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HOUSE OF LORDS

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House of Lords

Thursday, 4 November 2010.

11.00 am

Prayers—read by the Lord Bishop of Gloucester.

Police: Elected Commissioners Question

11.06 am

Asked By **Lord Hunt of Kings Heath**

To ask Her Majesty's Government what response they have received to their proposals for elected Police Commissioners.

Lord Wallace of Saltaire: Formal consultation on the proposals to introduce directly elected police and crime commissioners ended on 20 September. We have received around 900 responses from a broad range of policing partners and these are now being considered ahead of the publication of the Government's response, which will be shortly.

Lord Hunt of Kings Heath: My Lords, I am not surprised that the noble Lord did not give details about the responses because neither the police nor the public show much appetite for this foolish reform which will politicise police forces. The Association of Police Authorities estimates that directly elected commissioners will cost an additional £100 million over the next five years. Will the Minister tell the House how many police officers will be made redundant to pay for this very dangerous policy?

Lord Wallace of Saltaire: My Lords, that is a remarkably partisan response. The system of police authorities set up in the 19th century is no longer entirely satisfactory. We discovered that only 8 per cent of the public are aware that police authorities exist and the amalgamation of police forces has led to increasing remoteness. Under the Labour Government, there was democratic centralism in which police accountability went up to the Secretary of State; our proposals aim to bring accountability and visibility back down from Whitehall to communities around the country.

Baroness Harris of Richmond: My Lords, will my noble friend say how the Government will assure us that directly elected police commissioners will not all turn out to be white, male and middle class?

Lord Wallace of Saltaire: I know that my noble friend is a former chair of a policy authority. One of the problems with democracy is that one cannot entirely control the results; I understand that some on the Benches opposite are not entirely happy about the outcome of the recent general election. Police commissioners will be balanced by police and crime

panels, which will be made up of representatives of local authorities who in turn will be responsible for keeping police commissioners accountable in consulting on what they do.

Lord Mackenzie of Framwellgate: My Lords, if the noble Lord Googles the term "corrupt sheriffs in the USA", he will find thousands of hits and good examples of corruption. It is not without coincidence that all those people are directly elected. Is it really the right time to drag an impartial police service into the political arena?

Lord Wallace of Saltaire: My Lords, issues of policing cannot be entirely non-political. I am conscious that local government has had elements of corruption, which is one of the problems of a democratic system. Perhaps the noble Lord would prefer an appointed system as well as an appointed House of Lords.

Lord Dear: My Lords, I am sure that the Minister will agree that we should welcome any attempt to ensure that public concerns are better addressed by chief police officers and that this proposal should be considered carefully, while at the same time recognising the wide-ranging sensitivities that exist. At this admittedly early stage, I ask the Minister to reassure me on two points: first, that the operational independence of chief police officers will be protected absolutely; and secondly that, given that an elected commissioner might not be able to operate without support, consideration will be given to examining the case for having other elected persons in place to support the PCC.

Lord Wallace of Saltaire: My Lords, the process of consultation is intended to ensure that we hear all the voices on the proposals; the noble Lord may be aware that the Home Secretary met the chief constables yesterday. There is no intention to undermine the operational independence of chief constables. The proposals in the policing White Paper, which I am sure many noble Lords have read, are that there will be consultative police and crime panels made up of magistrates and representatives of the local authorities alongside the directly elected police commissioners.

Lord Tomlinson: After the consultation, is it the Government's intention to extend that franchise to prisoners, as was announced would be the case for other elections earlier this week?

Lord Wallace of Saltaire: My Lords, that is a little bit outside the Question, but the noble Lord enjoys asking naughty questions. We are attempting to shift power from Whitehall back down to the regions and communities of Britain. We appreciate that new Labour preferred everything to be decided in Whitehall and had a sense that accountability was upwards to the Secretary of State. This is an attempt to reverse that process.

Lord Dholakia: My Lords, has my noble friend worked out the implications for bodies such as the Association of Chief Police Officers if commissioners are to be elected?

Lord Wallace of Saltaire: My Lords, there is active consultation with the Association of Chief Police Officers on precisely these points. Indeed, ACPO was one of the many bodies that responded to this consultation. The others include the Independent Police Complaints Commission, the Local Government Association, the Association of Police Authorities chief executives et cetera—900 hundred submissions is not a bad response. The submissions are currently being absorbed and further proposals will come out of the Home Office shortly.

Baroness Smith of Basildon: In his response to my noble friend Lord Hunt, the Minister said that he wants to create greater awareness of police authorities. Is he aware of a report out today that North Wales and Strathclyde police will be compulsorily retiring police officers because of the cuts? Which does he think the public will prefer: an awareness of police authorities or an awareness of extra police on the beat?

Lord Wallace of Saltaire: My Lords, one would clearly prefer both. Part of the problem of distrust of the police is that people do not know how the police are held accountable. We do not intend that this new system will be an additional cost, but police authorities themselves are not without a degree of cost. The problems of police costing as a whole is a matter separate from this Question.

Lord Craig of Radley: My Lords, following on from that question to the Minister, will the report carry an objective assessment of the cost of the present arrangements compared with what the new arrangements might amount to?

Lord Wallace of Saltaire: My Lords, the Government will be setting out a range of proposals in the police performance and social responsibility Bill. Questions such as that will certainly be dealt with in the Explanatory Notes and other accompanying briefings.

Roads: Drink-drive Limit

Question

11.13 am

Asked By Lord Clinton-Davis

To ask Her Majesty's Government whether they plan to review the drink-drive limit.

Earl Attlee: My Lords, the Government are committed to improving road safety and reducing the number of drink-related road casualties. As the House knows, the previous Government commissioned Sir Peter North to undertake an independent review of measures to combat drink and drug driving in Great Britain. We

are considering the report's recommendations. We have reached no conclusions yet, but we aim to respond to the report by the end of the year.

Lord Clinton-Davis: My Lords, is the Minister able to give an assurance that the Government will seriously consider the North committee's proposal to reduce alcohol limits to 50 milligrams per 100 millilitres of blood, in line with the prescription pursued by the Governments of Germany, France, Holland, Spain and Italy. Why should we be the sole exception? Would he acknowledge that, if the North committee's report was followed, hundreds of lives would be saved?

Earl Attlee: My Lords, we will consider the report very carefully indeed. On the noble Lord's point about other countries, they have lower limits, but they also have much lower penalties for low blood alcohol concentrations.

There are thought to be two groups of drinkers. There are regulated drinkers who drink at home and who, if they drink out, arrange their affairs so that they do not need to drink and drive. Such drinkers know how much they have drunk and, if they do offend, it is a terrible mistake for them. It is relatively easy for the police to detect such people if they drink and drive, and they are terrified of being caught because of the consequences. There are also unregulated drinkers who do not control how much they drink, are clinically or socially dependent upon alcohol, will drive with a BAC far in excess of the legal limit and have no intention of adhering to the drink-drive legislation.

Lord Waddington: Another problem in addition to that which the noble Lord seeks to identify is the prevalence of driving under the influence of drugs. What progress is being made towards the development of a device that could be used at the roadside to prove that a person has been affected by taking drugs?

Earl Attlee: The noble Lord makes an extremely important point. We are making good progress with drink-driving, but drug-driving is increasing. The noble Lord referred to roadside testing. It is important to have a Home Office-approved roadside testing device in order to be able to move on to the invasive procedure of taking a blood sample without the need for a doctor.

Baroness Hayter of Kentish Town: My Lords, I first declare an interest as a member of the Campaign Against Drinking and Driving. My mother was killed by a drunk driver—our neighbour at that stage—who was not a long-standing overdrinker in the way that the noble Earl said but a normal drinker. When the Minister looks at the North report, I ask him to remember that we could reduce drink-driving deaths by about 150 a year from its present level of perhaps 400 a year. That would save 150 families what I and my family went through. Will he resist the blandishments that he will undoubtedly receive from the drinks industry and take this important step forward?

Earl Attlee: My Lords, first, I have had no blandishments from the drinks industry and am actually quite surprised by how little effort it is putting into lobbying the Government. Clearly, it is lobbying, but not as much as it could.

Going back to my point about regulated and unregulated drinkers, I think that it is not clear how lowering the BAC, which would have a significant impact on regulated drinkers, would have any beneficial effect on unregulated drinkers who have no intention whatever of meeting their moral or legal obligations.

Lord Avebury: My Lords, in 2009, drink-drivers caused 390 deaths and almost 23,000 serious injuries at a cost to the taxpayer of £15.6 billion. How many of these casualties could have been avoided and how much of this expenditure could have been saved if we had reduced the legal limit to 20 milligrams, as is the case in Sweden? What other measures in the report that has been referred to, such as making persistent offenders pass a test before they can resume driving after a ban, are now being considered?

Earl Attlee: My Lords, we need to consider carefully the effect of lowering the blood alcohol limit. Suppose that we lowered the BAC to 50 milligrams and a traffic patrol detected a motorist driving with a BAC of 65 milligrams. It would take the patrol at least an hour to process the suspect, during which time it would be unable to detect the unregulated drinker to whom I referred, who might be driving with a BAC far in excess of the current limits.

Lord Patel of Bradford: My Lords, will the Minister tell us what the Government are doing to raise awareness of the potentially serious problems of using prescription drugs when driving, alongside their measures to prevent the use of illegal drugs when driving?

Earl Attlee: My Lords, the North report covers this issue in some detail, and we are considering it as part of our deliberations on the North report.

Lord Geddes: Is my noble friend aware of the 1998 report of European Union Sub-Committee B? I doubt whether much has changed in this context in 12 years. The report concluded that the benefits of reducing the limit from 80 milligrams to 50 milligrams were at best highly marginal. Would he advise the House of his opinion of the benefits of random testing over the present system?

Earl Attlee: My Lords, the police already have wide powers to stop vehicles and to test for alcohol, and many forces carry out intelligence-led, targeted breath testing where drinking is known to take place. Sir Peter has recommended a specific power to sanction random testing, and we have to consider whether this is necessary and cost-effective, bearing in mind that most drivers are regulated drinkers or teetotal.

Israel and Palestine: Deportations *Question*

11.21 am

Tabled by Baroness Tonge

To ask Her Majesty's Government what representations they have made to the government of Israel concerning the four Palestinian Members of Parliament being deported from East Jerusalem.

Lord Hylton: My Lords, in the absence of the noble Baroness, and at her request, I beg leave to ask the Question standing in her name on the Order Paper.

Lord Wallace of Saltaire: My Lords, east Jerusalem is occupied territory and its Palestinian population has rights under the Geneva conventions. Forcibly transferring people out of the city on the basis of political affiliation is illegal. This comes against a backdrop of other developments that appear designed to consolidate the annexation of east Jerusalem. Such actions erode trust between the parties at a crucial time in negotiations. The EU has raised the matter with the Israeli Government, while Her Majesty's ambassador to Tel Aviv has raised it with Israeli Deputy Foreign Minister Danny Ayalon.

Lord Hylton: My Lords, I thank the noble Lord for his reply. I should mention that I was one of three Members of your Lordships' House who visited three out of the four Palestinian elected Members when they had taken refuge with the International Committee of the Red Cross in east Jerusalem in July. The noble Lord referred to international law. If the expulsions take place, will the Government ensure that Israel suffers an appropriate penalty?

Lord Wallace of Saltaire: My Lords, the question of what an appropriate penalty is is a matter for delicate negotiations. We wish the current negotiations between the Israeli Government and the Palestinian Authority to succeed and we wish to do nothing that will disrupt the chances of them succeeding, but it might be helpful to the House if I read a short part of Article 49 of the fourth Geneva convention, which states:

"Individual ... transfers, as well as deportations of protected persons from occupied territory ... are prohibited, regardless of their motive".

It adds:

"The Occupying Power shall not deport or transfer parts of its own civilian population into the territory it occupies".

Lord Ahmed: My Lords, is the noble Lord aware that the Israeli Government are planning to demolish in Jerusalem the entire area of Silwan, a Palestinian area near the holy places? Is he also aware that anyone who opposes this illegal act is labelled extremist and anti-state? Does he agree that breaching Geneva conventions and international law includes throwing people out of their homes and expelling them from their cities? The Israelis cannot expect respect from the United Kingdom when they do not respect international law.

Lord Wallace of Saltaire: My Lords, the Government are extremely concerned about some of the developments in east Jerusalem at present.

Lord Dykes: My Lords, are the British Government concerned that—ironically, given that the Israeli Government are worried about the possible detention of Israeli military officers in the UK if they visit here—literally thousands of Palestinian detainees are still held in Israeli jails, including many from east Jerusalem, most of them without due, proper or thorough legal process? That detention is equivalent pro rata to twice our prison population. This scandal has gone on for many years. Most people do not bother to take an interest in it. Will the British Government now deal with this urgently with the Israeli Government and make the strongest representations about early releases?

Lord Wallace of Saltaire: My Lords, the noble Lord raises the question of universal jurisdiction, on which the Government will bring forward proposals early in the new year. This is not simply a matter that relates to Israel. Members will remember occasions when attempts were made to secure private arrest warrants against Henry Kissinger and the Chinese Trade Minister. On the number of people in Israeli jails, when we are attempting to build agreement for a two-state solution it does not help to have elected representatives of the Palestinian Authority in Israeli jails.

Lord Janner of Braunstone: Does the noble Lord acknowledge that both the Israeli Government and the Palestinian Authority have serious and legitimate security concerns over the presence of Hamas leaders in east Jerusalem?

Lord Wallace of Saltaire: My Lords, we recognise that both sides have a range of legitimate security concerns. We also recognise that Hamas is a problem. On the other hand—I know that the noble Lord has said on occasions that Israel is the only democracy in the Middle East—these were elected representatives of the Palestinian Authority. If we wish to encourage the growth of two democratic states alongside each other, sometimes we may have to accept elected representatives who are not exactly the sort of people we would like.

Baroness Deech: Will the Minister acknowledge that the influence of the British Government over Israel has diminished to a very low point, in part because of the apparent hostility attaching to the fact that Israeli officials are unlikely to be able to visit this country without fear of arrest, as well as because there appears to be a lack of comprehension of the existential threat that Israel faces, of which, possibly, these four MPs may be a part, as members of Hamas, which is still dedicated to the destruction of Israel?

Lord Wallace of Saltaire: My Lords, Her Majesty's Government are fully aware of the security needs of the Israelis and their neighbours, but we differ with some members of the current Israeli coalition on how best to develop a long-term secure Israeli state in a secure and peaceful Middle East.

Lord Phillips of Sudbury: My Lords, is the Minister of my mind in thinking that it is difficult to reconcile the existential threat, as the noble Baroness just called it, that Israel fears with a continued policy of rampant colonisation of the West Bank, which is not just illegal but is as provocative of extremism within Palestine and the Middle East as it conceivably could be?

Lord Wallace of Saltaire: Perhaps I might say that in previous Questions the noble Baroness, Lady Tonge, has suggested that 62 per cent of the West Bank is now controlled by settlements. The noble Lord, Lord Pannick, has suggested that the figure is actually 5 per cent. The Government's best estimate, based on local NGOs, is that some 42 per cent of the West Bank is currently controlled by Israeli settlements.

Baroness Symons of Vernham Dean: My Lords, we on these Benches recognise the security threats posed to the state of Israel, as the noble Lord has acknowledged on behalf of the Government, but, as he said in his Answer, the deportations of these four Members are illegal under international law. He said that representations have been made by the EU and by our ambassador. Was the Foreign Secretary able to raise this issue directly during his recent visit and has the Israeli ambassador been invited to the Foreign Office to discuss the matter?

Lord Wallace of Saltaire: My Lords, I have not heard from the Foreign Secretary exactly what he has been saying while he has been there, but before he left he assured us that human rights issues would be a major element in all his discussions in the region.

Baroness Symons of Vernham Dean: Will the noble Lord write specifically on that point?

Lord Wallace of Saltaire: Yes.

Iraq: Religious Minorities *Question*

11.29 am

Asked By Baroness Cox

To ask Her Majesty's Government, in the light of the recent deaths of Christians following the attack on the Our Lady of Salvation Church in Baghdad, what action they propose that the international community should take to prevent the dissolution of Christian communities and other religious minorities in Iraq.

Lord Wallace of Saltaire: My Lords, Her Majesty's Government utterly condemn the attack on the Our Lady of Salvation Church in Baghdad on 31 October 2010. Both Alistair Burt, the Minister for the Middle East, and our ambassador in Baghdad released statements on the following day to that effect. The Iraqi authorities have launched an investigation into the incident, which we strongly support.

Baroness Cox: I thank the noble Lord for that comprehensive reply. Given that the recent attack on the Syrian Catholic church in Baghdad was just the latest in a series of attacks on Christian communities and other religious minorities that have caused enormous suffering, many deaths, the widespread destruction of holy places and a mass exodus of religious believers from Iraq, will Her Majesty's Government use their current presidency of the UN Security Council to press for effective protection for all Iraqi citizens in order to prevent the complete dissolution of religious minorities?

Lord Wallace of Saltaire: My Lords, the House will be aware of similar attacks on the Shia community in Baghdad over the past few days—we do not have the full information, but there have been somewhere between eight and 15 attacks—so the noble Baroness is quite right to say that these are attacks on all minorities, not just on the long-established and ancient Christian minority in Iraq. We are working with the United Nations, the EU and all other authorities to bring as much pressure as we can to bear on the provisional Iraqi Government to do what they can to resolve and prevent any further attacks.

Lord Clarke of Hampstead: My Lords, the Question and the reply we have received from the Government today show clearly that there is concern and fear within the Christian and other minorities in Iraq. Are there any programmes in place to assist those Christians who have been displaced from Iraq into neighbouring territories? In particular, if no programmes are already in place, will the Government consider allowing talented and skilled people who are currently incarcerated in these camps in Lebanon, Jordan and other places to be accommodated in this country?

Lord Wallace of Saltaire: My Lords, a number of Iraqi Christians are already in this country—indeed, I have canvassed some of them in Yorkshire—so I am conscious that that accommodation has already been taking place over recent years. There is a substantial internally displaced population within Iraq as well as refugees in neighbouring countries. Some progress has been made in returning those people to Iraq, but a full return will depend on the establishment of real security within the country. We are doing everything that we can to help in that regard.

Lord Elton: My Lords, my noble friend will recognise that, since our intervention in Iraq, ethnic cleansing by Saddam has been replaced with religious cleansing by Islam. Does this not reflect an aspect of Islam about which both Christian and secular states need to be urgently aware and, I suggest, collectively proactive? Furthermore, does not recent history suggest that force is by no means the best way of achieving progress?

Lord Wallace of Saltaire: That is a complex question. I would caution the noble Lord against talking about attacks by Islam. It appears that these are attacks by Sunni extremist groups, and there have been attacks

on both Shia and secular Iraqis as well as on Christian and other minorities. The safety of all minority groups is at stake. We need to work in so far as we can to maintain a dialogue with moderate Muslims in order to ensure that these extremist groups do not attract more support.

Baroness Symons of Vernham Dean: My Lords, perhaps I may take that point a little further. I should like to ask the noble Lord what the Government's view is on interfaith groups. Such groups manage to reach out to what are possibly the extremes of some faith groups. I am thinking particularly of the work of the noble and right reverend Lords, Lord Carey and Lord Harries of Pentregarth, that of the right reverend Prelates the Bishops of London and Coventry, as well as the wonderful work done by Canon Andrew White, of which the noble Lord will be well aware. Do the Government feel that these interfaith groups have an important role to play in trying to reach into those parts of faith communities in the Middle East that are perhaps operating in a way that many of us find repellent?

Lord Wallace of Saltaire: My Lords, I understand that Canon Andrew White has been in London and that Alistair Burt spoke to him yesterday. He is now returning to Baghdad. Of course we have to promote interfaith dialogue as actively as we can, but it is not always easy to get through to the more extreme groups. However, I trust that this is something with which many of us in this place and others outside are actively engaged.

The Lord Bishop of Gloucester: My Lords, is the Minister aware that the killings in Baghdad were followed by a chilling statement on Tuesday by al-Qaeda in Iraq that Christians are legitimate targets and that, "the killing sword will not be lifted"

from their necks? Will the Government now urgently review their policy in respect of Christian Iraqi refugees and inform the House when they have done so?

Lord Wallace of Saltaire: My Lords, this is a situation in which all of us are liberals and opposed to fundamentalism of any religion—Christian, Jewish, Muslim, Hindu or any other. As to the situation of Christian Iraqis, the Government will take this into account. I will write to the right reverend Prelate about the current policy.

Baroness Nicholson of Winterbourne: Does the Minister agree that, as Christian and Jews are defined in the Holy Koran as people of the book, and as the prophet Mohammed, peace be upon him, declared that Christians would be the best friends of his followers the Muslims, such interpretations of Islam are another misuse of the term "Islam" to cover up violence throughout the globe? Is the Minister prepared to co-operate with Prime Minister Malaki's special committee to oppose discrimination on religious grounds, which Prime Minister Malaki set up no less than two years ago and which actively needs support?

Lord Wallace of Saltaire: My Lords, we are extremely happy to co-operate with the Government of Iraq. As the noble Baroness will know, they are still currently a provisional Government. There are reports that some progress might be made towards the formation of a more stable, permanent Government within the next week, and we hope that that is the case. As soon as there is a more stable Government, we will co-operate with them as well.

Business of the House

Timing of Debates

11.37 am

Moved by Lord McNally

That the debates on the Motions in the names of Baroness Hollis of Heigham and Lord Puttnam set down for today shall each be limited to two and a half hours.

Motion agreed.

Apportionment of Money in the National Lottery Distribution Fund Order 2010

Official Statistics Order 2010

Protection of Vulnerable Groups (Scotland) Act 2007 (Consequential Modifications) Order 2010

Offshore Chemicals (Amendment) Regulations 2010

Offshore Petroleum Activities (Oil Pollution Prevention and Control) (Amendment) Regulations 2010

Motions to refer to Grand Committee

11.37 am

Moved by Lord McNally

That the draft orders and regulations be referred to a Grand Committee.

Motions agreed.

Housing: Spending Review

Debate

11.38 am

Moved by Baroness Hollis of Heigham

To call attention to the impact on housing need and provision of the Budget and the spending review 2010; and to move for papers.

Baroness Hollis of Heigham: My Lords, I declare an interest as chair of Broadland Housing Association and I thank organisations, from the Chartered Institute of Housing to the Royal Institution of Chartered Surveyors, led by Michael Newey, for their helpful briefings.

Effective markets depend on a rough balance between supply and demand. The prosperous have a housing market; for others, like dominoes, the pressures at the lower end of owner occupation cascade down through the private rented sector and collapse onto social housing—each displaces the vulnerable onto the tenure below. It is going to be carnage and it is utterly indecent.

I start with owner occupation. Given unemployment fears, muted wage growth, the increasing fiscal squeeze and deteriorating consumer confidence, Ernst & Young expects a double dip housing recession. Why? Most lending bodies now require a 25 per cent deposit—£40,000 on an average home—which people with university debts as well will find impossible to obtain. In 2006 there were 245,000 mortgages with a 10 per cent deposit; there are now 28,000. Without parental assistance, the first time buyer will now be 38 and will have lingered 10 to 15 years longer in the private rented sector.

He will be joined by a second group—owners who have become unemployed. Why? Because now, of all times, the Government are effectively halving the mortgage support they give to families on benefit; halving the interest rate from 6 per cent down to 3.65 per cent; halving the capital covered; and doubling the wait before support kicks in. Many families will face arrears and repossession and be forced back into the private rented sector without the hope of ever rejoining owner-occupation.

As a result, the private rented sector stops being a transitional tenure for young people and becomes a decade-or-three stay for them and for hundreds of thousands of poorly paid professionals who cannot buy, joining the many hundreds of thousands of the low-paid who may be on housing benefit but who cannot access social housing. How will private landlords respond? Rents in the private sector will probably rise, according to the National Landlords Association. Yet housing benefit will fall, not just capped at the top end but also, far worse, capped to cover not, as now, the average rent of 50 per cent but only rent of 30 per cent. So 70 per cent of rents will be higher than that and unaffordable in the market.

It gets worse. Let us project that forward. For the decade 1997 to 2007, rents increased by 70 per cent and CPI, the new inflationary index for benefit, by around 20 per cent. By 2020, housing benefit based on CPI will have fallen so far behind private rents that it may cover only 10 per cent of available property. In Manchester, it will cover only 5 per cent of available two-bedroom flats. In Ashford and Winchester, not a single two-bed home could be affordable on HB within 10 or 12 years. Yet, say government, reduced housing benefit will press down on landlords' rents. That is key to their case. But it will not, because landlords have so many alternative tenants that they can raise rents. Most landlords do not have to let to private tenants on HB at whatever the price.

Only some 20 per cent of those in the private rented sector are on HB. It is not enough to have market leverage—not when surveyors report some five or six applicants for every rented property. DWP's own recent research quotes a major landlord in Bradford, saying, "Seriously, the next people I get in won't be from DSS. I can't do this any more". The NLA says that in future 54 per cent of landlords will not rent to benefit claimants, half will not reduce their rents and nine in 10 will avoid taking anyone on HB. The result? Alex Fenton's Cambridge research shows that if tenants try to meet that shortfall not covered by HB, perhaps 60,000 families with some 40,000 dependent children will be in severe poverty, below the poverty line. Instead, he expects around 200,000 families to face eviction, including 31,000 pensioners and 72,000 families with children. It is indecent.

Yet the Government say that the cuts to HB are essential to cap a soaring HB bill. Let us unpick that, because it is a myth. HB is not being pushed up by a few high claims but because more and poorer people are claiming. There are a few large families—refugee families, reconstituted families—who may need homes with more than four bedrooms. In Hackney, the *Guardian* reports that, of those 32 families in five-bed properties who will lose on average £1,200 per month, 31 are from a long established Orthodox Jewish community. Will they become severely overcrowded in a smaller home? Will they instead be rehoused in two, four-bedroom houses at higher HB bills? Or will they be scattered? It is indecent.

However, despite the grandstanding of senior Ministers, DWP's own stats show that, since 2000, over half of the increase in the HB bill—it is 54 per cent—comes not from the few high claims but from more private, poorer tenants claiming. They are in low paid work, disabled or elderly. The 52,000 of them who are on pension credit stand to lose £11 a week, or four years' worth of future pension increase. That is not decent. So, over half the increase in HB is coming from more people claiming. A sixth, or 18 per cent, comes from the rise in private sector rents, although that is by far less than house prices. Another 18 per cent comes from the Government pushing up, by policy choice, social housing target rents and the last 10 per cent comes from more social tenants claiming as the job market tightens.

There may be greedy landlords but the key driver behind increased HB has been more, poorer people coming into the private rented sector together with the Government's own demand that RSLs raise rents—full stop. Scare stories about vast bills make headlines; they should not make policy. Shelter estimates that 82,000 families may have to move. As families arrive in a spiral of debt and distress, the receiving authorities do not have the jobs, services, health or school places for them. Camden may lose 800 families; some to Enfield, which consequently expects an increase in overcrowding in its private rented sector. Slough says that there is no point in families going there when it has 6,000 on its waiting list. They would,

"push up costs and cause massive distortion to local prices".

The truth is that homes are only cheap where there are no jobs, so I would ask the question that the noble Lord, Lord Tebbit, asks: should the jobless from

Middlesbrough move to London where there may be jobs but no homes, or should the homeless from London move to Middlesbrough where there are homes but no jobs?

Added to this is the pressure for those people allowed only the shared room rent until they reach 35, not 25 as at present. Even before the cuts, Shelter had shown that, in much of the country, there was no such accommodation. Half of it explicitly bars DSS and 87 per cent of people already in a shared-rent room have a deficit on their HB bill of £35 a week. In future, if you are in a one-bedroom flat and lose your job, you lose your home. If you share a flat with an abusive partner and get him out, if you are on HB you lose your home—think of the power that gives him. Now you have to find a shared room, if you can, with strangers who you fear may threaten or abuse you, or thief. It is indecent. Private rents will rise, HB will fall and evictions and homelessness will soar, while the safety net of social rented housing tears apart. All of the downward pressure—the falling domino effect of owner occupation going to private renting with private renters facing eviction—has made the need for social housing even greater. I now turn to that.

For decades, social housing has broken the link between poverty and poor housing—and I have been so proud of it. *Inside Housing*, the trade magazine, headlined on its front cover of 29 October, in huge capitals:

"The End of Social Housing, 1945-2010".

How? First, the Government are savagely reducing by over 60 per cent the new build programme—at the cost, incidentally, of thousands of construction jobs. Half of the allocated £4 billion will go to the 60,000 to 70,000 houses already in the pipeline, with £1.9 billion going to new build at 80 per cent of market rent to provide insecure, intermediate tenancies. A billion quid builds 10,000 houses, plus land, so in all that is 80,000 or 90,000 new build. The Government say that we will have 150,000. Where is that coming from? It is coming from the increased rents of new, insecure and intermediate tenants who, nationally, will see their rent for a three-bed house treble from £83 a week to £249 a week. Only those with well above-average earnings can pay an unassisted intermediate rent, and they will be expected to move on and out quite quickly from that tenure because it is insecure.

There will be some; but virtually every tenant going into my housing association is on benefit. So DCLG's capital programme is paid for by the rents of a few transient non-HB tenants, alongside the increased HB bills for DWP churned through the rent book. It is smoke and mirrors.

To add to the folly, the higher the new rent—and, therefore, the higher the housing benefit—the harder it is for any tenant to re-enter work. Cheap rents help people back into work. If, however, housing benefit is deliberately reduced by tying it to CPI while rents rise with the market, then arrears mount. Where will people be evicted to? More expensive bed and breakfasts? Vandalised cars? Street doorways? It is indecent, and it gets worse.

The non-dependent adult deduction rate will double up to £90 a week, netted off parents' housing benefit and their council tax benefit because a low-paid adult

[BARONESS HOLLIS OF HEIGHAM]

son lives at home. If he leaves, his parents will underoccupy and be required to move. If he stays, he may be better off not working. Stable estates? Stable families? Nye Bevan's "living tapestry of a mixed community"?

Even more vicious is the proposed 10 per cent cut in housing benefit for anyone on JSA for 12 months or more. Why? If people refuse work preparation now, let alone a job, their JSA is already sanctioned. If unemployed claimants are respecting the JSA rules, you cannot sanction them, and that does not suit the Government. So instead the Government are attacking an unconnected benefit, housing benefit, to give the longer-term unemployed a further whipping even though their lack of a job may be none of their making. It is horrifying.

Just over one-third of those on JSA are also on housing benefit—the rest either are owner-occupiers or live at home. Let me unpick the stats for two places. Wolverhampton has six claimants for every job, and if they were to be sanctioned tomorrow on housing benefit, 1,116 families would lose 10 per cent of their benefit. In Norfolk the figures are 5,000 jobs, mainly casual, and 15,600 claimants, and under these rules 1,254 families would be sanctioned tomorrow.

What does my housing association do? Evict them in due course? Into what? Severe overcrowding? Squatting? Cardboard boxes, perhaps? Or we could let the arrears mount and instead balance our books by cutting out retrofitting to lift pensioners out of fuel poverty. Evictions or increased fuel poverty—that is not a decent choice.

To conclude, we are looking at mortgage lending being at its lowest in 10 years, house-building and the construction industry in crisis, private rents rising as the sector gets swamped, housing benefit cut to 30 per cent, then 20 per cent and then 10 per cent of private rents, social housing as we know it ending—all the dominoes falling over as misery cascades down the tenures. And what really matters is that thousands and thousands of families in just a few months will face debt, stress, eviction and homelessness. Weeping children, desperate mothers, defeated fathers—how dare we do this? It is carnage among our own people, and we should be ashamed.

11.54 am

Lord Greaves: My Lords, I start by declaring my interest as an elected member of Pendle Borough Council and thanking the noble Baroness, Lady Hollis, for introducing this extremely important debate at this time. I do not want to talk about the issues that she mainly talked about, although other members of the Liberal Democrat party will do so later. However, I have considerable sympathy with many of the things that she said. We are in the middle of a consultation debate on these matters and I hope that the Government may amend some of the proposals before they are finally put to Parliament for agreement.

I will talk about local regeneration, particularly housing regeneration, and the prospect facing many local authorities—particularly shire districts in more deprived and disadvantaged areas—of the removal of virtually all their capital investment resources. This will mean that they will find it extremely difficult to carry out housing regeneration work. The RDAs, which

have provided considerable investment in regeneration, are going. The so-called regional housing pots, which replaced the capital allocations to councils, are disappearing. Grant Shapps, the Housing Minister, has announced that the housing market renewal programme is being done away with. I want to talk specifically about the housing market renewal programme because this is where the problems will be most acute. I speak from five years' experience—to last May—as the executive cabinet member of Pendle Borough Council for our housing market renewal projects.

The scheme was introduced in 2003 in nine main areas, including Hull and the East Riding, NewcastleGateshead, Oldham and Rochdale, and East Lancashire, where I live. It has resulted in a substantial investment in the regeneration of areas of old housing and low-priced housing. The amount of money that has been spent in the areas this year is some £364 million. The scheme, if one believes the circular that Grant Shapps has sent round, appears to be closing down, although it is not clear whether there will be transitional arrangements next year. That is the first question that I want to ask.

It is being suggested, as it was in the White Paper *Local Growth: Realising Every Place's Potential*, that there will be some funding available via the regional growth fund, but this is only £1.4 billion over three years and the amount of money that is available to the housing market renewal areas to wind up their schemes is not known. That is my second question: to what extent will that fund be available? It is suggested that the Homes and Communities Agency may help to contribute to these schemes but, again, it is all very vague.

