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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
Lab Co-op	Labour and Co-operative Party
LD	Liberal Democrat
LD Ind	Liberal Democrat Independent
Non-afl	Non-affiliated
PC	Plaid Cymru
UKIP	UK Independence Party
UUP	Ulster Unionist Party

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House of Lords

Thursday 27 June 2019

11 am

Prayers—read by the Lord Bishop of Chichester.

World Food Programme

Question

11.07 am

Asked by **Baroness Anelay of St Johns**

To ask Her Majesty's Government what support they give to the work of the World Food Programme.

The Minister of State, Department for International Development (Baroness Sugg) (Con): My Lords, DfID is a strong supporter of the World Food Programme, providing over £445 million of funding in 25 countries across the world in 2018. Our contributions support critical, life-saving work in countries such as Yemen, the Democratic Republic of Congo and those of the Sahel. The UK is currently the agency's fourth-largest donor and a member of its executive board. The WFP is one of our main humanitarian partners, with a strong mandate to fight hunger and provide food assistance.

Baroness Anelay of St Johns (Con): My Lords, I welcome the UK's support for the World Food Programme, particularly in Yemen, where it is so dangerous for it to operate. Can my noble friend please give the UK's assessment of the impact of the World Food Programme decision, just last week, to suspend partially its delivery of aid in Yemen because of its misappropriation by Houthi rebels? How can we help to resolve that situation?

Baroness Sugg: My noble friend is quite right to highlight the complexities of delivering aid in Yemen. We are extremely concerned that the WFP has been forced to consider suspending the delivery of life-saving food assistance, in part due to excessive Houthi restrictions on and interference in aid delivery. The Houthis must stop this interference and agree to the WFP's conditions. The WFP has carefully selected where it will initially suspend its support, and the UN is reviewing the impact of the suspension of general food distribution and how different agencies can ensure that those in need of life-saving assistance can receive it.

Lord Collins of Highbury (Lab): My Lords, WFP executive director David Beasley told the Security Council in June that he had been warning authorities since November 2017 about the problems in Yemen—the resistance and the threat to humanitarian workers. Can the Minister tell us a bit more about how we responded to those initial threats and what we will do now to ensure that the humanitarian aid gets to where it is most needed?

Baroness Sugg: The noble Lord is quite right: the executive director has been highlighting this issue for some time. There have been talks with the Houthis about ensuring that aid can be delivered safely and that our humanitarian workers are protected. The UK is playing a leading role in responding to the crisis, through both our humanitarian programmes and, importantly, our

diplomatic influence. Of course, we need to ensure that we achieve a political solution in Yemen.

Baroness Sheehan (LD): My Lords, in evidence to the Foreign Affairs Committee earlier this year the executive director of the World Food Programme, David Beasley, referred to the Sahel region as ripe for mass migration, destabilisation and many other issues. Climate change is a factor and the UN estimates that 80% of the region's farmland has been degraded as a consequence. How does DfID work with the WFP to plan for impending food crises?

Baroness Sugg: The noble Baroness highlights the Sahel. Humanitarian needs remain incredibly high there, with significant spikes due to underlying structural challenges, inadequate access to basic services and cyclical food insecurity. We are working closely with the WFP to ensure that it has the right organisational capacity and programming to meet the different needs of vulnerable people. We provided £248 million in humanitarian assistance to the Sahel and Cameroon from 2015 to 2019, which supported more than 2 million people.

The Earl of Sandwich (CB): The noble Baroness knows that a similar crisis exists in South Sudan, a country that is only seven years old. Seven million people face malnutrition and starvation, with 4 million displaced in other countries. As always in such a situation, the real problem is access. Can the Minister specifically encourage the World Food Programme to make more effort to get to those areas other agencies cannot reach?

Baroness Sugg: The South Sudanese people are facing appalling suffering in our youngest nation. We are working closely with the WFP to ensure that it is able to improve access. It has made good progress in the effectiveness of its aid, adapting to the changing and challenging environment. We funded biometric registration last year, which has led to a reduction in operational costs. We are also looking at how we can better deliver food using the waterways rather than air transport to reach the people who need it.

Baroness Couttie (Con): My Lords, tragically, the Democratic Republic of the Congo is suffering from an Ebola outbreak as well as severe food insecurity. Can my noble friend tell the House exactly how DfID is working with the World Food Programme to reach the DRC and ease the situation there?

Baroness Sugg: My noble friend is right to point out the difficult situation in the DRC. It is a complex challenge, with much conflict, densely populated areas and difficulty in gaining community trust. We are a major donor to the Ebola response and a leading donor to the regional preparedness. On food insecurity, in particular, which is worsening, the WFP is the only actor with the capacity to respond on the scale needed. We have provided more than £35 million to the WFP since December 2017 and that is expected to assist approximately 800,000 people. The WFP is a strong

[BARONESS SUGG]

partner in our work in the DRC. It is able to deliver at scale and is good value for money, getting food to the people who desperately need it.

Lord Lea of Crondall (Lab): My Lords, the key arterial road for the biggest area of population density in Yemen is the Hodeidah to Sanaa road. Would it be useful if the Government produced a note on specifically how food distribution interacts with the ceasefire talks? Is this not a special feature that could be identified to find a solution to the wider problem—if there was an agreement on how the food can be delivered along that road?

Baroness Sugg: The noble Lord is right to point out the importance of both Hodeidah and Salif ports in allowing the onward supply of aid. The impact of violence around Hodeidah on commercial and humanitarian access is one of the main reasons the UN is warning of the growing risk of further food insecurity in Yemen. There can be no return to military operations in Hodeidah. Any renewed military push would be catastrophic for Yemen, potentially pushing millions towards famine. I am happy to write to the noble Lord with further information on how aid is distributed.

Viscount Waverley (CB): My Lords, is DfID using modern technologies, such as blockchain and smart contracts, to, in effect, cut out all the middle people in the process and enable funds to get, say, from her agency directly to farmers all around the world?

Baroness Sugg: We are investing in innovation to ensure that our programmes and those of the WFP are as effective as possible. The noble Viscount mentioned agriculture, which is an area we are working in. There is the Farm to Market Alliance, an initiative that allows smallholders to use digital apps to produce and sell their crops. We are working with the WFP to develop that.

Higher Education Institutions: Spending Question

11.15 am

Asked by **Lord Blunkett**

To ask Her Majesty's Government what is their estimate of the likely reduction in spend by higher education institutions in England on student teaching and contact time were the recommendations of the independent panel report to the Review into Post-18 Education and Funding implemented.

Lord Blunkett (Lab): I beg leave to ask the Question standing in my name on the Order Paper and in so doing draw attention to my interests as set out in the register.

Viscount Younger of Leckie (Con): The independent panel chaired by Philip Augar has published its report to government as part of the review of post-18 education and funding. It forms an important step in the overall government review, but it does not constitute government

policy. It is a comprehensive report with detailed analysis and no fewer than 53 recommendations. The Government will continue to engage with stakeholders, consider the independent panel's recommendations carefully and conclude at the spending review.

Lord Blunkett: My Lords, given the 8% real-terms reduction inherent in the current fee to 2022, and given that even Boris Johnson has not promised more money for further and higher education, will the Minister make representations to colleagues, both present and future, to recognise the real damage that would result from a further 20% cut in funding for teaching and student contact, and that the value of higher education is derived not from the salary level a student receives immediately on graduation but from the liberation of talent and creativity which we will need for the future?

Viscount Younger of Leckie: As I say, the Government are considering the panel's recommendations. There is no doubt that the impact of provider funding as a whole, including tuition fees and grant funding, is an important consideration. We will work with the OfS to make sure that overall funding supports teaching costs, access and successful participation for disadvantaged students and maintains the world-leading reputation of UK higher education. Overall, we are committed to ensuring that funding reflects a sustainable model that supports the skills needs of the country.

Lord Patel (CB): My Lords, one of the key recommendations of the Augar review is that the shortfall created by a reduction in fees is filled by a direct teaching grant from government. How will the teaching grant be distributed?

Viscount Younger of Leckie: That is certainly being discussed by the Government and various stakeholders, particularly the OfS. It is worth pointing out that teaching and research represents 49.2% of total higher education institute spending, which totals £31.3 billion. The teaching grant to which the noble Lord referred represents £1.4 billion in funding in 2018-19.

Lord Forsyth of Drumlean (Con): My Lords, can my noble friend confirm that the independence of the Augar review was compromised by the Treasury insisting that none of its recommendations should result in increased public expenditure?

Viscount Younger of Leckie: I certainly cannot confirm that; it is the first I have heard of it. After this Question I will follow the issue up with my noble friend and find out where he got that information.

Baroness Garden of Frognal (LD): My Lords, what assurances can the Minister give that universities will still be able to fund the expensive programmes—science, technology, engineering, medicine and so on—as well as the minority programmes, such as less than mainstream languages, which are still vital, if funding from tuition fees is drastically reduced?

Viscount Younger of Leckie: That, again, is a question for the Government to consider on the back of the 53 recommendations. Part of that consideration is

looking at value for money and making sure that courses are right for students, that the student experience is right and that the contact time, which was alluded to in the Question asked by the noble Lord, Lord Blunkett, is right for the course and the student.

Lord Bassam of Brighton (Lab): My Lords, the Minister will know that from next year universities will be awarded gold, silver or bronze status for the quality of teaching at degree level. Student satisfaction surveys show a strong correlation between satisfaction and contact hours. Can the Minister confirm whether the plan to take into account the number of hours of teaching students get and the size of classes has been abandoned by the Office for Students? It does not appear in the TEF. The Augar review places a disproportionate emphasis on graduate salaries, as my noble friend Lord Blunkett said, as a proxy for the value of studying. Does the Minister agree that for many, particularly those studying humanities, the lack of contact hours fails to represent good value for money?

Viscount Younger of Leckie: Contact hours are an important part of the assessment of universities, and it obviously depends on the course. We leave it to universities to decide, on the basis of the courses, how many contact hours are required. Obviously, for medicine the number of hours is much greater. Dame Shirley Pearce is leading a statutory independent review of the TEF that is considering all aspects of its operation. She has conducted a call for views and is due to submit her report and recommendations to the Secretary of State this summer.

The Lord Bishop of Chichester: My Lords, any reduction in higher education funding is likely to have a particular impact not merely on teaching and student contact time but on the very future of smaller institutions, such as the Cathedrals Group universities. Does the Minister agree that, as the Government consider reforms, they need to take into account, first, the effect of those reforms on the diversity of the sector and, secondly, their impact on particular localities? Chichester, for example, is the only university in West Sussex. A threat to its funding would seriously damage its contribution to the regeneration of the disadvantaged coastal areas that it serves.

Viscount Younger of Leckie: The right reverend Prelate is right, in that we want to reach out to all areas of the country, including Chichester, and both small and big providers. The Augar report comes, of course, on the back of the Higher Education and Research Act, through which we seek to encourage high-quality provision and greater competition, to ensure that students and the taxpayer receive value for money and that students receive a good experience from the courses they undertake.

Lord Broers (CB): My Lords, the Augar report is balanced from the point of view of funding. Can the Minister reassure us that, should the Government—whichever Government it is—decide to go ahead with this Bill, they will take a balanced view and not cherry pick the cuts in funding rather than increases in funding? If you cut teaching funding any more, even in a place such as Cambridge, where at present it is not used to fund

research, it will be transferred. It will damage research as well as teaching, and it will damage the reputation of our leading universities and their ability to attract direct foreign funding, as well as their general reputation in joining in collaboration. I want the Minister's reassurance that this matter will be looked at in a balanced way so that we do not damage both teaching and research.

Viscount Younger of Leckie: The noble Lord is absolutely right. I listen particularly carefully to him, given his experience of Cambridge. It is very important to say that the UK enjoys a world-class reputation, with globally renowned teaching and cutting-edge research and innovation. We do not want to put that in jeopardy.

Northern Ireland: Trauma Victims *Question*

11.23 am

Asked by Lord Hain

To ask Her Majesty's Government what proposals they have to grant a pension to the severely injured victims of the Northern Ireland conflict represented by the WAVE Trauma Centre.

The Parliamentary Under-Secretary of State, Northern Ireland Office and Scotland Office (Lord Duncan of Springbank) (Con): This is an important issue, which the UK Government take very seriously. That is why the Secretary of State requested updated and comprehensive advice from the victims' commissioner, which we have recently received. The completion of that advice represents an important step in taking forward a pension for victims of the Troubles. The Northern Ireland Office is undertaking detailed work on the next steps, with factual input and support from the NICS.

Lord Hain (Lab): My Lords, I thank the Minister for his personal commitment to the several hundred people who, through absolutely no fault of their own, were so catastrophically damaged by Northern Ireland terrorist attacks and who, for a modest outlay, will have their lives transformed by being granted a weekly pension of £150. As he knows, there is cross-party support for an enabling Bill to go through this House in one day, like other Northern Ireland legislation. Will the Government promise to find time for this before the recess? After all, we are not exactly snowed under with Bills at the moment. He has met the severely injured—some, double amputees. For nearly 10 years they have dragged themselves to Stormont, when it was functioning, to argue their case but to no avail. Will the Government now act quickly to legislate to remedy this appalling injustice?

Lord Duncan of Springbank: The noble Lord has been a passionate advocate on behalf of those who have suffered in the Troubles. I had an extraordinary experience in meeting some of the victims. The victims' commissioner has given his advice; it raises a number of issues that we must work our way through as quickly and expeditiously as we can to make sure the legislation produced is right for the time. We are going through this now. The noble Lord knows that we are

[LORD DUNCAN OF SPRINGBANK]
exploring every possible way to make sure we get this right. I cannot at this point give the commitment he would like, but I can assure him that there is no doubt in my mind that the Government remain utterly committed to delivering on this important issue.

Lord Cormack (Con): As one of those who has met with my noble friend the Minister, I add my tributes for his hard work. Does he accept, however, that many of those who should have benefited have already died? Others will die in the course of this year. Speed really is of the essence. It will be important to get something through, if not by the end of July, certainly in the September sitting.

Lord Duncan of Springbank: My noble friend makes an important point. He reminds us again that one of the issues drawn to our attention by the victims' commissioner is how pension rights should be transferred in the sad situation where a victim has passed on. We must get that right as well, to ensure satisfaction for all affected—not only the victims but victims' families. We will do all we can to move this matter forward.

Lord Bruce of Bennachie (LD): My Lords, the noble Lord, Lord Hain, is to be commended for his tenacity on this issue. He is obviously well versed in it, and the Minister has always been sympathetic. Time is extremely precious, however, and these people do not have time. Does he understand that for many people, however courteous his answers, they sound like a long drawn-out bureaucratic delay on an issue that has been around for years? There is cross-party support for this, it is affordable and there really is no reason for delay. It requires the Government to do something soon—something real—to benefit these people.

Lord Duncan of Springbank: Urgency is important but so is getting this right. The noble Lord is right to draw to our attention how long this has gone on—far too long. I am under no illusion about that but the reality remains that the victims' commissioner has presented to us issues that must be resolved, not least to ensure that all benefit from this moving forward. We can make progress and will do so as quickly as possible. Please do not believe that this is in some way an attempt to kick this into the long grass or anything like that. We need to make progress, and we need to make it now.

Lord McCrea of Magherafelt and Cookstown (DUP): My Lords, I am sure the Minister is aware of the long-standing campaign for justice and compensation by victims of Libyan-sponsored IRA terrorism in Northern Ireland and across the United Kingdom. It has now been confirmed that £17 million in tax has been recovered by the Government on frozen assets in the past three years. Will the Minister ensure that the money is used to help the innocent victims of IRA terrorism and permit them to obtain some of the compensation they so rightly deserve?

Lord Duncan of Springbank: The noble Lord brings to our attention something quite shocking to contemplate. It is important that the Government recognise that we should do something about this. I shall inquire further

into how we will progress it and report back to the noble Lord and to the House as a whole.

Baroness Smith of Basildon (Lab): My Lords, I thank the Minister for his very sympathetic response, but it does not yet do the job. I understand his point; like him, I am a former Victims Minister in Northern Ireland and met many of those who have day-to-day problems in coping with life. This would make a difference and offer recognition for the suffering they have experienced. If the issues raised by the commissioner are relatively minor—transfer of benefits from those who have already died while waiting for a pension is a relatively minor issue, which could be resolved in a Committee—will the Minister agree to urgent talks across the House to see how we can resolve these issues? There is determination on all sides, which I accept the Minister shares, to move this along as quickly as possible. It is all very well saying that it is urgent, but this has been going on for some time.

Lord Duncan of Springbank: The noble Baroness raises an important point. We have begun those cross-party discussions already; the noble Lord, Lord Hain, has been instrumental in bringing together a number of individuals from across the House. The minor issues can be resolved in a very straightforward way, but some are not quite as minor as we would like and will need a bit of time to get right. I hope we can make serious progress and deliver for the victims; that is the important thing not to lose sight of.

Baroness Altmann (Con): My Lords, I add my thanks to the noble Lord, Lord Hain, for his tireless work on this, and to my noble friend the Minister for his clear interest and the time he has put into trying to move this forward. However, if one of the delays relates to payments to the families of those who have passed away, would it not be possible to separate the issues by bringing forward legislation that will reach the people who are still alive and dealing later with the separate issue of transferring payments from those sadly no longer with us, so that we can respond to the sense of urgency and support that we feel around the House?

Lord Duncan of Springbank: My noble friend raises an important point, but if we begin to try to parse the individuals themselves into different categories we will ultimately slow down the entire process. We are close to identifying each of the issues that will be resolved, and I believe we can make progress on that. To try to cleave off different groups at this stage would be a mistake. The important thing now is to deliver a comprehensive package. I believe we can do that, but we must do it correctly.

Jamal Khashoggi: United Nations Report *Question*

11.30 am

Asked by Baroness Kennedy of The Shaws

To ask Her Majesty's Government what assessment they have made of the report by the United Nations special rapporteur on extrajudicial, summary or arbitrary executions *Investigation into the unlawful death of Mr Jamal Khashoggi*, published on 19 June;

and whether, in the light of that report, they will call on the United Nations to institute a full, high-level judicial inquiry into such crimes.

Baroness Goldie (Con): My Lords, as the Foreign Secretary has said, the Government condemned Jamal Khashoggi's killing in the strongest possible terms. The United Kingdom reiterated that at the United Nations Human Rights Council yesterday, and we thank the special rapporteur for her work on the report. The Government remain clear that anyone found responsible following a credible and transparent judicial process must be held to account. We are concerned about reported restrictions regarding the investigative process. We continue to work with our partners on how we can act collaboratively.

Baroness Kennedy of The Shaws (Lab): My Lords, I was the legal adviser to the rapporteur and travelled with her to Turkey with a forensic pathologist and a very senior retired police officer. We met senior ministers—the Foreign Minister and the Minister of Justice—the chief prosecutor, the investigators and the head of intelligence. We were allowed to listen to the tape of the killing of Mr Khashoggi. We heard intercept telephone calls on tape showing that this was not some rogue operation but was planned by people who were agents of the Saudi state.

The case raises serious issues about the rule of law, for which Britain is recognised around the world. I am asking whether it is enough for us to await the outcome of a trial in Saudi Arabia. Should we not be pressing the UN Secretary-General to initiate a formal judicial inquiry? A prima facie case has been well established. The body is still missing and we know nothing about that. I met Mr Khashoggi's fiancée last week and she is still unresolved about this whole matter. We have questions to ask about the nature of the trial and whether it conforms to due process.

Is the Foreign Office taking the stand that it should be about the rule of law and demanding that some kind of formal inquiry be set up at a judicial level by the UN and, if not, that there should be a coming together of nations around the world that care about the rule of law, given the fact that we have seen this happening in Salisbury at the hands of Russia, in North Korea and so on? We really have to assert the importance of due process.

Baroness Goldie: I thank the noble Baroness for her question. I pay tribute to her role in the special rapporteur's investigation. She is right that this country is associated with the robustness of the rule of law and with a widely—indeed, globally—acknowledged judiciary. However, the important point here is that, whatever the noble Baroness may feel about the shortcomings of the process, there is a legal process in Saudi Arabia, and it is the United Kingdom's judgment that it is correct to let that process run its course. We are observing the trial along with our international partners. It is important to let that process conclude. As I said earlier, we continue to work with our global partners, not least with our friends at the United Nations, and we will consider how we can act collaboratively. The noble Baroness is correct that the report raises a range of serious issues but there is a process that has to be respected and allowed to run its course.

Lord Howell of Guildford (Con): My Lords, the noble Baroness, Lady Kennedy, has clearly done a very good job in this investigation along with her two colleagues, as one would expect. Can we be assured, in view of the established close links that we in this country have with Riyadh, that we are pressing the Saudi authorities to be as open, frank and co-operative as possible in any further judicial inquiry, not least in their own interests?

Baroness Goldie: I thank my noble friend. As has been observed before in this Chamber, we have a balanced relationship with Saudi Arabia that allows us to be frank and open with it about our concerns and issues it needs to address. As I said to the noble Baroness, it is important that we respect the trial process taking place in Saudi Arabia, but nothing in our relationship with Saudi Arabia inhibits or stifles us in expressing profound concerns when we have them.

Lord Singh of Wimbledon (CB): My Lords, by any measure Saudi Arabia is one of the most intolerant countries in the world. We have just heard about the brutal murder of Jamal Khashoggi. There are summary beheadings, and public floggings of women who are simply trying to assert their rights, and this goes on and on. There is absolutely no freedom of religion or belief. Does our country not taint itself by cosyng up to Saudi Arabia simply because of the sale of arms and oil?

Baroness Goldie: The noble Lord rightly identifies a series of profound concerns, which we all share. He will be aware that Saudi Arabia remains a Foreign & Commonwealth Office human rights priority country, not least because of the use of the death penalty, women's rights issues, and restrictions on freedom of expression, assembly and religion or belief. We regularly raise these human rights concerns with the Saudi Arabian authorities through a range of ministerial and diplomatic channels of communication, including our ambassador.

Baroness Smith of Newnham (LD): My Lords, the Minister has indicated the problems with dealing with Saudi, yet the Foreign Office frequently talks about Saudi as being an ally, and we have arms sales to Saudi. The special rapporteur suggested that all member states should consider imposing an immediate moratorium on the export, sale, transfer, use or servicing of privately developed surveillance tools to Saudi and other states until a human rights-compliant safeguards regime is in place. Can the Minister reassure us that the United Kingdom is not selling any such surveillance tools to Saudi? If she cannot answer now, will she write to me?

Baroness Goldie: This issue has been covered extensively in this Chamber in the course of this week, not least in relation to arms sales and the recent judicial review finding. As the noble Baroness will be aware, the Government are disappointed by the court's conclusion and are appealing the decision. What I can say to her is that, in the meantime, we are not granting any further licences for Saudi Arabia or coalition partners.

Business of the House

Timing of Debates

11.37 am

Moved by **Baroness Evans of Bowes Park**

That the debates on the Motions in the names of Lord Paddick and Baroness Janke set down for today shall each be limited to 2½ hours.

Motion agreed.

Knife Crime

Motion to Take Note

11.38 am

Moved by **Lord Paddick**

That this House takes note of the impact of government policy on knife crime.

Lord Paddick (LD): My Lords, according to the BBC this morning, a teenager has been stabbed to death in west London. Knife crime is increasing at an alarming rate, having reached its highest rate in eight years in 2017–18. Every death is a tragedy, and too many of our young people are losing their lives. However, the parents, friends and relatives of those killed want not just our sympathy but to do something about this. I propose a five-point public health approach to knife crime, only one point of which involves more resources for the police. This should be primarily about addressing the causes, not the symptoms, of knife crime.

The picture of knife crime is complex. First, there are those who rely on violence. Drug dealing, because it is an illegal activity, cannot be legally regulated. It can be fatal in a direct way, because there is little or no quality control—no information about purity or potency, and no restrictions on who can buy drugs or in what quantity. But it is unregulated in another way—deals are enforced and competition is challenged using violence, because there is no legal means of doing so. Whether to ensure that your stash of illegal drugs is not stolen or that the buyer pays, or to defend your turf, knives are used to regulate. This trade is spilling out from our big cities into the countryside and seaside towns through county lines. Vulnerable young people are being exploited, being sent to live in appalling conditions to sell drugs hundreds of miles from home under the threat of being stabbed by their own and rival gang members.

However, many in the black community feel that the drugs element of knife crime is overplayed, even racist. All the drug dealers I have met have been white. Use of knives among criminal gangs is as likely to be about so-called respect: respect for senior members of the gang, who stab junior members who step out of line, and respect for a gang's territory and standing by threatening or stabbing members of rival gangs. It is not just me saying this, but the College of Policing's evidence-based report on knife crime.

Connected to gang rivalry are the violent lyrics of drill music and violent YouTube videos. Some say they are legitimate artistic expressions of lived experience, reflecting the violent environment in which they live.

Others say they encourage, incite and drive violence, as the competition to be the gang with the greatest number of hits or views on the internet rises in proportion to how shocking the violence contained within them is.

At the same time as the criminal gang culture has grown, the visible presence of authority on the streets has diminished. Community police officers and, more importantly, police community support officer numbers have been decimated. There has been a 19% real-terms reduction in total funding from central and local government to police and crime commissioners from 2010-11 compared with 2018-19. Central government funding for commissioners has fallen 30% in real terms since 2010-11. Since the peak of 31 March 2009, police officer numbers have fallen by 21,365—over 14%—as of 31 March 2018. Police community support officers, the bridge between the police and communities, has fallen by 7,127—a reduction of over 42%.

I am a member of the All-Party Group on Knife Crime, ably led by Sarah Jones MP. We have heard from young people involved in knife crime about the impact of these cuts and the impact they have had on them. One told us that she used to feel safe when she saw safer neighbourhood teams, who worked out of her local police station. The safer neighbourhood teams—one sergeant, two constables and three PCSOs in every ward in London—now consist of two officers per ward, provided that they are not on their day off, on holiday, off sick, or on maternity or paternity leave. There is no backfilling. That same young woman described her term in Holloway prison as the best time of her life. Detention is no deterrent and knife crime prevention orders work against a public health approach, potentially criminalising more and more young people.

