combine our efforts where it is in our mutual interests. Our proposals set out a framework of consultation and co-ordination, enabling co-operation on shared priorities, including the ability to scale up in a time of crisis—a point reiterated by the noble Lord, Lord Jay. The UK will pursue an independent foreign policy after leaving the EU, but we will continue to defend our shared security and project our shared values. The partnership that we have set out therefore respects both the decision-making autonomy of the EU and the sovereignty of the UK.

The noble Earl, Lord Kinnoull, also spoke about access to information. There is no legal barrier to the EU agreeing to establish an internal agreement giving a third country access to the Schengen information system. As I have noted, the UK is at a unique starting point, with a strong history of working closely with member states as partners and allies. We make a key contribution to security and justice both in Europe and globally and we will seek an agreement with the EU that recognises the unique position that we hold. The exchange of criminal records between the UK and the EU is key to effective law enforcement co-operation. The Government are exploring options for continued criminal records information exchange between the UK and the EU to ensure that appropriate mechanisms are in place to prevent criminals evading justice. This will be a key part of a future agreement with the EU on internal security. Following a vote in Parliament in December 2015, the UK has now rejoined the Prüm Council decisions. Prüm implementation continues and we expect to start exchanging data through Prüm in the near future.

Agriculture and fisheries were only lightly mentioned, so I will move on.

I agree with much of what my noble friend Lord Cormack said on the subject of the ongoing relationship. He made clear that he voted remain and I have been clear that I voted leave. I, too, have many friends across all European countries, including, incidentally, in Finland. The current Foreign Minister of Finland is a good friend of mine. In fact, he is a great football fan and he texts me regularly during Newcastle matches. He is a fan, bizarrely, of Millwall—the explanation for which would take too long to bother noble Lords with tonight. But my point is that we all have friends across Europe and in different European countries. Of course, many of them regret the democratic decision that we have taken to leave, but we will want to maintain those friendships into the future.

I also agree with my noble friend that it is important that we take on board all opinions—the 52% who voted to leave but also of course the 48% who voted to remain. I do not know whether he made that point to the committee during his evidence, but my friend Daniel Hannan MEP has said on a number of occasions that we need to construct a Brexit that can take all parts of the country with us and accommodate all the different points of view. That would include those who voted remain as well as those who voted to leave.

To conclude, the Government are committed to getting the best possible deal for the United Kingdom in the forthcoming negotiations. We will continue to update Parliament on the negotiations for our departure from the European Union. Again, I reassure noble Lords that we are working to publish our formal response to the committee's report as soon as possible. I am grateful to all noble Lords who contributed to the debate tonight, which was fairly wide ranging and informative. I am sure that the House will continue to play a valuable role in the work of the Government and contribute towards securing a deal that works for everyone, however they voted in the referendum.

9.34 pm

Lord Boswell of Aynho: My Lords, I note that we have more or less worn out the light of the summer evening and I think it would be fair to say that this debate largely speaks for itself. Nevertheless, despite the lateness of the hour, I want to make a brief but not, I hope, perfunctory comment about the contributions of colleagues. They have set out so well from the range of their different experiences the complexity and the

urgency of addressing this problem. In thanking the speakers in the debate, I thank also colleagues from the EU Select Committee who have not spoken but who have contributed massively to the report, and, indeed our sub-committees which fed into our work and thoughts. Last but in no sense the least, I should like to record the dedicated and immensely professional work of our committee staff. Like everyone else, they are facing an unprecedented workload in these circumstances.

The debate has been a worthwhile exercise, and it would indeed be churlish if I did not add the Minister to my encomium, because he has closely attended to the debate. He has—not all Ministers do these days—stayed firmly on message, which is welcome. He has given us some specific information or confirmed the position on the White Paper. I was interested in his rehearsal and formulation of the association agreement and it was also interesting to have such a long and helpful exposé on security matters. We touched on those and no doubt will wish to return to them. But I will stress to the Minister tonight that the ball is very much in his court and that of the Front Bench to report to their colleagues and make sure that they are aware of the depth of feeling in this place, and in particular the urgency that we attach to the issue.

I offer for nothing one piece of domestic political advice to the Government Front Bench, which I can say now as a non-aligned Peer. The supreme test of statecraft, if at the moment you are looking just at the interests of the United Kingdom, is whether we manage to serve our people wherever they live within the United Kingdom and however they voted in the referendum. It is actually doing a job for people and not adopting any particular theories or interpretations of the past.

I will conclude by making the point that this has never been seen as a unilateral report; it is a call to both sides to get together on the negotiations. In terms of a successful negotiation, you need two to make a positive contribution to success. I would just say in conclusion that the time is fast approaching when it is in the interests of both the United Kingdom and the European Union 27 that we get on with the job: simply, action this day. I beg to move.

Motion agreed.

House adjourned at 9.38 pm.

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