The housing market renewal schemes were set up as 15-year programmes. They are just over halfway through; I think we are in year eight now. They were based on local master plans—programmes for neighbourhoods, working closely with residents. There is much of what some people might call the big society going on in those areas, which it appears will all be closed down. As somebody who has been closely involved in them, I am the first to admit—in fact, I am the first to criticise—that they have been bureaucratic in how they have carried out their work. They have wasted a lot of money: in East Lancashire £3 million a year has been spent simply on administration, research and schemes by the so-called partnership Elevate, which was set up to co-ordinate and run the schemes, rather than this being done directly through local authorities that knew what they were doing. The way in which it happened was a typical New Labour way, which wasted a lot of money. Nevertheless, there are schemes taking place now that are halfway through. The Government say they will honour committed schemes. My third question is: what are committed schemes? Are they those that have contracts at the moment, or are they the schemes for neighbourhoods that might have been partly bought up by the council, partly pulled down and partly boarded up? Are such neighbourhoods simply to be abandoned now?

There are regeneration schemes under HMR in all the areas, where derelict factories and mills have been bought. They may have been cleared. Remedial work is needed on the land before private developers will

come in and find it profitable. Because these are, by definition, areas of low housing prices, gap funding is often needed to make the schemes profitable. The private sector will come in and build but it will not do so if it is not going to make a profit, so all these things require funding from the public purse—there is no other way in which they can be done. They have been done, and promised, through the housing market renewal programme. If this is coming to an end, are we to be left, as I said, with streets which are half boarded up and half purchased by the council, where the council no longer has the money to buy the rest of the houses—there is such a street in my own ward, and there are much bigger similar areas in other places—or are brownfield sites which have been bought up for redevelopment to regenerate and create new life in these areas now to be abandoned as the remediation cannot be afforded because the gap funding is not there? These are the kind of problems we are dealing with.

The Whip is looking at me to indicate that my time is up, and he is quite right, but I will say one more thing. Are we to be able to complete the schemes in a satisfactory way or are they to be abandoned and all we are going to be able to do is to fulfil existing contracts? This is a very serious matter. I do not expect the Minister to have all the answers to it today but perhaps she can provide them to me and the House in writing.

Noon

Baroness Greengross: My Lords, I shall be brief. I want to make four points, two of which are of particular concern to the Equality and Human Rights Commission, of which I am a member.

First, I am aware that Her Majesty's Government are committed to ensuring a high level of employment in this country but I have particular concerns regarding the impact of housing benefit reform on many people's ability to engage in paid employment. The noble Baroness, Lady Hollis, went into this in great detail, but it is important for us to take into account that only about 12 per cent of all housing benefit claimants are unemployed. I hope that the Minister will clarify this.

Secondly, will the Minister say why the Government feel that it is necessary to cut the capital investment in housing by 63 per cent in real terms—more than in any other part of the economy—at a time of record housing need, chronic lack of supply and increasing numbers on the waiting lists?

Thirdly, as regards people who are no longer working, will the Minister say how many older people will have to use their pensions to make up the difference in their rent if housing benefit is cut? I remind the House that pension rates specifically take no account of housing costs because these are supported by housing benefit paid by local authorities and that certain housing costs may be awarded only if you are eligible for pension credit.

Fourthly, the changes announced to housing benefit in the spending review, the emergency Budget and prior to that are complex. Will the Minister explain whether the whole package of reforms has been, and is being, considered as a package? Will she advise me

whether an analysis of the cumulative impact of these measures on the protected groups for whom the Equality and Human Rights Commission is responsible will be undertaken?

12.03 pm

The Lord Bishop of Bath and Wells: My Lords, there is a story of a man being audited by a tax inspector. "How have you managed to buy such a luxurious villa when your declared income is so low?", asks the inspector. "It's like this", replies the man, "While I was fishing last summer I caught a large golden fish. When I took it off the hook, the fish opened its mouth and said, 'I am a magical fish. Throw me back into the sea and I'll give you the most luxurious villa you have ever seen'. So I threw the fish back into the sea, and got the villa". The tax inspector was not impressed. "How do you expect to prove such a ludicrous story?", he asked. "Well", the man replied, "you can see the villa, can't you?"

In the light of the comprehensive spending review and its implications for social and affordable housing in both urban and rural contexts, many would wish for a magical fish. Sadly, this is unlikely to be the case. The proposals before us will affect not just housing supply, but the whole culture of housing provision.

It is likely that cuts to the national affordable housing programme are likely to be more than 60 per cent, while new tenants will be paying higher rents. In addition, these cuts will be accompanied by changes to the social housing culture, as tenants will be assessed on need—no more "council houses for life".

Having lived in London for more than 20 years, I am well aware of the fact that most people do not live in expensive properties or luxurious, five-star accommodation. It is easy to achieve a soundbite with exceptions—less so with the reality of the vast majority of people living in ordinary houses. Equally, many such people have lived in a locality all their lives. Besides such people upon whom the proposed cuts will fall are those suffering a temporary blip in their fortunes, others who have fled from violent partners, or refugees dealing with the trauma of war or real ethnic cleansing, as the noble Baroness, Lady Hollis, said powerfully in her address. Above all, such cuts will come upon people with little or no savings—now one of the requirements of eligibility for benefits. Undoubtedly, this will affect tens of thousands of people in London and other major cities.

However, my diocese is rural and, as my good friend, the right reverend Prelate the Bishop of St Albans commented in his address this week to the Faith in the Countryside conference, the 50 per cent cut in capital investment for affordable homes announced last week could leave nearly half a million rural households without housing in the next quarter century. It is with regret that I note in a report from Shelter that none of the councils in Somerset, where my diocese is located, has met any of the affordable housing targets. The highest in the Shelter ranking met 28 per cent of the target, while the lowest met a mere 9 per cent. Viewers of BBC television this morning will have seen the savage cuts made by Somerset County Council in so many areas of public and corporate life.

[THE LORD BISHOP OF BATH AND WELLS]

The decision to end the “council house for life” will be a real problem in rural areas, where there is simply not the flexibility and availability of housing for people to move on in a way that they can in urban areas. The continuing unregulated purchase of second homes in rural communities raises questions as to where the skilled trades people—plumbers, carpenters, builders and farm workers upon whom we rely—will buy or rent a house. All this leads to the ebbing away of community, with the closure of schools, village shops and pubs, and much else besides. Fishing for the magical golden fish is not a serious option. Families who may be key players in local communities will lose their long-term security, and individuals will lose their social networks and relationships of mutual support and care if they have to move. Where will they move to? It is these very communities and networks that provide the relationships for a civic society, whether “big” or not.

The New Homes Bonus scheme will not give any priority to affordable housing, or particular provision for encouraging affordable homes in rural areas. At best, some provision for the edges of towns and cities will be made. Grant Shapps, the Housing Minister, has argued that rural housing development can go ahead, providing that in locally held mini-referendums, 75 per cent of those voting agree. Many believe, and I include myself among them, that this will be difficult to achieve. As the right reverend Prelate the Bishop of St Albans said in his speech yesterday, this is not so much nimbyism as bananaism—“build absolutely nothing anywhere never again”.

Finally, much has been made of the role of churches and voluntary organisations in the big society. Readers of the *Tablet*, that notable Roman Catholic journal, were asked last week whether they had spare rooms that they could let to single homeless or young people. Is this really to be role of churches and other voluntary bodies?

In 2008, Iain Duncan Smith, attending a Salvation Army conference, observed a growing undercurrent of “chaotic and dysfunctional” people who are unable to play an active part in society, and he went on to attack social housing policy as “ghettoising dysfunction and poverty”. Is not the coalition’s policy on housing benefit and the insecurity of council house tenure likely to work against the idea of mixed living, and create exactly the kind of ghettoisation that he spoke of in opposition?

If ever we needed a big-society solution to affordable housing, given the unavailability of the golden magical fish, this is the time.

12.10 pm

Lord Brooke of Sutton Mandeville: My Lords, it is a pleasure to follow the right reverend Prelate the Bishop of Bath and Wells, who always makes thoughtful and well informed speeches, enhanced on occasion by an Ulster flavour. I congratulate the noble Baroness, Lady Hollis of Heigham, on having secured the debate and on her predictably expert speech. In an act of political chivalry, I congratulate her, too, on her timing in

inserting the speech into the parliamentary diary before the forthcoming White Paper. Clearly, her speech will deserve close study.

My late noble kinsman was for four years in the late 1950s Minister for Housing and Local Government and Minister for Welsh Affairs. I do not think that it was because he took the trouble to learn the Welsh national anthem in Welsh that Nye Bevan, in the Attlee Government, asked him, although he was a political opponent, to chair departmental working parties on aspects of housing policy. I do not know as much as 1 per cent of what my late noble kinsman knew about housing; but I do know that, while the noble Baroness, Lady Hollis, has chosen her moment well, it would be wrong for my noble friend the Minister to be left naked of Conservative support behind her today, even though our coalition colleagues have turned out in force and, although it is a Labour debate, exceed in number the Labour speakers.

I am grateful for the comprehensive briefing afforded to speakers in this debate by the National Housing Federation. I shall tick off the relevant questions that it believes need asking as opposition speaker follows opposition speaker, so I shall not spend my six minutes asking them myself. Nor shall I spend my time hypothesising about what a Labour Government might have done in the present circumstances. “What if” questions are fun as a social game—for example, asking, at this moment in American history, what would have happened if Wolfe had not taken Quebec—but they are not a good use of time when the Labour Government are no longer in power, for reasons associated with their recent policies, and when another Government are proposing a massively important welfare programme that embraces housing but goes far beyond it. I shall rest on a paragraph from Labour’s 2010 manifesto, which was drafted by the present leader of the party and which states:

“Our goal is to make responsibility the cornerstone of our welfare state. Housing Benefit will be reformed to ensure that we do not subsidise people to live in the private sector on rents that other ordinary working families could not afford”.

I could not put it better myself.

The programme that the coalition Government are pursuing is a wholesale reform of 21st-century welfare from the foundations that Beveridge laid two-thirds of a century ago when Nye Bevan was Minister of Health. It is not a policy that the Opposition would have adopted, for they drove my noble friend Lord Freud—as he then was not—from their ranks when he sought to persuade them to adopt it. Of course, I realise that they believed that tax credits would resolve the dilemma, in an era when they also believed that they had banished boom and bust from economic history. The difference today is that the former Chancellor of the Exchequer and Prime Minister, Mr Brown, is by instinct a complicator, whereas my noble friend Lord Freud is a simplifier. I am pretty sure that DWP and HMRC, despite their loyalty to any Government, would prefer the latter instinct to the former.

I have personal experience of the complexity of tax credits. A member of my family was given, no doubt in good faith, appalling tax advice by the HMRC hotline. My relative brought it to me and I brought it first to my own tax accountant and later to a relevant

Lords Minister, who, coincidentally, will speak for the Government later in the debate. The Minister very generously and kindly researched it with the Treasury. Both the latter consultees agreed that the hotline advice was wholly ill founded. However, think of what effect, in all senses, the advice of the hotline would have had on many other inquirers. I say that because of the complexity of the matter.

It is worth saying a word about housing provision. The words appear on the Order Paper, although I appreciate that they are in their context ambiguous. Housing costs are a function of the amount of provision, and I will not go into why the previous Government failed to reach their own targets. However, I will remark that twice in Grand Committee in the second half of the last Parliament—once on a planning Bill and once on a housing Bill—I asked why the Government believed, as an underlying premise for their legislation, that the economy would go on behaving as it had in the preceding 10 years. On the second occasion, I quoted the then very recent first comment by the Governor of the Bank of England that the possibility of a recession could not be ruled out. On both occasions, the Minister expressed confidence in the economy, noting that there was not a recession in progress. I also remark that the growth in housing targets over the period 1996 to 2006, with the interim projections of 2002 and the final Kate Barker report of 2004, was most recently not in the south-east—a key arena for the issue that we are debating—but in the north-west, Yorkshire and Humberside, and the west and east Midlands.

Much of my own housing experience comes from representing for a quarter of a century an inner-city seat with considerable street homelessness. I do not associate myself with the emotive language of the Mayor of London, whom I generally and genuinely admire, but I am conscious that I was representing what was not only in part a rich seat, although not as rich a seat as the EU statistics imply, but also in significant part a poor seat. When I left the other place, it was the 48th poorest seat in the country by British statistical criteria. That remarkable social balance is necessary to the way that London works. There has to be low-income housing at the centre to serve the practical needs of a great city, and I shall watch the outcome with what is currently confidence that for pragmatic reasons that balance will remain.

12.16 pm

Baroness Quin: My Lords, I, too, thank my noble friend for bringing this vital subject before the House today and for the characteristically knowledgeable and caring way in which she spoke to it. I do not have anything remotely like her depth of knowledge about these matters, and my purpose in speaking today is simply to draw the attention of the Minister and the Government to examples of people whom I know about personally whose lives are likely to be severely, even devastatingly, affected by these measures. Both the cases that I shall be referring to are of single people who, in the difficult economic situation of north-east England, have been repeatedly trying for jobs for a considerable time. Both could well fall foul

of the new rule that full housing benefit will be cut by 10 per cent after a person has been on jobseeker's allowance for 12 months.

My noble friend made a compelling case the other day in the debate on the comprehensive spending review about the perversity of such a rule. In the cases that I know of, because the persons concerned have repeatedly tried to obtain work, surely, rather than be penalised for their efforts, the system should recognise the efforts that they have made. If the Government are trying to differentiate between genuine claimants and others, why not recognise those who are known to jobcentres for having done everything they possibly can to gain employment? Underlying the Government's proposal is obviously a belief that, if you are out of work for more than 12 months, it is always your own fault and therefore you should be penalised. However, even a cursory glance at the history of areas such as my own in the north-east of England must reveal that this is far from being the reality.

I say to the Minister that, from my knowledge of these cases, it can be very dispiriting applying for jobs, particularly when you have to use scarce resources to telephone or visit employers and send off applications. It is even more dispiriting when so few employers even acknowledge the applications. I am beginning to think that it should be a legal obligation both to acknowledge applications and to communicate to applicants when a final decision has been made.

One of the cases to which I refer is a young person who lives in a modest one-bedroomed flat but risks losing this by falling foul of the change being introduced whereby the age threshold for the single room rate is to be raised from 25 to 35. Therefore, in addition to losing a percentage of the jobseeker's allowance, despite having done everything to gain employment, that person now risks losing their home, and I find it almost incredible that we should treat people like that.

One of the two people I am referring to came to Britain as a genuine asylum seeker and has now obtained British citizenship. In the course of this process, he has enthusiastically immersed himself in British history, learning about our society and culture and adapting to it, including by dramatically improving his language skills. Although he has had work, it has been very difficult to find permanent employment, despite all his efforts to do so. If his efforts continue to be unsuccessful, he, too, could fall foul of the harsh and indiscriminate changes to the housing benefit system to which I referred. It would indeed be cruel if the Government of the country of which he is now so proud to belong decide to blight his prospects in this way.

Not surprisingly, the situation in London has been referred to because of the high cost of accommodation in the capital. However, all parts of the country and all categories of jobseekers will be affected by these proposals.

We know that the whole area of benefits is a difficult one. Ever since the beginning of the welfare state, it has been difficult to devise rules that help those who genuinely need it and make sure that there is no unfair exploitation of the system. No doubt the Minister in replying will try to defend what is happening by citing excessive claims, but my examples are also real. These are people whose lives will be cruelly affected by what

[BARONESS QUIN]
is proposed. Therefore, I implore the Minister and the Government to listen and learn from such examples and change course as a result.

12.20 pm

Lord German: My Lords, I congratulate the noble Baroness on the timing of this debate, and also the noble Lord, Lord Brooke, on answering the question “what now”, rather than “what if”. That is the question that faces us all. Unlike the right reverend Prelate, I shall not use a golden fish as my metaphor; I shall use simultaneous equations—the need to bring into balance a number of competing factors, each of which has a set of variables and a number of unknowns. That describes the situation with housing; both sides of the equation need to be understood. At its heart is the need to balance the degree of support which the state can provide to individuals and families to meet their housing needs and the need to provide adequate numbers of homes at affordable levels. One side of this equation is the responsibility of the DWP, with its reach right across the United Kingdom, and the other is a department, the DCLG, with responsibility for England only. As the accompanying documents to the CSR helpfully point out, the responsibility for housing for large parts of our country—Wales, Scotland and Northern Ireland—does not lie with this Government or Parliament. In this new era of joined-up government, it is important that the DWP particularly takes note of that firmly when trying to bring the matters we are debating today into balance.

Is the present system in balance? Does the state’s support funding for individuals and families match the stock of affordable housing? Clearly not, because between 1996 and 2010 the stock of affordable homes fell by a net 45,000. Meanwhile, the bill for supporting individuals and their families has ballooned to £5 billion extra in the past five years alone. As the number of affordable homes available has dwindled, so the cost to the country has risen. Using my equation metaphor, the factors on one side of the equals sign have grown more as the other side has diminished. This Government, and any Government in the current financial circumstances, are therefore constrained to do more for less, making available more housing at prices which people can afford, replenishing and building more homes so that the net stock grows, with a smaller public resource available to achieve that growth. Neither can it be in the public interest to see housing benefit costs balloon in the way that they have, yet our society should expect and demand that we can support those in need who need a proper and decent home.

This complex equation needs planned resolution, avoiding the dangers of perverse outcomes. The complexity of the equation has in the past driven changes which have made the system more, not less, complex—more difficult to understand and more susceptible to those perverse outcomes. The challenge for government is, first, to build more homes and, secondly, to create a benefits structure which is simpler and fit for purpose. I welcome the Government’s ambition to deal with these very large-scale issues. Of course, there are a number of icebergs in the water around which they have to steer.

I am a recent rented-property searcher in London, working within the parameters of your Lordships’ expenses regime. It is quite clear to me that the London housing equation has a quite distinct set of factors. It is a market with prices attached which, in most parts of our country—where I come from, for example—would make people stagger with amazement. I have to admit that I have been priced out of Kensington and Chelsea. Do I find that strange? Indeed I do not. There are many parts of the country where I, like many others, would like to live but find it impossible to do so. I also find it strange that some politicians in London are surprised that the rents in some areas price many people out of them. But that is the reality. Fundamentally, can it be right that some claimants for housing support can claim more than £100,000 a year to live in large houses in expensive areas when many hardworking taxpayers would find it impossible to do so? Indeed, they are subsidising those who receive those high rates of benefit.

London is not the whole of the United Kingdom and it would be wrong to see the vision of change through the prism of the capital city. Admittedly there are some other hotspots, some of which have been mentioned already—some university towns, for example—where prices in the private rented sector have been driven up by the demand. However, the rental cap is appropriate for many parts of our country and, with appropriate provision, could work for London and those other hotspots. But there are other, localised problems of a different kind, one of which has already been alluded to—the demand for affordable housing in our rural areas in order to retain local families in their communities. That is a massive problem which again requires a tailored solution. The Government will face a major challenge on that matter, particularly on the 30 percentile figure that they are introducing.

There is not a uniform picture across the country, and a uniform solution may not always be appropriate because that may lead increasingly to further market distortion. That is why a more discrete definition of housing areas—in fact, a much more clear map—would perhaps make solutions more appropriate. After all, market rents, as I have discovered, can vary considerably within a couple of miles and even within a couple of streets. However, the universal benefit changes will make a significant difference and improvement to the current arrangements on housing. But the timing of these housing allowance changes means they will be put in place before the universal benefit changes begin to bite. I therefore think that, at all levels, this set of equations will be more tricky to resolve than the simultaneous ones that I did at school. A large number of changes all coming down the tracks together requires greater co-ordination and planning. I hope that the Government will have success and, more than anything else, certainty of action.

12.27 pm

Lord Best: My Lords, I am grateful to the noble Baroness, Lady Hollis, for securing this debate and for her very important speech. In my few minutes I shall concentrate on the key issue of housing benefit. I have been able to draw, with gratitude, on the invaluable

guidance of experts from the Chartered Institute of Housing, Shelter, Citizens Advice, Crisis, the National Housing Federation and the Local Government Association, with input from the Residential Landlords Association and individual private sector landlords as well as the top academics in the field: Professor Peter Kemp from Oxford and Professor Steve Wilcox from York. I declare my housing interests as in the register, and shall pick up one or two of the issues that have not been fully covered so far.

My first question is whether these cuts will achieve the desired savings in public expenditure. First, if there are a lot of evictions—which I feel sure, regrettably, there will be, and which will produce costs for landlords—the resulting homelessness will lead to huge cost increases for the state. Secondly, and related, if there is a return to putting people in bed and breakfast hotels—and in one London borough it has been announced that 20 such places have just been taken, the first time those hotels have been used for some years for this purpose, because a major private landlord has pulled out of catering for those who are on the local housing allowance—then the cost of B&B in place of private rented sector flats will produce additional expenditure for the state.

Thirdly, an influx of new tenants from high-value localities into lower-value areas could cause rents for all local housing allowance tenants to rise, not just for the new tenants moving in. Those rent increases could wipe out savings from the movers. Fourthly, if people move from higher-value areas where jobs are plentiful to low-value areas where they are not, it may be more difficult for the movers to find employment, and costs to the state may well be higher. This is to say nothing about the ill effects on aspirations and life chances of concentrating poorer households in the same place, rather than having a mix of income levels and tenures in all areas.

It is worth noting that the power of cuts to galvanise recipients into taking up employment may be quite limited. Only one in eight housing benefit claimants of working age is unemployed. The others include pensioners, the 26 per cent who are in low-paid jobs, single parents and disabled people. Finally, if there is withdrawal and disinvestment by private sector landlords in homes that might have been occupied by those on housing benefit, a corresponding increase in government funding will become even more necessary for the social housing to which those people will have to go.

What can be done to ease the potential hardships that these reductions in housing benefit seem destined to create? First, surely we cannot hit households next spring with a new cap based on the number of bedrooms in high-value areas and then again in the autumn when the change from the 50 to the 30 percentile maximum kicks in. One October start date for both these changes would surely be far less disruptive and far less expensive to administer. Secondly, the new caps expressed in cash—for example, £290 a week for two-bedroom flats—need to be uprated annually or they will gradually cover more and more tenants.

Thirdly, the enforced move out of central London for several thousand families could be eased through concerted efforts by the local authorities involved. Advice and guidance, help with moving costs and

deposits, negotiating with landlords in the recipient areas to ensure that the rents and conditions are satisfactory, which could achieve better rent levels in return for security of income for those landlords—all this effort by councils could make moves more bearable and will be well worth funding.

Fifthly, through use of much enhanced levels of discretionary housing payments, those administering benefit, local housing allowance, should enable households with a clear local claim to stay put for the time being. I refer, for instance, to a family with a child regularly attending a central London hospital; to a working mother in a low-paid, local job who could not cover lengthy travel costs and extra child care if moved well away from the area, and so on.

Sixthly, I want to echo the point made by the noble Baroness, Lady Quin, that 10 per cent cuts in benefit for those who do not find a job within 12 months should be moderated to exclude those for whom the jobcentre declares that the claimant has done everything in their power to get a job.

Seventhly, some people up to the age of 35 who lose their job will have to move from their flat where they may have lived for many years to a place they can share with others. Bearing in mind the total absence of such accommodation in large parts of the UK, and also that 87 per cent of those currently in single rooms of this kind—that is, single tenants under 25—already have to find an average of £27 per week from their microscopic incomes because the local housing allowance fails to cover their rent, surely the overarching reduction in the maximum from the 50 to the 30 percentile rule should not be applied in those cases.

I hope the Government will give some indication of whether they can accept these and perhaps other ways of reducing the burden of these fierce cuts so that they can be explained, phased, moderated and mitigated. I look forward to hearing the Minister's response.

12.33 pm

Baroness Thomas of Winchester: My Lords, I fear that there will be a certain amount of repetition about housing benefit, especially after the speech of the noble Lord, Lord Best. I, too, shall focus on that point. Never has this subject hit the headlines so much as it has in the past month.

As soon as the changes were made known in the summer, many of us on these Benches felt uneasy, particularly at the haste with which they were announced. As far as I know, there has been no consultation with stakeholders and precious little real evidence of the impact that the changes will have. The Government simply seized on the increase of £5 billion in the housing benefit budget over the past five years as the rationale behind the whole policy. I am sorry to say that the resulting attempt to start to bring down the cost of housing benefit so quickly—starting next April with the cap—has the hallmarks of a panicky, Treasury-driven exercise done on the back of an envelope rather than a well thought-through DWP exercise, looking at a much wider picture of the impact of the changes.

As my noble friend Lord German said, it is all too easy to point to housing benefit claimants in central London and say that it is unfair on working people

[BARONESS THOMAS OF WINCHESTER]

that those who are out of work can, only thanks to housing benefit, afford to live in a big house well out of the reach of hard-working families. Everyone is guaranteed to feel outraged about this, and I fear it is used almost as a proxy for the more widespread but far less colourful changes that will affect the whole country. I echo the paradox that others have mentioned that if all unemployed people are forced to move further away from our city centres, they are moving further away from areas with good employment prospects and may thus stay on benefit for longer. However, of course we must never forget that housing benefit is an in-work as well as an out-of-work benefit.

Staying with the private rented sector and the regulations soon to be tabled—they affect only the private rented sector—perhaps the most worrying of the imminent changes is the switch from rents being calculated as the 50th percentile of rents in a broad rental market area to the 30th percentile, which could result in a quite significant drop in local housing allowance; on average about £9 a week. This change will begin in October next year, and from then tenants will be affected at the date at which their tenancy agreement comes up for renewal. I hope that they will have the maximum time possible for this change, because in housing hotspots the drop could be a lot more than £9 a week. The worst-case scenario would be a huge increase in homelessness. Here I declare an interest as a patron of the Winchester Churches Nightshelter.

Of course, there are strict rules about who the local authorities can classify as homeless for rehousing purposes, and a tenant without children on local housing allowance whose income suddenly drops may not qualify. I gather that not all local authorities interpret the intentionality guidance in the same way, and I urge the Government to clarify the position. The welcome fourfold increase in the discretionary housing allowance budget surely will not stretch very far around all the country's housing hotspots to help keep many tenants in their homes, particularly if unemployment rises significantly. Before leaving that point, I see no good reason why the cap on the four-bedroom rate and the upper limit for all property sizes should not be aligned with the change to the 30th percentile rate, so that the families who are affected by all three changes do not have their lives disrupted twice over.

The growth in the private rented sector is, of course, the result of the severe shortage in the provision of social housing over very many years, so it is little wonder that the housing benefit bill has been rising inexorably. I know that the Government believe that housing benefit has inflated rents, and that dropping the percentile should have the effect of lowering rents, but this is a terrible gamble with people's homes, particularly when potential house buyers are continuing to rent because they cannot find the high deposits now demanded. What may happen is that many landlords simply will not let to LHA claimants if they can find richer tenants.

One change that the Government could make that would improve the situation straightaway would be either to give tenants the choice to go back to the system of direct payments so that landlords are guaranteed their rent, or for direct payments to landlords after the

tenant had defaulted on their rent for just one month rather than two. We hear that 68 per cent of landlords in one survey said that this would make a huge difference to the decision whether to let to LHA tenants. We must also remember that not all buy-to-let landlords can themselves afford tenants to default. I gather that there are many repossession in that sector.

What is needed more than anything else is a clear-headed look behind the ballooning housing benefit figure. I urge the Government to set up a short commission into the whole subject of housing benefit that would report back in no more than six, or even three, months. In spite of the increase in the discretionary housing allowance and the welcome news of an extra room for a non-resident carer, I have no confidence that the housing benefit changes announced will do anything more than increase homelessness and cause many vulnerable families to fall into poverty. I hope I am wrong.

12.40 pm

Baroness Dean of Thornton-le-Fylde: My Lords, I, too, thank my noble friend Lady Hollis for securing this debate today and congratulate her on the not at all unexpected forensic way that she approached this subject with her wide knowledge and experience. I declare an interest in this debate as a former chairman of the Housing Corporation and a current member of the board of Taylor Wimpey housing developers. We are talking about housing benefit and how it impacts on people, but what we are really talking about is people's lives in the round. It is a fact clearly established by academic research and natural observation that the kind of housing you are brought up in helps dictate your life chances because of the profound impact that the kind of housing they live in has on people's health and, particularly, on children. That spins off into their ability to learn at school and to be able to do their homework at home and their future life expectation, so we are not talking about housing just as accommodation.

Over the past three decades, we have seen our population increase as a result of demographic changes and family breakdown and an increased demand for housing in our country. It was not a failure of either Government's housing policy, but we just could not keep up with the demand. As a result of family breakdown and living longer, the demands are higher. That brings us to the situation that we have today with insufficient supply for what is needed in the country and in the middle of that issue, we have this financial crisis.

That long-term demand was recognised by the Conservative Government in the 1970s. They recognised that the state would not be able totally to fund affordable housing for those who could not buy on the private market. They enabled housing associations to raise money from the private sector to match, quite often, the grant given by government so that today private investment in the housing association sector is well in excess of £50 billion. When elected in 1997, the Labour Government recognised that that would still not support the housing need and doubled state investment in housing with huge benefits and effect. The decent homes policy and the supporting people policy were

both Labour Government policies, and I am delighted that this Government's changes are not going to affect them substantially.

The core issue of housing shortage is a dilemma for any government. My question is therefore, if housing has such a profound effect on people and the lives of our citizens, why have this Government, in a situation where we recognise that we have to have public expenditure cuts, cut CLG back probably the most of any of the cutbacks of any government department? Capital expenditure in housing will go from £6.8 billion this year, as defined by the previous Government, to around £2 billion in 2014 against a background of ongoing demand. That must have a profound effect on people who cannot afford to buy their own homes.

Against that background of reduced capital expenditure by the state, can the Minister explain to me, if not today at the end of this debate perhaps afterwards in writing, what financial model has been used to try to justify the outcome of the reduced capital expenditure? How will the increased rents that are being talked about fund the gap that will deliver 150,000 houses in the Government's target over the next four years, linked with their other measures? I cannot find any evidence anywhere that supports that argument. Whether you are looking at the vested interest of the housing associations and the National Housing Federation or at the Royal Institution of Chartered Surveyors, anyone who has looked at this has said that they have substantial doubts that the target of 150,000 will be met.

The abolition of housing targets has been put forward as liberating local authorities. We have had this before. The reason we had local targets was because some local authorities were appalling at providing housing for their local community. We know what can happen and what probably will happen: a good local authority will build, a bad one will not but will send its homeless over the border to the next town to provide housing for them.

We are talking about money, investment and people's lives. What is this Government's vision for housing in the future for this country? I do not understand it any longer. Housing issues have always been top of the postbag for MPs. I suggest that this Government's policy will increase that. We have talk of the big society. I suggest that this perverse and almost vandalistic approach to housing for people will not bring about a big society; it will bring about a more divided society and under the policy for housing we will see a rerun of the "Cathy Come Home" film which had such an impact on all of us.

12.46 pm

Lord Taverne: My Lords, I shall make a brief comment on intermediate housing. I must declare an interest because I have a son-in-law who is active in a company that provides low-cost housing in the private sector.

There is a very large gap between the provision of social housing and private housing in the open market. There is a very large cohort of people who do not qualify for housing benefit but who cannot buy. In London, for example, in October 2009, the average cost for a first-time buyer was £248,000. An LSE study shows that the main reason why teachers in London

schools leave is housing. Overall, 35 per cent of working households aged 20 to 39 find themselves in this category. One of the results is that there are some 3 million people aged 20 to 34 who now live with their parents and in addition some 2 million people aged over 18 live rent-free with their families or friends, a figure that is four times higher than 10 years ago.

One of the needs is houses to buy for those on modest incomes who cannot afford market prices and who do not qualify for housing benefit. In London, it has been possible to persuade a number of councils to sell plots for development at below market prices since they provide a start on the ladder of owning a house for key workers such as teachers, nurses and the police, and for those on modest incomes in the private sector. There is a limit on the earnings of those who qualify under this scheme. In London, as a result of this attitude by councils, it has been possible to provide one-bedroom flats in Camden, Hounslow and Ealing to be sold for £190,000 compared with the market cost in Camden of £305,000. Who are the beneficiaries? Their average income is some £30,000 per year. The average deposit they pay is some £20,500 and their average age is 31. It seems clear that where this has been achieved, it is of considerable benefit to society. The Government could help here. One obstacle is the planning process. At present, there is no focus on intermediate housing as a use class in its own right, so I hope the Minister will take note and initiate the appropriate action.

12.50 pm

Baroness Wilkins: My Lords, I congratulate my noble friend Lady Hollis on securing this timely debate and on her excellent and devastating speech. I declare my interest as a patron of the Foundation for Lifetime Homes and Neighbourhoods.

Good housing that meets the needs of all sections of society is not only the answer to many of the social, health and employment problems, but it can prevent many of them occurring in the first place. Lord William Beveridge summed it up best when he said, in 1944:

"The greatest opportunity open in this country for raising the general standard of living lies in housing".

I therefore welcome this opportunity to debate housing policy.

What I do not welcome are the Government's housing policy proposals, which, as we have heard from around the House, will profoundly damage the delivery of housing, particularly social housing, in this country for many years to come. The drastic changes to the housing benefit system will have a particularly negative impact on the lives of disabled people—and the effect on disabled people is the focus of my contribution.

I accept that the previous Labour Government, and many Governments before them, did not give sufficient priority to housing, as I am sure the Minister will note in her reply. The previous Government certainly did not build enough houses, particularly accessible ones, but the current proposals will just make things much, much worse, and if the housing situation is bleak for the general population, it is doubly so for disabled people, who are disproportionately dependent on social housing and housing benefit. Disabled people are

[BARONESS WILKINS]

twice as likely to live in social housing because of their poorer economic position, and they are more likely than any other sector of the British population to live in a dwelling that does not meet decent home standards.

As we have heard, the Government have stated that between 2011 and 2015 there will be a real-terms cut of 63 per cent to the national affordable housing programme compared with the 2008-11 period, and that this is a far greater cut than the cuts imposed on many other parts of the economy. The Government will no doubt trumpet the 150,000 new homes that they estimate will be built using public subsidy in the next four years, but I invite noble Lords to look behind this figure; to achieve this heroic build, the Government are relying on all the new social housing that is funded by the Government's housing programme, and on one in four re-lets in the social housing sector being let at 80 per cent of market rent, making them unaffordable and driving people into poverty. My noble friend Lady Dean has just thrown considerable doubt on the Government's plans.