The second group of knife carriers are those young people who believe that they need to carry a knife to protect themselves from those who rely on violence because they see no visible uniformed presence on the streets. Even if the police were there, many believe they are not there to protect them. Many in the black community still feel they are overpoliced and underprotected—that the police are there only to stop and search them or arrest them, even when they are innocent. Blanket Section 60 operations simply add to that perception. Community policing is not just a visible deterrent to criminals and a reassurance to victims; it enables community intelligence more accurately to target stop and search on those who the community know are knife carriers—policing carried out with the community, not done to a community.

Some noble Lords, including the Minister, might say that they do not recognise the scenario I am describing, and it is easy to ignore the reality when the violence is largely contained within these communities, rarely spilling out to disturb the likes of you or me. However, I have talked to young people who live in these areas, I have worked in these areas, I still live in one of these areas and I recognise what young people are describing.

What makes young people join gangs? At an individual level, many of them are suffering from adverse childhood experiences: domestic violence; abandonment through divorce or separation; a parent with a mental health condition; being the victim of physical or sexual abuse

or neglect, either physical or emotional; where a member of the household is in prison; or growing up in a household where adults are experiencing alcohol or drug-misuse problems. Many have grown up in a situation where violence is seen as the normal way to resolve problems, where bullying and misogyny are normalised and where involving outside help is alien. When members of the APPG visited the only young offender institution in Scotland, without exception the inmates had experienced multiple ACEs.

Scotland invests in young offenders. There, they are counselled about their adverse experiences. A resident police officer explains that the police are there as much to protect them as to lock them up. A woman's refuge worker explains what normal families and healthy relationships look like.

Some of this emotional neglect—not being made to feel loved, wanted and belonging—is not the fault of hard-working parents, some of whom must do multiple jobs working 16 hours a day six or seven days a week to pay the rent and put food on the table. They simply do not have the time or energy to do what they want to do for their children, to do what their children need and want from their parents.

Many children do not belong to a school community either. Whether it is a rigid traditional education that fails to engage all pupils, or whether ACEs result in disruptive behaviour, many find themselves officially excluded from school or informally off-rolled. School performance targets result in schools taking the easy option of jettisoning so-called difficult pupils. On the APPG's visit to Glasgow, we learned that the number of pupils excluded from school in the city was less than the fingers on one hand. In the London Borough of Croydon, more than 1,500 pupils have been excluded from school in recent years, and that is just in one London borough.

I suggest five priorities for government action. First, we need to tackle in-work poverty by mandating the real living wage and providing parents with the support that they need in order to provide for their children, through such things as children's centres and Sure Start. Councils have suffered a 77% decrease in government funding between 2015-16 and 2019-20.

Secondly, we need to provide safe and healthy alternatives to criminal gangs by properly funding youth services, outreach workers and the kind of modern youth clubs that really engage young people. Charities and sports clubs need to have long-term core funding—which local authorities used to provide—and churches, mosques, synagogues, gurdwaras, temples and others that provide somewhere safe for young people to go should be acknowledged, supported and encouraged.

Thirdly, we need to heal the damage caused by adverse childhood experiences, investing in children's mental health and intervening in teachable moments, such as Redthread's work in emergency departments with the victims of knife crime.

Fourthly, we need to provide truly inclusive education, where no pupil is left behind. Compulsory sex and relationship education for all pupils without exception needs to include teaching the violent, exploitative realities of criminal gang membership, like the excellent work done by the charity of which I am patron, GAV.

Finally, we need to create an environment in which communities and the police can unite against knife crime by restoring community policing.

The situation is far more complex than I have been able to outline in the time available. I hope noble Lords will add to my necessarily limited opening to this important debate. I must emphasise that this is not a Liberal Democrat plan; it is the result of my membership of the All-Party Parliamentary Group on Knife Crime, under the excellent leadership of Sarah Jones MP. If noble Lords have had the chance to look at the Barnardo's briefing which they will have been sent in relation to this debate, they will recognise a lot of what I have said in my opening.

As I previously mentioned, the evidence-based briefing of the College of Policing talks about heavy-handed stop and search resulting in it being less likely for communities to come forward with the vital intelligence that police forces need. Even though there is no direct proportionality between crime reduction and the number of police officers, once you get below a particular level of policing criminals feel that they can act with impunity and victims of crime feel that they have no choice but to defend themselves.

One of the most disheartening responses this morning on Twitter to the plan which I have just outlined to your Lordships was, "And who is going to pay for this?". The people who are paying for this now are the victims who are dying on our streets, and the families and relatives of those who are dying. If we do not do something about this, those families and young people will continue to pay for our inaction.

11.50 am

Lord Wasserman (Con): My Lords, I commend the noble Lord, Lord Paddick, for seeking a debate on this very timely subject and for his wide-ranging and comprehensive introduction to it. I also commend him for the piece he wrote on this subject for the latest issue of the *House* magazine. In his article, which I am sure many noble Lords have read, he describes the complexity of the knife-crime phenomenon and discusses its underlying causes and its potential solutions. The solutions he mentions in his article, and has just mentioned in his speech, are not the kind of things one would normally associate with someone who spent most of his professional life as a police officer on the streets of London. But they are the kind of things required to solve complex social problems such as violent youth crime, which results from an amalgam of, among other things, poverty, inequality, poor schooling, unemployment, social alienation and racial prejudice. There are no quick fixes in this world and I commend the noble Lord, Lord Paddick, for making this abundantly clear.

I also commend the Government for taking a similarly broad and longer-term approach to this problem. As my noble friend Lady Barran said in answer to an Oral Question about youth violence last Thursday morning:

"The Government are taking steps to address all aspects of youth violence, from prevention to enforcement. Diverting young people away from crime is at the heart of our approach, which is why we are investing more than £220 million in early intervention schemes to steer children and young people away from serious violence".—[*Official Report*, 20/6/19; col. 842.]

[LORD WASSERMAN]

How refreshing to hear a Minister discuss a complex social problem without either minimising its significance or promising to deal with it almost instantaneously, without giving any indication of how this is to be achieved.

Having said this, I do not believe that we are condemned to live with blood-stained streets for decades until these longer-term solutions finally work. Although tackling the underlying causes of social violence will take time and money, on the basis of my own experience of working in the New York and Philadelphia police departments from 1996 to 2004, I would say that the level of violent crime on our streets can be significantly reduced in the short term by proactive policing based on good intelligence, adequate resources, a well-developed strategy and effective tactics and leadership.

We do not have to look overseas for examples of successful policing operations. The recent success of our own Metropolitan Police in tackling moped crime is an excellent example of how effective policing can eliminate, within weeks, problems that have reduced whole communities to an abject fear of public spaces. That is why what is required to tackle our present knife crisis is a two-pronged approach: a longer-term strategy focused on underlying social problems of the kind that the noble Lord, Lord Paddick, mentioned, as well as short-term tactical action based on high-quality, proactive and innovative local policing using good information and good technology.

I say “local” policing because I believe that violent crime on our streets is most effectively tackled by local police forces acting with the support of their local communities. There are two main reasons for this. First, street crime is basically a local problem. Although it is now widespread, it does not affect every city or town to the same extent. Even within a single county, there are major differences between one part and another. As Matthew Ellis, PCC of Staffordshire, said in a press release only yesterday—announcing new measures against knife crime—although some places in Staffordshire have an issue with knife crime, most places in the county do not.

Secondly, effective policing depends critically on community co-operation. Even American police chiefs, whose approach to policing is often derided in this country as overly aggressive, recognise that community support is the foundation of community safety. For example, Bill Bratton, who dramatically reduced crime as chief of police in both New York and Los Angeles, writing in a national UK newspaper about knife crime in London, said that it is not a matter of simply putting more cops on the streets—although he called for more cops on the streets—it is a question of what they are doing on the streets. I quote:

“You don’t want them just being seen, enforcing all the rules and regulations, you want them interacting with the community. [They] need to be developing a relationship with the community that allows ... an intimacy of understanding”.

It is only when such an understanding with the community has been established that police operations such as stop and search can be effective. Without this understanding and rapport, police officers carrying out this basic policing operation are often seen as an occupying army. That is why I urge the Government to

adopt this two-pronged approach to knife crime: a combination of national policies, programmes, resources and leadership aimed at tackling the underlying complex social issues that lie at the heart of the problem; and local policies, programmes, resources and leadership aimed at tackling the immediate problems on our streets.

The good news is that our local police and crime commissioners and their forces are more than able to rise to this challenge, not only in tactical policing operations but with imaginative social programmes involving local schools and doctors. I wish I had time to tell noble Lords about some of these programmes, such as those developed in Norfolk by PCC Lorne Green, in Bedfordshire by PCC Kathryn Holloway and in Staffordshire by PCC Matthew Ellis.

I believe that knife crime is best tackled by our national and local institutions working together. I feel strongly about this, because I fear that a new Prime Minister, whoever he may be, will wish to demonstrate the smack of firm government by taking personal control of the fight against knife crime and directing it from No. 10—which I call the Tony Blair approach to fighting crime. I do not for a moment oppose all interest in this issue from the centre. Indeed, more funding from Whitehall is always welcome and useful, provided of course it is distributed to those programmes and forces that have most need for it. What I fear is operational direction from Whitehall, which is almost always counterproductive. It is aimed primarily at attracting national headlines rather than solving local problems. Our present arrangements for ensuring local community safety are more than fit for the purpose of tackling the problems of knife crime effectively and sensitively. There is no need to develop new arrangements for this job. Let us simply provide those who are doing the job with the support they need to do it.

11.58 am

Lord Browne of Ladyton (Lab): My Lords, I am pleased to follow the noble Lord, Lord Wasserman, and would be happy just to adopt his speech. He clearly has significant knowledge of policing. The part of his speech that I really want to own is his commendation of the noble Lord, Lord Paddick, for securing this debate and for the way in which he introduced it. Clearly, I follow two speakers who have significant knowledge of policing, and I do not intend to compete with that. We find ourselves in a debate where there will be violence—but it will be violent agreement with each other.

However, I feel qualified to contribute to this debate because, before I was elected to Parliament, I spent about 25 years practising law in the west of Scotland. In that 25 years, I was in courts at every level and every single day I was confronted by the tip of the iceberg of the violence in the society of which I was a member. All across Scotland, the level of violence was horrific. In the court I most practised in, I saw the same names coming up generation after generation, behaving in exactly the same way and producing the same damage to their own families and to others. There was a general sense of resignation that that was just the norm—a combination of things that nobody would ever be able to shift.

When I became the Member of Parliament for Kilmarnock and Loudoun, for a period that did not change. But then a police officer called Carnochan came on the scene, who was appointed to a position that most people who do not know about policing would recognise as essentially the Taggart of Scotland. He was in charge of Strathclyde Police's murder squad. He transformed the way in which, even after a quarter of a century of knowledge of it, I looked at the issue of violence. It was a remarkable event for me when I met him and Karyn McCluskey, who worked with him and who started what is now referred to as the Violence Reduction Unit but then had another, more sophisticated name—but that does not really matter. He told me an interesting anecdote. He said that Strathclyde Police's clear-up rate for homicides was extraordinarily high—well above 90%. They were in great demand across the world as people wanted to know how they could clear up these crimes so well when many other places had terrible challenges. He told me that, as he was about to mount a podium—I cannot remember exactly where it was—he had a road-to-Damascus moment. He thought, “Why should I be so proud of clearing up murders? I should really be preventing them from happening”. From his knowledge, he had an instinctive sense of why such violence was happening and set about, with the permission and instruction of the chief constable in Strathclyde at the time, who was a man called Rae, to concentrate on it. Within five years of setting up the unit and implementing what has become known as a public health approach, he and others had halved the level of violence in the community that they served as police officers. It was a stunning statistic.

In preparation for this debate, I came across an interview that John Carnochan gave recently—he has been very busy with visitors from London and the south as he explains to people, including the Mayor of London and others, how he did this. I commend the interview to everybody. It was published on 10 May 2018 in the *Inside Politics* section of the online version of *Holyrood* magazine. It was an extensive interview in which he explained his achievements in the current context. There was a sentence in it which was compelling. He said that when people came first of all, he thought they were looking for a magic bullet and there was none—if they were to reduce the level of violence, a complicated approach would have to be taken. They were shocked by the fact that the level of violence in Scotland is still appalling, but the point he was making was that it had been halved in a relatively short period and there was still much more work to be done. In no sense was this man complacent.

I shall quote one sentence that is crucial and is the lesson that we should all take away—it is not nearly a sophisticated approach, but it is a very strong truth. He said:

“I said to them, you need to get past the crime figures. Stop talking about knife crime and talk about violence, and try to understand the patterns”.

He then goes on to explain what he means by that—noble Lords can read it for themselves. He pushes back against those who suggest that such phraseology diverts attention from victims and the consequences of crime, because it does not. He said that he would never give up on these issues—aspects that the noble Lords,

Lord Paddick and Lord Wasserman, identified—which are important to individual communities and their safety. But the most important thing is to learn from that. Having grown up in this environment, I cannot imagine a more difficult one in which to try and shift the pattern of violence. Despite the complexities that we will hear about in this debate, if it can work there it can work elsewhere.

My second point is in a sense more important for the House than for this debate. I have been immensely impressed by the quality of the seven briefings I have received, including one from Barnardo's which has been referred to. At a few minutes past 11 pm last night, my mobile phone alerted me to an email and I got, for the first time, a copy of the College of Policing's *Knife Crime Evidence Briefing*. I am giving the college a subliminal message that 11.10 pm the night before the debate is a bit late. I have not read it yet, but I have looked through it. As I was thinking about this, it occurred to me that I cannot do justice to any of the briefings I have received, but they are full of great stuff. We are constantly searching for a way for Parliament to be relevant and to bring people in. Why do we not open a portal for every debate—it would have to be moderated—where those who wish to engage could post their briefings in real time? People could consider and relate back to them. It would stop all noble Lords having to read them and give them name checks; they would be part of our deliberations. In this environment it would be a good thing to do.

I have run out of time and I apologise, but I have a question about government accountability. I have been trying to follow what the Government are actually doing on strategy and planning in relation to violence. There has been a lot of activity and renaming of committees and after the Prime Minister's summit on this there was a Written Statement. The last paragraph of the Statement says that the deliverables of the summit represent,

“an increased programme of work across Government”.

It promises some things which I hope the Minister will refer to in her summing up. It promises to keep Parliament updated, it promises a plan of action and it promises some detail on how the Government will go forward. We know the strategy; we now need to hear what the plan of action is.

12.07 pm

Lord Dholakia (LD): My Lords, I welcome this debate and declare an interest as a member of the All-Party Parliamentary Group on Knife Crime. The incidence, and to a lesser extent the nature, of crime may vary from place to place and from generation to generation, but crime is something that all communities have to come to terms with and devise appropriate strategies for in their own way. Over the years, we have learned much about the underlying causes of crime and had a good deal of research into the effectiveness of various responses. Overall, most research has tended to refute rather than confirm hypotheses about the causes of crime and the effectiveness of punishment and treatments. In essence, public and political mood is conditioned more by hunch, gut feeling and media hype than by outcomes of detailed research.

[LORD DHOLAKIA]

Knife crime has achieved much publicity in recent times. There is a widespread public perception that our society is becoming increasingly lawless. This is supplemented by statistics of offences recorded by the police. Austerity, and the subsequent cuts in public services since 2010, has contributed to this phenomenon. A reality we fail to appreciate is that not all crimes are reported. Public expectations of the police's ability to solve crimes are far greater than the service's ability to deliver. The grim statistics of rising knife crime are well known and well publicised, as are the tragic consequences of knife crime for victims and their families. Last year the number of recorded offences involving knives was at its highest since comparable data became available.

What can be done to stem and reverse this alarming trend? For any approach to tackling knife crime to be effective, we must stand back and look at why young people decide to carry knives. One study summed up the reasons in the phrase "fear or fashion". Fear, because many knife crime offenders say that they carry knives for their own protection. They have the misguided belief that it will make them safer, as they can use their knives to defend themselves if they are attacked. In fact, the truth is the opposite. All the evidence shows that offenders who carry knives are more likely to end up in a violent confrontation in which they are stabbed with a weapon—either someone else's knife or their own—as well as being more likely to end up causing the tragedy of injury or death to someone else. Fashion refers to many impressionable young people carrying knives because they see it as part of a macho self-image.

Drug misuse and dealing is also an important part of this picture. It is unrealistic to think that we can ultimately solve the problem by punitive approaches to this issue. In recent years the proportion of knife crime offenders receiving custodial sentences has sharply increased, partly because the Criminal Justice and Courts Act 2015 introduced minimum sentences for a second offence of carrying a knife of four months for juveniles and six months for those aged 18-plus. However, this has not stopped knife crime rising; nor have increases in the stop and search policies we have adopted. Study after study has found little correlation between the use of stop and search and the rate of knife crime or violence generally, and the resentment the heavy-handed and racially disproportionate use of stop and search produces in young people all too often drives them into the arms of gangs, rather than achieving the opposite.

We need to look at more constructive solutions to the problem. Custodial sentences are inevitable for offences that have caused death or serious injury, but I see little point in passing short custodial sentences on young people apprehended for carrying a knife. Short custodial sentences are commonly agreed to be the most pointless and ineffective sentences courts can impose. They have much higher reoffending rates than any other form of sentence. Their containment effect is very short-lived. They are not long enough for any sustained attempt at rehabilitation in custody, as they do not provide enough time for an offending behaviour programme, a drug treatment programme or a vocational training programme. However, they are long enough for offenders who have stable accommodation to lose

it, for those who have jobs to lose them and for those involved in education or training courses to lose the chance of completing them. This means that, on release, these offenders are more likely to be homeless, jobless and not involved in training or education—all things which increase rather than reduce the likelihood of reoffending.

Moreover, young offenders can all too often react the wrong way to a short spell in custody, deciding they have to live up to a hard image in front of their peers. For all these reasons, short custodial sentences often do more harm than good. A demanding community sentence is much more likely to provide the opportunity for intensive work to tackle the attitudes that lead offenders to carry knives, yet the use of community sentences has been falling. The approaches most likely to change young people's attitudes to carrying knives are programmes or interventions that show young people the real consequences of this misguided way of thinking.

Many of the most effective interventions are those that involve former offenders who have now matured and seen for themselves the awful, negative consequences of carrying weapons. These ex-offenders can often act as credible and positive role models for young people, particularly if these interventions are combined with practical help with education and training, which can equip young people to lead a more constructive lifestyle. Any available funding to tackle knife crime would be far better spent on funding more interventions of this kind than on any other approach to the problem. This approach would be more likely than any other to reduce the number of families whose lives are blighted by the appalling consequences of young people's willingness to carry knives.

12.14 pm

The Lord Bishop of St Albans: My Lords, I too am grateful to the noble Lord, Lord Paddick, for obtaining this debate and for his excellent analysis of some of the causes and, indeed, the work that has been done on how we might address them, which is a holistic approach. I am also delighted that a number of experts in policing are speaking in this debate. I come to this with little knowledge of that, but I have knowledge through the 136 schools in my diocese—I have been to two this week—and in many of the urban areas across Bedfordshire and Hertfordshire, which seek to bring together groups of young people to reflect on how this can be addressed.

This debate looks at the impact of government policies on serious youth violence. As the causes are many and varied, we need to look at a wide range of different issues. We are all aware that access to lethal weapons has escalated and intensified conflict. Demonstrably, when the year to March 2018 represented the highest number of knife homicides in England and Wales since 1946, it is all too clear to us that it is too easy to obtain weapons, notwithstanding the Offensive Weapons Act 2019. Indeed, from previous problems, for example acid attacks, we are aware that simply removing one way of attacking other people does not necessarily immediately solve a problem. I am therefore delighted that government action in reducing weapon accessibility has had some success, with Operation

Sceptre taking some 10,000 knives off the streets. Yet piecemeal approaches will never be enough.

Other speakers have raised our approach to the stop and search policy. We need to hear, and I hope the Minister will be able to comment on, the latest evidence on how this policy is being implemented and where it is achieving the aims we want it to. Assessing government policy's impact requires an appreciation of the complex and interlinked factors that drive young people into violence. As Centrepoint has said, there are many factors driving youth violence, whether poverty, exclusion, disadvantage or other situations. It is nevertheless significant that 21% of young people convicted of possessing a knife had been excluded from school. There is a lack of children's support generally. The cut of 62% in council early years services spending since 2010, the loss of more than 1,000 Sure Start centres and the rise in school exclusions are all contributing factors to serious youth violence.

If we do not provide children with support in their lives, whether in their communities or schools, we risk alienating them from participation in wider society. I therefore welcome the Home Office working with Ofsted and the Department for Education in focusing on the risks surrounding crime and exclusions. All children deserve education, opportunities and support, as they will have the potential to contribute to the good of society. If young people are to play a full part, it certainly means that they must have access to employment. That is why we must consider the impact of government policies on tackling unemployment. I am shocked, like, I am sure, many other Members of this House, that young people from black and minority ethnic backgrounds are almost twice as likely to be unemployed as their white counterparts. Can the Minister explain to the House what impact government policy is having on addressing this specific issue?

Communities have a significant influence on the people in them. I note the views of the Children's Society, which produced one of these briefing papers:

"Children carrying weapons should be seen as a child protection issue which needs a safeguarding response. A whole-system approach must include all government departments. Young people thrive best when their lives are given validity through positive community affirmation, yet when young people feel they have fallen short of being worthy of affirmation, the power of society as a redemptive force is crucial".

With a presence in every community, we in the Churches and on these Benches want to play our part in combating serious youth violence. In a couple of weeks' time, the General Synod of the Church of England will hold a debate on this subject during which the Reverend Canon Dr Rosemarie Mallett, a prominent campaigner and a parish priest in an area that has seen a great deal of serious youth violence, will call on parishes to open the doors of our churches after school hours to make safe places.

This type of community-led action is about providing safe spaces for the young, who can sometimes view the church or other religious premises as a neutral group. Perhaps this is why the capital city's busiest knife amnesty bin is in the church in St John's, Hoxton. We want to explore how we can play our part to help with that. We are not blind to violence: we see its impact on our streets in our parishes in many urban areas. It has

been widely reported in the press in the past week that some churches in the centre of Luton in my diocese, inspired by the words of the prophet Isaiah—

"they shall beat their swords into plowshares, and their spears into pruning hooks"—

have been reclaiming knives delivered through a knife amnesty and made a striking sculpture of a phoenix rising from the ashes. Just like the phoenix, communities can rise together. This is much bigger than just unemployment or policing. We need to engage everyone we possibly can at the grass roots for a much wider debate and much wider ownership by society if we are to address this problem, which is causing devastation to so many individuals and families across our nation.

12.21 pm

Lord Cormack (Con): My Lords, I am delighted to add my congratulations to the noble Lord, Lord Paddick, on introducing this debate and the manner in which he introduced it, but I intend to pick up many of the points made by the right reverend Prelate the Bishop of St Albans in a thoughtful and interesting speech.

Over the past week, I have been reflecting on the years that I have been in Parliament. Last week marked the 49th anniversary of my election in June 1970. In thinking about this debate, I have been reflecting on some of the great changes that have taken place in our society during that time. Three in particular stand out. I am not making value judgments; I am merely stating facts. The family has changed very much in that period. What was then the norm is no longer the norm. The drug culture which has grown up over the past years, to which the noble Lord, Lord Paddick, referred in his opening remarks, was unknown in 1970. Another enormous change is the advent and prevalence of social media. Without social media, the county lines to which he referred could hardly exist. We are having to cope with a very different sort of society than existed when I was first elected to Parliament.

Of course, it is right that we should talk of proactive policing and community policing, as we have today, but although he did not use these exact words, the right reverend Prelate was in effect saying to us—and I believe very strongly in this—that prevention is better than cure. We must try to develop a culture in which the use of a knife in violence is just not contemplated. It will take time, but I believe that it must begin in the home and in the school. Many times in your Lordships' House, I have been critical of the deficiencies in careers advice in schools and citizenship education. I believe—I have mentioned this before—that every young person leaving school in our country should have had to do some community service during his or her last year in school. It does not particularly matter whether that is taking meals to the elderly, looking after the young or whatever, but community service—putting something into the community—should be obligatory, frankly.

I would like to see every young person leaving school go through a citizenship ceremony, rather like those who take British nationality. I have attended some of those ceremonies, and they are very moving. The people taking part are very serious about what they are doing, and I think every young person should go through something like that. Citizenship education

[LORD CORMACK]

should not only prepare them for a world in which they will take part—by voting, participating and in many cases, one would hope, answering the call to public service—but make them realise that they have rights, yes, but also responsibilities and duties. I honestly think that if we placed more emphasis on citizenship education, we would be going a long way down the route to creating a better society.

I thought the remarks made by the noble Lord, Lord Dholakia, about short sentences were so very pertinent. Wherever possible, young people should be kept out of institutions. I had a young offender institution in my last constituency. It merited a damning report from the noble Lord, Lord Ramsbotham, when he was Chief Inspector of Prisons, and pulled itself up considerably; he was then able to give it a much better report. But many of the young people in that institution became nurtured in crime by being there.

When I was chairman of the Northern Ireland Affairs Committee in the other place, I saw some of the positive effects of community restorative justice. I genuinely believe that we ought to place more emphasis on that. I ask my noble friend the Minister to refer to this when she winds up.

Any of us who are parents or grandparents—in your Lordships' House it is more the latter than the former—are deeply concerned about our grandchildren growing up in a world in which violence is endemic. It should be our collective determination, not just wish or endeavour, to ensure that future generations of children leave school with a sense of belonging to a community, feeling that they have an obligation not only to receive from but to contribute to that community, and realising that violence of the sort we have been reading about in the press this very week is completely unacceptable.

12.28 pm

Baroness Pinnock (LD): As my noble friend Lord Paddick said in opening this debate, there are many facets to the horrors and challenges of knife crime. One of these is that there is an established link between the very large cuts to local government funding and the increase in knife crime. At this point I remind the House of my relevant interests as a local councillor and vice-president of the Local Government Association.