Will the Minister say what the outcome was of the equality impact assessment that was conducted on this new rental policy with respect to disabled people, who, as I said, are twice as likely to live in social housing as non-disabled people? How will new supported housing for vulnerable people be funded under this regime? Do the Government expect tenants living in supported housing to pay 80 per cent of local market rents? Is this realistic in central London, or will people be driven to live somewhere cheaper, far from their existing social networks?

I welcome the news that disabled people claiming disability benefits will be exempt from the housing benefit cap due to the extra costs that they face. However, DLA reforms mean that many disabled people with lower-level needs will not receive the benefit by 2013 and so will not be protected by this exemption. Their needs will not disappear, so the cap will simply deepen inequality, as commentators have noted, creating yet more poverty among disabled people. The funding for an extra bedroom for a non-resident carer from next year is welcome, but will the Minister outline a few more details about how this new scheme will work? Will it just be for paid carers or will unpaid family carers also count?

The Government plan to limit housing benefit for working-age claimants in social housing to the size of accommodation they are deemed to need. How will the size of a property be calculated for people like me who are wheelchair users, and for disabled people who may have to have medical equipment due to their disability? Will a child's disability be taken into account, and the fact that his or her space needs may change over time?

This huge rise in rents and cutting of financial support will force disabled people to move from their accessible homes, but where to? There is a dearth of accessible accommodation, as this House has been reminded many times. Landlords do not routinely keep records of their accessible or adapted property, so finding cheaper accommodation will be hard, if not impossible. What of the resulting cost to the state?

There will be far more demand on the health and social services, because, as repeated surveys show, living in non-accessible housing makes disabled people more dependent on other people and less able to take advantage of employment, training or other opportunities. What if the disabled person has a care package? The lack of portability means that they cannot look outside their borough for housing without incurring all the personal and social service costs of re-assessment all over again. If it is impossible to move, the result will be progressively to cut financial support and drive the disabled person further into debt and utter misery.

Housing let at a subsidised social rent is one of the central pillars of the welfare state. It offers people who are unable to enter the private housing market a way out of squalid housing, overcrowding, slums and grinding poverty. Lord Beveridge would be weeping in disbelief that a Government—any Government, let alone one supported by his Liberal Democrat successors—are putting forward a package of reforms that spell the end of social housing as part of the welfare state that he helped to create. I urge Ministers to reconsider.

12.57 pm

Baroness Neuberger: My Lords, I, too, congratulate the noble Baroness, Lady Hollis, on securing this debate at such a good time. Despite sitting opposite her, I must say that I agree with much, if not all, of what she had to say. I also declare an interest as the chairman for just under two years of One Housing Group, which provides housing, supported housing and general housing for poorer people, largely in London and Berkshire.

I have three short points to make. First, how in the new regime that has just been announced can we ensure that spending on housing the most vulnerable people is protected? Could we, for instance, exempt from the caps on housing benefit families and formerly homeless single people in London or elsewhere when they need to remain in their home because of their need for support? That support might come either informally, from family and friends, or indeed from statutory services. When it comes to support, what will central government do to help ensure that local authorities do not raid the local Supporting People settlement to pay for other programmes. Many local authorities suggest that their members and executives will disregard the national settlement for Supporting People and reduce spending in this area by anything up to 25 per cent; it is not ring-fenced.

We need to ensure that access to care and support for the most vulnerable does not become a postcode lottery. If we do not succeed, the costs will be borne, as many speakers have already said, by Justice, the National Health Service and social services. I have for many years been a keen advocate of supported housing, and we know that it can save many of those services considerable amounts of money. This proposed new system will make supported housing much more difficult to fund. Take the example of young people leaving care. If the local housing benefit cap is applied, many housing associations will have to reduce their rents and will never be able to build another scheme for very vulnerable young people without additional subsidy.

It cannot make sense to apply the LHA route to supported housing for vulnerable young people and others in need of support. These are just the young people whom we are trying to support to stand on their own two feet and get into work. This is hard enough for young people anyway, and these particular young people will have had a very rough ride. We want to help them to be independent, yet cutting support from them now will make that more unlikely.

There is a strong argument for all supported housing to be exempt from the caps on LHA. Residential care or health alternatives are hugely more expensive than any form of supported housing. It seems to me that the Government should welcome the opportunity to make radical efficiencies in care by having a significant building programme aiming towards the new 150,000 target, if that is reachable, which also allows services to come out of the more expensive health and care sector into supported housing.

Secondly, as my noble friend Lord Brooke of Sutton Mandeville, said, we need affordable homes in London. I learnt at the knee of my father, who used to work for his noble kinsman in housing and local government, about housing issues when I was living in a flat under controlled rent as a child. He is absolutely right about that need. People working unsocial hours, including many who work in your Lordships' House, and those who work shifts, or whatever, need to live nearer to their workplace. Will the Minister assure the House that there will be a serious second look at the situation in London and that, at the very minimum, some transitional arrangements will be put in place? What has been proposed thus far just will not work.

Thirdly, I do not think that anyone else has made this point about the banks, but I know that others will have experienced it. Many registered social landlords are collapsing their structures to save money so that they can spend more on housing for vulnerable people. This requires renegotiating bank loans at no real extra cost to the banks, other than administrative. Yet, time and again, I have heard from other RSL chairs and chief executives that the banks, often largely owned by the nation, are trying to charge large amounts of money for rescheduling loans. My own RSL has no longer got such an issue, but many others have.

Banks are also being reluctant to fund mortgages on shared ownership schemes, which is one way of getting people who do not have much money into home ownership. These are clearly of less risk to the banks than most standard mortgages. However, anecdotally I am told, they are regarding them as sub-prime, when the mortgage is on the whole property and the RSL owns 60 or 70 per cent of it. This means that a lot of people who could otherwise get into owning their own property cannot do so. Will the Minister assure the House that the Government will take a close interest in this area?

I believe that supported housing is the way to support the most vulnerable people in this country. I hope that the Minister will assure us that the Government will look again at what these financial arrangements will mean for the most vulnerable and at what the consequences will be for costs for health and social care.

1.02 pm

Baroness Meacher: My Lords, I too applaud the noble Baroness, Lady Hollis, for her outstanding contribution and for bringing the attention of the House to these profound changes and their social consequences.

In view of the valuable contributions made by many noble Lords, I will focus most of my remarks on a specific client group; that is, some of the most mentally and physically disabled people with fluctuating disorders, such as uncontrolled schizophrenia, severe bipolar disorder and, in the physical field, latter-stage multiple sclerosis. It would be thought that such clients would be in the support group and thus, to some extent, protected from some of the ravages of these cuts—but that is not so.

I want to make three points, one of which is general and two of which are specific to these groups. First, right from the start of these changes, tenants will need to know what the full impact will be, since we know that these changes will be introduced in stages across a number of years. The first change, which was referred to by the noble Lord, Lord Best, and others, is the introduction of the caps in April 2011, followed by the introduction of the 30th percentile rule in October 2011.

Imagine a tenant moving into a smaller flat in April, only to find that they have to move again in the autumn. If they have not been told about the linking of LHA to the consumer prices index, which will come in in 2013-14, they will have to move perhaps every year as the rent becomes further and further removed from the housing benefit or LHA to which they are entitled. Will the Minister give the House an assurance that Ministers will revisit the timing of the introduction of the caps scheduled for April 2011? Is there any reason why those changes should not be rescheduled for the autumn to come in at the same time as the 30th percentile rule?

Secondly, these housing benefit cuts need to be related to other changes going on in the benefits system. There are lots of points that one could make, but there is very little time. I want to refer specifically to the revised medical assessment process. That process and the form together are resulting in large numbers of severely unwell, mentally ill and physically ill people being placed on jobseeker's allowance. We know that the medical assessment takes no account of diagnosis and fails to make allowance for fluctuating conditions. To make that point, I will give two examples, because this relates to housing benefit. St Mungo's claims that 90 per cent of its hostel tenants have been excluded from ESA and have been put on JSA. These people are so unwell that they cannot cope with independent living. The result is that those hostels may have to close. The next stop could be street sleeping.

An even more extraordinary example is a psychiatric patient on an in-patient ward who was in error invited to a medical assessment. Not realising that this was an error, the patient turned up for the assessment. This patient was given no points for their mental health condition. I repeat, they were given no points. Therefore, that patient was placed on jobseeker's allowance. I should like to present an invitation to the Minister and her colleagues to come to one of my units—I was on

[BARONESS MEACHER]

one this morning talking to patients—to meet some of my in-patients, which could be very helpful. It would make the point that something is terribly wrong with this assessment process if one of those patients could be assessed as fit for work and required to take a job. What job, I cannot imagine. We have that rather major problem.

The related point is that jobseeker's allowance will, as the noble Lord, Lord Best, and others have mentioned, be reduced by 10 per cent after 12 months. If one thinks about the types of people now claiming jobseeker's allowance, the reality is that none will be able to be placed in jobs within 12 months. Of course, with the employment situation, many non-disabled people will be in a similar situation. I would be grateful if the Minister could give the House her assurance that she will revisit the planned reduction in JSA by 10 per cent after 12 months. I also ask her if she will seriously consider with her officials the morality of the totality of these benefit changes given their impact on just one individual very severely disabled person.

1.08 pm

Lord Shipley: My Lords, I, too, am grateful to the noble Baroness, Lady Hollis, for giving us the opportunity for this debate. It is reasonable that the amount that the taxpayer pays on housing benefit is controlled, given that it has risen by an average of £1 billion a year for the past five years and could carry on growing by a similar amount in the next five years. It is also reasonable to try to reduce the level of rents, which have risen strongly in the private sector, partly as a consequence of the failure of the previous Government to build enough social housing. Furthermore, it is reasonable in principle to impose a cap on the amount that taxpayers, many of whom are low paid, should contribute for a single household receiving housing benefit. This latter principle has broad political support, given the commitment in the Labour Party's general election manifesto earlier this year.

However, none of this absolves us from the responsibility to examine the proposals for housing benefit changes carefully to establish whether the policies will deliver the outcomes forecast and whether those outcomes are ones that we should support. The private rented sector has been a cornerstone in stopping the use of bed and breakfast, as people have been provided with private rented housing as an alternative to waiting in B&B accommodation. In Newcastle, and here I declare an interest as a member of the city council, we have not used bed and breakfast accommodation since 2006, and I do not wish to return to the days when we did. In the past year, 205 households have been supported by the council to access private rented accommodation who might otherwise have been homeless. That gives a dimension of the scale we are talking about.

My concern is that the local housing allowance changes may restrict access to private rented accommodation and therefore limit the capacity of councils generally to resolve future housing need. It is also likely that the changes will increase the number of people who present themselves to councils as they lose private rented accommodation because of the reduction in the local housing allowance. Councils will still have

a duty to accommodate households in priority need, mainly those with children under 18, those aged over 60, those fleeing a disaster such as a fire, the severely ill and the vulnerable. Meeting these duties may result either in an increase in gatekeeping barriers, leaving people in unsatisfactory conditions, or increased costs to councils in the form of subsidised access to the private rented market or through people waiting in bed and breakfast accommodation.

There is therefore uncertainty about the net value of the savings to the public purse by reducing the local housing allowance. Further, there is a real risk of cost shunting from the Department for Work and Pensions to councils, which will have to pick up the cost of assessing more people at risk of homelessness and then housing those accepted as being in need. Has the DWP conducted a cost-benefit analysis of the overall impact of housing allowance changes on the public purse? Has it estimated the gross cost to the public purse based on how many households will become homeless as a result of the changes, and deducted this from any savings made by reducing the local housing allowance? Also, what consideration has been given to the indirect impact of the local allowance changes? I cite, for example, the likely room blocking in supported housing as it becomes more difficult for people to secure independent accommodation in the public and private rented sectors. This may increase the risk of institutionalisation of those who cannot move on and increased rough sleeping for those who cannot access supported housing.

In conclusion, why did the DWP impact assessment not address the central question of how many people need to become homeless, with all the additional costs to the state that homelessness entails, before the projected savings to the DWP are eliminated by rising costs elsewhere in the public sector?

1.12 pm

Lord Howarth of Newport: My Lords, we have heard some powerful speeches about the predictably harsh effects of the Government's planned cuts to housing benefit, so I hope that when she comes to reply, the Minister will at least be able to tell us that the Government will think deeply about the advice and the warnings they have received. I will not dwell on housing benefit in my speech because I would prefer to talk about two other strategic issues: the need for a better balance of housing tenure in this country and the need for good design in housing of all sorts.

Owner occupation is a natural and decent aspiration. Through it, huge numbers of people have seen their personal opportunities, well-being and wealth increase. However, there are also disadvantages for the economy and society in a housing system as biased as ours is towards owner occupation. We should certainly not regard those who rent rather than buy as, in effect, failures, which I suspect they feel we do. We have lurched repeatedly from binge to hangover in the housing market. It is wrong to encourage people to climb on to the housing ladder who are liable to fall off it. Aside from the hurt to them, unsustainable mortgages wreck the banking system and have well nigh wrecked our economy. By reducing mortgage

interest support for vulnerable borrowers, the Government now risk not only causing them to lose their homes but further weakening of bank balance sheets. Better regulation of the housing finance market is needed. The moneylenders must not resume normal service if it means lending against unrealistic multiples of income, “liar loans” and seductive discounts before borrowers go on to variable rates. In every decade, we have seen another rake’s progress. Would it not be better not to repeat this history again?

The tax privileges of owner occupation have vastly distorted investment within our economy. If people can foresee a tax-free gain on the sale of their home, they are less likely to invest in productive industry. If they see their home as their piggy bank, they are less likely to save for a pension. If the banks can have the security of a charge on bricks and mortar, they are less likely to lend to entrepreneurs. Let us compare Switzerland with the United Kingdom. In Switzerland, there is no preferential tax treatment of housing. Two-thirds of the Swiss live in rented housing, and Switzerland has the highest wealth per capita in the western world.

Higher home ownership correlates with higher unemployment, as figures in both the United States and the United Kingdom show. In the UK, stamp duty is an additional obstacle to labour mobility. Productivity is impaired in an inflexible economy. Our VAT regime makes things worse, with new building zero-rated while the repair and rehabilitation of existing housing is taxed at 17.5 per cent—soon to be 20 per cent. That increases the tendency to urban sprawl and destruction of the countryside, which makes it impossible to provide an adequate public transport infrastructure and leads to more congestion and pollution. Suitable land for new building is running out.

Policy should promote diversity of tenure, but the Government’s decisions in the spending review will not do that. They plan to cut housing benefit while massively reducing investment in social housing. In the end, the only way to reverse the rise in the housing benefit bill will be to increase the supply of homes for rent; reducing supply will intensify the existing pressures for rent increases. Additionally to cut housing benefit in these circumstances will both increase hardship and make it unviable in many places for private landlords to provide homes for rent. We need new strategic policies to promote varied and mixed housing tenure instead of short-term improvisations in the face of an exaggerated fiscal crisis.

We also need to promote better housing design. Good design is not about taste, fashion or style but about fitness for purpose: functionality, sustainability and attractiveness. These are simple principles that were well understood, for example, by the designers of Georgian and Victorian terraces. They were lost sight of by too many designers of the high-rise blocks to which so many people were consigned from the 1950s onwards, and they are ignored by too many volume house-builders who flog poorly and badly built homes. There is no excuse for bad design, and the costs of bad design are enormous. There is a correlation between badly designed estates and low educational attainment, ill health, crime and poverty. We cannot afford not to invest in good design. The role of the Government

here is to provide leadership in proclaiming the necessity of good design and in supporting decision-makers to achieve it.

Planning and regulation—not popular with this Government—represent the legitimate claims of the whole community for a high-quality built environment. Just as our children should not be burdened with debts improvidently run up in our generation, so we should not bequeath to them a heritage of shoddy and unfit building. The Government need to act to correct important market failures in housing. The market is not providing enough homes or the right kind of homes. Land in Britain being scarce, in normal times demand will exceed supply. That means that it is too easy for developers, trading on the price of land in a market fuelled by easy credit, to build and sell rubbish—and too many of them do so.

A survey by the Commission for Architecture and the Built Environment found that 29 per cent of new estates were so bad that they should never had had planning permission, while another 53 per cent had serious shortcomings. We need to strengthen the hand of planners. By all means streamline current planning guidance and improve it, as the noble Lord, Lord Taverne, suggested, but do not weaken it. Help the profession to improve its skills in design matters. Encourage local authority leaders to set out strong, clear visions for the built environment in their communities, and support them by insisting on quality and standards. Establish space standards for new housing. England and Wales are the only countries in Europe with no minimum space standards, and so we have the smallest average room sizes in new homes. Ensure that existing as well as new homes are as near carbon free as possible. Why are the Government withdrawing their funding from CABE? That £12 million provides superb value for money in averting the costs of bad design and gaining the benefits of good design through, for example, the Building for Life standard which CABE has developed as a tool to evaluate the quality of proposed new housing projects.

Will the Government, through the new homes bonus and community-led building, ensure that design quality is safeguarded, or will their philosophy of deregulation and decentralisation mean that they wash their hands of this responsibility?

1.20 pm

Lord Taylor of Goss Moor: My Lords, I share with others my thanks to the noble Baroness, Lady Hollis, for introducing this timely and important debate. I declare an interest as chair of the National Housing Federation.

I shall speak from a slightly different angle to previous speakers because I shall concentrate not on housing benefit in its own right but on the impacts that the proposed changes may have on the Government’s ability to deliver their targets for affordable housing. Contrary to what the noble Baroness, Lady Dean, said, the National Housing Federation’s briefing to its members states that it believes that the numbers can be delivered by a shift to a revenue-based system—that is, higher rents—from a capital grant system. Fundamentally, such a shift seems to underlie the Government’s decision

[LORD TAYLOR OF GOSS MOOR]

to move away from the previous practice of a grant-based system to one in which higher rents are paid and more affordable housing is delivered.

However, that moves us immediately to the questions surrounding housing benefit. The truth of the equation is that previous Governments shied away from such a shift because of what they believed about how the long-term revenue support costs through housing benefit weighed against the short-run capital benefits. One reason for that was that the different way in which capital was accounted for made it more attractive for them to go down a capital route for reasons that might not have had a bearing on the real cost to Governments and individuals—not least because of the way in which that limited the likely number of affordable homes that could be delivered.

The core to understanding what is now happening is the conversations that took place—I certainly hope that they took place—between CLG and the Department for Work and Pensions on the underlying guarantee that housing benefit would be available to those who go into these new homes at 80 per cent of market rent. In the review of affordable rural housing that I conducted for the Government a couple of years ago, one of my recommendations was that the Government should examine the opportunities to deliver more intermediate housing because that would come at less cost in grant and meet the needs of many working people in rural communities. Such people cannot afford homes on the open market because of the very high prices but do not necessarily need social housing at low rentals. Intermediate housing to rent or to buy would perfectly address many of those needs and more housing could be delivered for less money. That recommendation received a broad welcome but no action. This Government have taken up the notion but, instead of trialling it or running it alongside a social housing programme, they have put all their eggs in the one basket in deciding to go down that route.

This begs the question whether this is intended for the people that I envisaged it for—working people who need little or no housing benefit support but who would be underpinned by the guarantee of housing benefit if they need it. Do the Government intend to introduce a nominations process that will target these new homes to those who can at least expect to afford them, or will there be an open nominations process in which many people on housing benefit who are likely to struggle to get work, or likely never to get work, will go into housing where they will have to retain access to housing benefit? That would then lead to the question about whether housing benefit will be available. The nominations process is key. Who is this housing intended for?

On the backstop of housing benefit, I would not encourage someone in my part of the world to go into a home on 80 per cent of rent if they are in a low-income job but can just about afford it. Many of those people would be at risk because they are in temporary employment, such as in tourism-based employment or in small businesses, and cannot be sure that in a year or two they will be able to afford such rents. Many of those people—perhaps with young children—could not be sure that housing benefit would protect them.

I chair the rural coalition—the position is unpaid but is another interest—and I have carried out work on the rental position in rural communities, where I hope the Government will conduct rural proofing. We have heard a great deal about London and the known issues around high rents, but what about rural communities? Local housing rental assessments take into account urban communities, where there is quite a lot of relatively cheap rented accommodation. However, rent is much more expensive in rural villages. How will working people be able to find a rented property in rural villages if restricting housing benefit to 30 per cent of median rent levels means 30 per cent or even 40 per cent in urban communities but nothing at all in rural communities where there is work to be done and people need to live close to their work on the farm and so on?

There also appears to have been no proofing of the impact in northern areas, where social rents are already 80 per cent or more of private sector rents. No money will be released to housing associations through this mechanism of higher rental incomes, so no housing is likely to be delivered by housing associations operating in these areas. There appears to have been a move to embrace only an intermediate affordable housing programme—which I always envisaged running alongside a social rented programme—and no work seems to have been done on the specific localised impacts on rural communities, London and the north.

Therein lies my hope that there may be an opportunity for the Government to respond to the concerns expressed today, some which are not about the principle. I believe that the proposed move can deliver the housing numbers. For my review I worked with Shelter, which also shared the point of view that more intermediate housing would reduce pressure on the social housing already in place and would be a good thing to deliver. I hope the Government can respond to the concerns expressed in the debate. If they do not, the high hopes for this housing scheme that they have—even if they are not shared around the Chamber—cannot be delivered.

1.27 pm

Lord McKenzie of Luton: My Lords, I shall follow the now well established practice and thank my noble friend Lady Hollis for introducing the debate. I also thank her for her devastating critique of government housing policies and for exposing the awful hardship—“indecent”, she called it—that the Government will visit on many of our fellow citizens.

We have also heard many other knowledgeable and wide-ranging contributions. From the noble Lord, Lord Greaves, we heard about regeneration issues and the importance of being able to carry forward the regeneration that has happened in the past. We heard from the noble Baroness, Lady Greengross, about pensioners and the need for a cumulative impact assessment. The right reverend Prelate the Bishop of Bath and Wells talked about rural housing, as did the noble Lord, Lord Taylor. The right reverend Prelate also reminded us that, by definition, with housing benefit we are dealing with people who do not have lots of savings because, if they did, they would not qualify for the benefit in the first place.

The noble Lord, Lord Brooke of Sutton Mandeville, reminded us that a welfare reform programme was under way. Indeed, we broadly supported the thrust of the universal credit; we can claim to have initiated it, in part, in government. He divided the world between simplifiers and complicators, but for me it is not whether it is simple or complicated but whether it is fair—that is the important issue.

My noble friend Lady Wilkins referred to the particular impact of housing on disabled people, who are disproportionately dependent on social housing and housing benefit, and talked about how devastating these issues can be for them. The noble Lord, Lord Howarth, took a rather broader view about the need for a better balance of tenure and the need for better design. I agree with him on the second point in particular. The fact that, somehow, poor people should have to make do with rotten design is simply not acceptable.

The noble Lord, Lord Taylor of Goss Moor, made a very interesting contribution about the funding arrangements, how the revenue would work and how housing benefit would impact on it. One of the consequences of intermediate rents is that people able to access housing benefit are likely to be closer to the overall £500 benefit cap, with all the dangers associated with that.

Ensuring that people can access decent, secure, affordable housing should be the business of government. The availability of housing, especially affordable housing, is integral to tackling poverty and promoting well-being. Where and how it is provided influences the shape, cohesion and sustainability of our communities. My noble friend Lady Dean developed this point, as did my noble friend Lady Wilkins.

The need to protect Supporting People was touched on by some noble Lords. I wholeheartedly agree with that. It is a sign of the times that we see that budget as being reasonably well protected when in fact there is a 12 per cent real-terms cut over the period.

The noble Lords, Lord Shipley and Lord German, made reference to the previous Government's record. Progress has been made: 2 million more homes being built in England since 1997, half a million of which were affordable; and 1.5 million social homes being brought up to a decent standard. But with the number of households increasing by 1.3 million, this was simply not enough—I acknowledge that. Waiting lists for affordable housing are rising. There is an acknowledged requirement to build in the order of 240,000 to 250,000 new homes every year to deal with the existing shortfall and the continuing growth in households.

As we have heard, part of the strain of coping with this has been taken up by a dramatic increase in the number of private-renting households—an extra 1.1 million in the past decade. This has put pressure on rent levels and consequently on levels of housing benefit—my noble friend Lady Hollis stressed this point. It is an issue that, as we should acknowledge, any Government would have to address. Long-term rising house prices and more restrictive mortgage finance, making home ownership more difficult, have added to the pressure. The noble Lord, Lord Taverne, gave us some interesting insights about the need for those who

do not access social housing but cannot afford to buy on the open market to have some intermediate arrangements for doing so. There have been shared ownership and shared equity schemes, but an interesting point was raised about whether planning classes could improve matters.

It is against this backdrop that we should examine the Government's approach. With the focus very much on the private rented sector, the Government were unwise to scrap our proposals for a national register of landlords and for regulation of letting and management agents, designed to give more protection to tenants. My noble friend has examined how the Government's approach to housing and housing benefit sits with the wider welfare reform agenda and has explained how it undermines incentives to work.

What about the supply side? We have heard of the dramatic cut in resources for the affordable housing programme over the CSR period—63 per cent in real terms. To deliver their planned new 150,000 homes, the Government are relying in part on the availability of an additional source of finance, the so-called “affordable”, but perhaps better named “intermediate”, rents, which are up to 80 per cent of market rents. My noble friend Lady Dean spoke about the need to understand better the model that drives the conclusion that that is deliverable. Can the Minister confirm—I ask her specifically—that, across the four-year spending review period, the funds generated by intermediate rents will be allowed to be used only for more new homes subject to such rents? If so, it would imply that, apart from the programme that the Government inherited from us, there will be no further construction of social homes until at least 2015. How could that be justified?

The signalling of the revocation of regional spatial strategies, together with the delay in producing clarity around new planning arrangements and how the new homes bonus will work, is causing the cancellation of planned homes this year and next. What is being done to address that issue?

Many noble Lords have concentrated their remarks today on proposed changes to housing benefit and the local housing allowance. The noble Baroness, Lady Thomas, spoke about the unseemly haste with which they were promulgated, challenging whether there was sufficient analysis underpinning some of the proposals. Eight savings measures, totalling £2.3 billion by 2014-15, have been signalled in either the emergency Budget or the CSR, with two small reliefs—which I am sure we welcome. Time does not permit me to comment further on all of them. My noble friend has shown how they do not support work incentives and, in the case of the increase in non-dependant deductions and the restrictions on property size for working-age claimants, how they create impossible dilemmas. The uprating of LHA by CPI will over time, as we have heard, open up huge disparities between real rent levels and what will be paid, driving many into poverty. Proposals to reduce JSA claimants' support by 10 per cent after 12 months are unprincipled and cruel. I hope that they never see the light of day. We heard from my noble friend Lady Quin how perverse the proposals could be in practice.

[LORD MCKENZIE OF LUTON]

What has been good about most of today's debate is that it has shone a spotlight on the realities around housing benefit and the local housing allowance. Too often, the debate is characterised by a small minority of cases of very high levels of payment, generally around London. The reality is that there are about 1 million LHA claimants, nearly half of whom face a shortfall in their rent. Contrary to what one would assume from listening to the justification for these measures, only one in eight housing benefit claimants is unemployed—a point made by the noble Lord, Lord Best, and the noble Baroness, Lady Greengross. The noble Baroness, Lady Meacher, focused particularly on those with mental health and fluctuating conditions and the impact that the 10 per cent reduction in JSA would have on people being migrated from ESA and IB to JSA. It is a source of real worries.

Uncertainties remain about many points of detail. I ask the Minister to deal specifically with just some of them. Part of the thinking of the Government is that housing benefit has fuelled private sector rent increases. What evidence can be adduced to support this contention? On what basis do the Government repudiate evidence from, for example, London Councils, which points to landlords not reducing rents? If the one thing that might encourage some landlords to reduce rent is the reinstatement of direct payment, what is the Government's view of this? How could it possibly work if housing support is to be included as part of the universal credit? Indeed, how could it work with the proposed overall cap on benefits?

The noble Lord, Lord Best, the noble Baroness, Lady Meacher, and others—and I agree with them—focused on timing. Why is it necessary to introduce the cap on rent levels with effect from April next year and the change to the 30th percentile in October? There is a real risk that some households will be displaced twice within a short space of time, with all the costs and individual traumas that this will entail. The reality is that many households will be making their housing arrangements now, not in full knowledge of what these proposals will mean. They may be making arrangements for their children to go to a local school, to sign up for childcare support, to get a job or to buy a season ticket for travel. It must be right to give individuals the opportunity and enough notice to work out what this first tranche of measures will mean for them and to ascertain whether they will be able to avail themselves of the discretionary housing payments. If nothing else is achieved by this debate, we hope that the Government will give very clear commitments today to aligning the two measures to be introduced in October next year.

Even though the caps may affect only 2 per cent of claimants, estimates show that some 15,000 tenants could lose their home in London. The effect of the 30th-percentile restriction will be much wider, affecting some 83 per cent of LHA claimants. Inevitably, thousands of households will be uprooted from their homes and communities. Families moving out of higher-cost to lower-cost areas are likely to place unplanned calls on local services—children's services, social services and school places. What assessment of the costs involved has been made by the Government? That point was

pressed by the noble Lord, Lord Shipley. What is their estimate of the increased homelessness that will ensue from these measures? As the Government have signed up to compensating local government for additional burdens placed on it, what discussions have taken place with local authorities on how that is to be evaluated? Indeed, how are these issues to be factored into the local government settlement for individual authorities?

There are many more questions. We are embarking on profound changes to a system that will affect the well-being of thousands, driving many into poverty. What definition of "fair" justifies this?

1.40 pm

The Parliamentary Under-Secretary of State, Department for Communities and Local Government (Baroness Hanham):

My Lords, I thank everybody who has spoken today and I accept that this has perhaps been a difficult debate on an important subject. I really have to start my response to it by looking at the other end of the telescope from the noble Baroness, Lady Hollis, and some others. The reason the changes have to be made, both to the capital programme and to housing benefit, is precisely that the Government have been left with a huge deficit. There is no point in people sighing and looking at the ceiling; this is a fact. It is also a fact that even if the now Opposition had come back into government, they would have had to face up to the fact that that there was a deficit which was going to have to be dealt with. Indeed, Alistair Darling, the former Chancellor, has said that they would have had to introduce very serious measures which would, as I understand it, have been very much along the lines that we have had to deal with it—first, to bring the deficit under control and, secondly, to try and put the economy back on a proper basis.

We have had many very detailed questions today and, inevitably, I cannot answer all of them. However, we need to look at what has been happening and why the Government have to take enormously tough decisions to reduce the public deficit. The Budget and the spending review have brought reductions across the piece, not only in the Department for Communities and Local Government. While it is fair to say that our department has had a quite substantial reduction in capital which will affect the programme for the future, we want to try to ensure that local authorities themselves can do as much as possible with the money available without too much direction from the centre. Some of the individual questions that your Lordships have raised will, indeed, be dealt with in due course by local government itself. Localism—the bringing down to a more local level—will in fact answer some of the questions raised.

It is clear that if we do not tackle the deficit, mortgage rates will rise, making housing even less affordable than it is now. The interest payments on £1 trillion of debt would also suck money away from front-line services and future investment. There was mention, too, of first-time buyers. They depend above all on the return to economic and financial stability, which the Government are seeking to achieve through

debt reduction and a commitment to abolish the structural deficit. We hope that this will keep interest rates low and improve credit availability.

Despite the fiscal constraints—and despite what was said today in what I thought was a slightly apocryphal and apocalyptic introduction by the noble Baroness, Lady Hollis, for whom I have a great regard, because she produced a forensic speech, as I think the noble Baroness, Lady Dean, said, although it was far more apocalyptic than is necessary—there will still be £6.5 billion of taxpayers' money put into housing. That includes £2 billion for decent homes. That program will continue and we will therefore have more accommodation coming through which that money has made decent. There will also be £4.5 billion to fund new-build homes over the spending review period. It has been estimated that that will amount to 150,000 homes. That will of course include—I think there was a question about this—the programme instigated by the previous Government. Those properties, amounting to about 60,000, will be part of that. It will also include empty homes which are being brought back into use by this money.

We are also prioritising services to the vulnerable. We had two or three speeches today on the disabled and their difficulties with accommodation. We will still be supporting the elderly, the disabled and the vulnerable with £6.5 billion in the Supporting People programme. That problem is already de-ring-fenced and local government already has access to it. We expect that it will be used for the programme already outlined. There will also be the homeless grant, which is maintained over the spending review period at a total of £400 million, while the disabled facilities grant is being protected over the same period. We are backing local growth and will introduce the new homes bonus, which we have not discussed much today. It will be a powerful fiscal incentive for local government to be able to build and generate the building of new houses.

Today's speeches have focused mostly on the effects of housing benefit and the likely effects in the future. There is too much experience around this House for me to say that none of the case studies is likely to come about, and I would not dream of doing so. The reduction in benefit will have some impact. However, I am afraid that it will need to have some impact if the deficit is to be reduced, as it has to be. It would be fair to point out that we are currently paying more in housing benefit in one year than we spend on the whole of the police and universities. I think that the amount has actually doubled over the past five years. It was suggested that it has doubled not only because of the increase in property prices but because of the increased number of people in poverty. We will have to control it with the amount being spent on it and bring it back to a level that can be afforded.

We expect about 17,000 households to be affected by the cap in London, while 32 per cent of cases will experience no shortfall at all between their benefit and rent. A third of the properties in London—it will be better elsewhere—will still be affordable to people on the local housing allocation. I agree that housing benefit levels could mean that some tenants may need to move from the most expensive areas, but that is no

different for working people who have to move if they cannot afford to live where they want. There are many people of working age who are living out of London and coming into it every day of the week, spending a fortune on travel, because they cannot afford the rents in London. I am sure that it is an extreme example—it is from my own previous local authority, which I represented—but the sum of £2,000 a week on housing benefit is far more than investment bankers earn in a year, and it is coming from taxpayers' money. There is an equation here which we have to look at as regards the equitability of somebody working and paying rent or a mortgage subsidising to such an extent others who are not in jobs and are on housing benefit. There has to be a rationalisation of that, and some of that will come about as a result of the reductions in housing benefit that we have talked about today.

We are, however, putting transition money in place to support this where it happens. We have provided a substantial increase in the discretionary housing payments budget to allow local authorities to provide additional support where it is needed. Along with the additional £10 million that my honourable friend Grant Shapps announced last week, the Government have committed £140 million of additional funding for local authorities to provide support where they need to manage these changes. The suggestion that people are going to be left on their own to manage for themselves under these circumstances is not correct.

People worried about the changes or who are likely to be impacted by them will be able to get help from their local authorities to renegotiate their rents with their landlords. There is more than a suspicion that rents have risen quite substantially on the back of knowing that housing benefit will be paid. Rents are now very high; they rose substantially during the previous Government's reign, and that is where we are now with the level that they are at.

Lord McKenzie of Luton: I apologise for interrupting the Minister. Is she suggesting that the policy was built around a suspicion about the impact of housing benefit on rents, or was there evidence that supported that suspicion?

Baroness Hanham: My Lords, there is a suggestion. I think I will put it like that. There will be help for these people to move to a new property, with the potential for relocation grants for more vulnerable households.

We are also protecting the vulnerable; we have had quite a few speeches about that. We are protecting the homelessness grant with over £400 million. We have also committed £6.5 billion of investment to the Supporting People programme, which will help also with tackling homelessness. This reflects the Government's commitment to tackling homelessness and to protecting the most vulnerable groups in society.

We intend to support the mortgage rescue scheme so that it can remain open to support vulnerable homeowners. We are also talking to the Council of Mortgage Lenders about the question that was raised on intermediate housing and shared ownership to see whether we can free that up.

[BARONESS HANHAM]

The right reverend Prelate the Bishop of Bath and Wells raised the question of rural housing and what can happen there. We hope that rural housing will be picked up by the community right to build, where the neighbourhood will be able to decide what it wants and where it is. That will also help to keep young people and local people in their own home area. We are also keen to see that the decent home programme is maintained; as I say, there is £2 billion of capital to support that.

The noble Lord, Lord Greaves, asked particularly about the former pathfinders and the areas where that programme has been carried out. Our expectation is that the current contracts, where there are any, will be honoured and carried out. Other than that, as he also suggested, access to the money will be from the £1.4 billion regional growth.

I have a few moments to go through some of the questions that I was asked. If I cannot provide the answers as quickly as I should within the next six minutes, I will ensure that I write to all noble Lords who asked them.

With regard to the question raised by the noble Baroness, Lady Thomas, people should not be found intentionally homeless if they are genuinely unable to afford the rent and no other reason is attributable. We intend to keep this practice under review and to reissue guidance if necessary, but the intention is that the support should be available so that people are not made unintentionally homeless.

The noble Baroness, Lady Dean, asked about the key priorities, including the affordable housing programmes and the regional growth fund. In many areas we are focusing on delivering existing commitments; as I said earlier, 60,000 of the 150,000 homes will be those that are already in the programme, and the figure of 150,000 also includes bringing empty homes back into use.

Regarding the equalities impact on affordable rent, which is the other measure of housing that we will be looking at in future, we will be publishing the equalities impact assessment as part of the overall impact assessment, which comes out shortly. The noble Baroness, Lady Wilkins, asked about affordable rent. It is a tenure that will offer people stability where it is needed. There will be affordable rent where there are flexible tenancies, where some people will need life tenancies but others will need only a short time before they move off into other areas. We think that that would be a valuable contribution.

On the question raised by the noble Lord, Lord Shipley, the Department for Work and Pensions, which I represent, will publish a full impact assessment alongside the regulations in November. Much of the impact will depend on how landlords and tenants respond to the changes, so I cannot predict entirely how many households will need to move.

The noble Lord, Lord Best, as I had expected, raised many salient points. I just underline the fact that the claimants of housing benefit of working age are 20 per cent working and 80 per cent not working—I think that those figures were said the other way round.

The noble Baroness, Lady Meacher, was concerned about the assessments for people moving from ESA to JSA. Clearly we cannot comment on individual cases, but the JSA will support people in hostels, often suffering from drug or alcohol addiction, to adjust to new circumstances, and they will be protected by the £400 million homeless grant.

I cannot tell the noble Lord, Lord Howarth, how much I agree with him, for once, on the need to have well designed housing. Perhaps one of the things that we have suffered from most from the 1960s and 1970s has been the delivery of unimaginably awful housing, and I accept that it is important that we see that any housing that is built now is built to a standard that we would all recognise as being for the future.

I think that I have answered the questions of the noble Lord, Lord Greaves, and the noble Baroness, Lady Greengross. If I have not answered all the points now, I will ensure that I do so in writing. I thank everyone who has taken part for their informed speeches, and I look forward to continuing this debate in due course.

1.59 pm

Baroness Hollis of Heigham: My Lords, I thank all those who have taken part in today's debate. It has been distinguished, illuminating and powerful, although so many questions remain to be answered that I am sure that the debate will have to continue over the months ahead.

It was quite striking that the Minister had little support from her own Benches. What there was was heavily qualified, even in the gallant efforts of the noble Lord, Lord Brooke. What came out of today's debate for me was, first, the request from all around the House to slow down. As the noble Lord, Lord Best, the noble Baroness, Lady Thomas, and my noble friend Lord McKenzie said, let us take our time and defer the proposals—which are possibly due in April—to ensure that we reduce the misery of continuous hassle and movement for the families who will be on the receiving end of these changes. Let us slow down.

The second message for the Minister is to reflect, review and research. My noble friend Lord McKenzie asked the key question. The core of the Government's policy is their belief that by cutting or capping housing benefit, they will reduce the level of rents in the private sector and thus reduce the deficit. When asked on what evidence that was based, the Minister said, "It is a suggestion". A suggestion, my Lords! We are going to inflict carnage and misery on thousands of families on the basis of a suggestion. It is not acceptable for any Government to behave in this way.

Finally, the Minister must be aware from the temperature of today's debate of the very serious reservations all around the House that these policies will need to be modified. I hope that the Government will modify them. If they do, they should have a much better evidence base from the relevant departments. If they do not, I hope that the House of Commons will modify them. I say to the Minister that if these policies come unmodified to your Lordships' House, I very much believe—if today's debate is anything to go by—that this House will insist that the Minister modifies her positions. We shall see. I hope it does not come to

that. I hope that the Government will take today's debate seriously. On that basis, I beg leave to withdraw the Motion.

Motion withdrawn.

Media: Ownership *Debate*

2.02 pm

Moved By Lord Puttnam

To call attention to the case for maintaining a broad plurality of media ownership in the United Kingdom; and to move for papers.

Lord Puttnam: My Lords, I declare an interest as deputy chairman of Channel 4 and of Profero, a digital advertising agency. I had the honour of entering your Lordships' House 13 years ago tomorrow. Since then, there have been three or four big issues with which I have consistently tried to engage, in part because they relate to experiences gained in my former life, but also because I believe they represent the type of issues upon which rests the future of the sort of society most of us would wish to live in. The subject of today's debate is one of them. Another has been the issue of environmental sustainability. I mention this because in preparing for this afternoon's debate it occurred to me that the issue at hand, media plurality, in some respects resembles that of climate change. Both concern our capacity to find a sustainable balance in a delicate ecosystem—one in which the true scale of the problem only becomes apparent when you sift through the evidence and consider what might be the ramifications of failing to act in a timely manner.

Why does media plurality matter? Here are a few wise words:

"A free and diverse media are an indispensable part of the democratic process. They provide the multiplicity of voices and opinions that informs the public, influences opinion, and engenders political debate. They promote the culture of dissent which any healthy democracy must have. If one voice becomes too powerful, this process is placed in jeopardy and democracy is damaged".

Those wise words came from the Conservative Party in a 1995 report on media ownership. The report was endorsed by the Communications Committee of this House just two years ago under the chairmanship of the noble Lord, Lord Fowler, who helpfully offers continuity by contributing to today's debate.

As some in the Chamber will recall—it is helpful for me to see the noble Lord, Lord Crickhowell, who steered me through the shoals of this issue, in his place—what we now term media plurality first surfaced as an issue of concern during the deliberations of the joint pre-legislative scrutiny committee on the draft Communications Bill in 2002. At that time it was made clear by the Front Bench on both sides of the House that our proposed amendments around media plurality were, unsurprisingly, vehemently opposed by both the broadcasters and the newspapers. Rather more surprisingly, they were believed, in the words of the late Lord McIntosh, answering for the Government, to be based on a "profound misconception". By that time the official Conservative line was, I am sad to say, somewhat similar.

In truth, the only party that has consistently taken a thoughtfully independent position on this issue has been the Liberal Democrats. In this context, when I use the word "independent", I am referring to the Lib Dem leadership having felt itself free of prejudicial outside influences. Earlier still, in an important debate on the predatory pricing of newspapers in 1998—an issue I will return to a little later—the noble Lord, Lord McNally, now the Justice Minister, reminded us that with regard to the media,

"concentration of power, married with the advance in technologies, offers a challenge to democratic governments and free societies which we have scarcely begun to address".—[*Official Report*, 20/10/98; col. 1348.]

I am certain that his personal views have not changed. Many of us in the Chamber will hold our collective breath in the hope that the noble Lord, Lord Razzall, will confirm that his party has not found the pressures of coalition sufficient to force a change of heart. This morning's announcement would indicate that we are in safe, or at least decisive, hands.

In proposing the original amendments on media plurality we sought to ensure that there was proper recognition on the statute book that diversity in the media is not reducible to a set of arguable facts regarding the relativity of market share; that the issue was too important to be expressed simply in the language of competition policy. In reality, what is at stake is far more than an issue of consumer interests within an equitably functioning marketplace. It concerns the overriding interest of the citizen, as that earlier quote from the Conservatives' 1995 report made clear.

The purpose of this afternoon's debate is to draw attention to the possibility that we are on the edge of a very slippery slope—one that could find us falling further and further under the influence of a single US-based owner with a highly questionable interest in the benefits of a diverse and flourishing plural media here in the United Kingdom. So why this debate and why now? The primary reason is that News Corporation yesterday notified the European Commission of its intention to purchase the 61 per cent of BSkyB that it does not presently own. As I have already mentioned, this morning we heard the welcome news that this proposal had been referred by the Secretary of State to Ofcom. It is my most sincere hope that the coalition's proposed trimming of Ofcom's powers will not result in any diminution of its capacity to exercise those powers in respect of important matters such as this.

There are of course several aspects to media plurality, notably the Government's proposals to repeal the local cross-media ownership laws, but this afternoon I have time to focus only on the really big issue resulting from News Corporation's power, reach and influence. It is my contention that if regulators and legislators in Europe and the UK remain supine and simply wave this proposed acquisition through, the consequences for the citizens as well as the political class in this country could become deeply troubling. The purchase of these shares would give News Corporation an unprecedented level of control over the UK media—one that to my mind has the potential to be extremely damaging, not just in respect of media plurality, but to informed democratic debate as a whole.

[LORD PUTTNAM]

To put all this in perspective, I point out that the media research company Enders Analysis has predicted that, assuming no material changes to the newspaper market, News Corporation's share of national press circulation alone will steadily increase to more than 40 per cent by 2014. That figure is worrying enough but it becomes a source of even greater concern when the corporation's ambitions to take full control of BSkyB are brought into play, given Sky's growing share of the total television market. It is something of a commonplace to assert that the Murdoch-owned press is obsessed with what it believes to be the outrageous size of the BBC and its apparent capacity for unchecked growth and influence. "Chilling" is how BSkyB's chairman, James Murdoch, has described the scale and reach of the rival corporation. If he is right, it seems worth comparing the relative size of BSkyB and the BBC, not just now but by peering a little into the future—to 2016, the point at which the current licence fee comes up for renewal.

When I entered your Lordships' House in 1997, Sky had revenues of £1.27 billion—just 63 per cent of the BBC's then income from the licence fee when combined with the net benefit it receives from BBC Worldwide. BSkyB's turnover in its last financial year to June 2010 was £5.9 billion, or 163 per cent of the BBC's current income. Assuming a modest 5 per cent growth in 2016, when the BBC's current charter expires, BSkyB will have reached a turnover of a little over £8 billion, or around 220 per cent of the then projected total income of the BBC.

Sticking with James Murdoch's description, I suggest that this truly is a chilling prospect leading to a disparity of scale in which all competition, not just the BBC, is frozen to death. The level of media dominance that would result from News Corporation's ownership of 100 per cent of BSkyB, along with four national newspapers and a variety of other media assets, is one that would simply not be tolerated in almost any other developed democracy, certainly not in the United States where anti-trust laws and tough restrictions on foreign ownership render such levels of control utterly unthinkable. In fact, there appears to be no developed country in which one individual has such control, certainly when measured by market share of the newspaper and TV industries.

Prime Minister Berlusconi controls a proportion of the broadcasting sector in Italy and, for example, *Bild* has a very big share of newspaper sales in Germany, but nowhere is there the same degree of cross-media dominance as is already the case with News Corporation in the UK. There are, of course, those who will say that, in the age of the internet, such fears are less well grounded and that in the digital era the cornucopia of news, views and comment which are to be found on the web, reaching far beyond the established media outlets, render my concerns about a slippery slope increasingly irrelevant. But many others disagree, arguing that this is to overestimate the power of the blogosphere. As none other than Rupert Murdoch himself said in his recent Margaret Thatcher lecture:

"Bloggers can have a social role—but that role is very different to that of the professional seeking to uncover facts, however uncomfortable".

So, deep pockets and the benefits of scale remain very significant advantages, even in the digital world. Equally, it is my belief that the opportunities to bundle together News Corporation's media assets, such as the *Times*, the *Sunday Times*, the *Sun*, the *News of the World*, Sky subscriptions, online movies from Fox, along with mobile access to all of them, are far, far greater than anything dreamt of when the plurality test was first introduced. Sky already has a billing relationship with almost 10 million customers—a fantastic competitive advantage in an online world in which making people pay for content is one of the biggest challenges of all.

Where once it was his newspapers that subsidised Mr Murdoch's foray into television, it could soon be the other way around, with television underwriting both his newspapers and his somewhat belated attempt to come to terms with the internet. This raises one of the key challenges in this area of legislation as in my opinion competition authorities do not, or should not, make or shape public policy—they simply implement what is already on the statute book. That is why, as legislators, we need the power and flexibility to respond to events that may have been undreamt of when the statutes were originally framed. This is one of the reasons I have consistently argued in favour of post-legislative scrutiny.

During the passage of the 2003 Bill, I failed to get across to the Government the transformative power of cross-media promotion. I also failed to convince them of the need for an economic impact study into cross-media ownership—the very issue that makes the prospect of ever greater bundling such a very dangerous road to go down. Let me offer one recent example. According to the *Independent*, since Richard Desmond bought Channel 5 in July, the *Daily Star* and the *Daily Express* have mentioned that broadcaster 1,073 times. That compares to the year before the deal in which there were just 92 mentions. Now, of course, that could be a coincidence, but I simply ask: where should we in this country seek to draw the line between information and influence? The scope for ensuring that news in particular can be manipulated to reflect a prejudicial viewpoint across different media is considerable, especially since, if the other shareholders were driven out, News Corporation would have all but untrammelled control of Sky News. The potential for such bundling to become a means of reducing competition, most particularly through aggressive pricing strategies, should be all too clear. We should remember that a predatory pricing amendment was successfully passed by your Lordships' House in 1998 only to be lobbied against and, to my way of thinking, inexplicably turned down in another place.

Of course, there are those who remain profoundly sceptical, doubtless including some in my own party, as well as one or two on the Benches opposite, arguing that once again the liberal chattering class is getting itself in a lather over its favourite straw man, and that in reality there is not that much to worry about. If this really is simply a conspiracy by the chattering class to stoke fear and trembling across the nation, why is it that a recent letter to the Secretary of State opposing the BSkyB takeover was signed by, among others,

senior executives from the Telegraph Media Group, Associated Newspapers and British Telecom? This time it is not simply a question of the usual suspects.

I am aware that I am running out of time, so I will finish with this thought. If Mr Murdoch's intentions are entirely even handed and non-political, why is it that he was only the second person to visit our new Prime Minister, entering by the back stairs for what is reported to have been an unminuted meeting, while Mark Thompson, the director-general of the BBC, went through the front door for that meeting, every detail of which will doubtless be available through the Freedom of Information Act? There are those who will argue that media magnates have always used the power of their holdings to influence Governments of every hue. However, it is my belief that the situation we are now dealing with is unprecedented and if unchecked offers a genuine threat to plural, consensus-based democracy in this country. As earlier generations in this place might reasonably have put it, there is a point,

“at which forbearance ceases to be a virtue”.

Speaking last week on the telephone to the altogether admirable Peter Hennessy—soon to be a welcome addition to your Lordships' House—we discussed the constitutional ramifications of this afternoon's debate. He finished the conversation by reminding me that it would be a mistake to regard this simply as a media issue. “David”, he said, “this is about nothing less than the nature of 21st-century sovereignty”. I believe that he is right. The United Kingdom is not a banana republic and we do ourselves no favours whatever by appearing to behave like one.

2.16 pm

Lord Fowler: My Lords, I congratulate the noble Lord, Lord Puttnam, on the topicality of this debate, his excellent speech and the work that he has done in this area, not least on the Communications Act 2003. Because of his initiative we are able to debate media ownership today and if there are any outstanding questions, they can be cleared up in the Question I will ask next Thursday.

We learnt this morning that Dr Vince Cable has decided to refer to Ofcom the News Corporation bid for full control of BSkyB. It is suggested that a number of Conservatives are unhappy with that decision. I do not know who these unnamed people are but I think that this is an excellent decision, made even better by the fact that it was taken so speedily. I congratulate the Secretary of State on that. It means that in this debate we can get down to the question of where the public interest lies in this and similar cases. I should like to make three points. First, I believe that the news media have a vital role in a democracy. They report news from home and overseas and can expose injustice and challenge officialdom and any Government. Healthy media set out a whole range of views. It follows that a media concentrated in too few hands can have the effect of limiting freedom of expression and diversity of view—the hallmark of a democratic state—and can give too much power to a company or individual.

I add a warning to those mentioned by the noble Lord, Lord Puttnam. We need to treat with caution rivals who make the public interest case. In this case,

News Corporation is opposed by a coalition of newspapers and the BBC. I suspect that some of the newspapers would dearly like to have the market position of Mr Murdoch while the BBC is not perhaps in the strongest position to talk about market dominance given its political influence and the enormously strong position of radio news. Above all, we should remember the special interests of the political parties, which are not so much concerned about excessive power as that that power should support them. In this case, there is a nice choice for the political managers between backing News Corporation or one of the prominent members of the coalition opposing it—the *Daily Mail*. All this means that there is an overwhelming need for independent judgment to be exercised on these issues, which underlines the importance of the Communications Select Committee. Its justification must be its independence, which it needs to be fearless in exerting. I therefore welcome this case being put to the independent judgment of Ofcom.

My second point is that we do not need to speculate about the views of Mr Murdoch. He set them out frankly to the Communications Select Committee. We were well ahead on this issue a couple of years ago, when we interviewed him in New York. On the position of Sky News, he said it would be more popular if, in style, it were more like the Fox News channel in the United States. Why was that not the case, we asked? According to Mr Murdoch:

“Nobody at Sky listens to me”.

That presumably would not be a problem when full control is taken.

On the control over his newspapers, he was again frank. On the *Sun* and the *News of the World*, he said he was what he called the traditional proprietor, exercising control on major issues such as which party to back in a general election. As for the control of ownership, he was entirely scathing; he believed that Britain was 10 years out of date, given that there were so many news outlets for the public to choose from.

That brings me to my third and last point. Does the growth of the internet mean that ownership in this area can be left to the market? I do not believe that it does, for the following reason. All surveys show that the main source of news in the United Kingdom is television—74 per cent of the population rely on it—behind that are newspapers, the radio, and finally the internet, at 6 per cent. That may well change, but that is how things stand. Nor do I buy the argument that because News Corporation owns almost 40 per cent of the shares of BSkyB, nothing will change if it takes full control. Self-evidently, full control means just that.

The issue here is that Mr Murdoch's company already owns newspapers which account for 37 per cent of national newspaper sales in this country. The company now wants to take full control of BSkyB, whose revenue is greater than that of the BBC. The case for this being brought in and reviewed independently is overwhelming, and I am one of those who believes that the public interest is not served by this bid going ahead.

2.21 pm

Lord Gavron: My Lords, I, too, congratulate my noble friend Lord Puttnam on initiating this debate at the most appropriate time. I must declare an interest

[LORD GAVRON]

as a former chairman of the Guardian Media Group which, as we have heard, is part of a consortium opposing the acquisition by News Ltd of the shares it does not already own in Sky.

The media business is going through a period of rapid and unprecedented change. Newspaper circulations are dropping at an increasing speed. Profits are falling and many newspapers are making large and growing losses. It is unlikely that newspapers will exist in their present form in 10 or, at most, 15 years from now. We will be getting our news from our screens, which will be cheaper, lighter, thinner, more easily readable, and more user friendly than today. They will be in our pockets or handbags, probably unfolding to a larger format, and on our desks and walls. We will be charged for what we use, rather as we are charged for our credit cards; and I suspect we will pay overall roughly what we pay for our newspapers today. The editorial and news content will be much the same and of course there will be advertising.

Some of this, I confess, is prediction and, as Sam Goldwyn said, never make predictions, especially about the future. However, we have to deal with the situation as it exists and that is not a good situation. Rupert Murdoch was described the other day by the noble Lord, Lord Saatchi, as the most powerful man on the planet. I have known Rupert Murdoch for a great many years. I have found him to be straight, loyal and honourable. He is a man of his word. Although I have frequently, if not usually, disagreed with him, his record as a media proprietor in the UK will stand up comparatively well to analysis by future historians.

However, I am against his plan to acquire the rest of Sky. People have said, "He already controls Sky, so buying the rest will make no difference". We can all talk about the difference, but Rupert Murdoch is not the sort of man who would spend £7.8 billion buying shares which make no difference. Sky, as the *Economist* of 16 October said, is Britain's leading media company. It has almost 10 million subscribers and almost £6 billion of annual revenue—already almost double that of the BBC. Apparently, we spend more on Sky than we spend on bread. In addition to its 39 per cent of Sky, News Corporation's four newspapers already have 37 per cent of our total national newspaper circulation—a share that is as much as the next two biggest newspaper groups combined.

Next March, Rupert Murdoch will be 80. He enters what I heard rather unattractively defined last week as "the drop zone". He has said that when his health gives out he will get out of the way. He has made plans for succession. However, history tells us that when a great tycoon goes, his assets tend to change hands. Rupert Murdoch has not maximised his corporation's profits. He is sentimental about newspapers. There are media experts who think that News Corporation, valued in the market at some \$38 billion, is undervalued by almost 30 per cent. So it is an attractive takeover prospect in financial terms alone. In addition, the possibility of becoming the most powerful man on the planet is irresistibly beguiling to many rich men. Quite a few of them have access to, or can raise, the means to acquire the company. We could end up with a Russian

oligarch, an Arab prince, or a hedge fund billionaire. Whoever it is might be honourable and principled—or they might not be.

We have the power to prevent a media baron from extending his empire. We have tended not to use that power. I hope that this time we will. Even if we do, my major concern remains. It is very difficult to stop someone who has the money from buying a public company. It is very difficult to say, "We let Rupert Murdoch have it, but we like you less, so we are going to stop you from buying it". The potential influence of News Corporation in the United Kingdom is enormous. The damage that could be done if it fell into the wrong hands is incalculable. We should be extremely worried.

2.27 pm

Lord Razzall: My Lords, in thanking the noble Lord, Lord Puttnam, for introducing this extremely important debate, let me give him the undertaking he asked for. There has been no diminution whatever in the Liberal Democrats' commitment on this issue; indeed, various colleagues of mine regard this as a significant marker for our involvement in the coalition. I can certainly reassure the noble Lord on that point.

The Liberal Democrat position is not based simply on Murdoch bashing, which has become quite fashionable. Mr Murdoch ought to be congratulated on at least two major achievements since he became involved in our media. First, although I do not know whether everyone on the Labour side agrees, his destruction of militant trade unionism on Fleet Street resulted in the much cheaper production of newspapers. Secondly, he bet his personal financial house on the creation of satellite TV. Everyone thought he was mad when he started that, and his significant financial commitment has resulted in the multiplicity of channels that we see today.

However, the Secretary of State's decision to ask Ofcom to investigate the public interest consideration of media plurality arising from the proposed bid is clearly right. One of the problems with this issue is that defining media plurality can be "somewhat nebulous", as the department is on record as saying. So I will, in the time available, give four or five reasons why we think this proposal goes too far.

The first is BSKyB's strength in broadcast news. Sky News is now one of only three television news providers in the UK, supplying its own channels and Channel 5. It is virtually the only commercial news supplier for radio. We have seen what it has done to ITV news. When it bid in 2001 to provide ITV's news, ITN was forced to reduce its bid by 25 per cent, which many of us believe resulted in a significant diminution in value, and a dumbing down, of ITV news.

Secondly, BSKyB has a stranglehold over the pay-TV market. It has an unchallengeable dominance in prime sporting rights, it dominates the market in pay-TV rights for films and it has just secured exclusive access to all HBO programming. BSKyB restricts access by other platforms to its premium channels and controls non-public sector broadcast access to satellite and content. That in itself should be a reason to look at this proposal with care.

Thirdly, as a number of noble Lords have said, News Corporation has a dominant position in the national press. One speaker quoted Enders predicting that News Corp's market share would rise to more than 40 per cent by 2014. The reason is that the Murdoch-owned press, which can absorb losses, will gain market share while smaller and more vulnerable companies will be forced to make significant cost savings to survive.

Fourthly, full control of BSkyB will entrench a dominant economic and editorial position, providing News Corp with the financial resources to sustain its newspapers for the long term. Once in that position, it can do all sorts of things, ranging from cover price discounting, bundling in a much broader manner, or offering print and digital editions of the *Sun* or *Times* to Sky subscribers. It does not require a fertile imagination to think about what other things could happen with this exercise of media power.

The defence coming from News Corp will be that we should not worry about the dominance of Sky News because of the partiality or impartiality rules that apply, and that when Mr Murdoch says that he wishes Sky News could be like Fox, we do not need to worry because of those rules. However, the rules offer adequate protection only against systematic and blatant promotion of a one-sided political view. They are incapable of dealing with stories that are simply excluded, or with more subtle examples of editorial influence, so I do not believe that they can deal with this potential problem.

Finally, media plurality is still an issue for our democracy. Although some suggest that plurality considerations are vitiated by the proliferation of online social networking and other news sources, these arguments fail to understand the nature of news gathering and the continuing pivotal role of the press and television in setting the agenda. This story has a long way to run.

2.33 pm

Baroness D'Souza: My Lords, I, too, thank the noble Lord, Lord Puttnam, for securing this very timely debate. Two incontestable truths lie at the heart of it. First, freedom of expression and access to information, as defined by international and regional treaties, require that there be a diversity of media channels, and correspondingly an absence of concentration of media ownership, most especially of cross-media ownership.

Secondly, the proposed purchase by News Corporation of the remaining BSkyB shares undoubtedly reduces plurality and advances concentration of media ownership. This morning's announcement that the Business Secretary has referred News Corporation's bid to Ofcom is welcome, but it may be prudent to rehearse for the record why media plurality matters.

The European Commission and Court of Human Rights have ruled that positive action will be imposed on any member state that fails in its duty to protect against excessive press concentration. The European Council Parliamentary Assembly in 1982 called for national laws restricting press monopolies and concentration. The European Convention on Transfrontier Television affirmed the importance of broadcasting in conditions that safeguard pluralism and equality of

opportunity among all democratic groups and political parties. However, it is only the American constitution that expressly prohibits indirect methods of restricting expression, such as unfair allocation of newsprint or broadcasting frequencies, and forbids such practices by private persons as well as by government.

Freedom of expression jurisprudence around the world is sprinkled with cases in which judgments have been given to ensure media plurality as a necessary basis for free speech and its attendant purposes. In countries judged by almost any international standard as achieving a high degree of democracy, for example Norway, so important is the plurality of ideas and opinions thought to be that the Government provide all kinds of subsidies to ensure a wide variety of opinions and local perspectives. Those media that fail to plough back any profits into the business lose their subsidies. Despite this, there is a growing tendency towards concentration of ownership, and huge news corporations appear to be gobbling up the media in all directions.

The counter to this is of course the growth in more informal channels of electronic communication. However, it has yet to be demonstrated that these channels are anywhere near as influential as the major daily and weekly press and broadcast outlets; consequently, their ability to hold government to account is also weak. The increase in cross-media concentration of ownership, always regarded as a potential threat, is today doubly dangerous due to the proliferation of broadband and the constant interplay between print and electronic media. One observer has seen politics and media engaged in a dangerous dance, each dependent on the other. To borrow a quote—Orwellian threats come less from the state these days and more from dense concentrations of private power.

Some have argued that major corporations can play a diversity role by having the financial resources to set up new media initiatives or to bolster financially strapped ones. This is to impute a pluralistic vision to these corporations which is not so far borne out by the evidence. For example, in Australia in the 1950s, there were 15 metropolitan dailies and 10 owners. By 1987, the number of major proprietors had been reduced to three, and this was followed by the successful takeover by News Limited—the Murdoch empire at the time—of all the groups. Since then, more than 20 daily and Sunday newspapers have closed. By the 1990s, with the exception of Sydney and Melbourne, no capital city had more than one daily newspaper.

It does indeed matter that News Corporation is proposing to engulf a further broadcast channel. One would hope that referral of the bid to Ofcom will result in its eventual further referral to the Competition Commission.

2.37 pm

Lord Lloyd-Webber: My Lords, I, too, congratulate the noble Lord, Lord Puttnam, on introducing this important debate. I am sure we all heartily agree that a plurality of media is important not only in the UK but globally to ensure that citizens have access to a variety of information sources. I hope that noble Lords will forgive me if I speak about the area of television rather than that of politics.

[LORD LLOYD-WEBBER]

One of the few areas on which I can offer limited expertise to your Lordships' House is Saturday night reality TV. I will concentrate on TV's contribution to popular entertainment, and therefore to plurality. First, I do not know whether I have to declare an interest: for the past five years I have been on Saturday night TV, on the BBC, and one of the programmes won an International Emmy. I say that I do not know whether to declare an interest because I am not in any discussions with the BBC about a future series and indeed am involved with two programmes for ITV next year. However, because I have appeared on five BBC entertainment shows, I have a little expertise now of the BBC, and I will use this opportunity to say "stop bashing it".

We all know of the superb quality of the BBC's serious output. For instance, anyone who attended this season's prom concerts will attest to the incredible depth and range of music that no other broadcasting organisation could get near. I remind noble Lords of Lord Reith's description of the purpose of the BBC as to "inform, educate and entertain". I realise that this debate is prompted very much by concerns over News Corporation's hope to buy the rest of BSkyB that it does not own. However, having heard the founder of News Corporation speak in London recently, I am sure that he would be the first to encourage new entrepreneurs to enter all areas of the media and create a cauldron of competition, particularly in the area of popular entertainment. Surely, we have to be fair. Sky News has relatively few viewers compared with the BBC and ITV, although I completely agree with noble Lords that its future impartiality has to be secured.

To return to the BBC, I suggest that the best way to ensure plurality in the entertainment sector, which along with sport is the main revenue-earning area for TV, is to allow the Beeb to compete unfettered in the popular market. I remind your Lordships of Lord Reith's line: to inform, educate and entertain.

When the BBC commissioned the first show that I was involved with, I had a meeting with the producers—all of whom have, by the way, sadly left the BBC for the private sector—at which they kept mentioning the letters PPU. "The PPU won't allow this". "The PPU would object". "That idea is far too difficult for us to take on television; it's too commercial". Being a complete new boy, I wondered whether to keep schtum about the fact that I had no clue what the letters stood for. Eventually I thought that I would own up and ask what the PPU was. I was told that it was the "Programme Prevention Unit"—I see that the noble Lord, Lord Puttnam, laughs—which is what the BBC calls editorial policy.

In the context of Lord Reith's remarks, I should like to use the same quotation that Peter Fincham used when he was appointed Director of Programmes at ITV in 2008. It comes from a then recent Ofcom report on the BBC. As he remarked, Lord Reith's three words had grown to 118. Here goes:

"Informing our understanding of the world—To inform ourselves and others and to increase our understanding of the world through news, information and analysis of current events and ideas.

Stimulating knowledge and learning—To stimulate our interest in and knowledge of arts, science, history and other topics through content that is accessible and can encourage informal learning.

Reflecting UK cultural identity—To reflect and strengthen our cultural identity through original programming at UK, national and regional level, on occasion bringing audiences together for shared experiences.

Representing diversity and alternative viewpoints—To make us aware of different cultures and alternative viewpoints, through programmes that reflect the lives of other people and other communities, both within the UK and elsewhere".

Wow, I wonder how those guys would take on "X Factor".

I suggest that there is a very strong argument to free the BBC from this gobbledegook that does not even mention the word entertainment. If the BBC were allowed to be free in this area, there is a strong possibility that the licence fee could be sustained at a very low level, perhaps even eliminated, while safeguarding competition in an area where Britain has often led the way. Instead of bashing the BBC, we should be looking at how we can breathe new life into it and how to set it free.

I suggest that an immediate way to ensure plurality in entertainment broadcasting is to allow the organisation that gave us "The Goon Show", "Some Mothers Do 'Ave 'Em" and "Dad's Army" off the leash.