In February this year a group of major children's charities—Action for Children, Barnardo's, the NSPCC, the Children's Society and the National Children's Bureau—produced a joint report containing a new analysis of the research they had done on local funding per child. They found that the funding available to local councils per child has dropped by as much as 52% in real terms. Furthermore, the report stated the view of youth and social workers that the dramatic cuts were inextricably linked to a rise in youth knife crime and the criminal exploitation of children by county lines gangs.

The Local Government Association figures paint a similar picture. The LGA statistics show that more than 600 youth centres closed and nearly 139,000 youth service places were lost between 2012 and 2016 alone. Councils were forced to cut spending on local youth services by 52%, from £652 million in 2010-11 to

£352 million in 2017-18 as a direct result of government cuts to local government funding.

The sad fact is that the statistics also demonstrate that early intervention by youth services and youth offending teams—I am surprised that no one has mentioned them so far today in the debate—can and does significantly reduce the number of young people who become involved in criminal activity and knife crime in particular. Youth services design targeted approaches so that those young people who are more likely to be enticed into, for instance, knife crime are diverted from it. Youth offending teams both divert young people from criminal activity that may lead to knife crime and provide support that steers young people away from further involvement in illegal and possibly violent activity.

The Action for Children report quoted a youth worker whose role currently is to support victims of stabbing in an A&E in London. He said:

“Young people and their families are not getting the support they need and things are reaching crisis point. Dealing with the issues at A&E is too late”.

There are consequences to severe cuts in local services and local communities and families are damaged, sometimes beyond repair. Preventive services, such as youth services, are a vital element in keeping individuals and communities safe.

One of the key recommendations of the report by the APPG on Knife Crime is that, as part of the public health approach, the Government should use this autumn's expected spending review to provide a considerable increase in funding to youth services so that they can provide safe spaces and access to the support that some young people need. What is so frustrating is that this pattern of large cuts in youth services leading to a rise in young people involved in crime is entirely predictable: it has happened before; the link is known. That makes the continued cuts to local youth services as a consequence of government funding decisions even more to be reprimanded.

The Government have at least responded, in a piecemeal way, to the knife crime crisis by providing additional funding to police services. In West Yorkshire, ad hoc funding has enabled early intervention and prevention work with young people, schools and communities to tackle knife crime. Disappointingly, the funding is a one-off and therefore there is no sustainability either in the funding or the prevention work. It is as if the Government see a horrific problem and throw some one-off funding at it in order to reduce critical media headlines. What they should and must do is provide continuing year-on-year funding to local government to provide the intervention and prevention work that will turn lives around, keep young people safe, remove the trauma of violent knife crime from a community and enable young people to turn away from knives. The win for the Government is that this approach costs the public purse less in the long run. It is a win-win. The only thing that is surprising is that it is taking the Government so long to accept that this change is absolutely essential.

12.35 pm

Baroness Meacher (CB): My Lords, I too congratulate the noble Lord, Lord Paddick, on enabling us to

debate this pressing issue. I should declare my interest as co-chair of the All-Party Parliamentary Group on Drug Policy Reform, because that is the subject to which I wish to refer.

Perhaps the most devastating of the many statistics included in the first House of Lords Library briefing is the fact that the number of under-16s admitted to hospital has increased by 93% since 2012. The Government are clearly worried about that figure and have introduced a wide range of initiatives. The Home Secretary clearly realises that drugs are at the heart of this problem and has launched a review of the illegal drugs market led by Dame Carol Black. Tragically, her review was castrated before it began because she was explicitly prevented from looking at drug law. Without reform of our drug laws it is difficult to imagine that this problem can be solved. The Government will struggle uphill all the way because they have a deep problem right at the centre of everything.

Of course there are very important remedial measures which Dame Carol Black will consider, such as the need to reverse the cuts to drug treatment services and the swingeing cuts to local authority budgets which have led to the closure of youth services, as the noble Baroness, Lady Pinnock, outlined so strongly. These services offered activity, support and just a little bit of hope to these very vulnerable people. I have not seen any mention of the need to restore the budgets of schools to enable them to re-employ class assistants and others to work with vulnerable children. I heard only this morning that a school has had to cut out completely its volunteer programme. It must cost thruppence-ha'penny—almost nothing—yet it has had to destroy that volunteer programme to try to make ends meet. Class assistants and volunteers work with the most vulnerable children who have behaviour problems. Without that support those children are excluded from school, and we have heard appalling numbers about exclusions over the past 10 years or so. Alongside these policy disasters, which urgently need to be reviewed, are the cuts to the benefits budget which have left youngsters looking for some money somewhere, and it does not take them long to find illegal drug dealers—a veritable gold mine, if you are prepared to take a bit of a risk.

The Children's Society report on knife crime points to another policy needing revision, knife crime prevention orders. Branded as preventive, these orders are in fact targeted at children who may be the victims of exploitation. As the right reverend Prelate noted, the society rightly points out that any child found carrying a knife should immediately prompt a safeguarding response. Does the Minister accept that important recommendation? The Children's Society's concerns mirror those expressed in this Chamber when the Bill was going through. The orders risk criminalising young people and pushing them further from support rather than the other way round. Does the Minister accept that analysis and the need to revisit that legislation, or at least the regulations within it?

Even with those policy changes, if they occur, the Government will be working uphill, as I have said, unless they are willing to look at the evidence of the relationship between our drug prohibition laws and

knife crime and many other societal problems, although today of course we are concerned with knife crime.

I hope that noble Lords will bear with me if I spend a couple of minutes explaining why I have fairly recently come to the view that the legalisation of cannabis for adult social use would do more to deal with knife crime than any other initiative. The Government seem to accept that most knife crime occurs because youngsters are caught up in drug gangs or carry knives in case they are attacked by a gang wanting to recruit them. The demand for cannabis is on a different scale from the demand for any other drug, so what would a legal cannabis market look like? The legal cannabis would be a well-balanced, uncontaminated product. Good up-to-date research has shown that that sort of product has no risk of causing psychosis. There has been a lot of publicity about cannabis causing psychosis, but it absolutely does not. The illegal stuff does but a legal product would not.

The only other possible risk from cannabis is of inhibiting brain development in children. If legalisation led to more children taking cannabis, I would not support it, but the US evidence suggests that that is simply not the case. In Colorado, the use of cannabis by teenagers has fallen, and in the other legalising states it has remained much the same as it was before the change in the law.

If the supply of safe cannabis were regulated and available only in pharmacies or other legal outlets, the illegal market would largely collapse. Yes, skunk would continue to be available from the drug dealers, but if young people could buy legal cannabis safely from somewhere else, children would not find their way to the illegal drug dealers. No doubt children would get hold of the legal product—they get hold of alcohol, after all—but it would be considerably safer than what they take at the moment. The important point is that the cannabis they got hold of would not be skunk. That is crucial. Skunk is horrible, dangerous stuff. What about class A drugs? We do not know the proportion of cannabis users who move on to class A drugs but we know that the gateway effect is crucial. This would end. There would be separate markets for legal cannabis and illegal drugs.

I realise that the Minister cannot respond to any of those comments until we get a new Home Secretary but, if and when we do, I hope that I can have a discussion with him about the possibility of revisiting the terms of reference of Dame Carol Black's review.

12.42 pm

Lord Storey (LD): My Lords, I declare my interest as a vice-president of the Local Government Association.

We have heard too many harrowing statistics about knife crime, which is akin to a modern plague on our society. Many speakers have informed us of its awful impact. Of course, many more young people are involved in knife crime than the figures for arrests show. What is the impact on the lives of those young people and their families of carrying a knife, whether it be as part of a gang or as an individual for self-defence? I am sure that none of us can imagine what it must be like to lose a loved one through a fatal stabbing: the knock on the door and the police officer standing there with

[LORD STOREY]

the family liaison officer to tell you that your son or daughter has been stabbed to death.

I want to spend my seven minutes drawing on my experiences in local government and education in an attempt to understand what is going on and why this is happening, and perhaps how we can prevent it. In my view, it is not just about the shocking rise in knife crime but the breakdown of the fabric of many communities and the alienation of young people from those communities, particularly those on the margins.

When I look back to my childhood, or indeed those of my children, I see a very different community experience than that faced by young people today. Many young people in school, and quite a few who are not in school, will grow up without being able to join a local youth club, or to go to the after-school club, as most of them have to be paid for now. They will be without a local library and unable to afford to go to the leisure centre or swimming pool, and they will never see a detached youth worker or indeed a neighbourhood bobby or community police officer.

Last summer, the Children's Commissioner spoke of "battery" children—those barely leaving their flats during the long summer holidays. What has happened to holiday play schemes provided by local councils in parks and on playing fields? I can remember in Liverpool marvelling at a national programme called Summer Splash. The young people, with student mentors, enjoyed engaging, developmental, inspiring summer activities. The scheme involved thousands upon thousands of young people for every day of the summer holidays and changed their lives for good. That was in the days when it was fashionable to talk about community development and community cohesion.

Today, to ask about summer play schemes is to ask a purely rhetorical question. Local authority budgets, as we heard from my noble friend Lady Pinnock, have been so reduced that there is no money left to provide for these positive activities, which are now seen by local authorities as unaffordable luxuries. Many children are growing up in communities where the only contact with the local authority is if they come to the notice of social services, the fourth emergency service. Local councils are having to cut statutory services, let alone sustain more positive services and develop policies for community development and cohesion.

Noble Lords may be wondering what all this has to do with knife crime. The answer is: nothing, directly. I am trying to lay out the sort of community that too many people grow up in. We have succeeded in fragmenting and destroying much of the fabric of local communities. In tandem with dealing with the immediate, we must attempt to rebuild an infrastructure that will offer children and young people a range of positive activities that provide an alternative to the violent gang culture which is becoming normalised in some parts of our cities.

I am sure that the £40,000 annual cost of a place in a youth offending institution would more than cover the cost of a youth worker. Ensuring that just one young person a year did not stab someone is surely worth striving for. We hear a lot about early intervention; investment in the communities in which our young

people are growing up is an investment worth making in simple economic, cost-benefit terms. In human terms, the dividends are far greater.

This debate should not be about knife crime: knife crime is a symptom, not a cause. Why are we allowing half a million young people, often in the most difficult circumstances, to be excluded from our schools? The Department for Education does not know how many children are excluded, nor how many are placed with unregistered providers who have never been inspected. Noble Lords need only read the House of Commons Select Committee report on alternative provision to realise how serious the problem is. We have thousands of young people—often in the most disadvantaged circumstances, often with learning and behavioural

difficulties—with nothing to do and nowhere to go. It is hardly surprising that these young people are drawn into or recruited into gangs, with all that gang culture entails. Integral to that culture are drugs, violence and of course knife crime. Is this any way for society to allow its young people to be treated?

12.48 pm

Lord Scriven (LD): My Lords, I want to read out a list of names: Gavin Singleton, 31, Kavan Brissett, 21, Jarvin Blake, 22, Glenn Boardman, 59, Fahim Hersi, 22, Samuel Baker, 15, Ryan Jowle, 19 and Alan Grayson, 85. These are eight lives that ended early in my city of Sheffield last year: eight lives that ended early due to knife crime in a city that is dubbed the safest in England.

I do not congratulate my noble friend Lord Paddick on the debate today. It is a national shame that we are having to have this debate. I could go through statistics about how Sheffield and South Yorkshire have looked at those carrying knives aged between five and 89. I could go through the statistics as others have regarding deprivation and other issues. But I want to talk about my time as leader of Sheffield City Council; I declare my interest in the register as a vice-president of the Local Government Association. The most harrowing time was when we started to have a spike in knife crime. I talked to a victim, a parent, a perpetrator and an ex-offender. The victim was now scared to go out, and if he did, he was going to carry a knife. The parent had lost a child, and I have to tell you that when I spoke to them I had never experienced anything like that in my life. There are no words; it is harrowing. The perpetrator felt as though he had no other option. The thing that bound those people together was a lack of hope, a sense of helplessness and despair that they had no power to control how they got themselves out of this mess. Then I met an ex-offender. He was the one with hope, the one who had power and felt that there was a future for him.

I came away and reflected. The Government and the statutory sector do not own this issue in terms of solving the problem. We have to wrap around communities rather than communities wrapping around us; that is the lesson that I have learned. We cannot have a top-down approach. I am appalled that one of the approaches by the Government is a bidding process to save lives. That is unacceptable. I find it despicable that we are saying that the only way to fund communities is to bid to save your children. As my noble friend Lady Pinnock said, the funding has to be sustainable. One of the issues that government and local authorities should be judged on is how much of the third sector is involved and how it, along with parents, children and ex-offenders, is empowered to deliver solutions, not on tick-box exercises for how statutory organisations spend money.

In my professional life I work across the world, looking at government reform. The Government are not dealing with this in a systematically joined-up way, nor have previous Governments. A task force is not good enough. It has to be something akin to what was called the troubled families programme, which was a much more systematic and joined-up approach. In that approach, the Government should not judge the

process. They should allow innovation at local level and judge communities and the statutory sector only on outcomes, not getting involved in how, why or what. I trust parents and ex-offenders to have a far greater understanding of what is needed in the communities of this country than some official or Minister sat here in Whitehall. We must empower them and allow them the freedom to deliver solutions.

Another learning point that I came away with from my time as a councillor and as leader of Sheffield City Council was about some of the people who get drawn into this. The youngest person carrying a knife in Sheffield recently was five years old. Over one-quarter of reported knife crimes were in schools, some of them primary schools, so our intervention has to start at a very early age. It is about wrapping around families so that parents can get support, not related to knife crime but support for nurturing, love and hope, and for giving them practical skills.

School exclusions are the breeding ground of gangs and dysfunctional families. Local authorities need power to deal with academies and free schools that more or less have free rein to exclude. There needs to be legislation for local authorities to have a role in making sure that exclusions do not happen; if one thing comes from this, it is that. If we need police to deal with knife crime, we have failed as a society.

There needs to be a much more systematic and bottom-up approach. It needs to allow innovation in communities, it needs to be a whole-family approach, and it needs to listen to the voices of those without hope who feel disempowered and who feel that the only option is to pick up a knife, to give them some form of safety in future.

12.54 pm

Lord Hogan-Howe (CB): My Lords, I too thank the noble Lord, Lord Paddick, for this useful opportunity to reflect on the progress of the Government's serious violence strategy, announced last year, in reducing knife crime. The Government have taken useful action which has been effective in reducing knife crime, but there remain significant questions as to whether their approach will be successful in the longer term.

At times in today's debate it has been suggested that there are alternatives and that the choice is between short-term and long-term measures. I am afraid that the reality is that we will need both. If we do not take some of the short-term measures, people will die while the long-term measures take effect. There will therefore have to be tactical responses as well as some of the more profound strategic measures. I continue to urge the Government to have a profound crime prevention strategy, which I do not think is in place. This can also be said of health but it is certainly true of crime. The strategy should have five elements: design of places and things, drug abuse, alcohol misuse, mental health, and self-education so that people can protect themselves from becoming victims.

Although today's debate has veered, quite understandably, into discussion of economic circumstances and the level of government support for vulnerable individuals, it is about the impact of government policy on knife crime. While low economic vibrancy can

[LORD HOGAN-HOWE]

certainly lead to more crime, the debate is specifically about how government policy is affecting knife crime. Why is the current situation disproportionately causing people, particularly young people, to stab one another?

The effective measures taken include finding an extra £1 billion, or something of that order, for police funding, which is a good thing. There has also been an increase in the average sentence for those convicted of a second knife offence. My friend the noble Lord, Lord Dholakia, and others are not persuaded that prison sentences are the answer, but they certainly must be part of the answer. As I think he acknowledged, if someone is stabbed or there is an offence of serious violence, the young need to know that this is a terrible thing and that there is a serious consequence in the most extreme cases. It will happen only on a second conviction, and the average sentence has risen to eight months. The dilemma is that to arrest and to take serious action against someone carrying a knife before stabbing someone is a preventive measure against the murder that may subsequently occur. If we take no serious action against those carrying knives, we will have problems. The initiation of local serious violence units to work long-term on a public health approach, which the noble Lord, Lord Paddick, talked about, is a good investment, and I am sure that we will see its benefits in the coming years.

I do not necessarily share the confidence we have heard in the data we are offered to decide whether things are getting better or worse. The reports by the House of Lords Library are very good but are based on data that concludes in December 2018, and here we are in June 2019 and someone was stabbed to death yesterday. We do not know whether things are getting better or worse. Surely that data should be available. The statisticians often want this data to be perfect, but it must be available and transparent. I hope the Government have that data, and the police should have it so that they know whether or not the action they are taking is helpful. We also need statistical information because it helps us to stop having moral crises about things that may just be blips. I do not think the rise in knife crime is a blip, but there are statistical ways of checking that. This type of crime is seasonal. When the weather gets warm, the profile is different. Certain things can affect crime which can be analysed statistically. The bottom line is that every murder and stabbing is a serious event that we all need to take seriously, as we are doing.

My analysis, which is supported by that of the serious violence strategy, is that there are four principal causes of what we see at the moment. First is the increase in the supply of cheap cocaine, which has destabilised the controlled drug market, leading to more violence. Secondly, the distribution methods have changed such that there is now online ordering and delivery of drugs to customers rather than collection from their dealers. The very young are becoming involved in this, which is leading to the issue of county lines we see right across the country. Thirdly, clearly too many young people are carrying knives, and they are not deterred by being caught or by its consequences. Finally, communities that are getting younger see higher incidence of violence.

The questions that remain for the Government concern two things that have been in their control but have aggravated the situation I described. The first is the loss of 20,000 police officers since 2010. I am afraid I still cannot understand why, if the Government are putting £1 billion in, they have promised only 3,500 more when officers cost on average about £50,000 each; £1 billion should provide about 20,000. I do not understand why there is such a big discrepancy between the promise and the money being put in. My second point has been picked up by many people: the exclusion of young people from schools and the limited effectiveness of the pupil referral units, which I am afraid are becoming pathways to crime rather than inhibitors of it.

The questions that remain for the Government are these. First, if it is true that police officers costs on average £50,000, why can the Government not promise more officers? When they arrive, can they give any kind of assessment to the police about where they will put them? If they end up being shared politically or equitably that will not be the right way to distribute them.

Secondly, the National Crime Agency, which is charged with stopping the importation of drugs, still does not have a tier 1 objective to try to control the supply of controlled drugs. It has a very vague set of words and the performance data is almost meaningless. What about stopping some of the drugs getting in? How much is getting stopped and seized, with people being arrested and put in prison for 80 kilos of heroin? These are vital things that the NCA should have. The Government have not given it an objective to explicitly stop that supply.

Thirdly, have the Government considered amending the criteria for intrusive surveillance to monitor online ordering? It is currently reserved for the most serious of crimes, such as 80 kilos of heroin being imported, but in these cases we have very low volumes of cocaine being delivered and somebody, such as a 16 year-old who delivers it, dies. That is a serious event, which is why intrusive surveillance is so important to match the nature of the problem.

Fourthly, what is the Government's analysis of the adverse impact of educational performance indicators on exclusions from schools? What are they doing to improve the performance of pupil referral units? Fifthly, what technology is being made available to the police to improve the quality of stop and search? That can make a real difference.

Finally, I recently did a documentary TV programme in which I suggested that there should be a tsar to pull this together. As a result, I saw the Home Secretary say that he did not agree with tsars. As it happens, I am not entirely confident that tsars always work, but if Ministers do not like tsars, who is pulling this together? Who will drive it forward and who will make sure that, across government, someone will do something week by week and day by day, and not report in six months' time, when, sadly, things get out of control? It needs a drive. Contrary to what the noble Lord, Lord Wasserman, said, sometimes central government can make things happen.

1.02 pm

Lord Addington (LD): My Lords, when I put my name down for this debate I had a series of points that I was going to raise, most of which, of course, have been covered. The basic premise, though, from reading all the information is that the spike in knife crime—let us hope it is a spike, as opposed to an upward trend—merely ties into what has happened before. The profile of the offender is almost exactly the same as it has always been. The first common denominator is that they are out of school by the age of 14. That is the one that has always been there. Anybody who has worked in prisons has discovered incredibly low levels of educational attainment and a fear of authority. Only while working in a youth offender unit have I been threatened and grovelled to in the same sentence. These people are difficult to reach.

One of the contributing factors is clearly the fact that, in our current education system, it has become okay to get rid of your failing pupils: off-rolled, excluded, you name it, you get rid of them because of the way we are going. The Minister looks shocked. I did not say that the Government had done it; it is something schools have to do to preserve their status. The argument of losing your academy status has clearly had an effect here. There can be no real argument with that. There is something there: you are going to punish a school or change its status if it gets bad results. If you have pupils who will not get their five “C”s or whatever it is now—I think it will be five “4”s in the exam system my daughter will present to me in August—and there is a punishment, the perverse incentive is absolutely there. Very good schools will resist it, but it will still be there.

Of course people have always excluded themselves from school and there have always been people who did not like it. Schools do not want them there and say, “Just go away”. It has always happened, but it is becoming more prevalent and exclusions are rife. We have this lovely growth that can be exploited for criminal or social reasons. If I remember correctly, my noble friend Lord Dholakia said that fashion and fear lead to people carrying these blades. It has always been there, but it is now more common.

We have this horrible situation where something has become more prevalent and more exploited, then gangs move in to exploit it for a criminal activity. Drugs have mainly been spoken about, but there will be other areas of activity as well. So what we do to try to get out of it? One of the things civil society can do is encourage people who are very good at reaching these groups. Sport is one of them. It sounds a little like you are going to say, “Oh, if everybody played jolly good sport and had a cold shower afterwards, everything would be fine”. Having had the cold shower, believe me, it does not help you turn up next time. But all sports have a cohesive effect. They have an objective and discipline.

Bizarrely, from certain attitudes taken by the Government, boxing and martial arts are the best for reaching this group. They just are. Learning how not to get punched in the nose is a great way to make sure that you are less likely to get involved in violence. You have a community, a group and a reason to stay fit.

If you are staying fit you are not hanging around drinking and taking drugs on street corners. If you do, when you go to the gym you will get hit. There we are: a great incentive for you.

Since we have this there, what are we doing to encourage it? We could bring boxing into prisons, but apparently we do not like that because it encourages violence. Possibly somebody should have a look at that at some point, but martial arts are a very good way in. Other sports, such as basketball and other good urban sports, will have opportunities as well, but the lead one seems to be boxing. Are we going to encourage these groups to integrate with the rest of society? There is a very good organisation called Fight For Peace. Its centre in the London Docklands, which I saw, grew out of the activities of the favelas in Rio de Janeiro. Since boxing is acceptable there it could cross gang lines. If noble Lords want to look at real problems when you get this wrong, they should look there. It is not a couple of people with knives; it is people with automatics and spare clips of ammunition on street corners and the police go in in armoured cars. We should bear in mind that it can get worse.

What are we doing to help groups such as this encourage into their gyms and training sessions social workers and people in careers support to make sure that these people can re-engage? We have a way in. All sports have it; boxing might have the best one. Anything that will build on what we are doing out there will work, because what they are saying is, “Re-engage with society”. The people who these young people respect, who are not the establishment or the teacher who failed them, should be the ones to come in and say, “You can succeed”. Bring in people who have the same accent as them to tell them, “You can succeed”, and to help. That is a way forward.

What are we doing to encourage these groups to have easy access to what the state can do to support and help them? This is a real question. We do it in small pockets and say, “Wonderful, isn’t it great?”, and then leave and do not change the rest of our activity. Ministers will have to lead this because they will always be punching through the Chinese walls of, “That’s not my budget”, or, “I don’t get the credit for it”. Everybody in Parliament can give a 10-minute speech on that any day of the week. What will the Government do to make sure good community projects can become part of this public health solution, which seems to be the only one we have identified? What are we doing to make sure it happens? If we are not going to embrace this, we will probably end up losing out on one of our quick wins.

1.09 pm

Lord McNally (LD): My Lords, this has been a very constructive debate, and the way in which it was introduced invited a cross-party approach, which we should carry forward. I agree with the noble Lord, Lord Browne, about the quality of the briefings we have received. It is a good idea for the House authorities to look at them. They should be lodged in the Library and be available, because they have been extremely good.

My locus in speaking is that I was for three and a half years a Minister at the Ministry of Justice and then, for a further three years, chairman of the Youth Justice Board. Throughout this period, almost all

[LORD McNALLY]
budgets at all levels were cut. We have to take into account, though, that we were recovering from the coronary thrombosis that the financial system had in 2008. People sometimes forget that about government expenditure from 2010 onwards.

Let me concentrate on three areas where that experience may be helpful. The first is the period when I was chairman of the Youth Justice Board, which was one of the most fulfilling and constructive of my life. We have a great asset in the Youth Justice Board. Charlie Taylor's hope and intention to move from what we have now, which are in fact child prisons, to places of more constructive rehabilitation for young offenders, should be supported and encouraged. Also, although they too have had the pressure of a squeeze on resources, youth offending teams are amazingly effective. This is exactly what has come through in today's debate: they are cross-disciplinary and include experts from all aspects of local authorities and policing, and the cross-referencing of the work produces results. One thing that always sticks in my mind is a visit to Manchester, where the policeman on the YOT saw for the first time a very persistent young offender from a local care home. He said, "That kid's autistic", which he was, yet he had gone through a lot of his life and a lot of experts without anybody noticing. It is this cross-referencing of the YOTs and—to make the point again—the localism of their experience that gives them their strength.

Secondly, I want to say something about the police. When he was Metropolitan Police Commissioner, the noble Lord, Lord Hogan-Howe, was very committed to police officers being attached to schools. Attending a lecture the other night by Cressida Dick, I was very pleased to find that she is keeping up that commitment of putting policemen in schools, as contacts with the local community. That is again something that gives us hope.

However, the police still have a real problem with recruitment. I asked a Question 40 years ago in the other place about why police recruitment from black and ethnic minorities was so low. I made the same point 20 years ago when I was first in this place. It still worries me that we are trying to police black and Asian communities with white police forces. Each police chief gives me assurances about what they are doing for recruitment, but recruitment and retention are still poor. One of the things that most struck me happened during a visit from some local government workers from Birmingham. One, an Asian lady whose children were about the same age as mine, said, "My son really wants to become a policeman". She hesitated and then said, "Of course, you couldn't say that down at the mosque". It sent a shiver through my spine. There is still this feeling that the police are "them" in many of these communities; David Lammy's report warns of that as well. We have to persevere with recruiting and retaining people from these communities, so that the police force is seen not as some outside force but as part of their community.