2.42 pm

Baroness Howe of Idlicote: My Lords, I add my thanks to the noble Lord, Lord Puttnam, both for his brilliant speech and for initiating this debate. There is literally no one better qualified to have done so, given his outstanding contribution to both film and television, and the immensely important role that he played in your Lordships' House during the debates on what became the Communications Act 2003.

The proposed purchase by News Corporation of the remaining 61 per cent of BSkyB certainly constitutes a "relevant merger situation" under the Enterprise Act, as amended by the Communications Act 2003. For many of your Lordships here today who took part in those debates, such a move is exactly the kind of media merger proposal that we had in mind, involving, as it does, potentially adverse effects on the plurality of UK TV and radio news, and current affairs broadcasts and newspapers. Thus, the welcome decision by the Minister to issue an intervention notice and trigger Ofcom's role will be especially important, as will any subsequent stages involving other ministries that may follow.

Since 2003, there have of course been considerable changes for us all—and not just the appalling economic and financial problems that the world faces today. In the media world, there have been huge changes—not least the arrival of the digital world and, particularly, the growth in the use of the internet for product and other forms of advertising, with all the adverse effect that that has had on British domestic television advertising. Equally, at the consumer/citizen end, there is an increasing ability, wherever people are in the world, to access on various forms of mobile machines whatever they want or need to see, hear or react to.

It is against that background that this threat to the British news cross-media's plurality and independence is so important. As we have heard, television remains

the main and most trusted source of news for 74 per cent of the British population. It is also because of the international respect and reputation that British television programmes enjoy—particularly for their news and current affairs programmes—that this represents a national financial, as well as cultural, value which must be protected. It is, of course, the BBC, and to some extent the other PSB broadcasters, that Britain has to thank, and does, for this immensely valuable reputation that has been earned and built up over the years.

When our Select Committee, under the brilliant chairmanship of the noble Lord, Lord Fowler, took evidence for its *Ownership of the News* report, three things became abundantly clear and convinced me that News Corporation's proposed takeover of BSkyB should be subject to such an intervention notice.

First, although newspaper proprietors believed that they did not interfere with their editors' independence on the news material covered or the line to be taken, nevertheless, when choosing such an editor, both the proprietor and the would-be editor would be perfectly aware of the line that they were expected to take.

Secondly, the control issue was made even clearer by the evidence that Murdoch himself gave to the Lords Select Committee while some of our members were on a visit to the United States. Here, he admitted that the *Sun* and the *News of the World* were, indeed, both subject to his more direct editorial influence.

The third point, illustrating perfectly how vital sufficient plurality in ownership is if content, quality and independence are to be maintained, was the concession made by the former editor of the *Sunday Times*, Andrew Neil. After having described, in his evidence to the Select Committee, the circumstances of his own fall-out with Murdoch, he went on to say, "no newspaper group ... none, covers its own affairs well".

For those reasons and the many others already given by other noble Lords, I fully support the Government's decision announced today for there to be an intervention notice in this case. My only hope is that the final decision will not take as long, nor be subjected to such costly legal appeals, as the only other use of this procedure, which again—surprise, surprise—involved a takeover by the Murdoch empire.

2.47 pm

Lord Borrie: My Lords, like many noble Lords who have already spoken and no doubt others yet to come, I welcome the announcement today by the Secretary of State, Mr Vince Cable. Good on Puttnam! Even before speaking a single word in the debate, he has won the basic argument. I wonder why we are sitting here this afternoon but perhaps it is because we would like to give some advice to Ofcom, the Competition Commission and whoever else is going to determine these matters in due course. If that sounds a bit vague, it is deliberate, because on Tuesday next we will be debating the Public Bodies Bill, which threatens either to abolish Ofcom or to merge it with other bodies. By the time an inquiry is finished, goodness knows who will be doing what. The Constitution Committee of the House of Lords has this very day published a most powerful criticism of the Government's non-constitutional approach in introducing that Bill.

One phrase that has already cropped up several times is "plurality of ownership". What does it mean? I should think that it means a plentitude or plentifulness, if not a profusion, of different suppliers of news and views. The noble Lord, Lord Fowler, was correct in all the three points that he emphasised, in particular when he said that to develop from a percentage to 100 per cent ownership of BSkyB makes a world of difference. I agree with the noble Baroness, Lady Howe, that it makes a difference legally, too. Moving from a position of so-called material influence into one of real control is bound to make a difference. Another closely related point that the noble Lord, Lord Fowler, made is that, after all these many decades of knowing about Rupert Murdoch and his methods, we need not query or discuss further whether Rupert Murdoch interferes with editors' independence. One value of this investigation by Ofcom is that it can probe again—this was not properly probed in the past—what that editorial independence amounts to. That is especially the case, as the noble Lord, Lord Fowler, mentioned, when you want to know whether to support this or that party at a general election. The assertions by News Corporation about the high degree of independence of its editors need once more to be questioned.

One leading text on the subject of media regulation, by Mr Feintuck, and Mr Varney, rightly focuses on the law on,

"whether the proposed new company would have too powerful a presence across the media as a whole".

That is what we want Ofcom and the Competition Commission to get at, and in due course what we want the Government to accept—that in this field there is an unduly powerful presence in the media by the News Corporation.

Some people have worried that a lot depends on the discretion of the Secretary of State. In so far as he has discretion, which I believe he does, he is exercising it in a sensible way today. It is a political decision. In other respects, one could perhaps argue that it has been done according to some party-political bias or influence, which some of us do not like. However, in this case, the discretion has certainly worked in a sensible way, in the direction of an inquiry. I congratulate the noble Lord, Lord Puttnam, on bringing this about by his subtle methods before the actual debate began.

2.52 pm

Lord Myners: I also congratulate my noble friend Lord Puttnam on securing this timely and important debate. I declare a past interest, as I was a journalist for the *Daily Telegraph* and chairman of the *Guardian* for nearly 10 years.

I have eight points, which I shall make briefly. First, I commend Dr Cable's swift action today in initiating an intervention notice. This is one case in which Liberal members of the coalition have been able to moderate the views of the other party by the expression of a separate viewpoint. I should like to have listened in to some of the phone calls to Mr Coulson over the past 24 hours, but of course that would have been illegal.

Secondly, I have had some business dealings with Mr Murdoch and members of his family and have always found him a very impressive businessman. He

[LORD MYNERS]

is very focused and driven, and he has been very successful, because he has delivered what the customer wanted. I do not think, however, that we should form our judgment on the issues in hand today on the basis of Mr Rupert Murdoch alone because, as my noble friend Lord Gavron said, ownership can change. We need to recognise that we are not coming to a conclusion in our debate that relates not to one person or one point in time but rather to a broader set of principles that should shape the cartography of media ownership in the United Kingdom.

As Dr Cable said at the Liberal Democrat conference in Liverpool, there is a natural tendency for business folk to seek to dominate markets and to extract some monopolistic rent as a consequence. We have Parliament to ensure that we do not have a situation in which there is abusive economic dominance—of customers or suppliers—in any particular sector. It is therefore an important role for Ministers and Parliament to be vigilant in connection with any area where there is a risk of excessive concentration.

However, particular issues are raised by media ownership, because the media are the source of information and they inspire and inform intelligent debate that should shape our behaviours and the society in which we live. Clearly, the intention behind pluralism and diversity of ownership is to encourage the blossoming of many flowers rather than the presence of dominant voices that could shout out others in the market. My noble friend Lord Borrie talked about pluralism being associated with a profusion of participants in the market. It is clear that it is difficult to argue that that is the case in major and identifiable parts of the media at the moment, in television, radio and newspapers. At the same time, we must be mindful of the fact that the media landscape is changing rapidly, with new forms of communication based around digital formats.

If we are concerned about dominance, I would not want to limit my comments to News International and Mr Rupert Murdoch. The noble Lord, Lord Lloyd-Webber, said that it was time to stop bashing the BBC, and in the areas to which he referred I would be sympathetic with his view. However, the BBC is a very dominant institution, and we must ask ourselves whether we are comfortable with that. In particular, we must ask ourselves whether we can be comfortable with a BBC that seems to have a remarkably inept BBC Trust, a management that has no clarity about what the BBC should be doing and that allowed itself to be bullied 10 days ago by the Secretary of State for Culture, Media and Sport over issues relating to the licence. Frankly, if the chairman of the trust had more principle and backbone, he would simply have said to Mr Jeremy Hunt, “This is not acceptable, we will not agree to this—and if you insist on it, you will have to appoint a new trust”. As it was, the trust acquiesced like sheep, which reflects very badly on the BBC. Given its dominance, the failure of strong and principled leadership should be a matter of considerable concern to us at the moment.

I hope that when the BBC licence is next reviewed we start from a presumption that the BBC should not be doing certain things. The BBC should have to prove why it should continue to operate Radio 1 or Radio 2,

for instance. It is extraordinarily difficult to explain to a foreign visitor why Radio 1, a popular music station, is a nationalised industry, and why it is necessary for it to be provided by a public service as opposed to a competitive one. I have certainly witnessed the BBC inhibit, intimidate and effectively snuff out competition in regional news and broadcasting. There are some core questions that we need to ask about the BBC.

In closing, I come back to News International. The tests of plurality must be a matter for the experts in Ofcom, and that will clearly be a difficult judgment. There is also a parallel issue for the Competition Commission around the issues of economic concentration—that is to say, even if this was not a media industry, would the concentration proposed as a result of the acquisition of the outstanding shares in BSkyB represent an unacceptable degree of concentration? From the perspective of the media, I would ask what the advantages are of News International buying BSkyB. Clearly the primary advantages are economic—in profit and access to cash flow.

However, I find it much more difficult to see the social advantages of such concentration. In fact, it would clearly lead to a further elimination of choice. I suggest to Ofcom that it start from the premise that, if it cannot find convincing arguments to agree to the acquisition, it should disagree. The risks here are not symmetrical. The consequences of making the wrong decision could be deeply harmful and we would have to live with them for several decades.

2.59 pm

Lord Birt: My Lords, I hope that this House on another day will have a full opportunity to discuss the important recent events at the BBC. Today I congratulate, as others have done, the noble Lord, Lord Puttnam, on his immaculate timing, and focus my remarks on the immediate issue of News Corp.

News Corp and its antecedent manifestations have had both a benign, as others have suggested, and an adverse impact on the UK’s media environment. Echoing the noble Lord, Lord Razzall, we should not forget that News Corp bravely and boldly eliminated pernicious and indefensible restrictive practices in the newspaper print shops—and, in doing so, not only paved the way for the improvement of the financial health of all UK newspapers, but facilitated lower-cost entrants and thereby fostered diversity. Again echoing the noble Lord, Lord Razzall, we should remember that Sky itself was an extraordinarily high risk, pioneering and groundbreaking venture, with then unproven technology. Sky has blossomed, and in the process it has vastly extended viewer choice, especially for sports lovers and movie buffs.

News Corp’s newspapers, like them or not, are—like their ultimate proprietor—vigorously and energetically journalistic in outlook. The *Sunday Times* maintains a long and honourable tradition of investigative journalism in the public interest. I think that the *Times* is currently an exceptional newspaper. It is cool, rational and analytical. It carries a diversity of stories and offers, for instance, excellent coverage of science. It offers a politically diverse but particularly astute and entertaining mix of columnists. So I, for one, cannot but admire

the bold buccaneering spirit and journalistic pedigree of Rupert Murdoch, the pater familias. But I recall, too, that challenging journalism for him does not always come first.

I recall, when I was at the BBC, how Mr. Murdoch responded to the Chinese Government's extreme hostility and agitation in respect of BBC World and its forthright journalism about human rights in China. When Mr Murdoch took ownership of the Star satellite, which beamed BBC World into China, to our very great distress indeed he immediately dropped BBC World from the satellite, explaining with characteristic candour to the *New York Times*:

"The BBC was driving them"—

that is, the Chinese—

"nuts. It just wasn't worth it".

Other parts of News Corp's newspaper empire hold less appeal than the *Times*. At best they are rumbustious and amusing. At worst, they have contributed to the coarsening of our national culture. We now know that some of News Corp's newspapers appear to have utilised tactics which have grievously, unlawfully and unjustifiably breached privacy—possibly in a systemic way.

While Sky has brought more choice, it is a financial behemoth, now dwarfing other players, including the BBC, financially. Yet despite its awesome revenues, only a tiny fraction translates into original UK production, if we exclude sport and news. So I hope that government and regulators will resist News Corp's desire wholly to own Sky. The opportunities that sole ownership would bring News Corp to drive synergies between old media and new media, between newspapers and—not much mentioned today—publishing and broadcasting, would be enormous.

News Corp, as others have mentioned, already has 35 per cent of newspaper circulation in the UK, and even on current trends its share is likely to rise. With the opportunities that cross-subsidy, cross-promotion and the bundling of services would bring, we could easily see News Corp's dominance in newspapers increase far beyond its present share. It is not in the interest of a plural society for a singular mindset or entity of any kind to hold that degree of influence, political patronage or commercial power.

When the Conservatives were last in power, governing alone and unaided, I dined with a Minister who the very next day was to have breakfast with Rupert Murdoch—and this at a time when there was a similarly important regulatory issue to be considered. I do not exaggerate—the Minister was actually shaking at the prospect. So I, too, applaud Dr Cable's decision today to refer this matter to Ofcom. It was the right first step.

3.05 pm

Lord Hollick: My Lords, I, too, thank the noble Lord, Lord Puttnam, for his brilliant timing. I have sat on two media boards with him and can testify that his robust pursuit of plurality of opinion extends not only to this Chamber but to the boardroom. I declare an interest. I am a director and shareholder in ProSieben, a Munich-based broadcasting business with 30 channels throughout Europe. In our home market of Germany,

we by turn co-operate and compete vigorously with Sky, which is not such a dominant player in the German market.

As the noble Lord, Lord Borrie, said, one test of plurality is to take a snapshot at a moment in time by reviewing the number and independence of media outlets, such as TV news and newspapers. Another and I believe more important test is to examine the sustainability of that plurality over time. That needs to be considered in the context of what is likely to, or may, happen to the dynamics of the general media sector—in this case, if News Corp owns 100 per cent of Sky. While past behaviour is not always a good guide to the future of a sector that is undergoing unprecedented and disruptive technological change, as many noble Lords have said, it can give a clue to the likely consequences of the proposed merger.

I first met Rupert Murdoch in 1969 when I was a junior member of a team advising him on the purchase of the *News of the World*. I recall being struck by the strength of his determination and resolve, his bold vision for the paper, his grasp of what the reader wanted and his outsider's disregard for convention—but, above all, by his gambler's instinct. These traits were in greater evidence as he successfully launched the *Sun*, revitalised the *Times* and the *Sunday Times*, killed off Fleet Street's antiquated work practices, took effective control of a failing satellite business on which he basically bet the bank, and, more recently, has breathed new life into the *Wall Street Journal*. At every turn he—and I have to say from my experience of dealing with this organisation that his DNA runs right the way through it—is totally focused on radical measures to improve the product, increase market share and, as a consequence, make life much more difficult for the competition. The breadth and scale of News enables it to take big bets and to be unafraid of failure. I can testify to the fact that News is a very tough competitor indeed, to be respected and often copied.

So how will this consistent approach to business work if News acquires 100 per cent of Sky? The enlarged group will enjoy market-leading positions in pay TV and newspapers and a strongly growing share of the broadband market. Sky itself is at the end of a significant capital expenditure programme and will provide the enlarged group with an unfettered access to a very substantial cash flow. The group will have the opportunity to fund cross-promotion of all of its products across all of its platforms, to bundle its products to subscribers, to acquire the best content and to market its products more extensively through advertising on non-owned media. When in 2000 I attempted to merge United and Carlton—which together would have owned 50 per cent of ITV and the Express newspaper group and a host of production businesses and websites—the ability to implement cross-promotion, to cross-subsidise and ultimately to bundle products and to develop content which could be deployed on all platforms was the key strategic and economic benefit. That merger was squashed by the Competition Commission as being too large a concentration, particularly in commercial television. The full integration of Sky and News Corp would create a combined business broader in scale and with far greater market power and financial resources.

[LORD HOLLICK]

So how will News Corporation's competitors in the UK respond to this cuddly new 800-pound gorilla? The competitive set is fragmented and relatively undercapitalised with no great record of concerted action. The BBC provides a powerful countervailing force and is now assured of funding until 2016—albeit on meagre rations. Commercial television is coming out of a deep advertising recession and continues to suffer from the punitive effect of CRR, which has reduced ITV's revenue by between £75 million and £100 million a year. That of course seriously compromises its investment in programming, which is the very lifeblood of TV and an important part of the British production sector. The newspaper groups are doing a remarkable job in staying afloat in fast-declining markets, often thanks to profitable non-newspaper businesses, but they do not have the financial clout to tackle News Corp.

The launch next year of You View will provide a significant opportunity for broadcasters and publishers in the UK. You View will bring video, still images and texts over the broadband network to the computer and, crucially, the domestic TV set and mobile devices. It is likely to become the most important distribution platform for media. It will deliver both free and paid-for content, will be open to all content providers and will provide a programme guide to rival Sky's. It is a most welcome competition to Sky—

Baroness Anelay of St Johns: My Lords, I reluctantly remind the noble Lord that he has already reached the fifth minute and has now exceeded the time allocated to him.

Lord Hollick: I have nearly finished. As Ofcom now ponders the proposed acquisition, it must take into account sustainability; otherwise, looking at the marketplace as it now is—

Baroness Anelay of St Johns: My Lords—

3.11 pm

Lord Smith of Finsbury: My Lords, I begin by declaring my interest as chairman of the Advertising Standards Authority. In terms of media policy, it seems to me that there are four key ingredients for a civilised society. The first is access for all citizens to full, fair, informative knowledge about the workings of society, government and current affairs, as well as to the full riches of their history, culture and scientific traditions. The second is free and untrammelled expression of opinion across the whole range of books, newspapers, magazines, pamphlets and the internet. The third is the widest possible range of views and voice available to the widest possible range of people and by a wide range of routes. The fourth is enjoyment and engagement for the citizen and consumer, alongside and integral to the provision of education and information.

Some of those objectives will intermingle and overlap, and some may at times come into conflict with each other. But getting the balance right between them and keeping them constantly in view, and seeing them as

the key necessities for the public interest, is what we need to be doing. The noble Lord, Lord Puttnam, has done us great service not just in seeking this debate today, but through his actions in this House ensuring that we have a public interest test to apply to media ownership and media policy.

In my view, three crucial elements of policy are needed to secure the public interest. First, we must maintain firmly in place the requirement for impartiality in broadcast news provision. Heaven forefend that we create a Fox News here in the UK. There must of course be robust partisanship in the press, but broadcast is different. Let no one claim that the internet removes the requirement for impartiality because one-to-many broadcasting will remain very firmly part of all our lives for many years to come.

Secondly, we must maintain and sustain the BBC as the benchmark and guarantor of quality in broadcasting. It must be adequately funded and properly regulated. Over both these provisions, there are question marks. The BBC Trust is an imperfect model, and it would be much better to have a clear separation of management and regulation in relation to the BBC. But the BBC remains the best in the world, and the best bulwark we have for ensuring that the generality of our broadcasting continues to enhance our lives.

Thirdly, we must ensure the plurality of media ownership, and therefore of media voice. There are serious doubts about whether the ownership of four major national newspapers and the entirety of the major national privately owned television network fits that test. Like, notably, every single speaker in this debate, I welcome the decision of the Secretary of State to refer to Ofcom the bid for the remaining shares of BSKyB. How important it is that we have an independent regulator to refer it to. Let the Government be careful what they wish for when they embark on a bonfire of quangos.

Finally, let me give a word of advice from hard-won experience to the Minister and her colleagues at both the DCMS and BIS. They will be lobbied—they will be lobbied heavily and vociferously by News Corporation. I remember when, as Secretary of State, I gave the authority for the BBC to embark on News 24, and to supply it to regional and local news channels. Mr Sam Chisholm, who then ran BSKyB, telephoned me in somewhat acerbic terms. Indeed, I held the telephone at arm's length and could still hear what he was saying. The Government will be lobbied, but they must resist. They must be impartial and must assess everything against those important tests of principle, and they must hold fast at all times to the genuine public interest.

3.17 pm

Baroness McDonagh: I want to join in heaping praise on my noble friend Lord Puttnam. He has continuously brought to our attention the importance of our creative industry. It is what defines us as a nation and gives a shared identity. It glues us together as a society and as citizens, for which of us here has not heard people talk about Ann Widdecombe's *paso doble* on Saturday night—or at least that's what I thought it was?

Our creative industries define us around the world, and the most important of these creative industries in the UK is television. TV is what we do well, and it is what makes the UK that little bit special. We do it so well we even make money out of it. The UK is the second-largest exporter of television programmes and television formats in the world. This position has not been reached by accident. It has happened by design because successive Governments of all political persuasions have ensured a plurality of ownership across public and private sectors, which means the UK is now one of the few countries in Europe that makes the majority of its own TV programmes.

In this mix of broadcast is our jewel in the crown: the BBC. If I had more time, I would be happy to explain to my noble friend Lord Myners why it is important that it runs Radio 1, but I agree with him that the BBC needs to start speaking up for itself with a stronger voice. It must not be cowed, and it must not allow a small minority to push its programming and technology back into the 20th century. I am proud of the BBC website and the fact it is the UK's window on the world. It does our economy and our standing so much good. As an aside, I was recently talking to a senior Sky executive, and I asked him whether he was ever worried that he would not have the capacity to cover breaking news. In a flash, he said, "No. We just do what everyone else does; we look at the BBC website".

The BBC is not a break on creativity and enterprise; it is the engine room. The BBC trains and puts talented actors, presenters, programme makers, sound engineers, cameramen and entrepreneurs into other broadcasters and independent production companies. That is what gives us the profitable and vibrant sector that we have at home and abroad. We should praise the plurality of our current media ownership and do all we can to protect it.

Much of this debate so far has featured loss of plurality, but the Communications Act 2003 also requires us to maintain a wide range of TV and newspaper companies as well as high-quality broadcasting standards. The latter can mean only a degree of choice that needs to be made and not just brought in. Equally, other legislation requires us to ensure fair competition. If we allow Sky to be bought by News Corp, we will meet none of these conditions. We will create a situation of unfair competition, kill off the plurality that makes us the world's best television maker and leave the UK with one massive TV and newspaper company.

We have discussed the figures on a gross scale, but Sky is currently a giant, and it does not come cheaply for its customers. The cheapest Sky package at the moment is £284. The BBC licence fee is £140. Sky is not a company that invests much in non-sport UK programming. Last year, it spent more money on marketing than on entertainment and drama.

So let us be realistic about what will happen to our stand-alone publishers, telecommunication companies, broadcasters and newspapers. If we allow the amalgamation of the largest publisher, subscription services TV company and newspaper company, does anyone here think that we will get better TV and better newspapers that will be cheaper for customers? The

new giant company will be impossible to regulate. Let us not even pretend we can put in Chinese walls and that everything will be fine. News Corp will be beyond regulation. This is not because News Corp is bad but because it will lead to unfair competition. It would drown out the market. No one would be able to compete against it. Of course, I completely understand why News Corp wants to buy Sky. If I were in its shoes, I am sure I would want to do the same, but it is because these things are not always in the public interest that we have public ownership rules in the first place. It is because some companies are impossible to regulate that we refuse to allow some companies to buy others. Who of us here would allow the BBC to start to publish daily newspapers? We would refuse to allow it, and we should refuse this.

Most of us got involved in politics to be active and to change the world, but sometimes the role of government is to step in to protect and preserve what we have and to prevent something happening. Now is just one of these times. I wholeheartedly welcome today's decision to refer the matter to Ofcom, but it will look only at plurality, which is a small part of this complex issue. I agree with what Vince Cable said in January, four months before the general election:

"It is time to restore some of the old checks and balances whereby takeovers can be referred to the competition authorities to establish whether they serve the public interest. The Kraft takeover would almost certainly have failed that test".

I hope his will prevails.

3.24 pm

Lord Judd: My Lords, like others, I deeply appreciate my noble friend Lord Puttnam having introduced this debate today. It is particularly important that he has done so, because his whole life has borne witness to his deep commitment to the quality of civilisation and the indispensability of democracy. He approaches this subject in that context.

We live in a globalised society, and we need to remember that the importance of plurality and the quality of our media are important not only to us in Britain but to the world as a whole. In too many places in the world, oppression, tyranny and the absence of human rights are still the reality, and access to what we generate in our own media is vital to those who struggle for a better society. That is why the BBC is so crucial, and why nothing must ever be done to undermine the quality, integrity and reputation of the Overseas Service. This is true not just of the BBC but of our whole media, and we need to be able to show the world a healthy, thriving, plural media in our own society.

This is not simply about plurality; it is also about the ethics, quality and commitment of journalism itself. Journalism, to be effective, needs courageous people, and plurality is important because it is important for journalists to know that they are not dependent for their communication on the person who happens to employ them at the moment. It is also important that alternatives are available. Indeed, it is an essential element of the characteristics of journalism that people can confidently be themselves and say what they believe, because there are various channels through which they can speak. That is not true in the world as a whole.

[LORD JUDD]

In my own work, I have been deeply moved by, and profoundly fortunate to have met, two of the most courageous women in recent history, Anna Politkovskaya and Natalya Estemirova: two women who were absolutely dedicated to truth and integrity and determined that the Russian people and the world should know what was happening in the North Caucasus. What always impressed me about them was that they had absolutely no doubts about what their fate might be, but they remained totally committed to the high calling of journalism as they saw it. That sets terrific challenges to the profession elsewhere in the world, not least here.

We need the structure of plurality, but we also need the ethic and the principles of what journalism is about. We need that courage. That, of course, relates to editors and proprietors. What was important for Anna and Natalya was that they had a courageous editor and proprietors who were prepared, in the reality of Russian society, to support them. Let us remember, incidentally, that they are not the only two; too many journalists in Russia have been assassinated.

I totally share others' conviction that journalism and the media are the lifeblood of a healthy democracy. There are, of course, immense complexities, and we have heard about them tellingly today: the tensions of power, profit and the newspaper as a commodity against the historic indispensability of journalism to the effectiveness of democracy itself. Plurality is a huge challenge, but it will not be furthered unless we are dedicated to the principle within it.

3.28 pm

Lord Lipsey: My Lords, when you think about it, I am afraid that Vince Cable has shot our fox—whether from high principle or from funk at the thought of the ferocity of the assault that he should expect from the noble Lord, Lord Puttnam, I do not know. Seriously, however, we should not for one minute underestimate the importance of the decision that was taken this morning. Just think of the counterfactual of no reference being made. Whatever arguments Mr Cable's department could have cobbled together for that, the message would have been absolutely clear—that Rupert Murdoch stood above any British Government and their powers. By making that reference today, that myth is destroyed. Power, as a famous American columnist once said, is being believed to have power, and today the complete belief that Mr Murdoch had total power has been set back—a great moment for our democracy.

I think that I am in a unique position among those who have spoken in this debate: I have worked for Rupert Murdoch. I was economics editor after he took over the *Sunday Times* and Simon Jenkins's deputy at the *Times*. I am glad that this debate has not demonised the man. I can report frankly on Mr Murdoch's interventions. I remember only one instruction that came down from the chairman; namely, Simon and I were told that whatever we might think of the column written by the late Lord Wyatt, he was under the chairman's protection and could not be removed. We sometimes had difficulty in explaining that to our critics who were not as enamoured as the chair of the content of that column.

What happened by way of self-censorship is another matter. These things are much more complex than they are believed to be. But the idea that a crudity of power is exercised is badly overdone. The fact of ownership conveys quite a lot of power in itself. We have heard a lot about news today, which is important. We are protected in news to some extent by the impartiality rules, which is a great thing, although those rules are always under siege, including from the great chairman himself. We cannot take it for granted that they will always be there.

I worry slightly more about a different kind of plurality—cultural plurality. If you think of a News International of the size that is contemplated—two BBCs—imagine the effect that that would have on the marketplace for the cultural product that is television; for example, for the balance on our screens between American productions, European productions and British productions. I do not think that you will find Mr Murdoch, an American, saying, "Oh, we must keep up the European and British content". That will affect what is made and what is shown. There are many other ways in which ownership, in effect, affects culture. Although I yield to no one in my admiration for American culture, I would like plurality of culture as well as plurality of media.

Following the sentiment expressed by the noble Lord, Lord Lloyd-Webber, although not perhaps the content of his recipe for it, my final point is that the single biggest protection we as a nation have of plurality of provision and of variety of what we consume is the BBC, especially so in a week when ITV has admitted that its object is to achieve the lowest common denominator.

Lord Fowler: You certainly succeeded in that.

Lord Lipsey: I defer of course to the opinion of the noble Lord, Lord Fowler, in that matter.

A strong BBC is absolutely at the centre of a varied and plural media in this country, which is why the brutal beating administered to the corporation last week by the Government is one which we will repent of at leisure.

3.33 pm

Lord Stevenson of Balmacara: My Lords, I thank my noble friend Lord Puttnam for securing this debate and, like many other noble Lords, I congratulate him on his exquisite timing. This has been a fantastic debate with many fine speeches. I particularly welcome and enjoyed the speeches made by the noble Lord, Lord Smith, and my noble friend Lord Myners. The problem for people speaking late in this debate is that the hard work that we have done in preparing our speeches has rather gone to waste, so all the finely crafted phrases and wonderful lapidary comments I was going to drop in to the stunned attention of the House have been used by others rather better than I may have done.

I am left with a couple of thoughts which I hope to share with noble Lords. First, why on earth is there so much agreement? It is not just that the fox has been

shot because there is still a long way to go for this particular fox. But there is a sense around the House that the agreement across the two sides—although there is quite a lot of disagreement on this side; we probably would not want to go too far into that, particularly about the BBC—reflects a wider concern about the way in which we have arrived at a twin track for regulating our media. We are at one in saying that the media are too important to be left on their own and that a free market will not be sufficient in that it will not satisfy our culture or deal with our democracy. But we have come up with a rather ugly compromise both in terms of the BBC, where the trust has to do the impossible job of cheerleading and regulating and, as others have said, in terms of Ofcom, which faces the possibility of having its wings clipped. In the wings, we also have the Competition Commission with its different focus on the economic outcomes of many of the issues before us.

Let us look back at the way in which we developed television and many of our media outlets in this country. We have done a sensible and interesting thing by trying to separate over time the delivery of the various channels from the money. In that sense, we have brought out the best in them by creating competition for quality. BBC1 was followed by ITV, and BBC2 by Channel 4 and Channel 5. But, of course, that all changes in the multimedia world, and the differences have been mentioned by many noble Lords. However, it is worth bearing in mind the essence here, that of trying to make sure that what we are separating out are the economics from the quality, which is still terribly important.

We need to think again as we go forward. I hope that one of the things that will come out of this incident is that we look once more at how this country regulates its media. Film and television in particular, but the published and electronic press as well, reflect the nation to itself. I am sure we can all recall the case of the primary school in the south-west of England where the pupils were asked to say what the number for our emergency services is. Rather than answering with the number 999, they said 911 because that is what they hear in the American television programmes and films they watch. There is nothing wrong with that because in some sense we want a plurality of cultures, as my noble friend Lord Lipsey said, but we have to be careful that we do not lose what we have in the rush to try and ensure that everyone is heard.

My final point is this. Given the centralised nature of broadcasting and the media in the UK, with the majority of our key decision-makers based in London—pace the BBC and its move—it is surely a concern in the English regions and the nations of Scotland and Wales that, while we should have excellent UK-wide services, there must be a fundamental requirement for high-quality content that addresses the distinctive cultural and democratic needs of audiences outwith the south-east.

We are on common ground that media content which purports to be for the public good and in the public interest can survive, grow and flourish, but this will not happen through market forces alone. There is a wider question about how we regulate properly for that, and this is a good opportunity for us all to reflect on it.

3.27 pm

Lord MacLennan of Rogart: My Lords, like the noble Lord, Lord Stevenson, I say that speaking at this stage of the debate runs the risk of repetition. But that is a happy outcome for it appears that not just a narrow consensus on a narrow point has been expressed in this distinguished discussion, but there has been a broad acceptance of the thesis so ably and crisply expressed by the noble Lord, Lord Puttnam, in opening the debate as he did. It is important to put on the record at this stage that we have had contributions from people who have a direct financial interest in broadcasting, from people who have run the BBC, from a Secretary of State with a distinguished record in his position, from those who have been paid to consider the standards of broadcasting, and from journalists. That is a spectrum of opinion that should not be ignored when this matter is further considered, which it will be as the result of the wise decision of the Secretary of State today to refer the matter to Ofcom. In my opinion, the debate has demonstrated the House of Lords at its most authoritative and persuasive.

A consequence of that is that there have been relatively few questions. In fact, I do not believe that the Minister has actually been asked a single question so far, which is an unusually happy position for her. It is also the case that the intention of News Corp to buy the remaining 61 per cent of shares in BSkyB has been referred to the European Union's regulatory procedure. I underline, and hope the Minister will accept, that that process can be conducted in parallel. It is allowed, as I understand it, by the European Union's regulations. There may be criteria of competition law in that inquiry which are somewhat different from those which will be considered by Ofcom and, if it is proposed, the Competition Commission. It is appropriate that the national inquiry should be carried through and I hope Ofcom will so recommend.

The issue that this is simply the acquisition of what is left of BSkyB should not defeat the arguments that plurality is threatened. It is evident that the change of management which will be brought about could favour not only the fortunes of BSkyB and its shareholders, which have to be considered by that company at present, but also the wider interests of the newspapers that are owned by News Corp. That could narrow the perspective of a successor owner in a most unfortunate way.

As far as I can see, editorial control has not been exercised heavily with BSkyB, but that it could be is quite clear. From what we have seen, it can be compared to Fox in the United States. Despite what was referred to by, I think, the noble Lord, Lord Gavron, as a sentimental attachment to newspapers, Mr Rupert Murdoch is not averse to influencing television in the United States in an extremely debilitating and counterproductive manner.

I am happy that the Government have taken the decision they have and I am delighted that this House has shown its unanimity in backing it.

3.43 pm

Lord St John of Fawsley: I apologise for my late arrival at the debate. This was due to trying to get across the death track that masquerades as a road

[LORD ST JOHN OF FAWLSLEY]

outside this House. And, while I mention that fact, why is it, when there are more Members in this House than there are in the House of Commons, we have only eight minutes to get to a Division whereas they have 10? Perhaps the Minister will answer that even though it is marginally wide of the issue.

I declare an interest as an adviser to Sky Broadcasting on arts and religion. As the anti-British BBC has now abandoned its interest in both subjects, we should be grateful that Sky is doing so much.

Baroness Garden of Frognal: My Lords, I respectfully point out to the noble Lord that there are speaking times.

Lord St John of Fawsley: I have made my point. I am quite content to leave it to distil into the minds of Members who have heard only one point of view so far apparently.

3.44 pm

Lord Parekh: My Lords, I am sorry for that prelude to my speech. I congratulate the noble Lord, Lord Puttnam, on securing the debate and I thank him for introducing it with the clarity, wisdom and eloquence that we have come to expect of him.

In the UK, the national newspaper industry is run by eight companies, one of which—namely, News Corporation—has 35 per cent of the national newspaper market. This is likely to rise to about 43 per cent in the next three or four years. It now wants to buy the 61 per cent of BSkyB which it does not currently control. I am glad that this has been referred to Ofcom and that we will be able to see what the outcome is, but I am a little worried that the criteria to be used by the Secretary of State may not be conducive to the outcome that we have in mind. That simply goes to show how important it is that we are clear about the criteria that the Secretary of State or Ofcom should employ in deciding whether to sanction a particular merger or venture. One sees an even more marked concentration of ownership in the regional and local press. Four publishers control almost 70 per cent of the market share.

This raises two questions. Why does media ownership matter and is it enough? Media ownership matters because, as the noble Lords, Lord Puttnam and Lord Gavron, pointed out, it affects the quality and range of views available to the public and the health of our democracy. Owners shape news, and they decide what becomes news and why it is important. They also shape views—how to interpret that news and how to respond to it. They do so directly by intervention as well as by appointing like-minded editors, and rewarding and promoting journalists who hold the right kind of view. They might also use newspapers to settle personal scores or to discourage certain types of investigative journalism. Even if their control is benign, profit is the sole consideration and public interest becomes a casualty. For all these reasons, media ownership is important and there has to be a strict regulatory framework.

But my question goes deeper than this. How plural should media be? Let us suppose that, instead of three, we had 25 people owning media, or 100 or 200.

Would that necessarily achieve the objectives that we have in mind; namely, plurality of views and dissent, and the health of our democracy?

In a free-market economy, you cannot control the ownership of the media beyond a certain point. Having many owners does not necessarily guarantee quality journalism or an impartial press, because competition will tend to push people to the lowest common denominator. It can also take the form of informal alliances. There is also the danger that this various, multiple ownership might share a common cultural perspective and, therefore, not allow differences of view to emerge. Newsgathering can be poor because of competition. It can also limit investigative or specialist journalism.

In order to ensure that we meet those objectives, therefore, we must obviously control media ownership. But that is a necessary condition, not a sufficient one. What else do we need to achieve those objectives? I end by suggesting three. First, we must strengthen public service broadcasting. In this context, the BBC becomes critical, and it must be defended against subtle and not-so-subtle attempts to undermine its credibility. Secondly, we need greater media openness and transparency. The media rightly demand that politicians should be honest and transparent. They should be subject to the same standards. After all, although privately owned, they are a public institution and therefore publicly accountable. I suggest with some humility that there is no reason why the salaries of journalists or their political affiliations should not be disclosed or conflicts of interest when they write on certain issues. I see no reason why there should not be speedy redress for injured members of the public or a public explanation by editors and proprietors of how certain events have been covered.

Secondly, there must be public support for citizen or community journalism. This can be secured in a variety of ways, of which an industry levy is one. The IPPR has shown, for example, that a 1 per cent levy on pay TV operators such as Sky and Virgin Media would bring in £70 million. Those sums could be used to make sure that local newspapers do not close and to allow media start-ups by individuals and community groups.

Thirdly, we must encourage philanthropy. The Potter Foundation awarded a grant of £2 million to the Bureau of Investigative Journalism to promote investigative, not-for-profit journalism in the public interest. Charity law should be organised in such a way that the media are seen not simply as a political activity but as a charitable one, and tax relief should be given.

3.50 pm

Baroness O'Neill of Bengarve: My Lords, I, too, express gratitude to the noble Lord, Lord Puttnam. He has been immensely knowledgeable and tirelessly persistent in pursuing this nexus of issues raised by the plurality of media ownership, in and beyond your Lordships' House.

At the heart of the debate lie the importance of press freedom and the role of the media in democratic societies. It is because we are committed to a free press

that there are rather few ways of ensuring that the media, taken together, serve the public interest by offering diverse and thorough coverage of issues of public concern. Anti-monopoly provisions matter here, as nowhere else, because we need not only competition that protects the interests of consumers but diversity that protects the interests of citizens. That is one reason why most democracies conclude that anti-monopoly provisions are particularly important in the case of the media. Many have additionally been concerned to prevent overseas control of their media, or large sections of them.

Parliament recognised these issues in the basic sections of the Communications Act 2003. Section 3 reads:

“It shall be the principal duty of OFCOM, in carrying out their functions—

(a) to further the interests of citizens in relation to communications matters; and

(b) to further the interests of consumers in relevant markets, where appropriate by promoting competition”.

Noble Lords who remember the debates surrounding this part of the legislation will remember that the priority given to Ofcom’s duty to protect the interests of citizens was very hard fought. There will be those who think that Ofcom has not always accorded the interests of citizens that required priority. Now is the time for Ofcom to demonstrate that it takes both of its general duties and the priority which the Act assigns to its duty to citizens seriously, as it adjudicates the matter referred to it.

I take it that in a democracy we want not merely media that are free to publish but media that, taken together, cover a wide range of information, positions and arguments in depth for a range of audiences. This is particularly but not only important in the matter of covering news, where we hope that citizens will have opportunities to read, hear and view news and current affairs produced by a plurality of organisations, but also that they read, hear and view news and current affairs representing a diversity of voices, which will help them to judge matters of public interest.

Until a few years ago, we might have been reasonably confident that if we could secure plurality, diversity would be its natural consequence. I do not believe that is now so easy. We have plurality as never before, not only in the fact that new technologies enable us to access the media via multiple routes but in the fact that some of those whose voices were never heard by their fellow citizens can now make themselves heard via the internet. Yet these forms of plurality do not always support diversity of content and presentation for citizens. There are two fundamental reasons why the link between plurality and diversity has become weaker. One, which I think the lesser problem, is that some of the new voices that use blogs, Twitter, or specialist websites reach very small audiences. We indeed have more originators of content, but citizens may not thereby gain access to greater diversity. Bluntly, plurality is not now by itself enough to secure diversity but it is one of the weapons that we have, so we should prize it and use it.

We have to face the reality that media organisations are prone to repeat, recirculate and restate what is already public. No doubt some, on blogs and Twitter,

surprise us by adding grace notes—or disgrace notes—to current debates but all too often they simply echo more powerful voices. What matters is not just concentration of ownership or its ramification through cross-promotion, cross-subsidy and bundling but concentration of editorial control. If we have no ways of ensuring a plurality of editorial views and approaches directly, we need to use these measures to prevent concentration of control, including editorial control.

3.54 pm

Baroness Jones of Whitchurch: My Lords, I echo the thanks from all around the House to my noble friend Lord Puttnam. He has both the knowledge and the wisdom on this issue that withstand the utmost scrutiny and a respected history for building Cross-Bench consensus on what is undoubtedly a sensitive and complex issue. His contribution today has further enhanced his fine reputation.

This has been a powerful and well informed debate with an impressive degree of consensus. Many of the contributors have experience that I cannot hope to match, so I hope that I can be forgiven for approaching the issue as an active citizen and as a democrat who seeks a strong, independent media to help promote healthy and informed political debate. Indeed, as the noble Lord, Lord Lloyd-Webber, persuasively argued, plurality is also a great bonus for entertainment and the BBC’s strong record in the field is not given enough credit. On that subject, I support the many noble Lords who have spoken up passionately today in defence of the BBC.

I have been conscious during the debate of a temptation to narrow the focus of the discussion to News Corporation’s application to take over BSkyB. On that issue, Labour has made it clear that we welcome Vince Cable’s decision to intervene. As the shadow Secretary of State for DCMS has said, we will stand up for the public interest without fear or favour, and if the Government do likewise and fulfil their obligation to transparency at every stage with due process, they will have our support. As many noble Lords have rightly identified, though, the issue goes much further, to the heart of a free market versus interventionist philosophy and it raises fundamental questions about the role of the regulator, on which I hope we can find some agreement.

It is worth trying to put the debate in some context. Already, the internet has a penetration rate in the UK of around 82 per cent and growing. Diverse news sources are expanding in both predictable and less predictable ways. As we have heard, networking sites such as Twitter, YouTube and blogs are becoming increasingly valuable alternative sources of news information and will no doubt multiply and innovate further. Where traditional media sources are not trusted or are slow to inform, the new media will fill that breach and consumers will happily scan multimedia outlets until they find what they are looking for. At the same time, traditional newspaper readership rates are falling.

That is the media world today, but its future will continue to be fast-flowing and unpredictable. It is this challenge that large and small operators are focused

[BARONESS JONES OF WHITCHURCH]

on addressing. In fact, this very unpredictability has been used as an argument for allowing market forces to intervene flexibly and unfettered. I agree with the noble Lord, Lord Fowler, that the domination of TV over the internet as a source of news means that these are not sufficient grounds to duck the plurality test.

Against that backdrop, we are pursuing what I hope is a common goal of a free, well informed, diverse media—or, as my noble friend Lord Myners rather nicely described it, “the blossoming of many flowers”. What does that mean in practice and how can it be delivered? I am grateful to Martin Wolf, writing in the *FT*, for setting out the issue rather succinctly. He asked:

“Should we view the media market as similar to the market for baked beans? Or should we view it, instead, as being unique?”.

I would hope that his answer is non-contentious when he argued that,

“the media do not just provide information; they mould opinion and so shape the public debate. They are the engine of democracy”—and as such, of course,

“The ownership of media is a source of power”.

That is the crux of the debate and the heart of the concerns expressed by those who hold the concept of plurality dear.

So far, however, we have failed to engage debate with the key players on this territory. For example, the News Corporation leadership and its supporters are positioning its current BSkyB bid as an everyday commercial decision driven by market forces—although, as my noble friend Lord Gavron made clear, BSkyB would not buy the extra shares if it did not identify a broader advantage to doing so. Its supporters are less keen to acknowledge the enhanced political influence that could flow from the takeover or to promote solutions that could uphold the principles of plurality. My Lords, I would go further. Obviously, we cannot compel global media leaders to admit their influence and power over people’s beliefs and behaviour, but I hope that they will take a more active role in promoting an open debate about responsible media ownership, its capacity and its limitations.

Several important challenges arise from this debate. First, what are the implications of cross-media owners being able to bundle their assets by using, as we have heard, strength in television revenues to prop up failing print revenues in a way that would not be open to competitor newspaper groups? Is this inherently unfair and anti-competitive? Is this, therefore, something in which the Government or the regulator should intervene? I would be grateful to hear the Minister’s views.

Secondly, the key to applying the plurality rule effectively is a strong and independent regulator. Ofcom has earned a widely respected reputation in the industry but, as we have heard from my noble friends Lord Borrie and Lord Smith, the Government continue to talk of reducing its functions to technical and enforcement responsibilities. I hope that this debate has helped to underline the crucial role that Ofcom can play in the future, and I hope that the Minister is able to give some reassurance on that point. What is more, although I am a strong advocate of the European Union, I would have thought it in our interest to have a clear

lead from within the UK on the type of free press that we demand within our own territory rather than rely on a ruling from Europe.

Thirdly, one of the current safeguards regarding the quality of TV news broadcasting is the requirement to maintain impartiality. In practice, as the noble Lord, Lord Razzall, identified, this has proved to be rather a slippery concept, particularly in the commercial sector, where the choice of stories and their prominence has led to allegations of bias. Can the Minister reassure your Lordships’ House that the concept of impartiality in news broadcasting will be held sacrosanct and its interpretation and application kept under review?

Finally, and most importantly, surely the main worry about any proposed reduction in plurality is that it is a one-way street. There is no reverse gear. If, in the course of a takeover or merger application, commitments are made or reassurances given that persuade the Secretary of State that the public interest is protected, what recourse is there if subsequent evidence shows that this is not so?

For these reasons, we on these Benches argue that extreme caution should be applied to any application that could threaten the principle of plurality. That is why we have been active in calling for Vince Cable to intervene in the specific application from News Corporation to take over control of BSkyB, and why we are concerned about rumours that the Cabinet might be split on today’s announcement. Perhaps the Minister could shed some light on this. Without Vince Cable’s intervention, News Corporation would stand to control up to half of Britain’s television revenues and half its newspaper revenues. Arguably, that would be the single largest concentration of media power in any large democracy and, as my noble friend Lord Puttnam has highlighted, that would certainly be more than would be allowed in Germany, France, Italy or even the great free-market states of the US and Australia.

There are important democratic issues at the heart of this debate. They relate to the kind of society that we want to be, the access to diverse opinions that we demand, how we want to hold our key institutions to account and how we want to balance power among those who seek to shape our society for the future. This country rightly has a reputation for a free and fair press. I hope that the Minister will be able to reassure this House that the Conservative Government will take all necessary steps to uphold that.

4.04 pm

Baroness Rawlings: My Lords, I, too, congratulate the noble Lord, Lord Puttnam, on securing today’s debate. I am most grateful, too, to all noble Lords for their excellent speeches that were filled with so much experience on the importance of plurality in the media. I genuinely believe that this House is at its best in these debates.

The noble Lord has been over many years a strong and vocal advocate for the media in this House, particularly during the passage of the Communications Bill when he was instrumental in extending the power to intervene in mergers on public interest grounds to media mergers.

As we heard from the noble Lord, Lord Puttnam, this debate is particularly timely, with the Business Secretary announcing his intervention in News

Corporation's purchase of BSkyB. I will speak in more detail on this shortly, but I believe it is important to do this even-handedly against the backdrop of the media plurality regime.

Last month I had the pleasure of closing an excellent debate initiated by my noble friend Lord Fowler on the Lords Communications Committee's report into digital TV and radio switchover. That debate focused on the changing nature of the media in a digital age, as the noble Baroness, Lady Howe, stressed, and I shall return to it. The media landscape is constantly changing. Its ability to influence the democratic debate and to inform citizens has grown considerably since the old days of Obadiah Slope. Therefore, the principles of plurality and impartiality in TV and radio remain very important. This is reflected in the rules and regulations with which the media ownership is governed. However, noble Lords would agree that there is a balance to be struck between protecting consumers and the democratic debate while promoting competition and supporting innovation. Media ownership rules, while providing a safety net for plurality, are by their definition inflexible. Indeed, it is this inflexibility which can sometimes even result in a reduction in plurality. This has arguably been the situation in local media, where markets have struggled for some time. Indeed, Ofcom's 2009 review of all media ownership rules concluded that a number of the local and local cross-media ownership rules were no longer necessary and were constraining the local market. We agree with Ofcom's recommendations and my right honourable friend the Secretary of State for Culture, Media and Sport recently announced that we shall shortly be bringing forward an order that proposes the removal of a number of local rules. We believe that these changes will have a positive impact on the plurality and diversity of news and information at the local level, which, as I have already said, is an essential part of a democratic society and a healthy media sector.

In addition to the statutory media ownership rules, there is a merger control regime which serves to make certain that mergers do not result in a loss of effective competition in markets. This protects the interests of consumers and promotes business competitiveness and growth. I say to the noble Baroness, Lady McDonagh, that News Corporation will be subject to all regulation, as will anybody else. Responsibility for regulating mergers rests with the independent competition authorities. For UK mergers, that is the Office of Fair Trading and Competition Commission. For larger mergers falling under European merger law, it is the European Commission under DG4. Many noble Lords, including the noble Baroness, Lady Jones, asked about bundling. This comes under all these aforesaid institutions.

Merger control is concerned with protecting competition. However, European law also recognises that Governments may take appropriate measures to protect certain other public interests that may arise from a merger. Any such exceptional action is tightly constrained in law and must be justifiable and proportionate. It is not a broad power enabling Governments to interfere as they wish and determine what mergers and acquisitions may or may not be allowed to proceed. Use of the power necessarily involves exercising a degree of discretion and judgment—a

role that rightly falls to the Secretary of State rather than a regulator. All decisions are open to legal challenge and must be founded solely on the impact the specific merger might have on a specified public interest consideration. Extraneous factors may not be taken into account.

For mergers involving media enterprises, the public interest must be protected by there being no reduction in standards and quality, and sufficient range of different voices and owners. This complements the separate statutory ownership rules that impose absolute restrictions to prevent unacceptable concentration of media ownership. There is published guidance setting out how the power to intervene in media mergers will be used, and this must be given due regard in reaching decisions on whether to intervene.

As of today, there have been two interventions made in respect of media mergers. The first was made when Sky bought a 17.9 per cent stake in ITV plc. That merger was referred to the Competition Commission on competition grounds and on grounds of a potential impact on the plurality of persons with control of media enterprises. In the event, no action was taken on public interest grounds. However, the Competition Commission found that the transaction resulted in a substantial lessening of competition in the market and required Sky to reduce its shareholding in ITV to below 7.5 per cent.

The second intervention has been made today by the Secretary of State, who has now decided to intervene in respect of News Corporation's plan to acquire the remaining shares of the BSkyB group. This will give it 100 per cent ownership. This means that Ofcom will provide an initial report by 31 December, examining whether there are substantive reasons to believe the merger may result in outcomes detrimental to the public interest as it relates to ensuring sufficient plurality of media ownership. On receipt of Ofcom's report, the Secretary of State must then decide whether to refer the merger to the Competition Commission for a more in-depth investigation of the merger's likely impact on the public interest. Many noble Lords, including the noble Baronesses, Lady D'Souza and Lady Howe, and the noble Lord, Lord Lipsey, mentioned that complaints, if any, should be on plurality, which is what we are debating today. The European Commission will examine separately whether the merger raises competition concerns, and take action as appropriate.

I can reassure the noble Baroness, Lady O'Neill, and the noble Lord, Lord Maclennan, that the plurality review will take place concurrently with the competition review. The two are, however, separate. It is possible for one to conclude that no action is required, while the other could conclude that some remedy was necessary.

Although I am sure all noble Lords already know them—as my noble friend Lord Fowler said—I should remind the House of the share of viewing figures on news audiences in multichannel homes. My noble friend Lord Lloyd-Webber referred to this in his entertaining speech. According to Ofcom, in 2009, the BBC news broadcasts averaged 19.6 per cent of the viewing audience, ITV took 14.5 per cent, and Sky News took 0.5 per cent.

I turn to questions from several other noble Lords. The noble Lords, Lord Gavron and Lord Myners, asked about future protection should News Corporation

[BARONESS RAWLINGS]

be successful with the merger but subsequently be taken over by an undesirable owner. I reassure noble Lords that the broadcasting Acts contain “fit and proper” tests: Ofcom may not grant a licence to someone unless they are a fit and proper person, and will do all it can to ensure that they do not retain their licence if it ceases to be satisfied that they are a fit and proper person. In addition, there are impartiality requirements that safeguard the information needs of citizens.

The noble Lord, Lord Borrie, was worried about Ofcom. He need not be. Ofcom, with all its responsibilities, will stay.

The noble Lord, Lord Myners, and several other noble Lords stressed the importance of the BBC. I agree with their comments that a strong and independent BBC is an essential part of the UK’s media industry that is admired around the world. I will report back on his views of the BBC.

Lord Myners: My Lords, I wonder whether the Minister would be kind enough to give the House an assurance that there can be no continuing suspicion that the independence of the BBC will be placed at risk by the Government threatening to put further financial burdens on it, forcing it to bear the costs of services and of the provision of other broadcast-related activities that are currently paid for through government expenditure. A reassurance from the Minister on that point would do a great deal to buttress her defence of the independence of the BBC.

Baroness Rawlings: I thank the noble Lord, Lord Myners, for that question. In fact, I addressed it a couple of weeks ago. He can be totally reassured that the independence of the BBC will be untouched.

The noble Lord, Lord Judd, made a moving intervention on the importance of plurality, especially in Russia. I very much agree with him.

I turn to the requests for assurances on impartiality made by the noble Lords, Lord Razzall and Lord Smith, and by the noble Baroness, Lady Jones. The Government acknowledge the importance of impartiality requirements, especially for PSBs, and consider them an essential part of the regulatory framework, safeguarding the information needs of citizens. There are statutory impartiality obligations in the Communications Act which are supported by Ofcom’s standards code.

Finally, the media sector remains a very fast-moving market—ever more so with digital broadcasting and the internet. We are aware that the sector is in need of a review and intend to start this in the short-to-medium term, with a view to making changes in a new communications Bill. Any new legislation will have to be flexible in order to take account of the fast-changing market. I am sure that we will be watching with keen interest the developments on the News Corporation purchase of BSkyB.

This has been a fascinating debate. I repeat my thanks to the noble Lord, Lord Puttnam, and to all noble Lords who have given of their wisdom. In my position, it is right that I have listened very carefully and with great interest. Noble Lords know that I am here to clarify procedure: I am not in a position to take decisions.

I hope that I have spoken clearly and I repeat: all these decisions will be taken in time by the Secretary of State, the Competition Commission, Ofcom and the EU, and I trust that all noble Lords who have spoken respect those bodies.

We will no doubt be debating this issue again but, in the short time available to me today, I hope that I have answered the few questions or points raised. However, where I have been unable to respond directly to the noble Lords, Lord Birt, Lord Hollick, Lord Stevenson and Lord Parekh, I will of course write to them.

4.20 pm

Lord Puttnam: My Lords, I know that at this point it is entirely traditional to thank all noble Lords who have spoken, but it is hard for me to express the depth of my gratitude not just for the prescience and clarity of what has been said but for the extraordinary unanimity with which the views of this House have been expressed. It is invidious to pick out one particular person but my heart leapt with joy when the noble Lord, Lord Razzall, used the phrase “significant marker”. The coalition is an interesting experiment in government, and those of us who want it to be seen as a true coalition must be hugely encouraged by what he had to say this afternoon.

I also thank the noble Lord, Lord Fowler. He has been assiduous and utterly consistent in the furrow that he has ploughed. It cannot always have been entirely easy and I take my hat off to him for his consistency and depth of knowledge.

Lastly, in my judgment the speech of the noble Baroness, Lady O’Neill, was typically brilliant. If I may, I would like to take and extend something she said, because it is very important. She mentioned that during the passage of the Communications Bill in 2002 and 2003, we argued long and hard over Ofcom’s principal duties and the order in which they should appear. At the time, the noble Lord, Lord Currie, the chairman-designate of Ofcom, found the notion of juggling the duties towards the consumer and the citizen extremely difficult. Many pages of *Hansard* were devoted to this discussion and, in the end, it came out just as the noble Baroness, Lady O’Neill, said—with the interests of the citizen in first position and the interests of the consumer second.

However, if noble Lords scour those pages, they will find a number of references to something else. It is to the effect that, when these two duties are in conflict, the rights of the citizen shall be paramount. One problem that Ofcom, and indeed the Secretary of State, will face is that there is an inherent conflict and it will not be easy to disentangle. If officials go back and look at those debates, they will see that, despite the discomfort of some, it was made very clear that the rights of the citizen shall be paramount. Under any constitution, written or unwritten, that really should not have been cause for much of an argument. Noble Lords should note also the use of the words “where appropriate” and ask themselves the following question. In what circumstances is the prospect of an ever more dominant media player either desirable or appropriate? I think that this afternoon your Lordships have offered a pretty clear and unequivocal answer to that.

Again, I thank all those who have taken part in the debate and I am sure that we shall be hearing more on this subject.

Motion withdrawn.

Health: Diabetes

Question for Short Debate

4.23 pm

Tabled By Lord Harrison

To ask Her Majesty's Government what is their response to the Diabetes UK report *Putting Feet First* and its implications for the treatment of diabetes.

Lord Harrison: My Lords, as a serial killer, diabetes is getting bolder, accounting over the past year for some 150,000 newly diagnosed diabetics, adding to the 2.8 million known diabetics in the country, with perhaps another half a million undiagnosed. It also absorbs 10 per cent of the NHS budget—that is, some £9 billion a year—as well as immiserating the lives of many of our fellow citizens, often needlessly, for with speedy diagnosis and treatment, the sickening complications of blindness, renal failure and amputation can be forestalled. Diabetics can lead long, healthy and productive lives. Dynamic public health programmes concerned with diet, obesity and exercise are crucial in preventing or staunching the rising incidence of diabetes. More recently, type 2 diabetes among schoolchildren, allied to the rising tide of obesity, places yet another challenge on the scarce resources provided in this direction. Indeed, these are desperate times of pressure on the NHS and of financial retrenchment and cuts.

Some additional spending now on upgrading diabetes therapy will save lives later and money and resources for the NHS in the long run. An example of the success of the long decade of Labour's investment in the NHS and diabetes care is the increased incidence of retinopathy screening, saving the eyesight of many a diabetic. I hope that that is retained. The recent reform and investment in diabetes management, principally designed to help us to manage our condition, has transformed the lives of diabetics.

I come to some questions for the Minister. There are two discretionary areas at the moment with respect to diabetes care. One area is that of insulin pumps and the allied use of insulin inhalation, which is currently not paid for. I wonder whether he has any comments to make on those points. Something that I have raised in this House before is the essential need for the availability of blood glucose testing strips for diabetics as part of caring for themselves, to ensure that they have good blood sugar levels. Does the Minister recognise that there can be a postcode lottery in the distribution of blood glucose testing strips, with four different health services and different practices throughout the nations and authorities dealing with diabetes?

I ask the Minister, too, about NICE, which recently concluded a consultation on diabetic foot care. I do not know whether he can give us any indication there. He was rather unclear, and I hope he can clear it up

today, about the role of NICE, especially as diabetic drugs now form the second largest call on the NHS budget. Good innovations that are cost-benefit assessed must be made available. Would he comment, too, on the flanking policies of the Government? I give the example of sport for young people, which will help to set back the rise in obesity and type 2 diabetes. We need more of the self-management programmes that I referred to and more education of diabetics and diabetic professionals to ensure that they are helpful. Would he say more, too, about whether the focus of the previous Government will be retained on children, obesity in women—typically in pregnancy, when they are diabetic—but also the immigrant population, where there is a higher incidence?

Can the Minister reflect on our colleagues in the European Union? The Federation of European Nurses tells us that the incidence of diabetes in the United Kingdom is, surprisingly, recorded at 4 per cent, while in Germany it is 13 per cent and in most other countries typically 9 per cent. I do not know whether the data are collected inaccurately, and perhaps he would look into that, but we need better information in that area. Would he also note that we have had no pan-European research since 1999 on the cost of diabetes? There is so much that we should be doing with our European colleagues to do something about that.

My superb NHS diabetes care by outstanding healthcare professionals in Chester and Liverpool has kept me active and on my feet as a type 1 diabetic of some 41 years' standing, and it is to that I now return. Diabetic foot care deserves the same focus as actions on diabetic retinopathy. It may not be very sexy but we need health professionals to come into this area. The 2010 DoH review, *Six Years On: Delivering the Diabetes National Service Framework*, says that in the key area of feet we still have poor clinical outcomes, resulting in amputations, extended lengths of stay in hospitals and concludes that we need effective management of diabetic foot care to reduce expenditure and amputations.

Last year, Diabetes UK published an excellent document, *Putting feet first*, summarising the optimal management of available resources to minimise the manifold complications associated with the diabetic foot. Diabetic foot problems are the most common cause of non-traumatic limb amputation in the United Kingdom. Some 100 are performed each week. Neuropathy, peripheral arterial disease, foot deformity, infections, ulcers and gangrene are just some of the nasty complications of diabetes.

In addition to the financial implications of the NHS—out-patient costs, increased bed occupancy and prolonged stays in hospital—diabetic foot problems adversely affect patients' quality of life, reduce mobility which in turn leads to loss of employment and depression among other social and health consequences.

As outlined in *Putting feet first*, pivotal to diabetic foot care is, first, fast action within four hours of diagnosis. Then the second period, the following four to 48 hours, is crucial to saving the threatened foot. Delay in diagnosis and management increases the risk of amputation, morbidity and mortality. The third period is the continuing foot surveillance which is so vital for keeping us on our feet.

[LORD HARRISON]

However, catastrophic trauma need not happen. Let us take peripheral arterial disease where some 100,000 people are diagnosed each year. Vascular specialists need to be swiftly available and treatment by appropriate technologies—the use of balloons or stents to widen or relieve arteries—can prevent the devastation of foot amputation. Unfortunately, the UK has one of the poorest rates of lower limb revascularisation in Europe. To avoid this, we need to encourage the proliferation of local vascular networks and I ask the Minister whether he has anything to say on that. Will the Government implement *Putting feet first*, emphasising the vital need to create active local networks of key health specialists working with others to ensure speed of response and quality follow-up?

I highlight one of the many useful suggestions in the pamphlet which has been put to me by my own hospital orthotist expert. She tells me that huge benefits are to be derived from examining all new in-patients' feet. Such inspections typically uncover hidden foot problems, as well as undiagnosed diabetics whose problems may thereby be quickly treated. Helpful, too, are the regular ankle/brachial pressure index tests as a predictor of future PAD. Resources are of course the nub of the problem. I ask the Minister whether he will provide the resources and trained staff to enact the strategy outlined in *Putting feet first*. How many practice nurses are trained in diabetes management—the orthotists, chiropodists, specialist shoemakers, diabetologists and vascular cardiologists as well as specialist lower limb surgeons?

I want to say a final word on the continuing care of diabetics with foot problems. As I speak to you, I am wearing fashionable orthopaedic shoes made for me by experts who form part of the clinical team at Liverpool's Broad Green Hospital foot unit. These shoes offer vital protection for my feet, moulded as they are to the ever-changing shape of my feet to preclude the onset of ulcers as a result of my diabetes-associated neuropathy—that is, I have no feeling in the nerves of my feet which warn me of a loose stone doing untold damage to my foot tissue. However, these shoes are expensive—perhaps £500 a pair—and unsurprisingly rationed on the NHS. But these shoes keep me and thousands of other diabetics protected and active in the community. They are an economic investment of the kind with which the Government must wrestle. The Government should heed George Bernard Shaw's wise aphorism and great foresight:

"I marvel that society would pay a surgeon a large sum of money to remove a person's leg—but nothing to save it".

Finally, I welcome to the debate not only the noble Baroness, Lady Young, who has recently taken over as chief executive of Diabetes UK, but also the Minister, who I know will give us a sympathetic reply.

4.35 pm

Baroness Hussein-Ece: My Lords, I thank the noble Lord, Lord Harrison, for securing this debate on a very important health issue, and I also pay tribute to him for the eloquent way in which he has shared his extensive experience and knowledge.

We all know of someone affected by diabetes. Those alarmingly high numbers of people who are more likely to develop type 2 diabetes are over three times more likely to go on to develop serious complications of diabetes which include stroke, kidney damage and heart disease. People living in deprived areas who are socially disadvantaged are two and a half times more likely to develop diabetes. They are more likely to have problems with late diagnosis and have poor lifestyles and poor care, which often compound the difficulties in managing their condition. That, of course, includes poor foot care.

The overwhelming evidence demonstrates that reducing health inequalities in deprived areas and for people from disadvantaged backgrounds, including those with mental illness, would almost certainly lead to more prevention and better management of diabetes. I want to talk about how this condition disproportionately affects people from black and minority ethnic communities, which was mentioned earlier.

Diabetes is increasingly recognised as a public health problem of potentially enormous proportions. This poses significant clinical and economic challenges for the NHS. According to UK studies, the prevalence of diabetes is significantly higher in some minority ethnic groups, which are six times more likely to develop diabetes. Figures suggest that up to 20 per cent of people from south Asian backgrounds and 17 per cent of people who are black African-Caribbean are living with type 2 diabetes, compared with some 3 per cent of the general population. I know from my own background that people from the Turkish community are also at greater risk of developing diabetes. Both my parents developed type 2 diabetes in later years and I confess that that has given me greater first-hand experience in caring for someone with diabetes and the importance, which I never realised before, of good foot care and healthcare generally.

Whereas within the general population type 2 diabetes usually occurs over the age of 40, people from black and minority ethnic communities can get it from the age of around 25. Getting treatment early can reduce the risk of developing complications such as stroke, blindness, heart disease and amputations. There are a number of factors why it impacts disproportionately on black and minority ethnic communities, which include genetic differences in how the body processes fat, but poor knowledge of services, poor housing and social deprivation are huge factors. I was pleased to read how in some parts of the UK with significant numbers of ethnic minority communities, the health services are responding and proactively working with organisations such as Diabetes UK to address some of these unmet needs.

For example, in the past few months NHS Haringey, in partnership with Diabetes UK, has developed the community champions training courses. People from minority ethnic communities, health trainers and religious and community leaders attend sessions about what type 2 diabetes is, who is at risk, signs and symptoms, myths and misconceptions—of which there are many—complications and the NHS services that are available. After qualifying, the community champions then spread the word about diabetes in their local communities by organising stands, talks and healthy-living days. To

date, more than 30 community leaders, nutritionists and NHS health trainers in Haringey have qualified as diabetes community champions and they are keen to raise awareness at community events. Several more training projects are planned in other parts of London. When I was working in the NHS in north London in the 1990s, projects on simple foot care such as nail clipping for older people was done at daycare and health centres. It was simple and cost-effective, and helped many vulnerable people with their foot care.