Finally, I echo the point about the importance of sport. When I arrived at the MoJ, I was told there was no evidence that sport could be influential in rehabilitation. That seemed silly. All my life I have seen kids who could have gone wrong but had not, for all the reasons

my noble friend Lord Addington gave. One of the most influential youth workers I ever saw was straight out of central casting; he was running a boxing club in Durham and, my God, did he get respect, and did he look after those kids.

I am not going to get the flashing clock, but we might take some money from the betting industry, and from our wealthy football industry, to put into some of these youth services that are being so depleted.

1.16 pm

Baroness Hamwee (LD): My Lords, I declare an interest as a trustee of Safer London, which works with young people affected, or potentially affected, by the issues we have been discussing.

The title that my noble friend chose for his debate was very neat: "The impact of government policy on knife crime". Noble Lords have addressed both knife crime policy and government policies, actions and omissions in other parts of the policy landscape which affect knife crime. The debate has illustrated how knife crime is a symptom, not a cause.

I have been wondering about the situation in other countries and what one might learn from them. I had hoped that someone would talk about Scotland. We can do without Mr Trump slagging off the London Mayor, Sadiq Khan, and describing our hospitals as "a sea of blood", but I must not get diverted on to that. We have been briefed on headline statistics and we do need the detail to identify trends and spikes. I was struck by the correlation between cuts in youth services and the highest knife crime increases, and by the impact of ACEs—adverse childhood experiences. I think it is significant when quasi-technical terms enter the general lexicon. "Teachable and reachable moments" and "trauma-informed" are others. I do not want to lose sight of the fact that not all victims and perpetrators are young. Currently, a 36 year-old is on trial for killing a 51 year-old in a row on a train. Using a knife seems to have become "normalised"—a term which the noble Lord, Lord Cormack, used.

It bears repeating that perpetrators are often victims too, because that directs us to the why. My noble friend Lady Pinnock powerfully and accurately talked about local authority funding and funding per child. I have always thought that local authorities should be able to be at the heart of both action and prevention; the noble Lord, Lord Wasserman, referred to the local nature of these issues.

My noble friend Lord Storey talked about action taken in schools and the alienation of young people. What are the views of young people? They should be encouraged to contribute to society's response. I was struck by the phrase of the noble Baroness, Lady Meacher, about the importance of hope. We know that many young people carry knives for their own protection; if you think that protection from the police is not available, that is not an irrational thing to do.

The Home Office talks a pretty good talk about what it is going to do. I may well be wrong about this, but I think I have heard the phrase "public health approach" from the Government only in the context of their recent consultation on a possible new statutory duty to have due regard to the prevention and tackling of serious violence. In the consultation, that seems to

have been used as a synonym for multi-agency. Can the Minister tell the House, first, when the Government will respond to that consultation process? Perhaps she will even be able to trail part of that response. Secondly, do she and the Government support an approach that views violence like a contagious disease that transmits and spreads based on exposure to violence—the noble Lord, Lord Browne, referred to this—and is preventable at the point of transmission with early intervention? Do the Government agree that they should set out what an effective public health response looks like and how it should apply at a departmental level?

My noble friend Lord McNally talked about sentencing and what works; too often, detention does not but it is sometimes unavoidable. Believing that you are likely to be caught is a better deterrent. We might not want to admit to it as individuals but we all know other drivers who are deterred from speeding more by the thought of being caught than the impact—sorry, that was not intended as a pun—or effect of what might happen if they drive at a greater speed. We understand that children make assessments in a different way from adults, so that fear for their own safety outweighs other factors. Detention is not rehabilitative. We have so often made clear from these Benches, as my noble friend Lord Dholakia did today, our views on short sentences. I do not suppose that it will now harm the career prospects of David Gauke or Rory Stewart if I express my appreciation of them. Does stop and search work? We are not keen on Section 60 powers and are therefore concerned about how the community reacts to the new pilots. How will officers conduct themselves, since trust in the police must not be jeopardised? Stop and search has form.

Of course, we were going to have to discuss police funding, and that additional funding must be sustainable. We are looking for more officers, not the same number doing more—I would say even more—overtime. On funding, can the Minister give the House some sort of breakdown of the £100 million for the serious violence fund? What will it be spent on and how and when is that planned?

I would like to understand more about violence reduction units. The noble Lord, Lord Hogan-Howe, says that they are a good investment; I hope so. I think that funding for 18 has been announced. Can the Minister expand on this? There is so much for them to consider: links with the criminal exploitation of children through organised crime; that homeless young people, who are particularly hard to reach, are conversely particularly easily exploited; that to many of their members gangs are their family, providing a sense of purpose, role models and, as my noble friend Lord Paddick said, respect; and that young people need communication skills. The briefing from the Royal College of Speech and Language Therapists should not have been unexpected and I really welcomed it. Finally, they need to consider that services should not be concentrated geographically, otherwise 50% cannot access them because of rivalries.

There has been reference to what is now the Offensive Weapons Act, which felt very much like a knee-jerk, populist response—particularly the KCPOs. Those are not a new category in the honours system, although maybe in some eyes they are.

The public health approach takes time and painstaking effort. The Government cannot do it themselves. They need to involve civil society and when we discuss funding, as my noble friend Lord Scriven reminded us, we must not forget the third sector. Its organisations need core funding to survive if they are to provide services; no doubt that applies to boxing clubs just as much as any other service. One-to-one work is intensive and needs to involve the whole family—I do not mean a gang.

As the right reverend Prelate the Bishop of St Albans said, so much of our debate leads us back to contextual safeguarding, where the risks and the environment are viewed through a child protection lens. This debate is about knife crime; it is also about child protection.

1.26 pm

Lord Rosser (Lab): I add my congratulations to those already expressed to the noble Lord, Lord Paddick, on securing this debate. His opening speech was as thoughtful and comprehensive as one expected it would be. Judging by the number of briefings we have all received, the debate and its subject matter has attracted a lot of interest, particularly among those organisations directly involved in seeking through various means and approaches to counteract the driving forces behind knife crime and to reduce its incidence.

The Library briefing for this debate refers to recent ONS statistics, which indicate that in the year to December 2018 the police recorded 44,443 offences involving a knife or sharp instrument—a volume rise of 6% on the previous year and the continuation of a four-year rising trend. Possession offences of an article with a blade or point also rose last year by 20% to just under 21,000, in line with increases seen over the last five years. Ministry of Justice figures on cautions and convictions for knife and offensive weapon offences reflect the increases in the police figures, as do NHS figures for admissions for “assault by a sharp object”.

The ONS figures show that urban areas have generally seen the highest rates of knife crime over recent years, with young people increasingly involved as both perpetrators and victims. In the year to March 2018, the number of homicide victims aged 16 to 24 increased by 45% compared to the previous year, with the number of homicides committed by those aged under 18 rising by 77% between 2016 and 2018. The figures would have been even higher were it not for medical advancements, which have led to significant improvements in survival rates from stabbings. The number of under-16s admitted to hospital due to knife attacks has also increased by 93% since 2012, as the noble Baroness, Lady Meacher, mentioned.

The driving forces behind knife crime are numerous and have to be looked at in their totality if the issues we now face are to be addressed. A review in one London borough of 60 serious cases of youth violence has apparently shown that in nearly all cases, if not all, the young person involved was outside mainstream education. Further common factors were the absence of the mother, for one reason or another, and the lack in most cases of a trusted adult, whether from within the family or outside it. The noble Lord, Lord Paddick, mentioned other factors, including living with a background of domestic violence, divorce, parental mental health issues, alcohol issues, a parent being in

[LORD ROSSER]

prison and parents having to work excessive hours just to make ends meet, all resulting in emotional neglect. The noble Lord, Lord Paddick, and others also referred to the impact of drugs and county lines, and the attraction to the dangers of gangs of many young people.

There is also the question of school exclusions: some schools make temporary or permanent exclusions that run into three figures a year; others make only a handful or even none at all. That suggests that very different approaches are being adopted, and it is difficult to believe that frequent exclusions—permanent exclusions have increased by over 50% in the last three years—help to address the driving factors behind knife crime. Indeed, they appear to be a contributory factor. Why, apparently, can some schools largely avoid exclusions without this leading to disruption of classes for other children, while others cannot? Roughly half of exclusions are of children with special needs, and one must question whether enough is being done in many of these cases, through interventions, to endeavour to keep such young people in mainstream schools.

Another potential issue is the effectiveness or otherwise of pupil referral units, referred to by the noble Lord, Lord Hogan-Howe. It appears that a third of local authorities do not even have any places left in their units. Do the Government have any information on the quality and effectiveness of pupil referral units? Are we in a situation where many are good, but still too many are not delivering for the most vulnerable young people who are the most likely to end up committing offences? Pupil referral units tend to finish earlier than mainstream schools, so the young people concerned are likely to be on the streets for longer. My understanding is that the evidence shows that knife offences peak after school and in the time before parents come home from work, after which the number goes down again. If that is the case, surely something can be done to address this reality and its impact on the incidence of knife offences.

The right reverend Prelate the Bishop of St Albans confirmed that the Church of England is looking at whether more can be done to keep churches open during these hours after school, so that they can be a form of safe haven for young people who feel vulnerable and at risk, and have no trusted adult available to turn to during these seemingly crucial hours. Churches and other places of worship can have their doors open during hours when they currently are not only if sufficient suitable people are able to make themselves available in the place of worship to offer comfort and assurance. That may be easier said than done in many instances, but such an initiative can only be welcomed as positive action, as opposed to mere words, to address the problem we are discussing.

Much has already been said about the public health approach, meaning active co-ordinated interventions to reduce and stop the violence and prevent its future spread, and changing attitudes and mindsets to prevent it starting up again. My noble friend Lord Browne of Ladyton referred to the approach adopted in Glasgow and its considerable favourable impact, which has led to people from the south hot-footing it north to find out how it has been achieved.

The Library briefing tells us that, as part of the #KnifeFree campaign, the Home Office has worked with schools and the PSHE Association to provide new material on knife crime ahead of the 2019 summer holidays. At the beginning of this month, I understand, 20,000 PSHE teachers received new lesson plans to help,

“further equip them to challenge myths and communicate to their pupils the realities of carrying a knife”.

Significantly, in the light of the Government presiding over a rundown in Sure Start centres over the past 10 years, the lessons are for children aged between 11 and 16. These lessons are no doubt also part of the Government’s serious violence strategy, but what are the specific short and long-term aims of the strategy? What are the specific goals it intends to achieve? Against what criteria will its impact, or lack of impact, be assessed?

In a debate in the Commons on knife crime on 24 January, the Minister there said:

“Nationally, we have Operation Sceptre, where every single police force in the country has a week of action of tackling knife crime in a way that is appropriate for their local area”.—[*Official Report*, Commons, 24/1/19; col. 257WH.]

That sounds fine, but what is happening to tackle knife crime in the other 51 weeks of the year? Why does Operation Sceptre, to which the right reverend Prelate the Bishop of St Albans referred, not operate every week of the year if it is effective? Is it lack of resources? This is the problem the Government have not yet addressed. It is about resources—resources to enable the public health approach to be meaningful and the necessary action to continue, and not just be undertaken for a limited period, following which the resources dry up and the problems promptly start to resurface.

The Home Secretary has now accepted that we need to put back the approximately 20,000 police officers cut since 2010. Neighbourhood policing has been decimated and, with it, a vital link between local communities and the police, which not only delivered increased trust in the police in local communities but, as a result, provided much-needed knowledge and intelligence to counteract crime and, more significantly, prevent it happening in the first place.

The Government have also presided over a rundown in our youth services over the past 10 years, through its squeeze on local authority finances. Youth services provide valuable support for potentially vulnerable young people, as well as a source of constructive activity off the streets. I am involved with a football league with 82 clubs in London and the south-east. Most of our clubs run teams for all the younger age groups. I do not think their contribution, through volunteers, to the well-being and development of young people is recognised as fully as it should be by the Government or sometimes by the relevant local authority. Our education system has faced real financial pressure as a result of insufficient government funding since 2010, which restricts the support that can be offered to more vulnerable students, as well as making the teaching proposed by the noble Lord, Lord Cormack, unlikely at present.

The Conservative Party leadership campaign has led to a mini-blizzard of additional spending pledges in areas such as defence and tax cuts for the better off. As I said, the Home Secretary has now, in effect, admitted that cutting police numbers by some 20,000 was a mistake, since he has advocated reinstating them. We have not, however, heard any pledges from the main candidates to provide the substantial co-ordinated resources and activity needed to address for good, and not just in a piecemeal way, the problems we are addressing today. The Government have to move on from poring over spreadsheets in the Treasury to cut, cut and cut again, and recognise the reality that excessive short-term savings eventually lead to even more excessive long-term costs, both financial and, even more damagingly, social and human, as today's debate has highlighted.

1.37 pm

The Minister of State, Home Office (Baroness Williams of Trafford) (Con): My Lords, I start by thanking the noble Lord, Lord Paddick, for introducing this debate on the impact of government policy on knife crime. I also thank all noble Lords who have taken part in this important, wide-ranging debate, and join the noble Lord, Lord Paddick, in commending organisations such as Redthread for the invaluable work they do, in many cases saving young people's lives.

A comment was made by the noble Lord, Lord Browne of Ladyton, about the briefings. I would love the House authorities to make those briefings available online, because sometimes Ministers do not actually get them. I have full support for that. I agree with many of the sentiments that have been expressed this afternoon, particularly on the complexity of this matter, as the noble Lord, Lord Rosser, said. The violence we are seeing on our streets is a major concern to us all, with people becoming both victims and perpetrators, as the noble Lords, Lord Dholakia and Lord Rosser, and the noble Baroness, Lady Hamwee, said. We have heard movingly today from the noble Lord, Lord Scriven, about the victims of knife crime and their families in his area of Sheffield. Our hearts go out to all of those who have been affected by violence. There was one such incident the other week, literally around the corner from my house. I cannot begin to imagine the pain and suffering of parents and families who have lost their loved ones.

The noble Lord, Lord Paddick, spoke also of the latest tragic such incident here in London, reported just this morning, and the noble Lord, Lord Browne of Ladyton, mentioned the cycle of repeated offending that needs to be stopped in its tracks and prevented by a public health approach—the noble Lord, Lord Rosser, is right that people are hotfooting it to Scotland to see the fantastic work that has been done up there.

The Home Secretary has described knife crime as a national emergency that we must tackle head on. This is why the Government have put in place a major programme to tackle knife crime and serious violence on a range of fronts. This absolutely includes supporting the police in taking the action needed to address the violence that we are seeing—as my noble friend Lord Wasserman said—but, as we have heard today, important though tough enforcement is, it is not the whole

solution. My noble friend talked about a “two-pronged approach”, both national and local, to address this problem. I agree. The noble Lord, Lord Hogan-Howe, talked about both a short-term and a long-term approach. Who knows better than he does? I pay tribute to his work in bringing down the incidence of knife crime here in the capital.

Perhaps I may start by discussing the national approach. The Government's serious violence strategy, published last April, balances the need for tough law enforcement with a greater emphasis on prevention and early intervention to stop young people being drawn into violence in the first place before it is too late. It is also clear that it is a matter not just for the police; it needs a multiagency approach, as many noble Lords have said, so that we can tackle violent crime and its causes effectively.

I was disappointed to hear the noble Lord, Lord Paddick, being critical of the Government's strategy, as I do not think that our approaches are that far apart. The serious violence strategy sets out the overall approach that the Government are taking. It stresses the importance of a multiagency response, with education, health, social services, housing and youth services all playing their part—as the right reverend Prelate the Bishop of St Albans said. The noble Baroness, Lady Hamwee, asked me about the consultation on the public health approach. As she will know, it has only just closed, but we will respond to it in due course.

The strategy also underlines the importance of tackling the drivers of serious violence. It recognises, for example, how changes to drugs markets—which the noble Lord, Lord Hogan-Howe, talked about today and has done previously—and the spread of county lines are driving much of the serious violence that we are seeing. My noble friend Lord Cormack also referred to that. The noble Lord, Lord Hogan-Howe, talked about the upstream effort to prevent the importation of drugs. I know that he will be pleased to hear that 2.1 tonnes of cocaine have just been seized in Cornwall, which is a very good outcome—that is just the latest seizure. As the noble Baroness, Lady Meacher, said, the Home Secretary has appointed Professor Dame Carol Black to undertake an important—and independent—review of drugs, which will inform our approach. I note the noble Baroness's disappointment that drug law is not within the scope of the review, but I admire her persistence in raising this issue at appropriate moments. We do not have any intention to change the law to legalise illicit drugs, but I would be very happy to meet her if she would like me to do so.

The noble Lord, Lord Scriven, talked about how great the troubled families programme was. It was an absolutely brilliant programme. I was in DCLG at the time and was compelled by the, in effect, public health approach that it took in respect of families for whom there might have been several interventions from different agencies all the time, whereas this programme took a whole-family approach. I am pleased to say that it is still going.

I hope that noble Lords will find it helpful if I provide an update on the progress that we are making—particularly the noble Lord, Lord Browne of Ladyton,

[BARONESS WILLIAMS OF TRAFFORD]

who asked me to outline it. Perhaps I may talk first about early intervention and prevention, about which the noble Lords, Lord Storey, Lord Browne of Ladyton and Lord Rosser, and the noble Baroness, Lady Pinnock, all asked. Our focus on prevention includes the £22 million Early Intervention Youth Fund, which supports approaches that work with young people at risk of criminal involvement, gang exploitation or county lines to turn them away from violence before it takes a grip. Noble Lords may have seen that the Home Secretary announced yesterday that a further 11 projects will receive funding this year from that fund in addition to the 29 projects in England and Wales already doing so. That is in addition to the £200 million Youth Endowment Fund. This major new fund is about the long-term change that noble Lords have talked about, delivering a 10-year programme of grants that will enable interventions targeted at children and young people who are most at risk, and acting as a centre of expertise. The Government's approach includes the #knifefree campaign mentioned by the noble Lord, Lord Rosser. Mostly on social media, it is working to educate young people about the dangers of carrying knives, using real-life examples to challenge the false perception that carrying a knife somehow makes you cool or safer or that everyone is doing it. The noble Lord talked about it being done in the lead-up to the summer holidays but asked, "What about the other 51 weeks of the year?". He is right. The summer holidays can be a particular flashpoint for issues such as this, but it is not that we are taking a one-week approach; it is that some of our campaigns are timed for when the dangers might be greatest.

I absolutely agree with the noble Lords, Lord McNally and Lord Addington, about the importance of sport for young people. I might have told this story before, but I remember when my son went to secondary school and the headmaster said, "Never worry that your son is doing too much sport". He was so right. Sport not only improves people's mental health but keeps them in a routine, and it is a great achievement for some of the things that you can go on to do within sport.

The noble Lords, Lord Paddick, Lord Dholakia, Lord Rosser and Lord Hogan-Howe, talked about supporting the police. Of course it is true that if we do not support the police this problem will get worse. I know that my right honourable friend the Home Secretary has acknowledged the demands being placed on the police, which have increased in the past few years. We recognise that they are on the front line in tackling those who carry knives. That includes the national weeks of action under Operation Sceptre mentioned by the right reverend Prelate the Bishop of St Albans. The last week of action in March saw more than 1,300 arrests and almost 11,000 knives taken off the streets. It is vital that the police have both the powers and the resources they need to tackle serious violence.

On resources, we have heard today about the importance of providing police forces and police and crime commissioners with the funding they need to recruit more officers to keep our communities safe. The Government have increased funding for the police by £1 billion this year, as the noble Lord, Lord Hogan-Howe, said, including through council tax and the new

£100 million Serious Violence Fund, which the noble Baroness, Lady Hamwee, talked about. I shall say more about the fund later, but it is worth noting that the overall settlement for the police this year represents the biggest increase in police funding since 2010. The partial answer—I am sure it is not the whole one—to why the amount going in does not seem to correspond to very many police officers is that there is always a lag between money coming in and police being recruited. I will try to answer that valid point more fully in writing.

The Serious Violence Fund was announced in the Spring Statement on 13 March to help the police's immediate response in the force areas most affected by serious violence, and to invest in the development of violence reduction units. We have allocated £63.4 million of the fund to the 18 forces most affected by serious violence to pay for surge operational activity, such as increased patrols and weapon sweeps. We have also allocated £1.6 million to help improve the quality of data on serious violence, particularly knife crime, to support police planning and operations. The noble Lord, Lord Hogan-Howe, referred to this. Last week, the Home Secretary announced plans to allocate the remaining £35 million of the fund to support the establishment and development of violence reduction units in the 18 force areas. This is a true public health approach, based on the Glasgow model, so again I thank our Scottish friends. Violence reduction units will bring together representatives from the police, local government, health and education, community leaders and other key partners to develop a joint approach to tackling serious violence in local areas.

We are also supporting the police in their use of stop and search. The Government are clear that stop and search is an important police power and we encourage its fair, appropriate and proportionate use in helping to tackle serious violence. I note and support the point made by the noble Lord, Lord Hogan-Howe, about how we can also use better intelligence and technology to support that. Noble Lords may be aware that, to go further in supporting the police, on 31 March the Home Secretary announced changes to Section 60 stop and search powers to make it simpler for officers in seven force areas to use these powers in anticipation of serious violence. The College of Policing is supporting forces with guidance on community engagement to address the issues of fair and appropriate use. I recall the noble Lord, Lord Hogan-Howe, speaking a few months ago about the importance of engagement with local communities. Other noble Lords have spoken about this today. This is a clear example of the Government stepping up when the police tell us that they need further support.

The noble Lord, Lord Paddick, and my noble friend Lord Cormack talked about county lines. We are working with the police to tackle this highly violent form of child exploitation, which we know is drawing vulnerable young people into carrying knives and serious violence. As part of the serious violence strategy, we have provided £3.6 million for the establishment of the new National County Lines Coordination Centre to enhance the intelligence picture and support cross-border efforts to tackle county lines. The centre launched in September last year and has overseen and carried

out three separate weeks of operational intensification, leading to more than 1,600 arrests, more than 2,100 individuals being safeguarded and significant seizures of weapons and drugs.

On the public health approach, we know that there is no single solution to serious violence, and that no single agency can deliver a sustainable solution on its own. It is only by working together to tackle the root causes and prevent young people becoming involved that we will see lasting change. That was the underlying theme of the serious youth violence summit hosted by the Prime Minister at the beginning of April. A clear aim of the summit was to help forge a commitment to a multiagency public health approach to tackling serious violence. One immediate outcome of the summit was the establishment of a new ministerial task force, chaired by the Prime Minister, to drive action across government departments, supported by a new dedicated team in the Cabinet Office. The summit coincided with the launch of the Government's public consultation on a new statutory duty to underpin the multiagency public health approach. The purpose of the proposed statutory duty is to make tackling serious violence a top priority for all key partners, by ensuring that agencies are working together to prevent young people being caught up in a life of crime and violence. The proposals set out in the consultation were not about giving new responsibilities to individual teachers, nurses or other front-line professionals; rather, they were about a new duty that would require public bodies such as schools, hospitals, councils, youth offending services and police forces to work better together, to share information and to jointly plan and target their interventions to prevent and stop violence altogether. As I said, the consultation closed at the end of May and we intend to publish the Government's response shortly.

We have legislated through the Offensive Weapons Act to close the net around violent criminals by giving the police more powers to tackle knives, acids and firearms. In particular, it will make it illegal to possess dangerous weapons, including knuckledusters and zombie knives, in private. It will also bring in the new knife crime prevention orders. I note that the noble Lord, Lord Paddick, is still very sceptical about these; he has made his views clear before. However, the police have told us that they need the new orders to help divert at-risk young people from knife crime, not to criminalise them. I emphasise that to address the point made by the noble Baroness, Lady Meacher, and other noble Lords. We want orders to be preventive, not punitive. They are not an alternative to prosecuting those who are already acting violently, where existing criminal offences are more likely to be the appropriate course. The important point is that the orders will enable the courts to place on the holder restrictions, such as curfews or geographical restrictions, and positive requirements such as engaging in relevant interventions.

I am aware that time is running out. A number of noble Lords talked about school exclusions. The noble Lords, Lord Paddick, Lord Scriven, Lord Storey, Lord Addington and Lord Rosser, and the right reverend Prelate the Bishop of St Albans linked them to knife crime. We welcome Ed Timpson's wide-ranging review of school exclusions, which adds considerably to our understanding of current practice. The noble Lord,

Lord Rosser, outlined the very patchy picture of school exclusions. The review makes 30 recommendations to support children at risk of exclusion to remain in mainstream education, to ensure that permanent exclusion is used only as a last resort, and to reduce disparities in exclusion rates between different groups. We welcome those changes, which will ensure that schools remain accountable for the outcomes of the pupils whom they exclude and place a register—oh, that flashing light has made me completely lose my place: I will shut up very shortly.

The right reverend Prelate the Bishop of St Albans talked about employment and about churches keeping their doors open. I commend them for that; people do feel that churches are a very safe place. My noble friend Lord Cormack talked about the importance of citizenship. I do not know whether he has come across the fantastic National Citizen Service, introduced under the previous Government. The noble Lord, Lord Paddick, mentioned the importance of mental health. Redthread has been instrumental in working in hospitals, including mental health work. The noble Lord, Lord Dholakia, asked that we have just community sentences, rather than short ones. You cannot have a community sentence if the option of a custodial sentence is not available. As the noble Lord, Lord Hogan-Howe, said, custodial sentences have their place in some instances.

I have run out of time. I thank all noble Lords who have taken part in this debate.

1.59 pm

Lord Paddick: My Lords, I am extremely grateful to all noble Lords for their valuable contributions. There is clearly no simple solution to knife crime, but that is no excuse for not pursuing everything that we know does make a difference. Many solutions are long term, but that is no excuse for not taking action now. Despite what the noble Baroness has said, current government action is not enough, not co-ordinated and not properly funded for the long term.

I said that the plan I proposed in my opening remarks was not a Lib Dem plan, but maybe I can put a Lib Dem spin on it, and I look to the Cross-Bench contributions to this debate for inspiration. The noble Baroness, Lady Meacher, talked about legalising and regulating cannabis, and the noble Lord, Lord Hogan-Howe, in his documentary for Channel 4, highlighted the vast sums of money raised through taxation in American states as a result of cannabis being legalised. Maybe that is how we could fund some of this.

The Government's approach to knife crime needs to be looked at again, *tsar* or no *tsar*. I hope that the Government will do exactly that.

Motion agreed.

Small and Medium-sized Enterprises: Mistreatment

Question for Short Debate

2.01 pm

Asked by Baroness Bowles of Berkhamsted

To ask Her Majesty's Government what assessment they have made of the *Report on the Financial Conduct Authority's further investigative steps in relation to*

[BARONESS BOWLES OF BERKHAMSTED]

RBS GRG, published on 13 June; and what plans they have to mitigate any future mistreatment of small and medium-sized enterprises.

Baroness Bowles of Berkhamsted (LD): My Lords, global restructuring group was a unit within RBS into which struggling companies were pushed, with little option, when instant repayment demands were threatened. Newspapers have been filled over the last few years with findings about its unfair treatment of SMEs—92% unfairly treated and material damage to 25% are among the many baleful conclusions of an independent Section 166 report by Promontory, eventually commissioned by the FCA and published by the Treasury Select Committee when the FCA refused to do so. It revealed that the infamous “Just Hit Budget!” memo urging staff to “let customers hang themselves” was circulated widely, its content and tone never challenged at senior level, and that it was,

“indicative of an unprofessional culture that set little store by the interests of its customers”.

Neither was it the worst email it found. GRG unfairly destroyed lives, repossessed homes and acted aggressively, without transparency or proper control. The Treasury Select Committee chair summed it up:

“The overarching priority at all levels of GRG was not the health and strength of customers, but the generation of income for RBS, through made-up fees, high interest rates, and the acquisition of equity and property”.

And now the FCA report, although faint-hearted, is nevertheless damning, because it corroborates the Promontory findings: lack of management; failure to manage conflicts of interest; lack of appropriate governance, policies, procedures or processes. However, it stops short and is feeble on enforcement, presenting a catalogue of excuses in chapter 2, and in chapter 8 implying mitigating circumstances for RBS because the bank is systemic and was bailed out—which I do not recall coming about because of good behaviour. It says it cannot take action because commercial lending is not regulated. This is another GRG: the great regulatory gap. I agree with the Treasury Select Committee that commercial lending for SMEs should be regulated. Perhaps the Minister will explain the logic of why charges on homes differs from home lending, which is regulated.

Page 16 lists the *Principles for Business* that apply to every authorised firm, then says they do not apply because the business was not a regulated activity—except that principle 3, “Management and control”, can sometimes apply and has been used in the context of pursuing banks on the unregulated activity of foreign exchange. The RBS failings clearly fall under the “Management and control” definition:

“A firm must take reasonable care to organise and control its affairs responsibly and effectively, with adequate risk management systems”.

I give your Lordships 360 pages of the Promontory report as evidence. The FCA then says that,

“Principle 3 only applies to the prudential context of unregulated activities”,

which means having,

“a negative effect on the confidence in the financial system ... or a negative effect on the ability to meet ... the ‘fit and proper’ test in

the ‘suitability’ threshold; or the applicable requirements and standards under the regulatory system relating to the firm’s ... resources”.

Grudgingly, the FCA concedes that the market for commercial lending is part of the financial system. Then in a box on page 18, it explains why the FX scandal was considered to undermine confidence, but it does not explain why it thinks GRG does not. Is it implying that commercial lending to SMEs is not sufficiently important? With 5.6 million SMEs employing more than 16.2 million people, 60% of UK employees and 52% of corporate turnover, of course SME lending is systemically important, to the economy and to the financial system. And RBS, the largest SME lender, is systemically important to that market.

On a different count, RBS gave evidence that GRG managed 25% to 30% of the group’s capital, and at one point in the relevant period had almost half of the group’s capital tied up. This is on page 70, in chapter 8, which is all about the systemic importance of RBS and how difficult it was after bailout in the asset protection scheme. However, chapter 8 is itself evidence of the systemic relevance of GRG to RBS and hence to the financial system. A unit tying up half of a systemic bank’s capital, operating without proper governance or management controls, without a second line of defence and with systematic flaws, is a significant threat to RBS and therefore to the entire UK financial system. That is what being a systemically important bank means. The reputational and financial risk to RBS from GRG was known internally, as is explained on page 42.

These control concerns are not limited by the 8% value of the SME lending in GRG; it is about all of GRG and the proper capital control systems in a systemic bank. For the current CEO to say, as he did in the TSC, that it is only a matter for GRG, not the group, is plainly wrong: a group must have controls over where 50% of its capital is at risk. Not to do so is hardly “fit and proper” for any senior banking activity and is wildly deficient under,

“requirements and standards under the regulatory system relating to the firm’s resources”.

Will the Minister explain whether all the systemically important and capital control counts I have elaborated were explored in detail with regard to principle 3? Can arrangements be made for me to see the analysis? It will be impossible to legislate properly in future if that all remains in the dark. Will the Minister say whether the FCA consulted the asset protection scheme and whether there was improper pressure from it or the Treasury? Is that playing a part in suppressing action? If not, why is so much made of it by the FCA?

The FCA poses the question of whether it would it be right to bar people now. The answer has to be yes. Should big miscreants be saved because it would mean public disclosure? If we take that line, only the small will be brought to justice: that is what many think always happens in spades in financial services. The FCA also says that, because the activities are unregulated, no standards have been set by it, so there is nothing to measure “fit and proper” against. Well, shame! I have looked at the rulebook, and it is appalling how a general safeguarding provision has been sabotaged to be nothing of the sort.

I commend again the Australian offence of unconscionable conduct in commerce, which is defined simply with regard to the norms of the day, is not rule-bound, and the courts can interpret it. Courts, like the person on the Clapham omnibus, know a scoundrel when they see one.

2.10 pm

Viscount Chandos (Lab): My Lords, we are indebted—the appropriate word in this case—to the noble Baroness, Lady Bowles, for securing time for this short debate and for her forensic speech introducing it. I begin by drawing your Lordships’ attention to my entry in the register of interests, in particular as a director of the Credit Services Association, the trade association for the debt collection and debt purchase industry—while noting that its members are overwhelmingly focused on consumer credit collection. I am also a long-standing personal customer of RBS, although I will be checking whether my debit card is still working following this debate.

“UK’s most trusted financial platform ... Effortless every day, brilliant when it matters”—

these were the claims in an investor presentation by RBS on its UK personal and business banking. Pre-financial-crisis hubris, perhaps? No, the presentation was made on 24 September 2018, nearly five years after the report by Lawrence Tomlinson which first laid bare the systemic failures of RBS’s global restructuring group, and even after the FCA’s subsequent report had been published by the House of Commons Treasury Select Committee earlier that year. In 47 PowerPoint slides, RBS made no reference of any sort to the problems in the GRG.

Ross McEwan, the RBS CEO, said to the Treasury Select Committee in evidence for its report *SME Finance* that,

“the culture, structure and way RBS operates has changed fundamentally”.

How well does this claim—worthy of a Conservative Party leadership candidate—stand up to scrutiny? The same Treasury Select Committee report says:

“The overwhelming majority of those responsible for cultivating GRG’s patently unprincipled culture remain employed in RBS’s new restructuring division”.

Some 136 out of 182 employees in the new restructuring division had previously been part of the GRG. Even more disturbingly, of the 32 senior managers in the new restructuring division, 30—I repeat, 30; all but two—had been members of the GRG.

Your Lordships will have had experience of changing culture in organisations—even if, I hope, not necessarily from such a toxic starting point. How credible is the claim that there has been fundamental change when over 90% of the unit’s senior management is unchanged? It is in this context that we should read the FCA’s latest report and form a view as to its completeness.

I am, in general, a supporter of the FCA, and have seen the constructive approach and quality of people it has brought to the regulation of the consumer credit industry. I look back at the journey that financial markets regulation has taken since before the Financial Services Act 1986 to now, and believe that we have a regime more suitable for competitive markets and concern for consumer protection. I conclude, from experience, that

the FCA compares favourably in general with regulators in many other countries. But it is difficult not to be profoundly disappointed by this report.

Yes, of course the fact that commercial lending is an unregulated activity, even if conducted by a regulated entity, presents problems, although this must seem like a very arcane distinction to the thousands of victims of RBS’s “unprincipled culture”. Yes, the approved persons regime did not offer the scope that the senior managers certification regime might do for a broader judgment, although it is disturbing that, as I understand it, Andrew Bailey is not certain that even the SMCR would have enabled the FCA to take more decisive action.

However, within all these constraints, and taking just one specific issue in the limited time available, is it not still extraordinary that the FCA discusses the challenges in balancing the GRG’s two objectives—“turning customers around” and “generating a return for RBS”, which the noble Baroness, Lady Bowles, referred to—without any mention of any sort of the incentive remuneration and career appraisal policy that applied to RBS employees in the GRG? How were those employees remunerated, and how were they appraised relative to those two objectives? The FCA is engaging actively in the question of alignment within other areas of financial services, but is totally silent in this report, where it would have been so relevant.

I have two questions for the Minister with a view to mitigating the risk of recurrence. First, like the noble Baroness, Lady Bowles, I ask whether the Government will take the necessary steps urgently to make commercial lending a regulated activity. Secondly, remembering that the Government are a 62% shareholder in RBS, will they report how UKFI, as the shareholder, is interacting with the RBS board—not as a government shareholder but as a normal, responsible investor—to improve the culture of the group?

2.17 pm

Lord Sharkey (LD): My Lords, the report we are considering has already attracted a lot of comment—all of it unfavourable. The chair of the TSC said:

“This long overdue report will offer no solace to those who suffered from the disgraceful actions of RBS’s GRG”.

Kevin Hollinrake, co-chair of the APPG on Fair Business Banking, said that the report is a,

“complete whitewash and another demonstrable failure of the regulator to perform its role”.

The SME Alliance said that it was deeply disappointed with the regulator. The *Times* of Friday 14 June said that the report was,

“a masterful study in pointlessness”,

an insult to victims, and that it demonstrated a,

“sloppiness that underlines the paucity of the FCA’s investigation”.

Last Friday’s *Financial Times* was also critical. It said that the,

“report into the GRG scandal at Royal Bank of Scotland, which found that nobody was to blame, is a scandal in itself”.

None of this criticism is surprising or ill-founded. The whole sorry history of the GRG and RBS is littered with failures. The first failure was within the GRG. My noble friend Lady Bowles listed these failures

[LORD SHARKEY]
and their dreadful consequences. The second failure was within RBS, and extends to board level. Promontory, talking about the issues of malpractice and mistreatment, says explicitly that,

“we view these issues as part of an intentional and coordinated strategy ... to focus on GRG’s commercial objective and to place inadequate weight on the interests of its SME customers”.

Promontory explicitly implicates the bank itself—RBS—in these failings. It concludes:

“It is clear that the bank was aware, at least in part, of some of these failures but, it would appear, chose not to prioritise action to overcome them”.

In other words, the GRG was systematically ripping off some of its vulnerable customers and the bank knew this but did not intervene.

This is a gross failure of responsibility on the part of RBS, or at least very clear evidence of complete incompetence—and it gets worse. From April 2009, RBS had adopted a group-wide policy on the FCA’s treating customers fairly principle. This applied to GRG. Promontory notes:

“Despite this, we did not see how GRG management would have been able to satisfy itself that the TCF had been properly implemented and embedded in GRG. In our view, it was not”.

Presumably, either RBS was aware of the failure and did nothing, or it was unaware of it. Either way, there are surely grounds for resignations or sackings.

The third failure is therefore that of the regulator, the FCA. I say this with some reluctance. I have been an admirer of Andrew Bailey and believe that the FCA has become a significantly improved regulator under his leadership, but this belief has been tested of late, what with the LCF and the Neil Woodford affairs on top of the GRG debacle. Now we have the FCA’s report on the GRG affair, which reads as a rather desperate attempt at exculpation. It is clear that the FCA has acted late, reluctantly, defensively and very weakly. I agree with Kevin Hollinrake that the report is a whitewash. It is also an evasion of responsibility. The FCA report fails to discover—or declines to name if it has discovered—those in the GRG in RBS responsible for the malpractice and mistreatment of SMEs and the breaching of the TCF principle.

It is clear, on the one hand, that terrible things happened and, on the other, that nobody was named, punished or sanctioned. Then there is the question of the fit and proper test. The FCA report states on fitness and propriety:

“While those directly affected might think the conduct of senior management was deficient in GRG, we do not believe we would have reasonable prospects of bringing successful prohibition proceedings against any member of senior management”.

That is not only weak but unevicenced. It is either false or, if true, a perfectly clear illustration of the gulf between ordinary, common-sense language and its interpretation by the FCA. The proven persistence, scale and damage of GRG’s malpractice must surely be evidence that those responsible are absolutely not fit and proper persons in any reasonable sense of the words. If the FCA persists in its refusal to use its fit and proper person powers, the Government should ask it to rethink the whole regime. Does the Minister agree?

Perhaps the most worrying aspect of the FCA’s report is on page 73, where it discusses what, had the SM&CR been in place, it could have done about GRG. It reaches the feeble conclusion:

“We cannot say whether we would have been able to bring successful cases against RBS senior management had the SM&CR been in force”.

What does this say about the effectiveness of the SM&CR? Does it mean that the equivalent of GRG’s malpractices, if carried on now, could not lead to the punishment of individuals? What is the Government’s view on that?

This has been a sorry tale of malpractice. There has been wrongdoing but no consequences for the wrongdoers. There has been some compensation for victims, but not nearly enough. There is no clarity about whether our regulatory regime could have prevented this malpractice or could in future prevent such malpractice. There are questions as to whether the fit and proper test is in itself fit for purpose.

Promontory recommended that the FCA should work with the Government to extend the protections available to SME customers. Is that in fact happening and, if so, what progress has been made? Finally, does the Minister agree with the chairman of the Treasury Select Committee, who said that the FCA’s ruling showed that the regulators should be given powers to regulate commercial lending:

“Otherwise, scandalous events such as those at GRG could recur”?

2.24 pm

Viscount Hanworth (Lab): My Lords I shall reiterate some things that have already been said in the excellent preceding speeches. In November 2013, Lawrence Tomlinson delivered his report on the practices of the global restructuring group at the Royal Bank of Scotland. The bank had been rescued from insolvency by the Government and was effectively in public ownership. Lawrence Tomlinson was the special adviser to Vince Cable, who commissioned the report. Mr Cable was the Secretary of State for Business, Innovation and Skills from 2010 to 2015.

The aspersion against the Royal Bank of Scotland was that its global restructuring group, which was tasked with assisting small and medium-sized enterprises in financial difficulty, had driven many of those clients into bankruptcy by increasing the charges it imposed on them, denying them further credit and recalling existing loans. The bankers in GRG were under an injunction to improve the liquidity of the ailing megabank, which led to a so-called dash for cash.

A further charge was that the bank had sequestered the assets of the distressed enterprises by acquiring them at knockdown prices determined by the bank’s internal valuers, or valuers whom it had commissioned. The sequestered assets had fallen into the hands of an organisation called West Register, which was the property division of RBS. Having acquired the assets at fire sale values, the organisation was able to hold on to them until they could be sold at a profit. There was a clear conflict of interest between the bank’s obligation to care for its customers and its pursuit of profits.

The complaints against the Royal Bank of Scotland were numerous and bitter. In consequence of the testimonies gathered by Tomlinson, they merited further investigation. The Financial Conduct Authority was therefore called on to conduct a thorough and independent inquiry. Its recourse was to commission a report from Promontory Financial Group, a global consulting firm that advises clients on a variety of financial matters, including regulatory issues, compliance, due diligence and the like. Since 2016, the group has been wholly owned by IBM. The Promontory report largely substantiated the claims of the Tomlinson report. In the process, it discovered some appallingly callous and unpleasant attitudes on the part of the GRG staff towards their customers, which were revealed by some internal emails, the contents of which were widely publicised.

The FCA proved unwilling to release the Promontory report. Perhaps it did not wish to have its hand forced. Instead, it chose to summarise the report in a brief internal summary and in the final summary published on 13 June. However, meanwhile, the Promontory report has been published at the insistence of the Treasury Select Committee of the House of Commons, which gave the FCA a deadline of 16 February 2018.

An immediate reaction on reading the Tomlinson report might be to declare that bankers had been behaving like crooks and spivs. A response to that could be to declare that, unfortunately, such dealings are in the nature of banking and that, anyway, the bankers were doing nothing illegal. Thus, it could be argued that the bank was merely exercising its legal rights as a lender. By and large, the Promontory report adopted the first of those attitudes. Its central conclusion was that there had been widespread inappropriate treatment of the clients of the Royal Bank and that this treatment had caused material financial distress.

Nevertheless, the FCA's final report declared that no evidence has been found of criminal intent of the sort that would convince a court of law. As we have heard, it has also insisted that commercial lending does not fall under its regulatory purview. In the main, the FCA's report evinces the second of the two attitudes that I outlined—albeit that, for the sake of appearances, it acknowledges some faults of the Royal Bank. The report is at pains to avoid attributing blame to individuals within the bank, suggesting that to do so might expose them to personal danger. This seems far-fetched, unless one regards as personal dangers the loss of reputation or the revocation of an honour, as befell the chief executive of the bank.

MPs on the Commons Treasury Committee and the All-Party Parliamentary Group on Fair Business Banking, some of whom have banking experience, described the FCA's report as a complete whitewash. In partial recognition of its malfeasance, the bank set aside £400 million for the compensation of its victims, to be administered by a High Court judge. In July 2018 it was announced that the scheme would close for customers with fresh complaints. At the time only 803 of 1,230 complaints received had been resolved, with only 370 of these upheld. The payout amounted to only £10 million. This sum can be put in perspective by reference to a statement in the Promontory report to the effect that in 2011, GRG contributed £1.2 billion to RBS's bottom line.

Where does this leave us? The answer is that there is a deficit in the financial regulation of banks, for which the present Government are wholly responsible. They have failed to act on the recommendations of the Vickers report, which argued that casino banking, with its dangerous speculation, should be separated rigorously from commercial and personal banking. The Government have paid no attention to this. More recently, they have resisted a call for the financial regulation of the FCA to be extended to cover commercial lending. Indeed, the Promontory report warned that not doing this risks a repetition of the sort of events that occurred in RBS.

Under different political circumstances, I would be calling for the Government to act decisively now. However, I do not imagine that we can expect anything of the sort from the new management that will shortly be taking over the Government. There will be very different circumstances when our party takes over the shop.

2.31 pm

Baroness Kramer (LD): My Lords, RBS's inappropriate handling of its SME customers predates the period examined by Promontory and goes back to at least 2005. We know this because there have been whistleblowers, key among them Mark Wright, who gives me permission to use his name in this debate and who alerted senior management at RBS—up to CEO level as early as 2005 and chair level as early as 2006—and followed up with successor CEOs and chairs. When he got nowhere he alerted the FSA and its successor body, the FCA. I became involved in 2016, when the whistleblower's Member of Parliament, Norman Lamb, was reduced to utter frustration after years of attempting to get the evidence of abuse of customers properly heard and to obtain fair treatment for Mr Wright. None of this is discussed by the FCA in its report on senior management. Nor did the regulator ever act to prevent retaliation against the whistleblower; indeed, it seems it even shopped him to RBS. Needless to say, much of the whistleblower's life has been seriously damaged.

The FCA commissioned the Promontory report not out the goodness of its heart but because of charges laid in the Tomlinson and Large reports commissioned by my good friend Vince Cable, then Secretary of State at BIS, who had heard so many stories from SMEs. Further pressure came from the Parliamentary Commission on Banking Standards, on which I served. The FCA chose not to publish Promontory and produced its own summary, which—I am being polite—watered down and undermined every criticism and applauded RBS for its tepid and inadequate voluntary compensation scheme. That was whitewash number one. We know what Promontory found thanks only to a leak to an Irish website in 2018, which triggered a demand for publication by the Treasury Select Committee. Instead of allowing Promontory to complete its work with a follow-up report on senior management and its involvement, as originally envisaged, the FCA decided to carry out that second step itself: this report. Surprise, surprise: whitewash number two.

It matters. Promontory made many key findings: one in six SMEs put into the GRG was deemed “potentially viable” but was “caused material financial distress”—in other words, driven to liquidation—as a result of serious,

[BARONESS KRAMER]

“failings in GRG’s governance and oversight ... and of the priorities GRG pursued”.

That included failings in “second” and “third line oversight”—compliance and audit, to you and me. The report identifies that the notorious *Just Hit Budget* document instructing staff,

“to get a customer to agree chunky fees and upsides”, was not an isolated document. The West Register model—West Register was the property arm of RBS, as we have heard—

“was inappropriate and severely flawed”.

Are governance, oversight and priorities the responsibility of junior or senior management? If they fail, is there any possibility other than culpability or incompetence? While Promontory, as I have explained, was specifically required to avoid investigating senior management, it could not help identifying its collusion in this overweening focus on the bank’s interests and lack of concern for SMEs and their owners. The report again and again highlights the conflict between the “commercial interests” of the bank and its duty to its customers. Commercial interest won hands down; I could cite page after page.

That leads me to my concern with the regulator. I fully share my colleagues’ frustration at the inadequate powers of the regulator. This concept of a regulatory perimeter over which the regulator dare not step is indeed a limit, but the regulator also uses it as an excuse, enabling it to avoid rocking the established big banks, no matter where justice lies. I believe that the regulator’s motive for not cracking down is embedded in a belief that the system must not be shaken; financial stability means that SME abuse must, to a significant degree, be tolerated. In the case of RBS, propping up the share price as government seeks to sell off public ownership probably plays a role.

The FCA has never vigorously used the “fit and proper” determination. In the three years it has had the senior management regime, it has used it only once—and then to give a fine of less than 3% of his pay package to Jes Staley of Barclays for using both internal staff and private investigators to hunt down a whistleblower. The industry expected him to be fired. Rather than seize on information from whistleblowers, the FCA prevaricates and leaves them to hang. Nathan Bostock, head of risk and restructuring at RBS from 2009 to 2013, with direct oversight of GRG, has been not black-marked but rewarded, becoming chief executive of Santander UK, and his £1.8 million bonus from RBS was not withdrawn but protected.

New players are changing the landscape of SME lending, but the FCA has just taken steps to discourage people from investing in peer-to-peer platforms, even if low-risk and diverse, by requiring that investors must declare themselves to be sophisticated and experienced to put in more than 10% of their assets. Word on the street is that banks lobbied hard to get these constraints on these upstarts, who are now finally poaching their most attractive SME customers and the savers to whom the big banks never offer more than a pittance.

Will the Minister agree that we need changes? We need a change in culture in the regulator to aggressively pursue wrongdoing and the senior management on

whose watch it takes place, using every power to the limit and demanding more if necessary; removal of the regulatory perimeter for all SMEs, and potentially altogether; positive encouragement to whistleblowers, including granting the FCA powers that made its US equivalent, the CFTC, a driver of global clean-up; compensation and the right of the regulator to sue any company that retaliates against a whistleblower; and finally, a rebalancing of regulation to support alternate lenders, even as they grow big and threaten the establishment, rather than to protect the established, large players.

2.38 pm

Lord Davies of Oldham (Lab): My Lords, I too congratulate the noble Baroness, Lady Bowles, on securing this debate and on the forensic quality of her speech. We needed to add very little once she had completed the charge sheet, but nevertheless other noble Lords have contributed to the testimony of just what a scandal we are considering. Yet the result of the scandal, as identified in this debate, is that the Royal Bank of Scotland offered an apology. The Financial Conduct Authority, which supposedly had a clear role as a regulator, states that it has no powers to make clear what happened, and therefore expresses regret.

It is contended that the Treasury hopes for an extended role for the Financial Ombudsman Service in some aspects of disciplining malpractice in banks but we have seen no clear position yet. As the noble Lord, Lord Sharkey, indicated, there do not seem to be any consequences from this scandal because of the continuation of a large number—30 out of 32—of the senior administrators with the bank.

There has been an explosion at the other end of the Palace of Westminster. Many Members of Parliament, having been made fully aware in their constituencies of the devastating effect on small companies, have demanded action. As they have made their contributions and carried out their analyses—particularly the chair of the Treasury Select Committee, who is in a privileged position to be able to do that and has done so brilliantly—they have exposed just what the scandal represented.

There have been apologies, shrugging of shoulders, an attitude of “can’t do anything about it” and no question of knowing how we are meant to see fair settlements made, but the Government have not yet produced an obvious response to this position. This cannot be. The other place is clearly advocating more trenchant reforms and everyone who has spoken in this debate has identified that the present system is incapable of coping with issues of this importance. A large number of SMEs, an important part of the economy, have been bulldozed out of existence by the crass operations carried out by the global restructuring group of the bank.

The Government need to take seriously some of the proposals now being put forward. There is the suggestion from the other end that a tribunal system be set up to deal with disputes between SMEs and the big banks. It is clear that individual small companies do not have the resources to engage with the major banks in legal and financial struggles and that they will be beaten into the ground, as they have been through this experience.

Most of all, it is clear that the concept of self-regulation is being rejected. It has failed on this occasion in a most lamentable way. We all know the Government's reservations about additional regulation but they have to appreciate that the report of their regulator—the Financial Conduct Authority—has sunk like a stone and has caused dismay. I trust that the Minister will give additional information on the possible responses to this position in his wind-up speech.

I emphasise that from this development my party has learned the lesson—there have been others, which have also been greatly worrying—that we must have a regulatory architecture involving a business commission to replace the existing network of regulations, which have clearly failed. It is inconceivable that a person running a small company should be told that the regulator, unfortunately, does not have the powers to make any form of restitution.

We are also committed to a national investment bank, with a network of regional banks and a post bank focused on relationship lending, and we mean to keep RBS in public ownership. RBS owes a great deal to the community—for the bailout and the ultimate responsibility for this scandal—and it is important that it is kept under a high degree of public scrutiny. We intend to have banks that serve the public interest and guarantee that the banking industry will support infrastructure, the SMEs and the broader issues of public goals. We cannot afford another scandal like this one, and the Government cannot afford to ignore the necessity for drastic action.