We know that prevention is often better than cure. That is why we need a more consistent public health strategy across areas with the greatest need and risk. Early diagnosis of those at greatest risk and better management would prevent the acute conditions that far too many people go on to develop, which result in greater risk to the individual and their families, the need for more intensive health services and hospital admission.

The problems are often not just about diagnosis, but about continuing care and managing the condition after diagnosis. Unfortunately, people from deprived backgrounds, including people from ethnic minorities, are less likely to have annual or regular health checks for blood pressure and cholesterol, for example, and, worryingly, many primary care trusts have not had strategies in place to deal with this.

I would like to see more consistent work to raise the profile of diabetes care within minority ethnic groups; strengthen leadership at national and local levels, particularly with GPs; improve practices and change general attitudes through the delivery and uptake of effective and appropriate training; and support a wider community development approach by going out into communities to listen to and involve people in the pathways of their diabetes care. The level and type of services should not necessarily rely on where you live or how involved your GP may be. There should be consistency and equal access to support and services regardless of your background or where you live.

4.41 pm

Lord Kennedy of Southwark: My Lords, I thank my noble friend Lord Harrison for putting down this Question for debate today. He is well known in this House and elsewhere for his campaigning for greater understanding of and improved care for people with diabetes. I congratulate the noble Baroness, Lady Young, on her appointment as chief executive of Diabetes UK and I look forward to her contribution later today. I should like to declare an interest: I have type 2 diabetes. I am a member of the charity Diabetes UK. I support its activities and the campaigns it undertakes.

As my noble friend Lord Harrison said, more than 2.8 million people in the UK have diabetes, of whom 300,000 have type 1 diabetes and 2.5 million have type 2 diabetes. That equates to almost one in 20 of the UK population being diagnosed with this condition. Add to that the estimated 500,000 people who have undiagnosed diabetes and you see the truly worrying numbers we have to deal with.

The report that my noble friend Lord Harrison refers to specifically looks at the commissioning of specialist services for the management and prevention

of diabetic foot disease in hospital. It is an excellent piece of work and the authors and the working group are to be congratulated on its production. Diabetic foot complications leading to nerve damage, foot ulcers and amputations are, in the majority of cases, avoidable with good care and proper management. That is obviously better for the patient and for the NHS. Amputations clearly have a major impact on a person's quality of life, and there is also the cost to the NHS of the amputation and the ongoing aftercare. Noble Lords who have read the report will have seen in the appendix the poster setting out best practice in integrated healthcare in hospital and the information card for people with the condition.

Noble Lords will also be aware that foot disease is not the only complication that people with diabetes have to tackle. Other long-term complications include how diabetes affects your eyes, heart, kidneys and nerves. I am very lucky. My care at the Morden Hill surgery in Lewisham, led by my GP, Dr Gostling, is excellent. But all too often the reports are that it is a bit of a lottery out there and care varies tremendously from place to place. This is a truly serious condition for patients, the NHS and the country. Parliament and government working with health professionals and patients have to make significant strides in the coming years to deal with this growing problem. The cost to the patients and their families, the NHS and the whole country is far too great.

As I said before, with good care, this is a wholly manageable and controllable condition. People with the condition of course have to take responsibility for their own diabetes control. Noble Lords may find it hard to believe, but I like the odd chocolate bar or Jaffa Cake at home watching the TV, and that is fine, but I am working to bring my condition under control and to improve my own health. Patients need ongoing support to help them to take control of the condition, as well as access to cutting-edge treatments, as they are developed, to deal with the many complications that they have to face: the regular visits to the practice nurse, the annual eye screening, and the advice from the dietician about what to eat and what to eat a little bit less of.

In his response, I hope the Minister can give the House a commitment to continuing a regular series of meetings and regular dialogue with Diabetes UK and other diabetes charities such as Silver Star, of which my right honourable friend Mr Keith Vaz, the Member of Parliament for Leicester East, is the founding patron. Such a commitment cannot just be between the department and professionals, however; it must include Ministers engaging in the discussion and the full involvement of people with diabetes.

In conclusion, I again thank my noble friend Lord Harrison for tabling this Question for debate.

4.45 pm

Lord Rennard: My Lords, I, too, congratulate the noble Lord, Lord Harrison, on securing this debate on a topic that is so important to so many people. Like many noble Lords present, I am a diabetic, so I begin by thanking the diabetic team at St Thomas's Hospital, who have done so much to help me and from whom I have learnt a great deal about diabetic management.

[LORD RENNARD]

Whenever I talk to some of my American friends about how our NHS has supported me in this regard, they agree that we have a wonderful and cost-effective system of providing healthcare to all our citizens, and they share my amazement at the hostility shown by some in the United States this week to the principle of universal healthcare and the option of the public provision of health services. These are things that we are right to regard as hallmarks of a civilised society, so we are rightly very proud of the NHS in the United Kingdom.

I want to use this debate to raise a number of points about the current NHS reorganisation that may be of concern to the millions of people in this country who know that they have diabetes, the millions who either have it but for whom it has not yet been diagnosed or who may develop it in the future, many people who have experience of diabetes in their families, and the health professionals who support them all.

The stark fact that Diabetes UK has drawn to our attention in its report *Putting Feet First* is that 100 people a week in the UK have a limb amputated as a result of diabetes. The costs of these amputations, which can be measured in very many ways, are very large. The noble Lord, Lord Harrison, referred to the total costs of treating people with diabetes, which amount to approximately 10 per cent of the NHS budget. And the prevalence of diabetes is growing rapidly, so all issues concerned with it must be addressed very seriously.

On the planned NHS reorganisation, I recently spoke to many NHS professionals who say that the advent of GP commissioning in particular both provides opportunities for and threatens better provision of support for people with diabetes. To promote best practice, when there could be a greater number of GP consortia than the current number of PCTs, will make information-sharing between consortia absolutely essential. We know that there is already a problem in that knowledge of the issues about diabetes and best practice vary significantly between GP practices. It will therefore be very important in future that all GP consortia are properly aware of the sort of issues raised in the Diabetes UK report if best practice is to be spread and every GP practice is able to respond appropriately.

The new consortia may need to work together along the lines on which many good primary care trusts work now, otherwise knowledge and efficiencies may be lost. I should be particularly grateful if the Minister could comment on how relevant information and best practice will be shared among the GP consortia in future. In the new arrangements, there may need to be incentives and guidance for GPs who are not experts in diabetic care to involve other health professionals in this aspect of the care of their patients. This is something that a GP recognised in my own practice when I was fortunate enough to be referred to St Thomas's. We need to ensure that the new arrangements do not provide disincentives for such referrals when they are desirable. In funding arrangements, there needs to be recognition that diabetes is significantly more prevalent in certain communities—often those that tend to be

most unhealthy generally—and in many ethnic minority populations, to which the noble Baroness, Lady Hussein-Ece, has just referred.

The provision of insulin pumps varies greatly across the country and the United Kingdom lags behind many other countries in such provision. I believe that funding arrangements should recognise that there may be a much greater need for such provision in some areas. There may be significant long-term savings overall to be looked at because of the cost of poor control and diabetic complications, such as amputations and blindness.

We need to make sure that all the consortia recognise the value of diabetic specialist nurses. A specialist team can be the catalyst and driver for improved services and for involving patients properly. The consortia need to be informed about what specialist diabetes services and expertise are available to them. They need to make sure that diagnosis remains a key area for improvement. As Diabetes UK states:

“The delivery of high quality specialist foot care is an essential component of every local diabetes service”.

The human and financial costs of failing to do these things will be very great.

4.51 pm

Lord Graham of Edmonton: My Lords, I am delighted to have the opportunity to speak in this debate. I am lucky in the sense that, out of the blue, two friends wanted to see me. They provided me with information which I believe, when I read it into the record, will be helpful. In declaring an interest, I am a type 2 diabetic and my son is type 1, so we are familiar with the problems. Looking at the speakers list for today's debate—I congratulate sincerely the noble Lord, Lord Harrison, on securing it—and noting all the bodies which contributed to the report, I think that some may ask how the Government will respond. I know how the Government will respond. They will say, “We welcome the report”. That is because it is all good news.

The front page of the report lists the many organisations with sympathy for and knowledge of this matter. They have combined, which in itself is quite a feat. Today, the Minister, who I know is sympathetic on all issues which affect people, has been given an opportunity to put his case, but he will have problems. I will concentrate my comments on obesity which clearly is stark among the younger generation. There are the issues of money and will, as well as the question of how can we deal with it.

Camden is used as an illustration. It is seeking to invite bids for weight management programmes for children between the ages of two and 18. That is laudable. In its publicity, its target groups include:

“Young carers; Homeless children; Children who are not in education; People from low socioeconomic groups; People living in the 4 priority wards: Kilburn, Kentish Town, Gospel Oak, and St Pancras and Summers Town; People of Irish, Black African, Black Caribbean and South East Asian backgrounds”.

From our knowledge, we know that all those groups are in danger of contracting certain aspects of diabetes. The document I have states:

“The maximum value of the contract is stated to be just in excess of £2m”.

We are not talking about small beer because £2 million is a large sum, but it is what the PCT in Camden is willing to put forward for this.

The worry is this. In children there is a weight measurement nexus, which is to the good. It starts when they are in the infant class and goes on until the changes are reported on in year six, which is the last year that they are in primary school. The problem is that, unless I am misinformed, the parent and child as the result of this weight measurement plan are meant to attend guidance meetings outside the school day. The document from Camden I have seen states that the programme will be delivered in community halls and other places. Single parents and others in the categories I have mentioned will be invited to give up their time, to bring their child along, to listen to advice and try to do things to improve the situation. But they have not got the time because they have other pressures on them. One might say that surely the greatest pressure is the future benefit of their child, but this would be much easier to deliver in the school day. If what we are after is value for money, we ought to have a programme of that kind.

I also have some information on a story that all noble Lords will have heard about, that of the mother of the five year-old child who appeared on BBC television news having received a letter saying that her child was overweight. The point to be made here is that she said that it would have been much better for her to have been given advice through a direct chat with a nurse than through a letter from a faceless central trust. There is a great deal more that we could say about that, and I am delighted to see my noble friend Lady Young. I wish her well and she will be heartened by the number of friends she will find in this House as she pursues her new interests.

This is not a knocking debate, but one for the Government to tell us what they are doing and listen to the problems as we see them. That will assist the Minister in delivering what has been in the national programme for years and years. The experience of many people, both in this Chamber and outside, can be tapped. I hope that the Minister will be sympathetic to the case that has been made.

4.57 pm

Viscount Falkland: My Lords, I, too, thank the noble Lord, Lord Harrison, for the chance to speak on what is really a very important health matter. I am a type 2 diabetic of 10 years' standing. Like many men, I hid my head in the sand for a while, although I knew that something was wrong. Curiously enough—it was actually 11 years ago—the condition would manifest itself most strongly when I was speaking in your Lordships' House: I could not see as well, I used to feel that my voice was failing and I would feel an enormous thirst come upon me. Eventually another Peer asked me whether I was all right. He turned out to be another diabetic—he is still with us today, alive and kicking—and, having spoken to me at lunchtime, he made an appointment for me to see his doctor at 4 o'clock that afternoon. I went to that appointment and I was in a clinic by the next day, where the principal doctor dealing with me said, "It's a good thing you have come, because things aren't very good

and you are about one Coca-Cola away from a coma". Diabetes is an insidious disease because generally you feel perfectly well, apart from under certain stressful conditions. I am grateful to the noble Lord for his actions, although I have not been able to repay him other than by suggesting that he might like to move to France because he was unhappy with his rubbish collections. Apparently, in France his rubbish is collected on six days out of seven. I feel that that is a poor exchange, but I was glad to be able to do something for him.

I was on ordinary medication for half the time before it became necessary for me to depend on insulin and, during that time, I was lucky enough to receive expert advice from health professionals on how to deal with my condition. I have become increasingly aware from people to whom I have spoken that diabetics are in a kind of a club. For instance, the man who collects my rubbish that will not be collected by the local council has diabetes. He is an ex-cruiserweight boxer, whom I like very much, but even though he has been a man of physical action he does not understand how the body works. His doctor has not told him why his metabolism has changed—why he cannot metabolise carbohydrates and so on—even though he is an intelligent man. Broadly, in a population in which diabetes is becoming an increasing problem, far too little information is given by the authorities on the basics of how the body works and why the body might not be working normally. It is one of the wonders of the human body that it can do all the things that we know that it has to do. With diabetes, it is rather like moving from an automatic car to having to do everything manually. The control of diabetes is extremely difficult, so people need education and training to deal with it. I know that the National Health Service does not have the time—I am a great supporter of the NHS, which is second to none in dealing with serious conditions—but, where a serious illness is some way off but it is known that a present condition could lead to such illness, I think that there are serious deficiencies in the NHS.

Happily, over the 10 years in which I have had diabetes there have been a number of developments, many of them from the United States. I know that the United States has problems with healthcare, but most of the developments in technology—pumps, monitors and so on—come from there. Much of the development is costly but it is extremely effective. For example, the pumps that are now available for children with diabetes 1 are minute, and they do not have to inject. There has been an absolutely transformation of that scene.

I have managed to keep reasonable, but not perfect, control of my diabetes. The condition can lead to issues with your feet, nerve endings, eyes and so on, but if you do not control it and you do not have regular check-ups to make sure that what is called technically your HbA1c, which is inescapable, is under control—any doctor can tell from a blood test whether it is or not—you will be in serious trouble. The problem with the National Health Service is in part due to the short-termism that exists in Britain in many other respects. I have spoken about this before. Quite naturally, the NHS is concerned about costs, but the expense of dealing with diabetes is all about cost-benefit analysis. For example, to give a pump to a person with an

[VISCOUNT FALKLAND]

HbA1c in excess of 9 per cent or 10 per cent, which is very dangerous but can easily be dealt with by some of the new technologies, costs about £5,000—the price will probably fall—but for someone who is almost bound one morning to wake up with a red mist in front of his eyes, or his feet not working, or a pain in his chest that is then diagnosed as heart disease, a proper cost-benefit analysis would show that, if the NHS paid for the pump, it would save money in the long run by preventing the person from developing these serious conditions. That is the serious point that I wish to make. It is curious how you can get the serious point over quite quickly when you have nine minutes, whereas it is very difficult when you have only three.

Diabetes is generally a self-treating condition, on which you know more than your doctor—although not all doctors. I asked a question in the House as a result of a disagreement that I had had with one of the doctors in my practice. It was answered by the noble Baroness, Lady Thornton. I was very grateful to her, because she gave me the answer that I wanted to hear, which was not in accordance with what the doctor had said. He had said in sum that people's HbA1c was generally more satisfactory when they never tested themselves, to which I had said, "That's nonsense. You're talking from a cost point of view, because you think the National Health Service shouldn't pay for the strips and so on". The answer from the noble Baroness and from NICE was in my favour. It was published, quite wisely, in the specialist diabetes press. There is a lot of difference between relying on your doctor in the normal way—doctors always do their best—and learning about the thing yourself, dealing with it, getting expert advice and going for tests at the right intervals and so on. I hope that the noble Earl will be able to tell us when he replies to this debate that the Government have it in mind to approve that.

Not coming from an ethnic community, I did not realise that only 3 per cent of the general population have my condition, but I am proud that I share it with all kinds of people from the different ethnic communities in our country. I know that Indian friends of mine have it, particularly in the feet—I do not know why that should be so. Diet is a very important factor. I can assure the noble Lord opposite that chocolate—as long as it is 85 per cent cocoa and he has only three or four squares—is very good for him and he can have it every day. However, he should not have a piece of white bread every day, which is much worse than a bar of chocolate. Having had to spend money on some of the new technology, I have a gadget that measures my blood sugar and shows it on a graph. One piece of toast has a dramatic effect; four squares of chocolate is negligible. One can learn from the new technologies.

I have come to the end of my time, although I could go on forever. I hope that the noble Lord will introduce a debate on this subject again, because there is much more to say about it. More education and more awareness on the part of the Government and the National Health Service of the cost of not dealing with the disease in its early stages will have immense benefits, not just for individuals but for the state and the economy.

5.08 pm

Baroness Young of Old Scone: My Lords, I add to the thanks expressed to the noble Lord, Lord Harrison, for giving us this opportunity to talk about a subject as important as diabetes and foot care. I also thank other noble Lords for the broad sweep of diabetic issues that they have raised today. I did not quite expect chocolate to come into it, but the sweep was wide. I should declare an interest as the new chief executive of Diabetes UK. This is day four, so noble Lords should not expect too much of me at the moment.

When I was swotting for the interview for the job, one of the heart-stopping statistics that I learnt was that, every week, 100 people have a foot amputated as a result of diabetic complications. Even worse, 85 of those amputations are entirely preventable. The report and the issue that we are debating today are therefore extremely important for a variety of reasons.

Rather than go through the report's recommendations, I shall highlight some of the principles. It is clear that early detection of potential foot complications, not only in patients with diabetes but in other patients where diabetes may as yet be undiagnosed, is vital on admission to hospital and throughout a hospital stay. It needs a proper history to be taken and a proper examination.

We also need to make sure that the threat of diseases of the foot is recognised by some of the key, non-specialist healthcare professionals. As the rise in the number of people with diabetes or potential diabetes is truly epidemic, we need to make sure that health professionals across the piece, not just the specialists, are capable of recognising complications before they get active. Once there is active foot disease, there needs to be a referral to a specialist team or to a professional with specialist skills. Last but not least, the noble Viscount, Lord Falkland, rightly said that this is a disease where the patient needs to be in the driving seat. People need to be at the centre of their own care and to have access to information and support from specialist teams. One in three people with diabetes is currently unaware of the potential problems that they could have with foot complications, which is a poor performance figure.

Those are the sorts of things we need to bear in mind, but I will talk about that particular complication of diabetes as just one of those indicative of a much wider issue in the care and management of diabetic problems in this country. As many noble Lords have said, diabetes is a big problem. It consumes 10 per cent of the National Health Service budget; that is, £9 billion. It is also a growing problem, as we have 2.8 million people with diabetes and a large number of people as yet undiagnosed. There is the potential for it to rise very shortly to 4 million people with diabetes in this country. Foot problems and amputations are only some of the complications. Others, which have been referred to, are blindness, stroke and heart disease. Those represent a huge cost, not just to the NHS but to the economy, because people with severe complications may be less able to work and more dependent on benefits and social care, apart from the huge human cost and misery that we are talking about.

We need to ensure that we somehow enable that 10 per cent of the NHS budget, which might have to become more, to be spent at an early stage in the pathway for diabetes—at a point where the prevention of type 2 diabetes and of complications in all types of diabetes can take place, avoiding the complications further down the line that are such a huge cost economically, socially and in terms of heartache. That needs collaboration between the commissioners of services, the providers of services and patients and their families but there is lots of guidance around; we are not short of guidance on what good practice might look like.

There is, for example, NICE guidance on the prevention of foot complications. Their subsequent management is currently being consulted on. NICE is going to work on quality standards for diabetes as one of the 150 quality standards that the coalition Government have asked it to develop. I gather that the diabetes standard will be an early one among those. Guidance for commissioners already exists, which Diabetes UK worked on some years ago. We are currently working on a kind of checklist for what an integrated quality diabetic service would look like. There is plenty of advice around and nobody is in any doubt about what the standard of the service should be. The problem is that its implementation is very patchy.

Diabetes UK, in the context of the NHS reforms, is very much going to put its shoulder to the wheel, as it were. Many things which the charity currently does will fit well with the principles of the health service reforms. There is considerable information and support for patients and their families and guidance for commissioners, as I said—we will be inputting very actively to the national standard-setting process. There is also our volunteer network, which will be active locally in fora where advice and decision-making about diabetes is taking place, both at the commissioner and provider level. We will very much want to work locally with the commissioners as the GP consortia emerge. I share the views of other noble Lords; we need to have larger commissioning consortia rather than smaller. I hope that we can learn from history, as the primary care trusts had to be clumped up and merged because they were too small to do a decent job. Let us not forget that lesson by having consortia that are too small. Another job that Diabetes UK will willingly turn to is monitoring the quality of services being received locally and their implementation nationally. We are very much there to play our part.

I want to ask the Minister two questions. First, how can the Government ensure that there is a change in the pattern of investment in diabetes care, to make sure that the services for early detection and for preventing complications are up front, as it were, and that the huge downstream costs of complications are not using up the NHS budget for diabetes inappropriately as well as generating the social costs and the personal heartache of complications?

Secondly—this reiterates the point made by the noble Lord, Lord Rennard—can the Minister let us know how the new arrangements with GP commissioning consortia will be able to ensure that people across the country with diabetes get the recommended standard of care, irrespective of where they live? We hear about

localism and less central direction being very much a principle of the reformed NHS. I will not talk about the postcode lottery as a risk, although I have heard the phrase “postcode democracy”. We ought to hold the Minister’s feet to the fire to explain that before long.

I look forward very much to my new role and to hearing what the Minister has to say about this topic, which is hugely important not just for people with diabetes and their families but for the national economy.

5.16 pm

Baroness Thornton: My Lords, I congratulate my noble friend Lord Harrison on initiating this debate and on his tireless work on behalf of those with diabetes. I also congratulate the noble Baroness, Lady Young, on her new post. She is indeed a multi-purpose Baroness. When I first got to know her she was working on behalf of birds. Then she seemed to cover the whole environment, with a quick diversion into health regulation. I am sure that she will now hold the Minister’s feet to the fire on behalf of those with diabetes. We can indeed look forward to that.

By the time we get to the point where someone with diabetes has had a limb amputated or is in serious trouble with their feet, we have failed them at several levels. In two-thirds of the 2.5 million people with type 2 diabetes, the disease was preventable, which means that prevention still has a long way to go in terms of smoking, diet, alcohol consumption and lack of exercise. As the noble Baroness, Lady Hussein-Ece, said, prevention is vital. My noble friend Lord Graham of Edmonton was right to look to the future in terms of tackling obesity in children. It seems crucial that any new regime which the Government introduce should have at its heart prevention and the levers that will make prevention work.

Let us consider, for example, the issue of smoking. We know that things such as the smoking regulatory regime are often—pardon the pun—slow burning. However, over time smoking must become something that people simply will not and do not do. In this regard, can the Minister confirm that the tobacco regulations on vending machines and points of sale are still on track? I keep hearing rumours that the decision is being reopened by the Minister’s colleagues in BIS. Perhaps the Minister could take the opportunity to inform the House of the situation, because smoking is a major contributory factor in diabetes.

We know, and it has been said today, that foot problems are one of the many complications associated with diabetes and the most common cause of non-traumatic limb amputation in the UK. As many noble Lords have said, it is a shocking statistic that 100 people a week have limbs amputated as a result of these complications with their disease. I am also shocked—although I suppose I should have known this, having been a health Minister—that the tariff system pays for a limb to be amputated but not for it to be saved. I ask the Minister to explore that and what can be done about it.

As with many chronic conditions, there are several co-morbidities that often accompany diabetes. If people who have diabetes and those associated with them do

[BARONESS THORNTON]

not have access to accurate information about the management of the condition, support in managing it and knowledge about what to look out for, the NHS will have failed them in both the provision of information and the management of their condition from the outset. It is very important that the Minister gives us an idea of how the proposed information initiatives involved in the reorganisation of the NHS will deliver this important aspect of diabetes care.

We should emphasise the importance of the need to invest in prevention and the earlier stages of diabetes management in order to prevent a deterioration of health that leads to devastating complications such as ulcers, limb amputation and blindness. If it is the case that 10 per cent of NHS funding is spent on diabetes care and that this is set to rise because of ever-increasing numbers of people with diabetes in our ageing population, it seems absolutely self-evident—as many noble Lords have said—that preventing people developing diabetes and providing quality care and support for those with diabetes are essential to reducing the far-reaching emotional and physical consequences of foot disease, amputation and other issues.

I was also startled to learn about the cost of the specialist shoes—to be absolutely honest, I wondered whether you could not buy a pair of Jimmy Choo's for that. I have never bought a pair myself, but it seems to me that that sort of comparison illustrates the absurd world in which we live.

We also know that the presence of specialist nurses and tailored care for diabetics is very cost effective. I agree with the comments of the noble Viscount, Lord Falkland, on the cost-benefit analysis of this. There is anxiety regarding the proposed reorganisation of the NHS vis-à-vis the community of specialists and the expertise that goes with them. Therefore, like other noble Lords, I seek comfort that, as with many other long-term conditions, we will not lose the growing expertise in this field. We do not want to have to reinvent that expertise when the dust settles around the new arrangements in the NHS.

We have to ask whether people who find themselves in danger of losing a limb or part of one will inevitably do so. Indeed, Professor Cliff Shearman, president of the Vascular Society of Great Britain and Ireland, said:

“Amputation is a devastating occurrence. It is estimated that in some groups of patients, 85% of amputations can be avoided. Early recognition of the patient together with early involvement of a multidisciplinary team can reduce amputation”.

Those comments make the fact that 100 people a week are losing a limb very shocking.

The issue is not a lack of available treatment, as my noble friend Lord Harrison said, because the appropriate technologies are available now. These technologies are used in the NHS but patients would benefit from having access to a multidisciplinary team to make timely decisions on the best course of action to prevent amputation, or minimise the extent of amputation if it is necessary. We fail if those multidisciplinary teams are not activated and available.

Therefore, I conclude by asking the Minister how the Government can ensure that both the teams and the technology are available and funded. It must surely

be more cost effective to deliver prevention in order to minimise the number of people who present with diabetes, to deliver information so that they can manage their condition, to provide properly resourced clinical management of their condition and to make a serious effort to avoid the final and horrible fate of the loss of a limb.

5.23 pm

The Parliamentary Under-Secretary of State, Department of Health (Earl Howe): My Lords, I begin by thanking the noble Lord, Lord Harrison, very much indeed for tabling this Question, and indeed other noble Lords for their contributions on such a very important aspect of care for people with diabetes.

As we have heard, the latest figures suggest that 3 million people—about 7 per cent of the adult population—now live with the disease. Many experience severe complications, most notably heart disease, stroke, kidney failure, loss of sight and limb problems. The growing numbers with the disease are a prelude to many more suffering the worst ravages of the condition. Already the human cost is truly awful. The noble Baroness, Lady Young, whom I warmly congratulate on her appointment, gave us the figures on amputations resulting from complications in diabetes, making it the single most common cause of non-traumatic limb amputation. As she reminded us, this will inevitably have a major impact on a patient's life. They may lose their job, their income and status, have reduced mobility and suffer from depression. However, as the noble Baroness rightly said, with the right care, it is estimated that four out of five amputations could be prevented. Eighty-four per cent of all major amputations in diabetes are preceded by ulceration, with at least 49,000 people developing foot ulcers every year.

Regular foot reviews with advice on prevention and prompt treatment of ulcers are essential. If identified early enough, foot complications can be treated effectively. Therefore, it is vital that every person with diabetes has access to a multidisciplinary specialist diabetes foot team as soon as they need it. The noble Baroness, Lady Thornton, was right in all she said in that connection. Dr Rowan Hillson, National Clinical Director for Diabetes, considers diabetic foot care services and the prevention of amputations as a major priority.

The Department of Health welcomes the publication of *Putting Feet First*, produced in partnership between our service improvement team, NHS Diabetes, and Diabetes UK. The report highlights the importance of proper management of diabetic foot disease. The evidence shows that the introduction of multidisciplinary specialist diabetes foot teams has led to a significant reduction in the number of amputations.

In addition to the consequences to a patient's quality of life, there is a significant financial impact on the NHS. This gets to the heart of the question of the noble Baroness, Lady Thornton, about how we can afford this. Diabetic foot care is part of the QIPP long-term conditions programme, which is the department's programme to improve the quality of NHS care, while making substantial savings which can be ploughed back into the NHS. By reducing unnecessary amputations, money is saved—the noble Lord, Lord

Harrison, was absolutely right—not only on the clinical procedure, but on the longer term rehabilitation and social care costs.

Reducing the amputation rate by half would save the NHS more than £10 million a year. The prevention and good management of foot ulcers could save considerably more. NHS Diabetes is working on the economic case for improving foot care services. It is currently facilitating 10 local projects specifically focused on improving foot care services. In addition and in partnership with several other organisations, NHS Diabetes has published a commissioning guide for diabetic foot care services. This responds to the need for nationally recognised minimum skills for the commissioning of diabetes foot care services. This will stand the GPs in good stead when they come to commission services for diabetes.

A number of Peers spoke about prevention. The NHS is starting to focus on preventing foot complications. In some parts of England, the amputation rate has been drastically reduced by establishing integrated multidisciplinary specialist foot care teams. In particular, Ipswich and the Imperial College Healthcare NHS Trust now have amputation rates among the lowest in Europe. However, the noble Baroness, Lady Young, was right to say that the NHS must do more to embed this approach across the country.

The noble Lord, Lord Harrison, asked about NICE. I am pleased to tell him that NICE is finalising guidelines, to be published in March next year, on the in-patient management of people with diabetic foot ulcers and infection. I can reassure the noble Lord on a more general level about diabetic medication. Prior to the introduction of value-based pricing, which is what we wish to move to, we will continue to ensure that the NHS funds drugs that have been positively appraised by NICE. I assure the House that NICE will continue to play an important role in advising on quality standards of treatment in the NHS—including after the introduction of value-based pricing.

Last year, the National Diabetes Inpatient Audit revealed that one-in-30 patients with diabetes in hospital developed a preventable foot ulcer. NHS Diabetes is making vigorous efforts to ensure that every in-patient with diabetes has a foot check and appropriate preventive care. We will repeat this audit of diabetes care in hospitals next week. More than 90 per cent of acute trusts in England will participate. The audit includes questions on foot checks, the management of complications, prescribing and patient experience. The results will help us to identify the places that need to improve and drive forward change in those areas. NICE clinical guidelines recommend annual foot screening for all people with diabetes and the targeting of prevention and treatment to those at high risk. We will continue to work to ensure that these guidelines are reflected by PCTs when they commission diabetes services.

As many noble Lords pointed out, patients have a role to play. They must learn to manage their condition effectively, and there is strong evidence that a healthy lifestyle—maintaining a healthy weight and so on—along with good treatment can prevent disability and reduce mortality. The noble Lord, Lord Harrison, was right again when he said that education is key to empowering

patients to be partners in their own care. NICE has highlighted the importance of structured education in supporting people with diabetes to manage their condition. However, education across the country is patchy, so we are working with NHS Diabetes to see how we can spread these education programmes more widely across the NHS.

The noble Lord also mentioned diabetic retinopathy, which is another serious, preventable complication that can cause blindness. Screening is the responsibility of the national screening committee. Ninety-five per cent of people with diabetes were offered screening in the 12 months to June this year. The department is supporting the minority of primary care trusts that have not offered screening to all people with diabetes, to ensure that they do so as quickly as possible.

I could speak for some time about the importance of early diagnosis. The best way to avoid the complications of diabetes is to prevent people from getting it in the first place. We are committed to doing far more to prevent diabetes wherever possible. Here, I refer to type 2 diabetes, which often is related to obesity and lack of exercise. Around 80 per cent of cases could have been prevented if the person had led a healthier life. Much of that has to do with improving the general health of the population and educating people about good and healthy ways of living.

The noble Baroness, Lady Young, spoke about the need to pick up undiagnosed cases of diabetes. She is of course correct. The NHS health check programme will play a significant role in the early detection of diabetes. As noble Lords will know, the health check is a risk assessment and management programme for everyone between the ages of 40 and 74. It will assess an individual's risk of a variety of conditions, including diabetes, and will support them to reduce their risk. This could prevent more than 4,000 people per year from developing diabetes, and detect at least 20,000 cases of diabetes and kidney disease earlier, in order to allow better management of the condition. Most of the care for people with diabetes is delivered in the community and through primary care. The relationship between primary and specialist services is central to the management of complications and the prevention of admission for amputations.

I have a little time to answer questions. The noble Lord, Lord Harrison, asked about the number of specialist diabetes nurses and diabetologists. We do not collect these data, but we know from the 2009 Diabetes UK survey that 1,278 specialist diabetes nurses were working in the UK in 2007. The noble Lord also pointed to a number of international comparisons. It is often difficult to make international comparisons of prevalence because of the way in which data are collected. The Yorkshire and Humber Public Health Observatory published a recent estimate of the prevalence of diabetes in England that suggests that there are 800,000 people with diabetes who do not yet know it.

The noble Lord spoke about sport in schools and about targeting those who are most at risk from diabetes. The noble Baroness, Lady Hussein-Ece, also spoke in this vein. The key here is for governments to work with local commissioners to promote the benefits of investing

[EARL HOWE]

in physical activity and to ensure that local investment in that area is based on an assessment of need. We will set out a strong business case for investment in physical activity, which evidence shows is one of the best buys in public health.

I think that generally decisions taken locally are the way forward. In particular, local commissioners are best placed to target groups that are most at risk from inactivity. The Let's Get Moving model, which implements brief interventions in primary care, is a good example of that approach.

Similar considerations apply when we reflect on the concerns of the noble Lord, Lord Harrison, about the postcode lottery of services. Healthcare organisations, with their knowledge of the healthcare needs of the population around them, are best placed to determine the services required to deliver safe and effective care.

The noble Baroness, Lady Hussein-Ece, as I mentioned, talked about high-risk groups. We are committed to reducing mortality rates from diabetes. Dr Rowan Hillson,

the National Clinical Director for Diabetes, chairs the working group, Good Diabetes Care for All, which has brought together leading stakeholders and providers of diabetes services who are concerned with inequalities. I say to the noble Lord, Lord Rennard, that to support NHS organisations to design services that reflect the whole diabetes community, NHS Diabetes has produced a comprehensive diabetes commissioning toolkit to provide advice and support for commissioners.

Time prevents me from answering all the other questions, to my great regret, as I have copious answers in front of me. However, I shall just say that I believe that the principles that we have set out in the White Paper of pushing power downwards, paying for quality and strengthening the voice of the patient will bring fresh impetus to improving outcomes for diabetes. This is not an issue that the NHS can ignore. We need to strengthen both preventive action and treatment for diabetes. By doing that, we can have a huge impact on the quality of people's lives.