2.44 pm

Lord Young of Cookham (Con): My Lords, I commend the noble Baroness, Lady Bowles, on her choice of subject and the speech she made in introducing it. As the noble Viscount, Lord Chandos, and the noble Lord, Lord Davies, said, it was forensic, well-informed and critically focused.

The Government want a strong, diverse and dynamic economy in which small businesses are respected and valued. As we have consistently said, the mistreatment of businesses by the Royal Bank of Scotland's GRG from 2008 to 2013 was unacceptable and clearly at odds with that ambition. When discussing circumstances such as these, we should always remember the human element to each case. As the backbone of our economy, small businesses must be able to trust that their financial service providers will support them as they strive to meet their ambitions. The real distress that has been felt by GRG customers must be heard, acknowledged and referred to during our debate. It is vital that lessons are learnt from these events, which has been the theme running through the debate today.

I was shocked to read that 86% of SMEs in RBS GRG suffered inappropriate treatment, a point made by the noble Baroness. RBS has rightly apologised for these mistakes and has set up a scheme to compensate victims, overseen, as the noble Viscount, Lord Hanworth, said, by the independent reviewer, Sir William Blackburne. This scheme has paid out more than £150 million in redress so far, comprising both automatic refunds of complex fees and then payments for direct loss. Approximately

two-thirds of complaints have been addressed so far and the Government are closely monitoring the progress of the scheme.

On the Financial Conduct Authority's investigation—again one of the issues raised during our debate—let me set out the steps it has taken. First, it used its statutory powers to commission a skilled person's report of how GRG treated its customers. This report identified that there was widespread inappropriate treatment of SME customers by RBS but concluded that,

“there was no widespread or systematic inappropriate treatment”, of SME customers by RBS in a number of areas. This includes allegations that RBS artificially engineered a position to cause the transfer of an SME into GRG, although the report found isolated examples of serious malpractice.

The skilled person's report also made findings which indicated that GRG's senior management were aware, or should have been, of some of the issues identified. The FCA therefore opened an enforcement investigation to understand senior management's knowledge of the issues in GRG and whether there was any basis for enforcement action. The FCA announced on 31 July last year that it had completed its investigation and concluded that any further action against senior management at RBS GRG,

“would not have a reasonable chance of success”.

I think it was the noble Lord, Lord Sharkey, who asked what the Government's view was of that. The FCA is an independent non-government body and it would be inappropriate for the Government to comment on its conclusions on that case.

Following this, the Government appreciate that those businesses affected by the actions of RBS GRG would have expected to understand exactly how the FCA came to that conclusion, especially as it would have been viewed as a disappointing outcome by many. The FCA's final report published on 13 June therefore supplies this clarity, and the Government welcome this transparency.

The noble Baroness, Lady Bowles, wanted more information about exactly how the FCA came to this conclusion. I encourage her to contact the FCA directly on this point. I will make it aware of her request.

Businesses affected by events at RBS GRG, as well as by other historic issues in business banking that have dominated public discourse in this area over the past few years, will rightly ask what has changed to prevent such circumstances arising again. That has been a theme of this debate, particularly in the contribution of the noble Lord, Lord Davies.

First, in future the senior managers and certification regime will allow the FCA to hold managers to account for the way they treat their SME customers. The Government expect the highest standards of behaviour across all financial services firms and believe that this is an important step in restoring public trust in the sector. The SMCR strengthens the regulatory toolkit by promoting individual responsibility for misconduct, holding senior managers to account for misconduct that occurs under their watch and ensuring that individuals at all levels can be held to appropriate standards of

[LORD YOUNG OF COOKHAM]
conduct. I was asked by the noble Lord, Lord Sharkey, I think, whether the SMCR would prevent such issues happening again. It is a good question. Andrew Bailey was clear in front of the Treasury Select Committee yesterday that the SMCR gives the FCA the ability to act, should circumstances similar to GRG ever occur again.

The second change that has taken place is that all major lenders have signed up to the standards of lending practice. Overseen by the independent Lending Standards Board, the standards for business customers set the benchmark for good lending practice in the UK, including when business customers experience financial difficulty, and contain clear guidance on best practice. If a lender breaches the standards, it may be warned, issued directions as to future conduct and possibly publicly censured by the Lending Standards Board.

The third change is that as of 1 April this year more than 99% of all UK businesses now have access to fast, free and fair dispute resolution in the form of the Financial Ombudsman Service. In response to the point raised by the noble Lord, Lord Davies, I say that the Government's position is that an ombudsman-style approach is preferable to the tribunal that he suggested as it does not require the regulation of SME lending, it can apply a fair and reasonable test, it does not require legal representation and it has the potential to resolve disputes swiftly and efficiently.

We have been clear that where there has been inappropriate treatment of SMEs by their bank, it is vital that those businesses can resolve these disputes and obtain fair redress. That is why we supported the FCA's recent expansion of eligibility to complain to the FOS to include small businesses as well as micro-enterprises.

A question that has been raised consistently by the noble Baroness, Lady Bowles, the noble Viscounts, Lord Chandos and Lord Hanworth, and the noble Lord, Lord Sharkey, is why the regulation does not apply across the board. In other words, why do only three of the 11 principles apply, not all of them, and should we not therefore extend the scope of regulation? As I just said, the financial services industry has changed significantly since the very challenging period following the financial crisis. Given the factors that I have just set out, the Government do not believe there is a clear case for bringing SME lending into regulation as there would be a number of direct and indirect costs associated with such a move. Direct costs would include annual FCA fees, product reviews and increased compliance and monitoring costs while indirect costs could include stifled product innovation, a narrower product choice for SMEs, and higher barriers to entry leading to reduced competition in the SME lending market. These changes could in turn impact on the price and availability of credit for small businesses, which would not be a desirable outcome. Having said that, I detect a very strong view from all those who have spoken that there might be a case for looking at this again and that if the principles are good principles, why should they be constrained in the way that they are? That is a message that I will certainly send back to my seniors.

I shall try to deal with some of the other points that were made. The noble Baroness, Lady Bowles, asked whether the asset protection scheme has had an impact. As the FCA report makes clear, no evidence was found that the RBS's participation in the APS made any difference to the way in which customers were treated. The FCA-commissioned skilled persons review of RBS noted that, in relation to the sample of cases it had reviewed, it has,

"not seen evidence ... where the existence of the APS had an effect on how RBS approached the customer".

Picking up a point made by the noble Viscount, Lord Chandos, I say that we have been clear that banks need to work hard to restore businesses' trust in the institutions of banks. I am sure RBS will have noted the specific criticism that he made about it in particular. We have welcomed the banking industry's commitment to establish a voluntary dispute resolution service. Having these standing dispute resolution mechanisms available for SMEs is an important part of restoring businesses' trust in the sector.

The shareholding which the noble Viscount raised is managed by UK Government Investments on an arm's-length and commercial basis. Commercial and operational decisions are for the RBS board to make. That said, of course the Government expect the highest standards of conduct from all businesses.

The noble Baroness, Lady Kramer, asked why the FCA did not go to phase 2 of the report. The FCA decided it was more appropriate to undertake a focused investigation itself than to progress to the so-called phase 2, which would be led by an independent third party. This allowed it to proceed straight to consideration of enforcement action, if it were deemed necessary, and ensured that the FCA was able to conclude any investigation more quickly. I need to write to the noble Baronesses, Lady Bowles and Lady Kramer, on some of the issues and questions they raised.

I assure noble Lords that we have taken the matters relating to the RBS GRG seriously and I have taken on board the comments, criticisms and suggestions that have been made during this debate. While we acknowledge the disappointment that many will feel at the conclusions of the FCA's investigation—a theme running through our debate—lessons have been learned. We have the senior managers regime in place, firms have signed up to the standards of lending practice, and there is a permanent dispute resolution mechanism through extended access to the FOS. We are not complacent. We will continue to remind banks of the importance of earning the trust and faith of small businesses and will continue to monitor progress of the compensation scheme under Sir William Blackburne. With seconds to spare, I thank noble Lords again for their contributions to this debate.

Benefit Changes: Vulnerable People

Motion to Take Note

2.57 pm

Moved by Baroness Janke

That this House takes note of the impact of recent benefit changes on vulnerable people.

Baroness Janke (LD): My Lords, I am grateful for the opportunity to lead the debate today. Over recent months, I and others have been shocked by the experiences of people who have been in touch either about their own circumstances or those of others, and the huge difficulties they face in their daily lives. Colleagues, friends, local councillors and members of the public have drawn my attention to the plight of people who are not only suffering extreme poverty but are enduring worsening situations. I know that there are many noble Lords across the House who are deeply concerned and would like to see action taken to address this injustice and misery.

A host of reports provide evidence of a situation that is getting steadily worse, including those by the UN rapporteur on extreme poverty and human rights and by the Joseph Rowntree Foundation. The Children's Commissioner has published a report on the impact of recent benefit changes on children. The National Education Union reported in May that teachers are buying food, clothing and equipment out of their own pockets for children who are too ashamed to come to school because their families cannot afford clothes and basic needs. Many schools face choices about how much of their scarce cash they should spend on things such as breakfast clubs.

Food banks have faced a huge increase in demand: a 13% increase year on year. King's Food Bank in Kendal has seen a rise of 18% in a year. It wrote:

"Once again our monthly figures sadden us! So far this year we have seen an increase of 19% on the same period last year. Last year there was an increase of 18% on the previous year and so it seems to continue. It is especially concerning to see the number of children being provided for has more than doubled from March and April 2018 to March and April 2019".

In the same newsletter, a young boy, Harry, who is featured, asked for items for the food bank as presents for his sixth birthday.

There is record low unemployment, yet 60% of people in poverty live in a household where at least one parent works. Worse still, the support services that used to be the lifeline for those in poverty, such as youth services, community services and debt counselling, have been almost completely removed. Funding for social care has been reduced, dependent older people have found themselves in desperate situations, and libraries have been closed in record numbers.

Again, the most pressing needs are faced by the poorest, the hardest to reach and the people who are simply unable to access the relief they need. There are 4.1 million children—that is, 30%—in poverty, and 70% of children in poverty live in a family where at least one parent works. The reasons, according to the Child Poverty Action Group, include delays in the system; sanctions, as parents looking for work find that the sanctions system punishes them and makes things worse; unrealistic job-seeking conditions; inflexible rules, which stop good causes or reasons being considered; and poor communications, which often leave sanctioned parents unaware that hardship payments could prevent their children suffering severe hardship.

There has been a major increase in homelessness. In November 2018 the figure stood at 320,000. There has also been an increase in the number of rough sleepers, which went up by 15% in 2017 to 4,751. As the

housing benefit element has been pared back, there is now a yawning gap between actual rent, often paid to private landlords, and the level of financial support. There has been a four-year freeze on the local housing allowance, and the benefit cap sets a ceiling on rent benefits. The result is rent arrears, debt and homelessness.

Nearly half of those in poverty—6.9 million—are from a family in which someone has a disability. They have also been some of the hardest hit by austerity measures. Changes to taxes and benefits will mean that some families are projected to lose £11,000 by 2021-22—more than 30% of their income. With cuts to local government funding, particularly in social care, many families with a person with a disability have been driven to breaking point. I know that my noble friend Lady Thomas will speak more about the specifics of that.

Single-parent families, of whom 90% are women, are more than twice as likely to experience poverty as any other group. Half of the total number of children in one-parent families are in poverty. Policies such as the benefit cap and freeze, the two-child limit and the introduction of full job-seeking requirements for single parents of children as young as three have had a stark impact. In August 2018, two-thirds of those who had benefits capped were single parents. Single parents in the bottom 20% of income will have lost 25% of their 2010 income by 2021-22.

As universal credit has been introduced, I am sure that we have all been aware of the acute problems that have occurred. Any new system will cause problems, but it seems that these problems have been unfairly and unjustly concentrated on the least well-off. There is little of the social security safety net that served in the past to prevent people becoming destitute, yet there is no shortage of suggestions from think tanks and charities about reviewing problem areas in the benefit system—for example, the five-week waiting period and the impact on indebtedness and destitution. I received a report from the Guildford Borough Council scrutiny committee on food poverty in the borough which found,

"much evidence to support the contention that changes to the system of benefits for people of working age are a major driver of food poverty".

Research by academics, charities and food providers shows a clear link between welfare reform, austerity and increasing charity food aid provision. The failure of benefit levels to cover essential living costs and issues with payments are common reasons for referral to a food bank.

I hope that as a result of this debate and other material, the Government will look at the evidence and review their policies—for example, the two-child limit. The Minister has already said that the Government intend to end the benefit freeze, but the results of the benefit cap continue. We have also seen the loss of emergency payments. As a former councillor, I am well aware that councils' emergency payments system and the Social Fund prevented destitution in the past and provided a source of funding that did not leave people absolutely dependent on charity and the good will of volunteers. This has been particularly noticeable in terms of sanctions. We believe that this is an area

[BARONESS JANKE]

that needs to be looked at again, along with the evidence of the damage caused to people in terms of destitution and debt. It has been particularly damaging to people with disabilities or long-term health conditions.

Another issue is the treatment of young people, because £250 a month is not enough to live on. That amount seems to assume that all young people have supportive homes and parents and families who can help them. The youth obligation scheme has a 40% drop-out rate, and I hope that the Government will produce a review of its effectiveness.

Many noble Lords have raised the issue of payments to one household and have asked for split payments to be made, so that abused women cannot be kept under the control of their abuser. The whole issue of insecure work and its effect on the payment of benefits is something that we believe needs to be looked at again. With the complications caused by erratic or insecure work, there is a disincentive because of the effect on benefits.

There is ample evidence of the worsening lives of the poor and deprived resulting from changes in the benefits regime, and I am sure that other noble Lords will want to bring other issues to our attention. Therefore, it seems that the Government need to look again at some of the changes. The priorities must be to rebuild an effective social safety net, to restore services in the community so that needs can be assessed locally and support can be provided where and when it is needed, and to address the issues that lead to low pay and insecure employment, so that already disadvantaged and vulnerable people are not driven into deepening despair, humiliation and the desperation of poverty.

3.08 pm

Lord Livermore (Lab): My Lords, I thank the noble Baroness, Lady Janke, for securing this debate and congratulate her on her opening speech.

I should like to focus on some of the benefit reforms introduced in the past decade, the choices that were made about how available resources should be distributed, and the outcomes that those choices created for some of the most vulnerable people in our society.

First, however, by way of context, I should like to look briefly at the choices made in this area by the Labour Governments from 1997. Those Governments had clear objectives to reduce poverty among families with children and among pensioners, and they accorded those objectives the highest priority. Through the introduction of child tax credit, working tax credit and pension credit, spending on families with children was increased by £18 billion a year, and on pensioners by £11 billion. The number of pensioners living in poverty halved, and the Resolution Foundation has calculated that the number of children living in poverty fell from 3 million in 1998 to 1.6 million by 2010.

The Institute for Fiscal Studies has described these measures as “highly progressive”. Its distributional analysis shows a 15% increase in net income for the very poorest 10% of families, and a 5% decrease for the very richest. It shows a 10% increase for the second poorest, and a 3% decrease for the second richest. This was progressive tax and benefit reform, underpinned

by principles that remain today both relevant and right: to ensure that work pays more than welfare, and to prioritise support for children and, in so doing, reduce child poverty. It is a tragedy for so many families’ prospects, for our nation’s prosperity, and for the fabric of our society that in the past decade each of those principles has been undermined, with the systematic reallocation of available resources away from the bottom half of the income distribution.

Undoubtedly, in the years after the global financial crisis, a period of fiscal retrenchment was necessary but, even in an era of austerity, there are clear choices to be made about who in society should bear the greatest burden. The distribution of austerity in the years after 2010 hit the most vulnerable in society particularly hard. While money was found to cut the top rate of tax, the impact of the tax and benefit reforms implemented in the five years of the coalition Government meant that the poorest decile of working-age families with children was over 6% worse off, the second poorest over 5% worse off and the third poorest over 4% worse off.

The Institute for Fiscal Studies summarised the benefit changes in this period by saying:

“The cuts to working age benefits made by the coalition government led to significant reductions in income across the lower-income half of households”.

It went on to say:

“Households in the sixth to ninth income deciles were protected from the impact of reforms over this period to a remarkable degree”.

Indeed, whereas the previous Labour Government chose to prioritise support for children, the IFS says that in the years after 2010,

“families with children were affected by benefit cuts to a much greater extent”,

than other groups.

After 2015, as austerity continued, with cuts to universal credit and the four-year benefit freeze, we again saw a decision to reallocate available resources away from the poorest in society. If we look at the distributional impact of changes to tax and benefits since 2015, it is strongly regressive. A couple with children, out of work and most in need, is more than £4,000 a year worse off. A lone parent, out of work, is £3,500 worse off every year. Even in work—which the benefits system should reward—the cuts to family incomes are large: a lone parent is nearly £1,500 a year worse off; and a couple with children with one earner, £1,000 a year worse off. Yet while the poorest decile loses an average of £1,100 a year, the richest decile gains £400 a year. While some of the richest working-age families with children gain £1,000 a year, the poorest lose £3,000 every year—15% of their income. These are quite some choices the Government have made about who in society should bear the greatest burden of austerity.

The recent reforms to universal credit announced by the Secretary of State for Work and Pensions are of course welcome. Yet, while many design flaws persist, of particular concern should be the ongoing lack of work incentives and, once in employment, the extent to which work really is now an effective route out of poverty. Recent changes have actually reduced the

incentive to enter work at low earnings for many single parents. There is still no incentive to enter work at low earnings for potential second-earners among the 1.9 million couples with children eligible for universal credit, only 600,000 of whom are currently dual-earning. Yet it is precisely these two groups—single parents and potential second-earners in couples with children—who we know are most responsive to work incentives. There are still very weak incentives for all universal credit recipients to progress to longer hours or higher earnings. This is particularly concerning because, while work should be the most effective route out of poverty, for too many people this is no longer the case. According to the IFS, while tax credits prior to 2010 pushed down in-work poverty, cuts since then have increased it. Now, 57% of those living in poverty are in working households. That is 8 million people living in poverty despite being part of a working family: the highest level since records began.

In his most recent Budget, the Chancellor reversed some of the cuts to universal credit. But these changes unwind only a quarter of the welfare cuts announced in 2015—cuts that are still set to reduce household incomes by £12 billion by 2023. These substantial cuts are still in place because, although the Chancellor announced the end of austerity, he made a further choice about who in society should gain. By failing to cancel this final year of the four-year benefit freeze, he did nothing to end the austerity faced by many low-income households. As a result, a couple with children in the bottom fifth of the income distribution will lose £400 a year, while a single parent working full-time on the minimum wage will be £1,940 a year worse off.

To reverse these cuts would have cost the Exchequer £1.5 billion out of a total Budget giveaway of £55 billion, but this was clearly not a choice the Chancellor was willing to make. Instead, he chose to announce tax cuts costing £2.8 billion, from which 90% of the gain goes to the top half of the income distribution and nearly half of the gain goes to the top 10% alone. Looking at the overall effect of the most recent Budget, the richest 10% of households will gain 14 times more than the poorest 10%. Looking just at the policies that came into effect at the start of this fiscal year, the incomes of those in the top fifth of the income distribution will increase by an average of £280, while the incomes of those in the bottom fifth will be cut by over £100.

Now, as for the past decade, we see once again the deliberate reallocation of available resources away from the bottom of the income distribution and towards the top. There can only ever be one outcome from a decade-long choice that the poorest in society shall bear the greatest burden. Child poverty is now projected to rise by a further six percentage points by 2023 to its highest ever level. The proportion of parents living in poverty is also set to hit a record high. Extraordinarily, of children who have a single parent, are in large families, are in a household where no-one is in work, or live in private or social rented housing, the majority will be living in poverty by 2023.

Poverty is rising in this country, not by accident but by design. Poverty is rising because for a decade, with each decision that had to be made, the most vulnerable in our society lost out every single time.

3.17 pm

The Lord Bishop of Chichester: My Lords, I too am grateful to the noble Baroness, Lady Janke, for her introduction to this important debate, which touches on a subject that is the responsibility of us all. We should acknowledge that there have been small though welcome attempts by the current Secretary of State to mitigate some of the injustices that have developed in the benefits system in recent years. But I urge that more radical remedial action is needed. In particular, urgent reconsideration is needed of the impact of the two-child limit—a policy which could eventually affect over 3 million children, pushing more than a million who are already in poverty into deeper material and emotional misery.

The introduction of the two-child limit represented a significant shift in social policy. It broke the long-standing principle, upheld by various Governments of all parties, that entitlement to benefits should be linked to need. In its place, no discernible alternative principle underlies the application of the two-child limit. Rightly, the Secretary of State has abandoned the plan to extend the policy retrospectively, on the grounds that it would be unjust to target families who could not possibly have planned or prepared for the introduction of the limit, as their children were born before it was introduced. But that serves only to emphasise a wider injustice. How are parents with more than two children who have since experienced family breakdown, redundancy, the onset of disability or an unexpected pregnancy supposed to have planned or prepared for the two-child limit?

The two-child limit denies families the support that they need from our social security system when they experience hard times, trapping children in poverty. The Church and those representing other faiths have spoken out from the start against this unprincipled and harmful policy. We have spoken out because it affects the communities we serve and members of our congregations and parishes. We have spoken out because in our schools, at our foodbanks and in our night shelters and advice centres we are in daily contact with the families targeted by this policy. That work with vulnerable families is growing all the time. Locally, even at the food bank in the city of Chichester, we have seen a 22% increase in demand since the rollout of universal credit, a pattern replicated across our part of the south coast. Family Support Work, our diocesan charity that provides intensive one-to-one emotional and practical support to families, has seen its case load increase by 100% in the last year.

The initial concerns that the Church and those from other faiths raised about the two-child limit have, sadly but undoubtedly, been borne out. A report published yesterday, produced jointly by the Church of England and the Child Poverty Action Group, presents detailed and disturbing evidence of this policy's impact after two years. It is based on interviews with more than 430 families. I urge the Minister and all Members of your Lordships' House to give the report careful consideration. It makes a compelling case for the removal of the limit.

It is estimated that to date, 160,000 families have been affected by the two-child limit. Child poverty is of course already rising. It will rise even more sharply

[THE LORD BISHOP OF CHICHESTER]

in the coming years, in large part due to the two-child limit. The report estimates that in just five years' time 300,000 children will have been pushed into poverty as a direct result of this policy, and that 1 million children who are already living below the poverty line will have been pushed even deeper into that misery. Of those families caught by the limit, the majority, 59%, are in work, struggling to get by on low incomes, a point that has already been noted by the noble Lord, Lord Livermore.

Through detailed interviews, the report provides direct testimony of the impact the policy is having on low-income families. The two-child limit means that families are unable to afford bare essentials such as baby milk or nappies. Parents are going without food to feed their children. One said:

"We ... pick up the leftovers if they leave anything",

or that they just eat toast. Families are getting deeper into debt and children are sinking into damaging social isolation. In the words of one mother:

"No trips to cinema, no picnics, no treats, nothing".

Added to the financial deprivation is the social and psychological impact of this policy, generating huge levels of stress and damaging the mental health of parents and the stability of relationships in the home. This is starkly illustrated by the words of one couple:

"It has caused so much stress on our family that it is looking like we are headed for divorce. Instead of enjoying the birth of our baby, we have dealt with hardship and having to scrape together for meals ... We had to borrow money for sterilizer bottles, pram, cot, everything you need for a baby and without the usual income for each child we can't afford to pay it back. We are at an end in our family life and relationship because of the stress and hardship the limit has caused for us".

The report even records affected parents saying that they have contemplated terminating pregnancies or taking their own lives. With all that we know about the importance of the early years to human development, the idea of a policy that targets large, poor families by design is at best short-sighted. Every child is a blessing and should have the best possible start in life.

Certain groups of vulnerable claimants are particularly adversely affected by the two-child limit. Families of refugees, coming to this country to seek a place of safety where they can rebuild their lives, are affected by the limit. Even those whom the Government recognise need particular protection—such as those in the Government's Vulnerable Children's Resettlement Scheme, which includes child survivors of abuse, violence or exploitation—are subject to the limit.

The report contains a compelling chapter on the impact of the two-child limit on survivors of domestic abuse. The limit increases the barriers that survivors face in leaving their abusers and the financial hardship they face if they manage to do so. One refuge worker said:

"Women have felt ... trapped ... as there was no available money to help them move and leave",

so they were financially reliant on their partners for help. A resident in a refuge said that while she was pregnant with a third child,

"her ex demanded she have an abortion because he said they could not get any more money for it",

and when she refused,

"he tried by being violent to enforce a miscarriage".

The two-child limit will exacerbate social division in our country. Unsurprisingly, it is minority communities that will be particularly caught by this policy, particularly Orthodox Jewish and Muslim communities. Research by the Equality and Human Rights Commission has shown that the policy will have a disproportionate effect on those from Pakistani and Bangladeshi backgrounds. Whole local communities where there are significantly above-average numbers of larger and poorer families will be impacted. In one parliamentary constituency, Birmingham Hodge Hill, it is estimated that over half the children living there will be affected. What will the impact of this policy be on those communities, which already face significant deprivation?

The Government need to listen to those whose lives are being damaged by the two-child limit—families seeking to raise their children, struggling with already low incomes and now facing a benefits system that fails to link entitlement with need. Any Government who are serious about tackling child poverty and strengthening the family—any Government for whom building "one nation" is more than an empty slogan—should listen to those affected. It is right to support families when they need it most. The Government should lift the two-child limit and help all children to thrive.

3.27 pm

Baroness Thomas of Winchester (LD): My Lords, I am pleased that this debate enables us to have a calm, rational look at recent changes to benefits. I think the whole House appreciates that powerful contribution from the right reverend Prelate.

I will concentrate on two benefits—universal credit and PIP—to see how they are working in practice for vulnerable claimants, but I will leave the bigger picture to others. As this is a debate, we do not need the shorthand of catch-all, critical phrases that do not always help with the here and now, such as, "Universal credit plainly isn't working". However, if we have a rational debate, I believe it is up to the Government to take heed of practical, suggested solutions to problems identified by bodies such as the National Audit Office and the IFS, organisations such as Citizens Advice, and many charities, some of which are being quoted today. What we really do not want is for the Government to close their ears and say there is not a problem right now that needs sorting out.

We know that there is no prospect of any radical change in legislation in this area at the moment, but there must be scope for changes in the way in which benefits are administered. The phrase "test and learn" applied to UC before managed migration sounds sensible, but do we not know already what is and is not working for vulnerable claimants?

I have recently been in touch with two Citizens Advice offices and been told about their experience in helping clients claim UC and PIP. With UC so much can go wrong very quickly, they say, leaving individuals and families without the necessary funds to pay their way. This is why food banks have never been busier. In 2013 there were 400 food banks; there are now 2,000.

The most obvious reason for this is the five-week delay in payment of UC. I know that this was deliberately brought in to mimic a monthly pay packet and to encourage benefit claimants to take more responsibility for their own financial circumstances. However, it is quickly leading many claimants into debt from which they really struggle to recover. We have heard from the Secretary of State that this is being looked at again. Many vulnerable claimants who are or have been in work are used to a weekly pay packet, even nowadays. However, politics is in such a volatile state at the moment that I really hope that a change to the long waiting time is in prospect. I know that advance loans are available, but the strict repayments regime can make matters worse.

I now turn to some of the other problems faced by these claimants. Perhaps the most predictable problem is that many, if not most, claimants are not familiar with digital systems. They may not have a home computer, so the whole digital world is foreign to them. Even with their hands held by support staff, passwords will be forgotten and simple ID checks, which may involve another appointment at a JCP office, will often hold up a claim. The remedy to this surely must be for enough staff to help claimants in person. The DWP may not have budgeted for this but it will just have to find the funding.

Then there are messages from work coaches to which some claimants do not respond. This risks the closure of a claim, with all the problems that that brings. I can see how frustrating this is to a busy work coach, but we are talking about claimants who may find the whole unfamiliar process terrifying. A bit of flexibility may be all that is required. I would like the Minister to say a word about whether a vulnerable claimant will always be sanctioned if an appointment with a work coach is missed, in spite of a claimant commitment having been signed. One adviser said:

“The DWP so frequently demonstrate zero flexibility when a little common sense could make the world of difference”.

Next is the long wait for work capability assessments, with appellants found fit for work being forced on to UC before managed migration because there is nothing else to claim between mandatory reconsideration and appeal.

Finally, there are slightly less common but nevertheless important problems such as the way in which the form deals with migrant workers and the right to reside, and the complicated rules around specified housing.

Perhaps the Minister can tell us whether there is any sense of urgency to try to deal with these issues which are causing such problems. Surely it is important to get these matters sorted out before even the pilot managed migration next month.

Turning now to PIP, it is certainly good news that those who have mental health problems are now being helped much more than under DLA. However, there are still problems with PIP, which is now far more expensive than the Government budgeted for when it was first brought in to save money. I believe it still tops the list of issues in MPs’ mailbags. It is certainly the most common benefits problem that people recently went to Citizens Advice about in Surrey, for example—

quite a rich county, I always thought. The chair of Citizens Advice Surrey Research and Campaigns Group said:

“There have been several weeks where we have struggled to cope with the demand from people for help with Mandatory Reconsideration and appeals, we felt like that was all we were doing in our office”.

The reason for this would appear to be the poor quality of many of the assessments, the rubber-stamping of mandatory reconsiderations and the long wait for tribunals.

Tribunal judges have also been very critical of the number of appeals, saying that certain claimants’ entitlement to the higher rate of PIP was so apparent that there should have been no need for an appeal of any kind. Judges have even been heard to apologise to appellants. After all, appeals are expensive and stressful, and many of those seeking appeals are disabled. Nationally, for 81% of people making new PIP claims and 76% of reassessments, the initial DWP decision is unchanged at mandatory reconsideration, while 73% of those who go on to appeal have their decisions overturned by a tribunal judge.

One of the recommendations of Citizens Advice Surrey Research and Campaigns Group was for clarification from the Government about the provision of medical evidence. I have always thought that the purpose of medical evidence was not clear. On the one hand, the Government say that PIP is not a medical assessment but a functional assessment but, on the other hand, they call for supporting evidence from doctors or other healthcare professionals from the outset, although they commission reports themselves only for tribunals. Do assessors always read the medical evidence? Claimants often say that they do not. Obviously, the most difficult assessments to judge are those relating to fluctuating conditions, but the statutory reliability criteria are supposed to address this question.

What would make a difference? First would be a properly trained workforce of assessors who use their common sense. Surely it is time the assessments were brought in-house. Second would be a much more robust procedure for mandatory reconsideration by decision-makers. Third would be for all assessments to be recorded. At least that would be a start. The Government are now thinking of amalgamating the work capability assessment and the assessment for PIP. The first is called a medical assessment, while the second is called a functioning assessment. A rethink of the whole nature and purpose of these assessments needs to be decided.

3.39 pm

Lord Kirkwood of Kirkhope (LD): My Lords, it is always a pleasure to follow my noble friend, whose speeches always repay later reading because of her expertise and experience in these fields. I particularly agreed with one of her earlier remarks when she talked about the difficulty the department has—and I think this is true—in that it seems to be turning a deaf ear to some of the complaints. Now, I do not think that demonstrates anything other than a misperception of how the department works, and I understand the Minister’s perplexity and why she feels the need to defend the professionals in the department, and she is

[LORD KIRKWOOD OF KIRKHOPE]

right to do so, because they are excellent people. But it is true that the perception left outside the department is that, because there is so much difficulty in trying to resolve some of these problems, the department keeps founding on the fact it has an 80% approval rating, which it has. People who have work experience, computer knowledge and a bank account in positive balance always get a very good service, from my experience. I have studied this and watched cases being enrolled on to universal credit. It is partly why the employment rate is so high, and I think that will continue.

On the other hand, a benefit change of this kind, where you get six benefits in one payment, is a big change from an array of small payments that had previously been studied through the month. If anything goes wrong with that—whether it is bad process, partly the slightly strange ideology behind it or the lack of generosity of some of the benefit payments—and it does not come through the door on time or it is wrong, the household's finances are severely affected immediately. The Government would be well advised to confess a bit more readily that, when it is in full rollout to 7.7 million households, payments of this kind will always go astray and there will always be people who will need help.

In satisfaction of trying to deal with that, I think that we should consider some sort of triage system, because there is a lot of data in the department and a lot of clever people who can cross-tabulate it. I cannot help but remember that dynamic benefits—the basis for universal credit—was set up in 2008. A huge amount has evolved about how people can creatively use data to identify cohorts within populations. The department should now be able to identify the vulnerable cases much more specifically, so that work coaches and advisers can be given a case that has a red flag on it that says, “This case needs special treatment because, if something goes wrong with it, children will suffer”—or whatever, because there will be consequences or it is a riskier than normal case. That can be passed on to the housing authorities and anybody acting on behalf of the applicant so that we can be much better prepared to stop people being thrown out of their rented accommodation because their UC payment is late and then sent to Yorkshire from London with three young children—

Lord Greaves (LD): What is wrong with Yorkshire?

Lord Kirkwood of Kirkhope: There is nothing wrong with Yorkshire; I was just referring to a programme I saw on Channel 4 last night. I see hard luck stories and bad stories for the department all the time. The department has to understand that, with a rollout cohort of 7.7 million families, it will always have difficulties and bad stories. It will get better as UC rolls out.

My noble friend also mentioned the importance of getting more flexibility into the hands of the caseworkers. They are not using enough flexibility yet. I noticed that the Secretary of State was in Scotland this morning. There are some really excellent new flexibilities for people coming out of prisons. That is really positive and it was a good news story in the *Scotsman* today. That is good, but we should have more of it. No doubt the Minister will say that there are all sorts of things

going on that we do not know about—and I believe that to be true—but it is perplexing that we are not better at identifying vulnerabilities. That is the point I am making, because if the professionals dealing with the cases had a bit more information of that kind available when they make judgments on the case it would make a significant difference.

I did not mean to say any of that. I meant to start by thanking my noble friend Lady Janke for introducing the debate in an excellent way. Her analysis was really good. It set the scene. The timing of the debate is very important because we are looking at, we hope, a comprehensive spending review and a Budget that might happen sometime in the autumn or maybe even later—if we still have a Government. Departments such as the DWP should be thinking clearly and carefully about what their asks are for the Chancellor of the Exchequer, whosoever that may be. That work would then inform what happens in the next three years. That three-year period has to be used constructively to repair some of the damage that we have seen since 2010, some of which is still with us and some of which still has to be visited on us. The noble Lord, Lord Livermore, was quite correct in identifying that previous Governments have dealt with low income quite deliberately and politically by pouring money into the tax credits system, which saved an enormous amount of extra heartache from the financial crisis of 2008-09. If that had not been there things would have been much worse. The noble Lord was right to say that.

The right reverend Prelate was also right to advert to the two-child limit. I am old-fashioned about adjusting levels of expenditure. In social security, levels of expenditure are enormously high, not in proportion to national wealth but in nominal terms. Social security should be increased or decreased annually by adjusting the rates of the benefits. If money needs to be taken out of child support, there are ways of doing that without adopting ridiculous policies which will almost certainly be overturned by future Governments. There is no security or stability in this policy area. It will continue to fester, it will not prosper, and then it will change, and there will be another level of complication for the people that have to suffer the benefit changes that are the subject of this debate. We need a longer-term strategy. We need to find ways of raising resources during the CSR as well as spending them. I would lean a little more heavily on wealth rather than income to generate extra resources. There are other clever ways of doing that. I understand that extra money has to be found to correct some of these problems.

I want to make a point in passing about housing policy. In both Governments—this is over a longer period of time than just since 2010—housing costs have crept up. For low-income families, they are a significant cause of poverty. I attended an IFS presentation last week. In an article about it for the *Times* of 24 June, Paul Johnson wrote,

“low-earning households have housing costs a good 50 per cent higher than they were 20 years ago, while housing costs for the highest-earning households have not risen at all, on average”.

That is not easily fixed; it cannot be done overnight. However, it is absolutely insane that we spend £23 billion every year on housing benefit, and it goes to landlords—

sometimes housing associations and councils, but mainly private landlords. We cannot go on like this. I do not have an answer—I am not a housing expert—but it is an area that deserves urgent, cross-departmental treatment. We need a housing policy that is worthy of the name. If we could do that, it would take a lot of pressure and some of the costs off these low-income families.

I commend the Government—because not many people do and I do not often get the chance to—on the employment rate that has been achieved, which I think is excellent. I would not have thought it would be high or have stayed that high; with a bit of luck it will continue to stay at that level. But two things flow from that. It is really good news that we have a high employment rate—the noble Lord, Lord Livermore, referred to this as well—but we need to increase hours within employment now, to deal with in-work poverty. We need to start concentrating on that, and it is quite complicated for Government to do, but we need to increase hours available for work. Secondly, we need to have more emphasis on in-work progression. That is really important.

I come back to where I started. As I recall, the National Audit Office report of June 2018 made the comment that the DWP could not really identify the vulnerable cohort particularly of its universal credit caseload. Hopefully, that is something that the Government will do. I hope that when the Secretary of State returns from Scotland, she will also explain how the Scottish child payment of £10 per week, starting in 2021, can be replicated here in the United Kingdom.

3.51 pm

Lord Greaves: My Lords, my noble friend Lord Kirkwood said what a privilege it was to follow such an expert as my noble friend Lady Thomas. I have the privilege of following them both. They are both experts in this area; I am not. I shall make a few general comments from the perspective from which I see this—casework in my role as a humble local councillor, in which I see people who get into real difficulties and need help sorting it out.

The role of jobcentres—Jobcentre Pluses, as they are now called—has changed in the many years since they were set up as labour exchanges. I have two anecdotes. The first is about a mother with two young boys. Her partner had moved out quite some time previously but was now homeless. To get his benefit, he had to put down an address. He gave the address that he used to live at with this lady and her children and, as a result, she had her benefit stopped because they said that he had moved back in. It took months to get such a little thing, which was nothing at all to do with her, sorted out. Clearly he was not living there, but that is what happened. She had a part-time job but was not getting tax credit. It got to the stage where she kept her children off school because she was not entitled to free school meals as she was not on benefits. She could not afford their dinner money or to heat the house properly, so they were being kept in bed all day. It was sorted in the end but it should not have taken so much time and trouble.

The second example is of a fairly elderly gentleman who suffered from mental difficulties and could not get out of his flat. He was not able to admit strangers into his flat and therefore failed to turn up for an

interview, so that when people did a flat visit he failed to let them in and lost his benefits for a considerable time. Those are just two examples of how Jobcentre Plus people are now not there to help people. In my view, they are there to control them and, too often, to penalise and sanction them.

When the labour exchanges were first set up in 1909 by the great Liberal Government, they were a tremendous step forward because they meant that jobs could be advertised for free by employers in a central exchange where people could go to find out what there was. Before then, a lot of people simply had to tramp the streets from one mill to another, or to a factory or whatever, knocking on the doors and saying, “Have you got a job, please?” The exchanges were not perfect and faced a lot of political opposition from the Tories and the Labour Party at various times, but overall they were a great success. They were turned into employment exchanges, which was largely a change of name, and then into jobcentres, where the administration of the benefits system and the system of advertising jobs were put together.

I wish any noble Lord who wants to go into a so-called Jobcentre Plus with a client now the best of luck. You would first have to argue your way in—to argue that you are allowed in with somebody to help them. If you overcome that argument, you would then find that the centre is actually a means of administering the benefits system. These centres do two particular things to people. First, they will try to put them on training courses, some of which are on how to apply for jobs. In my experience of talking to friends about them, many of the courses provide training in doing things that those people will never be able to do well. If they manage to understand things such as managing a simple spreadsheet, they will never get a job that requires that kind of training. However, there may be others that are more useful.

Secondly, people have to spend a lot of time applying for jobs online and proving that they have done this. Instead of tramping the streets, as people had to do before 1909, they now sit at computer screens applying for jobs—we all know that people who advertise jobs now get large numbers of applications—which, in most cases, they will never get. There is a huge amount of wasted time and effort in the system. As I said, I do not believe that the fundamental job of a so-called Jobcentre Plus is helping and supporting people any more; it is about controlling and, too often, penalising people.

I agree very much with everything that the right reverend Prelate the Bishop of Chichester said about the two-child limit. I have a copy here of the report that he referred to, *All Kids Count: The Impact of the Two-Child Limit after Two Years*. I recommend that everybody reads that report and wondered whether I should say a few things about it but he said it all. The only thing I want to add is how ludicrous it is that we invite some of the most vulnerable families in the world—refugees from Syria, for example—to come and live in this country, and then impose something like the two-child limit on them.

Again, looking back in history, the present system goes back to the introduction of the family allowance by the Labour Government in 1946, based on proposals

[LORD GREAVES]

that originally came in the report from that great liberal of the last century, William Beveridge. But when that allowance was originally introduced, it was the other way round. The first child did not get the benefit, as it was assumed that it was the subsequent children who really needed it and that they would be in poverty if a family had more than one child. In my own family, I remember the great glee there was in 1956 when the eldest child in the family—that is, me—became eligible for family allowance. For my mother, that was a great step forward. The point about family allowance was that it went to the mother and was paid in cash every week. That made it an unbelievable addition to the resources that she had. In some families, it meant the children could be brought up—I would not say in relative affluence, but certainly out of poverty in the circumstances of the day.

I am told that only 60% of universal credit now goes to the main carer, who is usually the woman, but not necessarily nowadays, as we know families have changed. But it is not the same benefit it used to be. We had battles over the years on family allowance and child benefit. I go back to battles in the 1960s and 1970s, and I remember working then with the Church of England and Child Poverty Action Group. Some things seemed to go round and round, and never change. We all ought to unite and campaign, across the parties, whoever we are, to abolish this two-child limit. It really is ridiculous, because it undermines the fundamental principle of the benefit, which is that the resources should go to the children. You cannot say that they should go only to the children of families of two and not to families of four, because families of four will clearly be in more difficult financial circumstances. It is a top priority for this to happen.

4.01 pm

Baroness Armstrong of Hill Top (Lab): My Lords, I congratulate the noble Baroness, Lady Janke, on securing this debate and thank every noble Lord who has spoken. They have raised many of the issues that I would have liked to. However—and I do not apologise for this—I am going to concentrate on one group of people. Once again in this Chamber, I will speak about the most vulnerable of women: those who are likely to have experienced violence and abuse, and have complex needs.

My last job before I left the Government in 2008 was Social Exclusion Minister, so I spent a fair amount of time on this during that period. Since then, I have been involved with Changing Lives, a charity based on Tyneside, but now working on a wider basis. It started as a homeless organisation, but now works with people with complex needs, both men and women. I chaired the organisation until last December, but still work with it, particularly with Laura Seebohm, who has briefed me for today. She has overall responsibility for the work with women. It runs five services across the north, supporting people involved in what we now term “survival sex” and sexual exploitation. I want to concentrate on that group of people.

Changing Lives and I have a real concern that, in the past few years, the number of women getting involved in survival sex, as a direct impact of welfare

policy, is increasing. We find this shocking, as I am sure noble Lords will. The women typically experience multiple and complex needs: mental ill-health, homelessness, drug and alcohol misuse, contact with the criminal justice system, and family breakdown. But childhood sexual exploitation and trauma is also a common experience for the women, and it is often compounded by traumatic experiences in adulthood. One problem faced by the women whom Changing Lives works with is that they are homeless or sofa-surfing. They have limited or no digital literacy, and limited or no access to a computer or smartphone—that will also mean that they have no bank account. They lack all the tools and skills that they are expected to have to claim universal credit straightforwardly. From the moment that they are transferred to universal credit, they are at an absolute disadvantage, with everything from proof of identity—as many of them will not have a birth certificate or passport—to receipt of payment because they do not have a bank account, practically impossible.

Two components of universal credit have especially damaging impacts for women at risk of survival sex. First, because all payments have to be made directly into bank accounts, the women with whom Changing Lives works are at greater risk because of financial exploitation. The majority of clients do not have their own bank accounts. However, Jobcentre Plus is not required to verify third-party accounts when nominated and all our services reported instances of women nominating the bank account of a friend or boyfriend to take receipt of the payment. They were frequently pressed into that—to put it mildly—and the funds were immediately stolen. Such financial exploitation of women who are already vulnerable is directly linked to the likelihood of conducting survival sex work and indirect sexual exploitation.

Secondly, advance payments are very tricky when people have real problems with addiction. Once a universal credit payment is set up, the client can be eligible for backdated awards. That often totals significant amounts, for all sorts of reasons. Staff in the organisation repeatedly reported that this process can have a hugely destabilising impact, because clients will often spend what they see as a reward, which, if they do not get rid of it quickly, somebody will come and take anyway. That leads to all sorts of problems.

Changing Lives staff have also observed an increasing trend of women actively choosing not to apply for benefits at all because of the problems with universal credit. One service manager estimated that around 30% of the women whom her team supported do not attempt a universal credit application because of the direct barriers that I have already talked about, as well as the high risk of sanctions for missed appointments or lack of job search. This indicates that not only being on universal credit but the very existence of universal credit are driving more women away from services and into survival sex because it is increasingly perceived to be their only option.

I recently heard about Changing Lives’s first example of a person placed on indefinite universal credit sanction because of a series of missed appointments. The client, who is now living in a Changing Lives property and receiving support from its specialist sex work project,

was placed under indefinite sanction in April this year. Our team advised Jobcentre Plus of the cause of her missed appointment, but the decision to place her under indefinite sanction was upheld. She missed her appointment because she had been raped the night before. As I said, these shocking outcomes, which nobody intends, are happening to real people who are the most vulnerable.

What changes to universal credit could help tackle some of these problems and better protect these women? I will raise some specific ones; there are others. The first is removing the wait for the first universal credit payment, which is very important for this group. The second is greater promotion and awareness by Jobcentre Plus staff that payment by a voucher or at a payment point is possible. Many of the staff said that their clients were totally unaware that that was an option; it is just not being used. The third is verification of third-party bank accounts, so that exploitation is cut down. You know who is going to get the money and that they have a good and proper relationship with the person who is entitled to the benefit. The fourth is optional, managed draw-down arrangements for backdated and/or advanced payments and greater flexibility to ensure repayment of debts and deductions, because a large number of these clients will, inevitably, come with historic debts which are likely to be related to courts, rent and so on. That sort of thing has to be done at a rate which is genuinely manageable for clients.

I know Jobcentre Plus workers who really want to do well. Changing Lives has done courses for some of them. They are really grateful because they begin to understand more effectively the needs of the women and how to identify what might come through their door. Changing Lives tells me that it would be so much better if these clients could see consistent, designated work coaches who stayed with them throughout their time on universal credit. This is impossible in the current system. Training and better awareness by jobcentre staff of the available specialist support services was also recommended to me by Changing Lives staff. I would say, from the work I have done in the last year on women who have experienced trauma and violence, that all our front-line workers must be more trauma-aware so that they recognise and understand that when women who have had this sort of trauma present they are not going to be able to deal with all the things put before them in a calm and logical way. None of us would be “normal” in those circumstances.

The introduction of universal credit has increased the prevalence of survival sex, mostly among women. It is a symptom of poverty and destitution. It is hugely damaging to the individual, their families and the community, and to society as a whole. The loss of support and prevention services is a key contributing factor to this problem. The women affected by universal credit and engaging in survival sex will be the tip of the iceberg. Deal with them and you sort the rest.

4.14 pm

Lord Low of Dalston (CB): My Lords, it is a great pleasure to follow the noble Baroness, even if it was not always such a pleasure to listen to some of the things of which she spoke. I declare my interest as a

vice president of RNIB, the Royal National Institute of Blind People, from which I got much of my information for this debate. The RNIB is the UK’s leading sight loss charity, representing the 350,000 people in this country who are registered blind or partially sighted and the 2 million or so living with sight loss.

This debate is about the impact of recent benefit changes on vulnerable groups. Blind and partially sighted people are a vulnerable group, so I propose to talk about them. The most significant change to benefits since 2010 has probably been the introduction of universal credit, replacing six pre-existing benefits with a single monthly payment for those who are out of work or on a low income. The numbers of blind and partially sighted people migrating to universal credit are so far too small for us to be able to say with certainty what impact the change to universal credit has had on people with sight loss. However, RNIB anticipates that the migration to universal credit will cause issues for blind and partially sighted people and has welcomed the announcement by the Secretary of State that the process will be slowed down to allow concerns to be addressed. RNIB shares the broader concerns of the disability sector about universal credit, including the built-in five-week wait, how the transitional payments will work and the obligation to make a new claim for universal credit, rather than being transitioned automatically.

For blind or partially sighted claimants, there are also some specific issues that need addressing around the accessibility of the process. There are at least 20,000 blind or partially sighted people who have still to migrate to universal credit, and accessibility issues must be resolved before universal credit is rolled out completely. The Government would do well to explore with RNIB how it can help monitor the rollout through RNIB’s benefits helpline. How will the department ensure that the universal credit application process is accessible to the 20,000 blind and partially sighted claimants who have still to migrate to the new benefit?

The process for assessment of benefits is often as important as the benefits themselves. RNIB was very pleased to be involved in a workshop on work capability assessments that took place last January. It was good to see how the views and experiences of a system that was not working for people with sight loss were taken on board by officials. However, the idea that emerged from the Secretary of State at the beginning of March, that the work capability assessment and the assessment for PIP could be brought much closer together, was concerning. While change is needed to better reflect the impact of sight loss, this is not the way to do it. The assessments are carried out for different purposes and use different criteria. RNIB receives too many calls to its advice service from blind and partially sighted people who have received a poor assessment to enable us to have confidence in the system. Some 90% of PIP appeals that RNIB has supported are successful, which makes it clear that much needs to improve with the assessments before they can be brought closer together. How will the department ensure that any rationalisation of the PIP and work capability assessment processes will not have a detrimental effect on blind and partially sighted people?

In its current form, the work capability assessment, which determines a person’s eligibility for work capability

[LORD LOW OF DALSTON]

within universal credit, and employment and support allowance, unfairly differentiate between blind and partially sighted people who use Braille and those who do not. This is because the ability of a blind or partially sighted person to read Braille can prevent them being eligible for the limited capability for work-related activity component, which puts them in the support group—or, in some cases, from receiving any additional support at all.

Activity 7 has an equivalent under Schedule 3 to the Employment and Support Allowance Regulations 2013, and Schedule 7 to the Universal Credit Regulations 2013. The inclusion of Braille in activity 7 means that the ability to read Braille counts towards a blind or partially sighted person's fitness for work. No points are awarded to someone who can use Braille to understand a basic message. In practice, this means that someone who has learned Braille could be prevented from meeting the criteria for ESA based solely on their ability to read Braille.

In income-related ESA, which is now incorporated into universal credit, this could mean that the claimant would not be entitled to the support component, worth £163.15 a month, and would be put into the work-related activity group and required to participate in work-focused interviews. Under universal credit, the claimant would not be entitled to a work capability element worth £328.32 a month, and would have work preparation conditionality in their claimant commitment. In new-style ESA, the claimant's eligibility to contribution-based ESA would be limited to 365 days, after which time their entitlement would end.

RNIB has advocated for the removal of Braille since it was introduced into the work capability assessment in 2012. While it is acknowledged that the DWP has recently started to consult stakeholders on wider work capability assessment reform, this is at a very early stage, and the current assessment framework is likely to be in place for the foreseeable future. Braille should therefore be removed from the work capability assessment now to make it fairer for blind and partially sighted people and to improve future decision-making. I therefore ask the Minister whether the Government will take steps to remove knowledge of Braille from activity 7 of the work capability assessment.

4.22 pm

Lord Shipley (LD): My Lords, it is always a pleasure to follow the noble Lord, Lord Low of Dalston. He made a compelling case in support of blind and partially sighted claimants, and his criticism of work capability assessments for blind and partially sighted people was particularly crucial in that.

I am grateful to my noble friend Lady Janke for leading this excellent debate. She talked about how the Government needed a better safety net for vulnerable people, pointed out that too many cuts have hit the poorest most, talked about high housing costs, and how the freezing of local housing allowance and reducing levels of support for high rents had all made people poorer. She also talked about injustices alongside the rise in in-work poverty and the impact of disability on increasing poverty. My noble friend Lady Thomas of Winchester from these Benches took a calm, rational look at universal credit and personal independence

payments and, importantly, asked the Government not to close their ears to existing problems.

My noble friend Lord Kirkwood of Kirkhope commented on the scale of the changes to the benefits system and how complex it was, which is indeed the case. He confessed that it might never be a perfect system given the sheer complexity, and I too concede that it will never be 100% perfect. However, as he said, the DWP has not proved itself to be good at assessing vulnerability. There are some excellent staff doing some excellent work there, but I will come on shortly to the conclusions of the National Audit Office, which a year ago produced a report on the functioning of the DWP.

My noble friend Lord Greaves's contribution from his perspective as a local councillor was particularly important, because he gave practical examples of problems and waste in the system. The noble Lord, Lord Livermore, reminded us of the progressive tax and welfare reform of the Labour Government after 1997 but before the financial crash, and how difficult it is for people to escape poverty today. In an extremely important contribution, the right reverend Prelate the Bishop of Chichester said that the two-child limit traps children in poverty. I could not agree more with that conclusion. The noble Baroness, Lady Armstrong, talked about the excellent work of Changing Lives, but reminded us of the problems for victims of violence or abuse. She gave worrying examples of disadvantage and vulnerability caused by the benefit system.

The Motion refers to recent benefit changes and vulnerability. By recent, I mean post-2015, when the restraining influence of the Liberal Democrats in coalition was removed. On vulnerability, the DWP definition, as reported by the National Audit Office in a report a year ago, related it to mental and physical health, life events, poor skills—with literacy and/or comprehension problems—limited internet access or IT skills, and difficulty with budgeting. I find the last one a bit rich, as those who suffer cuts in their already low income will inevitably have problems budgeting. For reasons that escape me, the absolute lack of money does not seem to be a factor in DWP thinking, let alone that of the Treasury, nor does the impact of increasing poverty.

Across Whitehall, in all government departments, the impact of individual departmental decisions is never factored into the overall impact on a local area. Whitehall does not think geographically; it thinks departmentally, with a silo approach to policy-making. Cuts in Sure Start by two-thirds, deep cuts to neighbourhood services such as libraries, limiting access to IT facilities and help, and cuts to youth budgets all contribute to vulnerability. It amazes me that the Government seem not to understand that. Put another way, one department's cuts—in, say, youth services—can be another department's increased expenditure in coping with crime.

Another vulnerability relates to council tax. Many of those in arrears are benefit recipients, according to the Institute for Fiscal Studies. I am grateful to an article in Saturday's *Financial Times* for these figures, cited from the Money Advice Trust. In 2016-17, £2.3 million of debts were referred to bailiffs. They can charge a poor person £75 for sending them a letter and £235 for a home visit, so increasing the debt of

already poor people. We need to get back to local councillors doing the work themselves through increased advice and support to those in debt.

The context for this debate is one in which we have the second highest level of inequality of any western democracy. There has been too much talk by members of the governing party, particularly those standing for election, about lifting the higher rates of tax, when they should be talking about improving the lives of poor people. In April, we had the start of the fourth—and, I hope final—year of the benefits freeze. That freeze costs poor families an average of £400 in the current year alone, while the tax changes applied in April have overall led to an average of £280 extra income a year for the top 20% of earners but a £100 reduction for the poorest 20%. How can the Government justify tax cuts of that kind while benefits are cut at the same time? I am afraid it is not enough for the Minister to say that the 1 million households on universal credit are gaining up to £630 per year as a result of increases to work allowances—a welcome decision—since most poor households are not yet on universal credit and thus suffer the wider benefit cuts.

I pay tribute to the role of the National Audit Office. When the Audit Commission was abolished a few years ago, I and others were keen to ensure that detailed auditing of the delivery of public services was still done. The NAO's work on benefits, the implementation of new DWP policies and the rollout of universal credit is, for me, an excellent example of its work. In a report published a year ago, it concluded that the Government should assess the cumulative social impact of their policies. I am sure we all agree that it is staggering they did not. It pointed out that there were significant problems with staff training and that the DWP had underestimated the problems that an initial waiting period for universal credit would cause and seemed surprised when 60% of new claimants needed an advance. It said the DWP had problems identifying and tracking claimants it deemed vulnerable. The comments by my noble friend Lord Kirkwood of Kirkhope add to this; it seems this problem has not been resolved. The NAO also said that the DWP lacked a, "systematic means of gathering intelligence from delivery partners", and was making too many late payments. It is a complex system, but these were worrying conclusions.

It was noticeable that in January this year, in their response to the Public Accounts Committee report on universal credit, the Government said that the DWP had,

"made 1,500 changes to processes",

following feedback from partners and its own staff. Clearly, a lot has been learned. I particularly acknowledge the partnership the Government have with Citizens Advice and the work done by Citizens Advice to assist vulnerable claimants today.

There has been discussion in your Lordships' House in recent days on the work capability assessment. It is generally acknowledged to be unfit for purpose, in that many disabled people are refused benefits when they cannot possibly work. I hope the Government will look at the suggestion a few weeks ago, again from the Secretary of State, that they might link the assessments for personal independence payments with the work

capability assessment, since they are assessed using very different criteria. The noble Lord, Lord Low of Dalston, referred to this matter following a briefing we all had from the RNIB, which added that 90% of appeals by people who are blind or partially sighted against a refusal of a personal independence payment are successful. A system in which only 10% of appeals are refused is not a good system.

There has been reference to housing benefit and the fact that it has doubled to £22 billion in 15 years but covers a lower proportion of rents than it used to. The problem is that the Government have not been building enough social homes for rent, which has forced up rents in the private sector. We have to convert the cost of housing benefit to use money to build social homes, which would reduce the amount of money currently used for housing benefit. As Paul Johnson of the Institute for Fiscal Studies said in a *Times* article on Monday—I think someone referred to it—

"our housing market has rewarded the better off and punished the poor".

I have some specific points for the Minister to consider after our debate. The Trussell Trust, in its briefing, pointed out that we must rethink government cuts, such as to work-related benefits, for households with inescapable extra living costs. I concur. Might the Minister or staff talk to Macmillan? It said in its briefing that 25% of universal credit claims were not completed because claimants struggled with the application process, and that home visits are not consistently and proactively offered to those too unwell to go to the jobcentre.

As a start, we have to move the wait for support from five weeks to five days. Will the Minister look at removing the two-child limit?

4.35 pm

Lord McKenzie of Luton (Lab): My Lords, I thank the noble Baroness, Lady Janke, for securing this debate and for the wide-ranging manner in which it was introduced. She referred to the fact that we have seen a host of reports recently, to issues with schools having to buy food for their pupils, to the increase in homelessness and rough sleeping, to universal credit, of course—to which I will return—and to the five-week waiting period and sanctions. It gave us a good start.

My noble friend Lord Livermore gave a powerful critique of where we are on these matters. He challenged the idea regarding the position that we should take in times of austerity. He said that it does not preclude progressive tax and benefits reform; that there are choices even in a period of austerity. He was concerned about the lack of work incentives for low earners, which has still not been addressed, and second earners' progression to work. He noted with some regret that the Chancellor did not cancel the fourth year of the freeze. Perhaps the Minister will address that issue.

In a moving contribution, the right reverend Prelate the Bishop of Chichester said that we should scrap the two-child policy, and that the Church was speaking out on this and would continue to do so. I am sure many other noble Lords welcome that. He made a compelling case for the removal of the policy. His reference to parents having to eat just toast was a telling part of what he had to say.

[LORD MCKENZIE OF LUTON]

The noble Baroness, Lady Thomas, said there is no reason why we cannot change the way in which benefits are administered even if, given the wider political climate, fundamental reform is difficult. She mentioned the growth in food banks and appointments and referred to the PIP assessment. I think I am right in saying that she did not support the merging of the WCA and the PIP assessment; but perhaps that is a little unclear.

The noble Lord, Lord Kirkwood, queried whether a deaf ear was being cocked at some complaints but recognised that that was an unfair criticism. He referred to what happens in Scotland, but I do not know whether we have ready means of tracking that.

The noble Lord, Lord Greaves, referred to his case work as a local councillor. I warmed to that. I can remember hours of council surgeries. Sometimes you got a good result from a query; sometimes you did not, however hard you worked. However, it is a good training ground for knowing what is happening at grass-roots level.

My noble friend Lady Armstrong made a compelling case in referring to her work with Changing Lives and the complex needs associated with childhood sexual exploitation. If the system cannot adequately support the people to whom my noble friend refers, then it is not fit for purpose. How will the Minister respond to that? What changes will be needed? My noble friend referred to removing the wait before payment, the vouchers option and issues associated with the verification of bank accounts.

The noble Lord, Lord Low, explained—powerfully, as ever—that he spoke on the basis of RNIB briefings and referred to partially sighted people and universal credit. His position was that the sample to date is too small for concrete conclusions to be drawn, but there were emerging concerns about accessibility issues. He said that 90% of PIP appeals are successful and commented on the WCA and PIP assessments being brought closer together, which caused him some concern.

The noble Lord, Lord Shipley, defined “recent” as 2015. If he does not mind, I might take issue with that: 2010 seems a more appropriate date of change of government. Whatever their defence, frankly, the Liberal Democrats have to step up to the plate regarding their contribution to the most savage of the cuts that we are enduring.

I now turn to those cuts. In his first Budget, in June 2010—not 2015—George Osborne announced spending cuts of £32 billion, to take place by 2014-15, £21 billion of which was to come from welfare reform. It is a staggering amount. Changes included removing £14.5 billion from social security spend through a combination of restrictions on eligibility and reducing the value of benefits. Protecting pensioner benefits by the triple lock added to the burden falling on working-age claimants and families with children.

I am sure all noble Lords have received extensive lists of the individual changes, which are overwhelmingly detrimental to claimants. Some 3.5 million households were affected by the increase in the tax credit taper. The basic and 30-hour elements of working tax credit were frozen for three years; local housing rates were capped and uprated in line with CPI, and then by just

1%—at a time when rents were soaring; and child benefits were frozen. Further cuts post 2015—I absolve the noble Lord of responsibility for them—included the freezing of most working-age benefits; the reduction of the benefit cap, which was projected to affect 88,000 households; the abolition of the family element of tax credits; the imposition of the two-child limit; restrictive changes to mobility assessment criteria; and restrictions in the Sure Start maternity grant, which was a classic example of how enlightened public policy can make a real difference to people’s lives. These are but some of the changes. Overwhelmingly, these cuts were focused on poor and vulnerable people, and seemingly delivered without regret. They were nowhere near compensated for, as is sometimes claimed, by the national living wage, increases in personal tax allowances and childcare provision.

The issue which has dominated consideration of social security policy, and which to a certain extent has pervaded our debate today, is the introduction of universal credit. Its original concept—the merging of six benefits, smoothing transition into and out of work—seemed entirely reasonable, but more detailed analysis has suggested that payments for disabled people are lower than under the legacy system, and it has suffered an alarming range of cuts since being enacted. The Office for Budget Responsibility has confirmed that, on average, universal credit is less generous than the system it is replacing, that 2.1 million families will lose on transfer to the system and that only 1.8 million will gain. There has been a raft of design and implementation problems with the scheme, which are covered in a range of reports by the PAC, the NAO and the Work and Pensions Select Committee. Many of these problems were predicted when the legislation was in progress. The NAO has concluded that the DWP underestimated the amount of money claimants have in order to manage the initial waiting period, and that one in five claimants are not receiving payment on time. A scheme that is meant to help is pushing more people into poverty. The PAC concluded that the DWP’s systematic culture of denial and defensiveness in the face of adverse evidence is a significant risk to the programme. Does the Minister agree, or does she deny that that is the case?

When we address these matters, we are in danger of talking of statistics in the abstract when we should be focusing on individuals’ lives and how they are affected, as my noble friend Lady Armstrong did. I hope that we can get justice. We should build a system that is fit for purpose to serve all the vulnerable people in our communities.

4.45 pm

The Parliamentary Under-Secretary of State, Department for Work and Pensions (Baroness Buscombe) (Con): My Lords, I thank the noble Baroness, Lady Janke, for securing this debate, and I thank all those who have contributed on this important issue. I am particularly pleased that the noble Lord, Lord Kirkwood, is back in his place.

I shall go through this at a bit of a canter because there are a lot of questions and points to cover, so I ask your Lordships to forgive me for talking rather fast.

This Government's ambitious welfare reforms are driven by our firm conviction that the benefits system must work with the tax system and the labour market to support people into employment and higher pay. This is the only way to deliver a sustainable, long-term solution to poverty, and it is also the best way of giving everyone the chance to succeed and to share in the benefits of a strong economy.

Our record on employment is therefore vital to our success in helping people out of poverty, and we are rightly proud of it. There are now over 3.6 million more people in work compared with 2010. Unemployment is at its lowest rate since the 1970s, having fallen by more than half since 2010, and this has not just happened in London and the south-east: more than 60% of the employment growth since 2010 has occurred in other parts of the UK.

Importantly, around three-quarters of the growth in employment since 2010 has been in full-time work, which, as the evidence shows, substantially reduces the risk of poverty. Wages have consistently outpaced inflation for 15 months—in fact, they are growing at their fastest rate for a decade—and the growth in employment rates has overwhelmingly benefited the poorest 20% of households. Household income inequality is also lower than it was in 2010.

Of course, behind these statistics are people whose mental health and well-being are improved by moving into work and having the dignity and security that that brings. Indeed, 930,000 more disabled people are in work today compared with five years ago, and there are 667,000 more children in working households compared with 2010. Not only are these children less likely to grow up in poverty but their life chances are significantly better. The evidence on this is very clear.

A working-age adult living in a household where every adult is working is about six times less likely to be in relative poverty than one living in a household where nobody works, and a child living in a household where every adult is working is about five times less likely to be in relative poverty than a child in a household where nobody works. Children in workless households are twice as likely to fail at all stages of their education as children in working families. Full-time work in particular dramatically reduces the risk of being in poverty. There is only a 7% chance of a child being in relative poverty if both parents work full-time, compared with 66% for two-parent families with only part-time work.

Universal credit is of course at the heart of our reforms. It is a benefit fit for the 21st century that will remove the structural disincentives to work that were part of the legacy benefits that it replaces. It supports those who need it while providing a springboard into work—every extra hour worked is rewarded and each claimant receives tailored support from a work coach to help them find the right job for their circumstances. I would like to issue a challenge to the noble Lord, Lord Greaves. I invite him to come with me to a Jobcentre Plus, where I will show him a very different world. The “plus” is about the fantastic wraparound support that our staff give.

As the noble Lord, Lord Kirkwood, quite rightly said, mistakes will always be made; we are dealing with 7 million people. Some 1,500 iterative changes in

just the last few months show that we are constantly listening and learning. As the noble Lord, Lord Shipley, said, we need a lot of changes—but we are making them and responding. Once fully rolled out, universal credit will cost £2.1 billion more per year than the legacy system it replaces. The Joseph Rowntree Foundation has reported that universal credit is likely to help an extra 300,000 members of working families out of poverty, the majority of which include someone who works part-time.

We have responded to concerns about the early rollout of universal credit by making a number of changes, as I have said. These include changes to remove waiting days, make bigger advance payments available and give extra support to disabled people. In the last Budget we announced a £4.5 billion cash boost that will make a huge difference to the lives of working families. Some of this has not yet filtered through, but it will provide extra support for people moving onto UC. In particular, we have put an extra £1.7 billion a year into work allowances, increasing the amount that hard-working families can earn before the taper is applied. So I cannot agree with the noble Lord, Lord Livermore. There is an incentive to work more; we are making work pay. This means an extra £630 a year for 2.4 million families.

We fully recognise that some claimants lack the digital skills they need to fully engage with a modern system. This is why we offer tailored, UK-wide, practical support to help ensure people receive their first payment on time when they make a new UC claim. Since April, we have partnered with Citizens Advice and Citizens Advice Scotland to introduce Help to Claim, a voluntary service which can be accessed any time until the first full, correct payment of UC is made. The service is available face to face, over the phone, online and through web chat to allow claimants to access support in the way that is right for them.

At the heart of the support that we offer to working-age claimants is an agreement that they commit to certain activities to improve or maintain their employment prospects, such as looking for work or doing work experience. We believe that it is right in principle that there is a system in place to reinforce conditionality, and to support and encourage claimants to do everything they can to move into or towards work, or to improve their earnings.

However, we have listened and taken action to ensure that the penalties for not meeting these conditions are proportionate, particularly for the most vulnerable. Last month, we announced that financial sanctions—which noble Lords have referenced today—for welfare claimants that last for three years would come to an end, and that in future the maximum duration of a sanction would be six months. In addition, there will be an evaluation of the effectiveness of UC sanctions to consider whether further improvements can be made.

Evidence about the effects of poverty is of course vital to tackling it effectively. We have committed to finding new and better ways to analyse poverty in this country. The Social Metrics Commission's report, *A New Measure of Poverty for the UK*, made a compelling case for why we should look at poverty more broadly, to give a more detailed picture of who is poor, their experience of poverty, and their future chances of

[BARONESS BUSCOMBE]

remaining in or falling into it. So we are working with the commission and other experts in the field to develop new experimental statistics to measure poverty. These will be published in 2020 and, it is hoped, will help us target support more effectively.

But getting people into work at all costs is not the limit of our ambition. We are absolutely not treating that as a panacea for poverty, as has been suggested. Our reforms are about supporting people in work so that they can progress. The Government recognise that childcare costs can affect parents' decisions to take up work, increase their working hours or remain in paid work. We are doubling free childcare to 30 hours a week for nearly 400,000 working parents of three and four year-olds and introducing tax-free childcare worth up to £2,000 a year per child.

When people move into work, this Government want to ensure that we do everything we can to support them to progress so that they can increase their earnings and build careers. As the noble Lord, Lord Kirkwood, said, in-work progression is really important. We are working and in discussions with the Trades Union Congress and the CBI on how we can take this forward. We are going further, with two national pilots on in-work progression. One will train work coaches to help those in work to decide when and how to switch jobs and focus on achieving that ambitious step up. The other will boost our capability to work with local businesses by creating jobcentre specialists who can encourage local employers to support progression and good-quality, flexible working.

We know that there is more to do to support working people but this Government have already gone much further than previous Governments, while the Chancellor's Spring Statement set out the ambition of ending low pay across the UK. Low pay is a key area of this subject. I listened to what the right reverend Prelate said about the two-child policy, and a lot of this is about taking responsibility in the same way as those who make really tough decisions about whether or not they can afford to have more children. We have to think about low pay. I think about the Church and other religious institutions that rely on thousands of people who work as volunteers. What are they actually living on? Are they actually being paid, and are they being paid the living wage? This is something where we must all look to our own institutions and places of work and work out what we are doing to ensure that those people for whom we are responsible are properly supported.

Universal credit works alongside other policies introduced by this Government to promote full-time employment as the way out of poverty and towards financial independence. Our national living wage, which is among the highest in the world, is expected to benefit over 1.7 million people. The increase to £8.21 from April this year will increase a full-time worker's annual pay by over £2,750 since 2016. Our tax changes will make basic-rate taxpayers over £1,200 better off from April compared to April 2010. Taken together, the most recent changes mean that from April a single person on the national living wage will take home over

£13,700 a year, which is £4,500 more than in 2009-10. I encourage all those who employ others to look to the national living wage.

The welfare system is not just about providing a financial safety net for those who need it. That is why this Government have taken wider action to support and make a lasting difference to the lives of the most vulnerable, who often face complex barriers to employment. Our department seeks to support and help into work the most vulnerable people in society, people whose ability to work is frustrated by issues such as disrupted education, a history of offending, domestic abuse or insecure housing. We are addressing the barriers specific to different groups and ensuring that universal credit works for all those with complex needs.

Again I reference the noble Lord, Lord Kirkwood. He talked about how we can do more to recognise. That is something that we are working on: we are adding more to the software so that we can recognise people with different needs. In response to the noble Baroness, Lady Armstrong, on the whole question of those sex survivors and so on, they absolutely need bespoke support.

In jobcentres, work coaches are upskilled to recognise and help claimants with a wide range of complex needs. It is easy to underestimate the great work that our work coaches do to support our more vulnerable claimants. There are so many positive stories to tell; in contrast to the noble Lord, Lord Greaves, I do not have time to tell those tales today, but we have worked hard to build trust with these claimants to help them to turn their lives around.

Over 12,000 young people leave care each year and their education, health and employment prospects are poorer than their peers'. By supporting care leavers through their difficult transition into adulthood with a series of safeguards and easements, work coaches can have a real impact on a young person's life chances. We are also doing more to support ex-offenders in re-establishing themselves in the community and moving into work, with around 135 prison work coaches based in resettlement prisons across Great Britain who help prisoners to gain employment on release and support benefit claims pre-release. Those work coaches are going in to talk to those in prison five weeks before their release but we are now looking to extend that, possibly to 12 or 13 weeks, so that we can really build a relationship with these people who are particularly vulnerable and help them through the process of ensuring that they have housing and support, and we can help them to think about a future with a job before they leave prison.

We have a proud record when it comes to supporting victims of domestic abuse. Those affected can have their work-search requirements suspended for up to six months under universal credit to enable them to stabilise their lives. By the end of the summer we will have a domestic abuse and homelessness advocate in every jobcentre in England. They will be able to build work coach capability in these areas and make important links with organisations in the community. We recently published two guides outlining the wide-ranging support

offer for those experiencing homelessness. For example, you do not need a permanent address or ID to make a claim for universal credit.

With particular reference to survivors of domestic abuse, we are committed to providing the best possible support for all our claimants, including the most vulnerable in society. This includes those who are or have been victims of domestic abuse. As it can be difficult for individuals facing abuse to come forward, all work coaches now undergo mandatory training in how to support vulnerable claimants, including the recognition of signs of such abuse. By the summer of 2019 we will have implemented such a domestic abuse specialist in every jobcentre to further raise awareness of domestic abuse and support work coaches.

I commend the work of the noble Baroness, Lady Armstrong, on Changing Lives. We are listening and learning all the time. We absolutely accept that we have more to learn and focus on. We are looking at the issue of separate payments, for example. We must be aware—and we are doing work on this at the moment—that eight out of 10 claimants are very happy to receive just the one payment from universal credit and that 97% of couples pool their resources. To make a blanket change across the system, which looks as though it would not suit the vast majority of claimants, would be a big and possibly retrograde step. We are therefore looking at other ways in which we can support these women.

Furthermore, we are considering what more we could do to ensure that the main carer more often receives the UC payment direct, although they can actually ask for it. The initial work on this area will be completed this year and will improve the claimant messaging on the service to encourage claimants and joint claimants to utilise the bank account of the main carer to receive their UC payments. I repeat, however, that there is work in progress in this area.

Noble Lords made reference to various reports, including the IFS report, which touched on housing. We delivered over 220,000 additional homes last year. That is over 1.3 million extra homes in England since 2010. We are looking at what we can do cross-government—we have a cross-departmental project on this—to tackle the huge cost of housing benefit. Yes, it is £23 billion a year, much of it going to private landlords. We are ambitious about doing more on this huge issue.

We welcome, however, what came out last week in the IFS report, which stated that while poverty is complex and does not have an easy answer, there are two positive reasons which account for two-thirds of the increase in in-work poverty rates. One reason that a higher fraction of those on the lowest incomes are in work is simply that there are more people in work overall and far fewer workless households. This is something that Paul Johnson of the IFS, writing in the *Times*, described as,

“a triumph that we celebrate all too infrequently”.

The other reason is that far fewer pensioners are poor than ever before.

I will move on as quickly as I can, because my time is running out. We are continuing to listen and learn. The noble Lord, Lord Livermore, talked about tax credits as being a good idea, but they propelled many

claimants into higher tax rates such that they have spiralling debts as a result. Also, in 2010, 20% of all UK working-age households were entirely workless, which was not a great record.

On the two-child policy, as I said, this policy ensures fairness between those supporting themselves solely through work and those receiving benefits. Let us not forget they also continue to receive child benefit, no matter how many children.

On the questions raised by the noble Lord, Lord Low, and the noble Baroness, Lady Thomas of Winchester, we are looking at the workplace assessments quite carefully and at PIP to see how we can make it simpler, easier, more straightforward and fairer. I also say to the noble Lord, Lord Low, that we are doing a lot on accessibility. In fact, two weeks ago I was lucky enough to be in New York with a wonderful man called Victor, who is in charge of accessibility for New York City. What they are doing there is incredible. We were sharing intelligence on more things that we can do to assist people with disabilities, including those without sight.

I now have to wind up. There is so much more that I would like to say, but I conclude by saying that we are not complacent about the challenges we face for those people on the lowest incomes and those who are particularly vulnerable. We constantly make progress, but we also constantly want to listen and to learn. We are spending a record £220 billion this year on welfare. I am proud of the work our department is doing, and I am grateful to all noble Lords who have taken part in the debate.

5.06 pm

Baroness Janke: I thank all noble Lords for their contributions to the debate. Many new issues have arisen, but so have many old ones. I thank the Minister for her energetic summing up and information on the wide range of things that the Government are doing. However, there is a great deal of evidence of flaws and problems in the system. I hope the Government will listen and look at the evidence. I hope they will review it and recognise through the comprehensive spending review that these difficulties need to be addressed, recognise that people are suffering as a result of them, and listen to some of the suggestions they make. Having said that, I thank everyone for the debate today. I beg to move.

Motion agreed.

Wild Animals in Circuses (No. 2) Bill

Committed to Committee

5.07 pm

Tabled by Lord Gardiner of Kimble

That the order of commitment of 19 June be discharged and the bill be committed to a Grand Committee.

Baroness Stedman-Scott (Con): My Lords, in the absence of my noble friend, I beg to move the Motion standing in his name on the Order Paper.

[BARONESS STEDMAN-SCOTT]
Motion agreed.

| *House adjourned at 5.07 pm.*

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