House adjourned at 5.36 pm.

Written Statements

Thursday 4 November 2010

Billy Wright Inquiry

Statement

Lord Shutt of Greetland: My right honourable friend the Secretary of State for Northern Ireland (Owen Paterson) has made the following Ministerial Statement.

On 14 September 2010, I made a Statement to this House, publishing the report of the Billy Wright inquiry. The report made three specific recommendations that should be applied to the Northern Ireland Prison Service (NIPS).

In my Statement of 14 September, I informed the House that I intended to meet with the Northern Ireland Justice Minister, David Ford, in the week following the publication of the inquiry's report to discuss the recommendations made by Lord MacLean and his panel. In addition to this meeting, I have also discussed the matter with the Justice Minister more recently. Although prisons issues are now, in the main, a devolved matter, it is right that I keep the House informed of progress in regard to the report's recommendations.

I have now received correspondence from the Justice Minister updating me on progress made in relation to the recommendations and providing me with documentation relating to NIPS' response to the recommendations made in the inquiry's report. A copy has been placed in the Library of the House.

To summarise, in response to the first recommendation relating to the retention of records by NIPS, I am advised that steps have been taken in recent years to provide assurances regarding the retention and disposal of hard copy and electronic files. Details can be found in annexe B of the documentation placed in the Library of the House. I am content that this recommendation has been satisfactorily complied with, as I believe is the Justice Minister.

In response to the second recommendation requiring NIPS to satisfy itself that any relevant lessons from HMP Maze have been learnt for HMP Maghaberry, the summary of a recent audit undertaken by NIPS and the steps being taken as a result can be found at annexe C of the documentation placed in the Library of the House. Remedial activities will include both physical infrastructure, where it is operationally required, and the updating of certain policies and guidance.

The third recommendation invites the Justice Minister to consider whether a process similar to the Patten commission on policing for Northern Ireland might pave the way for radical change in the way in which NIPS is managed and how its industrial relations are conducted. I am informed by the Justice Minister that his statement to the Assembly on 21 June 2010—the text of which can be found at annexe D of the documentation placed in the Library of the House—relating to a fundamental review of the conditions of detention, management and oversight of all prisons, carried out by an independent team, fulfils the panel's

third recommendation. The Justice Minister also advises me that a strategic efficiency and effectiveness programme is being taken forward by the senior management of NIPS in consultation with the three staff associations. Annexe E of the documentation placed in the Library of the House summarises the remit of this programme.

I am grateful to the Justice Minister and the Northern Ireland Prison Service for providing me with this information and I commend their promptness in addressing these important recommendations.

EU: Justice and Home Affairs Council

Statement

The Minister of State, Ministry of Justice (Lord McNally): My right honourable friend the Lord Chancellor and Secretary of State for Justice (Kenneth Clarke), my honourable friend the Parliamentary Under-Secretary of State for Crime Prevention (James Brokenshire) and Kenny MacAskill, the Scottish Secretary for Justice, will attend the Justice and Home Affairs Council on 8 and 9 November in Brussels.

The council will begin with mixed committee with Norway, Iceland, Liechtenstein and Switzerland (non-EU Schengen states). Due to the standing commitment to update council on the progress of the second generation of the Schengen Information System II (SIS II), the Commission will provide an update on developments.

Next there will be a discussion on the proposal to move Albania and Bosnia-Herzegovina to the positive annexe of regulation 539/2001, which would exclude their nationals from the EU visa requirement when travelling to the Schengen area. The United Kingdom does not participate in the border and visa aspects of the Schengen acquis, as they build on elements of the Schengen acquis in which we do not participate. The UK will not be affected by changes to the regulation of the common visa list but will maintain an interest in all visa issues, notably issues relating to full reciprocity for third-country nationals.

The council will note progress towards an amending regulation on FRONTEX, the EU external borders agency. The new regulation is intended to increase the capacity of FRONTEX to strengthen the security and surveillance of the external Schengen borders, to develop relationships with third countries and to better assist member states to return those with no right to remain in the EU. The UK is not directly affected, as the amending regulation relates to those elements of the Schengen acquis in which we do not participate. However, the UK provides support to the operational and other activities of FRONTEX and we have been actively engaged in the drafting process for the amendment. The UK is particularly keen to see that the remit of FRONTEX is extended to allow it to handle the personal data of those suspected of involvement in criminality at the border. We believe that being able to gather and share these data with other agencies such as Europol is vital to FRONTEX's contribution to the fight against human trafficking and smuggling.

The council will be updated on a draft regulation updating the establishment of a network of immigration liaison officers, with a view to reaching agreement

between council and Parliament before the end of the Belgian presidency. The amended regulation is intended to strengthen the EU's capacity to address illegal migration and seeks to achieve greater benefit from immigration liaison officer (ILO) networks for FRONTEX and the Commission. The UK supports the content of this proposal and welcomes its aims to strengthen FRONTEX and to enhance partnership working within the EU (and with other international partners) to tackle illegal migration. However, we do not agree with the current interpretation of the UK's legal participation and will look to protect the UK's right to opt in.

Next the council will discuss the sixth report of the Commission on the maintenance of visa requirements. Regulation 539/2001 as amended (the common visa list) aims to establish reciprocity with non-EU countries that continue to impose a visa requirement on the nationals of some EU member states for stays of under 90 days (although those member states do not impose the visa requirement on nationals of those non-EU countries). The UK will not be affected by changes to the regulation of the common visa list but will maintain an interest in all visa issues, notably issues relating to full reciprocity for third-country nationals.

Following mixed committee, the council will receive a progress report on those dossiers being prioritised by the Belgian presidency under the common European asylum system: the extension of the long-term residents directive to beneficiaries of international protection, the qualification directive, Eurodac, Dublin and the establishment of the European Asylum Support Office. The UK Government believe that the challenges that Europe faces in the asylum field are better addressed by practical co-operation than by further legislation. We need to work with those member states that are under pressure to help them to improve their asylum systems and to deal with the claims that they receive. In particular, the EU needs to provide properly co-ordinated support to help Greece to implement reforms to its asylum system. We see the new European Asylum Support Office as playing a crucial role in this work and will play an active role in the office's development.

Over lunch, Interior Ministers will receive an update from the Belgian Minister for Immigration on recent visits to Cyprus, Malta and Greece and have a discussion on solidarity in the field of immigration and asylum.

After lunch, the council will have a discussion on the creation and implementation of an EU policy cycle on organised crime (Project Harmony), which presents a pragmatic, intelligence-led approach to prioritising and tackling agreed threats caused by serious organised crime. The UK, having been a project partner in this initiative since its creation, supports these conclusions, as we believe that key benefits to the UK include greater opportunity to influence the EU agenda on organised crime, the potential alignment of EU funds to support operational delivery and, as a result, greater commitment of member states to work collaboratively to tackle the agreed prioritised threats.

The presidency will seek a firm political steer on the way forward for implementation of the Prüm council decisions. The council will acknowledge that obstacles

are not only technical in nature but also political and linked to financial and human resources. The council will also consider recommendations for practical solutions, through the provision of technical assistance, the use of EU funding and a streamlined evaluation process.

The Commission will present its annual report on the European Monitoring Centre for Drugs and Drug Addiction (EMCDDA), which is due to be published on the 10 November.

Under AOB, the Commission will present its initiative for a regulation on the marketing and use of explosives. The regulation proposes to limit access by the general public to specific chemicals that can be used to manufacture home-made explosives by restricting their use and possession above set concentration thresholds. The UK will seek to negotiate changes to the text and it is expected that the proposal will go for council approval in the middle of 2011.

The presidency has also placed the Prague process-building migration partnerships as an AOB item at the request of Hungary. The intention of the process is to implement strengthened practical and operational co-operation with main countries of transit and origin based on the global approach to migration—specifically the eastern migration route, which includes the Czech Republic, Hungary, Poland, Romania and Slovakia. We support the Prague process and welcome the valuable results that it has achieved. It is a good example of how we can turn our policies into practical action.

The justice day will commence with a Commission presentation on a proposal for a directive regarding measures against new forms of cybercrime, including large-scale cyberattacks. The UK takes the issue of cybercrime very seriously and recognises that it is an international problem. The UK is keen to work with other member states to ensure that there can be an effective response to cybercrime in the EU. We are considering whether to opt in.

There will be an orientation debate on the European Investigation Order (EIO), which is a draft directive aimed at streamlining the system of mutual legal assistance between participating EU member states to discuss broad issues relating to the EIO, including grounds on which an EIO could be refused. In particular, the council will be asked to give a steer on the grounds for refusal that should apply; the UK will argue strongly that proportionality must be a consideration. Detailed work will then continue at working group level.

There will be an information point on the letter of rights to information in criminal proceedings. This is the second measure in the roadmap to strengthen procedural rights in criminal proceedings and it aims to set common minimum standards and improve the rights of suspects and accused persons by ensuring that they receive information about their rights. The UK has opted in to this measure.

During lunch, Justice Ministers will discuss judicial co-operation in cross-border regions in the light of responses to a questionnaire submitted to member states. The questionnaire and the debate are aimed at improving knowledge about the different forms of international co-operation between borders. The UK's experience of co-operation in cross-border regions is limited to that between the borders of Northern Ireland and the Republic of Ireland.

Independent Monitoring Commission

Statement

Lord Shutt of Greetland: My right honourable friend the Secretary of State for Northern Ireland (Owen Paterson) has made the following Ministerial Statement.

I have received the 25th report of the Independent Monitoring Commission (IMC) on levels of paramilitary activity in Northern Ireland. The IMC concludes that dissident groups continue to pose a substantial and potentially lethal threat, particularly against members of the security forces. I am today laying the report before Parliament.

The Independent Monitoring Commission (IMC) was established jointly by the British and Irish Governments in 2004 to help in the process of making the transition in Northern Ireland to a peaceful society and stable and inclusive devolved government in Northern Ireland. In paragraph 1.5 of its 25th report, the commission refers to comments in previous reports on the “implications for the continuation of the IMC of the peace process drawing to a close and more normal arrangements for security and the administration of justice taking over, since when we have had the devolution of policing and justice”.

Since it was formally established in 2004, it has prepared 20 reports on paramilitary activity and five reports on security normalisation in Northern Ireland. Over that period, there have been significant changes in the political and security landscape in Northern Ireland.

In July 2005, the Provisional IRA announced an end to its armed campaign and in September 2005 the Independent International Commission on Decommissioning (IICD) reported that the Provisional IRA had decommissioned all the arms within its control. In May 2007 the Ulster Volunteer Force made a statement renouncing violence and in June 2009 the Ulster Defence Association also issued a statement announcing that the struggle had ended. On 25 February 2010, the IICD reported to the British and Irish Governments that it had overseen the decommissioning of all the arms within the control of the UDA, UVF, Official IRA and the Irish National Liberation Army.

The Government’s security normalisation programme, including the conclusion of the military’s Operation Banner, was completed and reported on in the IMC’s 16th report.

In parallel with this programme of security normalisation, we have seen the political process firmly embedded in Northern Ireland. Devolution was restored on 8 May 2007 and devolved government has now been up and running for the longest continuous period since 1972. Locally elected politicians from Northern Ireland are now responsible for making decisions about the issues that really matter to the people of Northern Ireland—jobs, health, education, the environment and, since 12 April 2010, policing and justice. In its last several reports, the IMC has consistently assessed that, with the exception of some residual terrorist groups, the leaderships of paramilitary groups remain committed to the political process and to transforming their organisations.

The IMC has played a crucial part in supporting and enabling the historic changes that we have seen in Northern Ireland over the past 12 years. Although there remain those who have rejected peace and politics and who actively work to undermine them, Northern Ireland has made the transition to stable, local democracy and the job of the IMC is nearing completion. The two Governments have, therefore, asked the IMC to prepare one more final report on its work, including lessons learnt. After that, we will bring the IMC arrangements to an end. I would like to place on record my thanks to the IMC for its work and its contribution to the developments that have taken place over the past six years.

There is a continuing public interest in ensuring that the public are informed about the threat from Northern Ireland-related terrorism. Once we have received and considered the IMC’s final report, the British and Irish Governments will do what is necessary to ensure that that need is met.

Local Growth

Statement

The Parliamentary Under-Secretary of State, Department for Business, Innovation and Skills (Baroness Wilcox): My right honourable friend the Secretary of State for the Department for Business, Innovation and Skills (Vince Cable) has today made the following Statement.

I announced the publication of the local growth White Paper on Thursday 28 October. It has now come to my attention that the White Paper contains an error.

Paragraph 3.23 of the White Paper reads:

“That is why, for example, nationally important infrastructure projects (such as large scale wind farms and power plants), the supply of aggregate minerals and planning for waste will become the responsibility of the Planning Inspectorate’s recently announced Major Infrastructure Planning Unit”.

The Major Infrastructure Planning Unit will not, however, be responsible for examining applications for aggregate mineral extraction. Nor will it be responsible for examining applications on those waste management facilities that fall below the thresholds set out in the Planning Act 2008. Therefore, paragraph 3.23 should read:

“That is why, for example, nationally important infrastructure projects (such as large scale wind farms and power plants) will become the responsibility of the Planning Inspectorate’s recently announced Major Infrastructure Planning Unit”.

A correction slip to this effect has been added to the copies of the White Paper laid in the Journal Office and deposited in the Vote Office and other offices.

Northern Ireland: Equality Commission

Statement

Lord Shutt of Greetland: My right honourable friend the Secretary of State for Northern Ireland (Owen Paterson) has made the following Ministerial Statement.

I am pleased to announce the appointment of four new commissioners to the Equality Commission for Northern Ireland. Fidelma Carolan, Milton Kerr, Stephen McIlveen and Liam Maskey will take up office on 8 November 2010.

The Equality Commission is a key institution of the Belfast agreement and plays a vital role in protecting and promoting equality for all members of the diverse society in Northern Ireland. The commission is now facing new challenges, not least in fulfilling its remit in a testing economic environment.

I am confident that the four new commissioners bring a wealth of knowledge, skills and understanding, helping the commission to meet the challenges ahead and build on its considerable achievements over the past 11 years.

Planning

Statement

The Parliamentary Under-Secretary of State, Department for Communities and Local Government (Baroness Hanham): My honourable friend the Minister for Decentralisation (Greg Clark) has made the following Written Ministerial Statement.

I am today publishing a replacement to *Department for Communities and Local Government Circular 5/10* (on planning controls for houses in multiple occupation), and a replacement appendix D of *Department of the Environment Circular 9/95* (on the Article 4 direction process that allows local planning authorities to withdraw permitted development rights in certain circumstances). Copies have been placed in the Library of the House.

A replacement to *Department for Communities and Local Government Circular 5/10: Changes to Planning Regulations for Dwelling Houses and Houses in Multiple Occupation* will cover changes to planning legislation introduced in October this year, which make changes of use from family houses to small HMOs permitted development (ie, there is no need to obtain planning consent for this from the local planning authority).

Appendix D of *Department of the Environment Circular 9/95: General Development Consolidation 1995* relates to Article 4 directions, which allow local planning authorities to withdraw permitted development rights. The updated appendix D being published today reflects amendments to the Article 4 direction procedures introduced in April 2010. The main effect of these changes is to grant local planning authorities the ability to confirm Article 4 directions themselves rather than to have to apply to the Secretary of State (as was formerly required for certain directions), require that all Article 4 directions are subject to local consultation, and to require that all Article 4 directions are publicised by site notice in addition to local advertisement.

The replacement appendix D also reflects amendments to the compensation provisions related to Article 4 directions introduced in October 2010, which limit the period during which local authorities may be liable for such claims.

Taken together, the replacement to *Circular 5/10* and the updated appendix to *Circular 9/95* will ensure that up-to-date and accessible information exists in relation to planning controls over HMOs and the making of Article 4 directions. No further impact assessment has been produced for these publications as changes to planning legislation of houses in multiple occupation and Article 4 directions have previously been assessed.

Written Answers

Thursday 4 November 2010

Afghanistan

Question

Asked by *Viscount Waverley*

To ask Her Majesty's Government where are the criteria by which they will determine that the war in Afghanistan has been won. [HL2951]

The Parliamentary Under-Secretary of State, Ministry of Defence (Lord Astor of Hever): We do not seek a perfect Afghanistan but one that is able to maintain its own security and prevent the return of al-Qaeda. To do this, the international community and the Afghans are protecting the civilian population from the insurgents; building up the Afghan National Security Force's capability to enable the International Security Assistance Force to transfer security responsibility to its control as soon as it is ready; and supporting more effective Afghan government at the local and national level.

Apprenticeships

Question

Asked by *Lord Young of Norwood Green*

To ask Her Majesty's Government whether details of the training and number of apprenticeships provided will continue to be required in tenders for public sector contracts. [HL3054]

The Parliamentary Under-Secretary of State, Department for Business, Innovation and Skills (Baroness Wilcox): Public sector bodies are free to build skills and apprenticeships requirements into their procurement exercises, where consistent with government procurement policy and EU treaty principles of openness, non-discrimination and proportionality. Decisions on the inclusion of such requirements have to be taken on a case-by-case basis.

Following the comprehensive spending review on 20 October and the announcement of significant reductions in public spending in a number of areas, the Government are reviewing their overall approach to procurement. BIS is working with the Cabinet Office to consider how the Government's skills and apprenticeships objectives fit within the broader procurement strategy.

Armed Forces: A400M

Questions

Asked by *Lord Gilbert*

To ask Her Majesty's Government how many A400M aircraft are now on order by each country in the procurement consortium. [HL3006]

The Parliamentary Under-Secretary of State, Ministry of Defence (Lord Astor of Hever): Partner nations are in intensive negotiations with Airbus Military about an amended contract for the A400M military transport aircraft. A key element of this amended agreement—which we expect to be concluded later this year—will be the number of aircraft to be delivered and, as these international discussions are ongoing, I would not wish to risk prejudicing the outcome by providing a running commentary. While we cannot comment on other nations, I can, however, say that the United Kingdom now expects to receive no fewer than 22 A400M aircraft.

Asked by *Lord Gilbert*

To ask Her Majesty's Government how many countries with which the United Kingdom has defence interoperability (a) currently use, or (b) have announced that they are planning to use, C17s and C130s for their airlift requirements. [HL3017]

Lord Astor of Hever: The C17 is in service in the USA, Australia, Canada, the United Arab Emirates and Qatar. In addition, a pool of three C17 aircraft is used by NATO as part of the strategic airlift concept. The C130 is in service with many countries, including Italy, Canada, the USA, Norway, Denmark and Australia.

With regard to other nations' plans to use C17 and C130, this information is not held centrally and it would be inappropriate to speculate on what may be private commercial deals between US companies and foreign Governments, to which the UK is not a party.

Asked by *Lord Gilbert*

To ask Her Majesty's Government whether the Royal Air Force will at some point need to run a transport fleet that simultaneously uses C17s, C130s and A400Ms; and, if so, for how long. [HL3018]

To ask Her Majesty's Government for what length of time they envisage the Royal Air Force having to operate a three-aircraft transport fleet as a result of their replacing the C130 with the A400M. [HL3191]

Lord Astor of Hever: As a result of the strategic defence and security review, it is anticipated that the Royal Air Force will simultaneously use C17, C130J and A400M aircraft from 2015, as the A400M comes into service, until 2022, when the C130J is planned to leave service.

Asked by *Lord Gilbert*

To ask Her Majesty's Government how much it will cost to train (a) ground staff, and (b) aircrew, to use the A400M. [HL3020]

Lord Astor of Hever: The Ministry of Defence is currently in the invitation-to-negotiate stage prior to placing a contract to meet the training requirements for ground staff and aircrew to use the A400M, in order to achieve best value for money. Costs are not yet available and provision of our estimates would prejudice commercial interests.

Asked by **Lord Gilbert**

To ask Her Majesty's Government whether they are playing any role in attempting to generate export sales of the A400M aircraft (a) to NATO countries, (b) to non-NATO countries that are members of the European Union, and (c) to countries that are members of neither NATO nor the European Union. [HL3346]

The Parliamentary Under-Secretary of State, Department for Business, Innovation and Skills (Baroness Wilcox): Yes. United Kingdom Trade and Investment, Defence and Security Organisation (UKTI DSO) is actively supporting industry to generate export A400M aircraft. Opportunities exist in NATO countries, EU countries and elsewhere.

Armed Forces: Aircraft

Questions

Asked by **Lord West of Spithead**

To ask Her Majesty's Government how many Tornado GR4 aircraft in service are capable of operating in Afghanistan. [HL3137]

To ask Her Majesty's Government how many Harrier GR9 aircraft in service are capable of operating in Afghanistan. [HL3138]

The Parliamentary Under-Secretary of State, Ministry of Defence (Lord Astor of Hever): Currently 28 Tornado GR4 aircraft are capable of operating in Afghanistan. A further 17 are scheduled for upgrades to enable them to meet the theatre entry standard. The 15 Harrier GR9 aircraft that have returned from Afghanistan would require refitting of equipment to be made ready for operations.

Asked by **Lord West of Spithead**

To ask Her Majesty's Government how many maintainers are required to support the eight Tornado GR4 aircraft on Operation Herrick. [HL3139]

To ask Her Majesty's Government how many maintainers were required to support the eight Harrier aircraft on Operation Herrick. [HL3140]

Lord Astor of Hever: One hundred and two maintainers were required to support the eight Tornado GR4 aircraft deployed on Operation Herrick between June 2009 and August 2010. In August 2010, the number of GR4 aircraft deployed on Operation Herrick increased to 10, with a resulting increase in the number of maintainers from 102 to 122. The number of GR4 aircraft is planned to reduce to eight by the end of November. Eighty-six maintainers were required to support the eight Harrier aircraft deployed on Operation Herrick between September 2005 and July 2009. In July 2009, the UK withdrew its Harrier aircraft from Afghanistan. In addition, GR4 aircraft in Afghanistan are currently providing approximately 12 per cent more flying hours per aircraft per month than were provided by the Harriers, which makes a like-for-like comparison between numbers of maintainers required by the two aircraft types difficult.

Asked by **Lord West of Spithead**

To ask Her Majesty's Government why is Tornado GR4 aircraft serviceability on Operation Herrick poorer than that of Harrier GR9 aircraft on that operation. [HL3141]

Lord Astor of Hever: The most operationally relevant measure is flying hours delivered per aircraft per month. On that basis, Tornado GR4s in Afghanistan are providing approximately 12 per cent more flying hours per aircraft per month than were provided by Harrier.

Asked by **Lord West of Spithead**

To ask Her Majesty's Government how much has been spent on the Harrier GR9 force to ensure that it can meet Operation Herrick requirements and run until 2021 without any further significant investment. [HL3142]

Lord Astor of Hever: From 2004 to summer 2009, £51 million was spent on urgent operational requirements needed for Harrier to deploy on Operation Herrick.

The Tornado GR4 replaced the Harrier in summer 2009. Harrier was not scheduled to provide air support in Afghanistan after that date.

Prior to the strategic defence and security review, the Harrier's planned out-of-service date was 2018 and no funding was allocated for running the aircraft to 2021. An extension of service by three years would clearly require additional funding.

The Prime Minister was clear in his announcement on 19 October 2010 (*Official Report*, cols. 797-801) that none of the decisions taken in the strategic defence and security review would impact on the level of support provided to UK forces operating in Afghanistan.

Asked by **Lord Stoddart of Swindon**

To ask Her Majesty's Government what role the previous Prime Minister had in the agreement of a contract for the two aircraft carriers due to be built. [HL3321]

Lord Astor of Hever: In July 2008, the Ministry of Defence (MoD) placed a contract with the Aircraft Carrier Alliance for the manufacture of two Queen Elizabeth Class aircraft carriers following detailed negotiations between industry and MoD teams.

Ministers of this Government are not accountable for the role of the previous Administration in this process.

Asked by **Lord West of Spithead**

To ask Her Majesty's Government whether there have been difficulties with the 30-minute readiness state for Tornados in Afghanistan. [HL3340]

Lord Astor of Hever: There have been no difficulties with the 30-minute readiness state for Tornado aircraft in Afghanistan.

Armed Forces: Defence Cuts

Question

Asked by *Lord Taylor of Warwick*

To ask Her Majesty's Government how the cuts to the defence services will affect the United Kingdom's ability to mount independent operations. [HL2918]

The Parliamentary Under-Secretary of State, Ministry of Defence (Lord Astor of Hever): We will maintain our ability to act alone where we cannot expect to act as part of an alliance. The future force structure will comprise a high-readiness force that will allow us to react rapidly to crises. This force is held principally to allow us to respond to scenarios in which we act alone to protect our national security interests—for example, to conduct hostage rescue or counterterrorism operations. The force includes a balanced range of highly capable land, air and maritime capabilities in line with our defence planning assumptions.

Armed Forces: Mergers

Questions

Asked by *Lord Touhig*

To ask Her Majesty's Government what consultation exercises they carried out before proposing to merge No. 3 Welsh Wing and No. 1 Welsh Wing of the Air Cadets; and what further consultation measures they intend to carry out before carrying out such a merger. [HL3274]

To ask Her Majesty's Government whether they will revise their plans to merge No. 3 Welsh Wing and No. 1 Welsh Wing of the Air Cadets if the reactions of volunteers, cadets and cadets' parents are predominantly against such a merger. [HL3275]

To ask Her Majesty's Government what assessment they have made of the likely cost savings which would result from merging No. 3 Welsh Wing and No. 1 Welsh Wing of the Air Cadets. [HL3276]

To ask Her Majesty's Government what impact they expect a merger between No. 3 Welsh Wing and No. 1 Welsh Wing of the Air Cadets to have on (a) cadet subscription fees, and (b) the total amount which it will cost to be a cadet, including any change in cadets' total travel costs. [HL3277]

To ask Her Majesty's Government what impact they expect a merger between No. 3 Welsh Wing and No. 1 Welsh Wing of the Air Cadets to have on (a) the travel costs incurred by volunteers, and (b) the total number of people volunteering with the Air Cadets in the affected areas. [HL3278]

To ask Her Majesty's Government what impact they expect a merger between No. 3 Welsh Wing and No. 1 Welsh Wing of the Air Cadets to have on (a) the total amount of money each squadron will have to raise each year, and (b) the number of volunteer hours each squadron will require throughout the year. [HL3371]

To ask Her Majesty's Government what assessment they have made of the extra demands which a merger between No. 3 Welsh Wing and No. 1 Welsh Wing of the Air Cadets will place on the parents of cadets. [HL3372]

To ask Her Majesty's Government what measures they intend to put in place to ensure that the proposed merger of No. 3 Welsh Wing and No. 1 Welsh Wing of the Air Cadets does not, directly or indirectly, place financial burdens on air cadets which will (a) cause current cadets to leave the Air Cadets, and (b) deter potential cadets from joining the Air Cadets. [HL3373]

To ask Her Majesty's Government what measures they intend to take to preserve the cultural identity of No. 3 Welsh Wing of the Air Cadets if it is to be merged with No. 1 Welsh Wing of the Air Cadets. [HL3374]

To ask Her Majesty's Government what impact they expect a merger between No. 3 Welsh Wing and No. 1 Welsh Wing of the Air Cadets to have, and what measures they intend to take to mitigate any anticipated adverse impact, on the opportunities provided to cadets to represent their Wings (a) at sport, (b) in International Air Cadets Exchange Schemes, (c) at overseas camps, and (d) on specialist training courses, such as parachute training courses. [HL3375]

The Parliamentary Under-Secretary of State, Ministry of Defence (Lord Astor of Hever): The Air Cadet Organisation (ACO) is currently reviewing a number of options aimed at streamlining its organisation but no decision has been taken relating to a possible reorganisation of the ACO wings based in Wales. This review is due to be completed shortly and I will write to the noble Lord when decisions have been made.

Autism Act 2009

Questions

To ask Her Majesty's Government whether the statutory guidance to be issued following their consultation on the Autism Act 2009 will deny assessment or services on the basis of IQ. [HL3290]

To ask Her Majesty's Government whether the statutory guidance to be issued following their consultation on the Autism Act 2009 will require Directors of Adult Social Services in every local authority to appoint a lead individual with responsibility for ensuring access to assessments and for commissioning services for adults with autism. [HL3291]

To ask Her Majesty's Government whether the statutory guidance to be issued following their consultation on the Autism Act 2009 will require each local area to establish a pathway to diagnosis by 2013. [HL3292]

To ask Her Majesty's Government whether the statutory guidance to be issued following their consultation on the Autism Act 2009 will require local authorities to ensure that all staff carrying out an assessment on an individual with autism have had appropriate autism awareness training. [HL3293]

To ask Her Majesty's Government whether the statutory guidance to be issued following their consultation on the Autism Act 2009 will require local authorities and NHS bodies to have regard to any quality standards on autism produced by the National Institute for Health and Clinical Excellence. [HL3294]

The Parliamentary Under-Secretary of State, Department of Health (Earl Howe): The national consultation on the statutory guidance closed on 22 October 2010. We are currently in the process of analysing the response, which will inform the further development of the statutory guidance. Ministers will then consider a revised draft and take final decisions on content. We would not wish, nor would it be appropriate, to anticipate this process.

The Autism Act sets the publication date for the statutory guidance, which must be produced and published before 31 December 2010.

Banks: Green Investment Bank

Question

Asked by **Lord Barnett**

To ask Her Majesty's Government whether they will instruct the Green Investment Bank to lend to small and medium-sized enterprises; and what level of risk the bank will be expected to take. [HL3283]

The Parliamentary Under-Secretary of State, Department for Business, Innovation and Skills (Baroness Wilcox): The green investment bank (GIB) will focus on mobilising capital into a wide range of green infrastructure and the deployment of late stage technologies. There are currently no plans for it to take a wider role in lending to small and medium-sized enterprises, but this remains subject to further review and market testing.

In regards to the level of risk, the GIB will have an explicit mandate to tackle risk that the market currently cannot adequately finance. It will look to catalyse further private sector investment and facilitate the entrance of new types of investor into green infrastructure, so that the impact on the finance gap for low carbon investment is many times the scale of the public contribution.

Business: Entrepreneurship

Questions

Asked by **Lord Harris of Haringey**

To ask Her Majesty's Government, further to the Written Answer by Baroness Wilcox on 28 October (HL2878), whether the Department for Business, Innovation and Skills keeps a record of the external projects it funds; and, if so, which of those external projects relate to entrepreneurship and enterprise. [HL3408]

The Parliamentary Under-Secretary of State, Department for Business, Innovation and Skills (Baroness Wilcox): The Department for Business, Innovation and Skills keeps records of all external projects it funds, including any external projects relating to entrepreneurship and enterprise. However, these cover a wide range of activities across the department and the relevant financial information

is split between a number of areas of spend and a number of individual databases within the department. We cannot therefore readily separate out expenditure on projects specifically relating to entrepreneurship and enterprise.

Asked by **Lord Harris of Haringey**

To ask Her Majesty's Government, further to the Written Answer by Baroness Wilcox on 28 October (HL2878), what plans the Department for Business, Innovation and Skills has for funding external projects relating to entrepreneurship and enterprise over the next five years. [HL3409]

Baroness Wilcox: The department's budgets have not yet been allocated following the spending review settlement of 20 October 2010.

In the spending review, BIS was allocated £14.7 billion in 2014-15, a reduction to its resource budget of 25 per cent and to capital spending of 44 per cent.

Asked by **Lord Harris of Haringey**

To ask Her Majesty's Government, further to the Written Answer by Baroness Wilcox on 28 October (HL2878), what arrangements the Department for Business, Innovation and Skills has in place for co-ordinating the activities of other government departments in relation to entrepreneurship and enterprise. [HL3410]

Baroness Wilcox: My department's new small business economic forum provides an opportunity for small and medium-sized enterprises (SME) and their representatives to provide independent views to Ministers on economic policy relevant to small business. It encourages a co-ordinated approach to SME issues, including entrepreneurship and enterprise, across government.

The department will also pay close attention to any recommendations in this area made by my noble friend Lord Young of Graffham in the review which the Prime Minister announced on 1 November, in which he asks him to consider how Government might be more small and medium-sized business and start-up friendly. Lord Young will report in spring 2011.

Care Quality Commission

Questions

Asked by **Lord Colwyn**

To ask Her Majesty's Government what assessment they have made of the extent to which registration of dental practices with the Care Quality Commission will duplicate regulatory and advisory functions performed by other bodies. [HL3081]

The Parliamentary Under-Secretary of State, Department of Health (Earl Howe): In October 2009, the department undertook and published an impact assessment of regulation of primary medical and dental care providers under the Health and Social Care Act

(2008), a copy of which has already been placed in the Library. The impact assessment considered the cost and benefits of registering primary care providers.

The current regulatory arrangements for primary care focus mainly on the competence of the individual professional. Care Quality Commission registration will actively monitor providers' compliance against registration requirements, focusing on the way in which organisations are managed and the way in which their systems work. For example, organisations must meet requirements around cleanliness and infection control, medicines management, premises and equipment. These safety issues, as well as a number of other registration requirements, are not covered in full by other regulatory bodies.

Asked by Lord Colwyn

To ask Her Majesty's Government whether they plan to utilise the 25 dental reference officers recently made redundant by the NHS Business Services Authority in the regulation of dental practices by the Care Quality Commission. [HL3082]

Earl Howe: It is a matter for the Care Quality Commission, as the independent regulator of health and social care, to determine whether dental reference officers have a role to play in the regulation of dental practices.

Asked by Lord Colwyn

To ask Her Majesty's Government what assessment they have made of the likely cost to general dental practitioners of registration with the Care Quality Commission. [HL3083]

Earl Howe: In October 2009, the department undertook and published an impact assessment of regulation of primary medical and dental care providers under the Health and Social Care Act (2008), a copy of which has already been placed in the Library. The impact assessment considered the cost and benefits of primary care registration.

The setting of registration fees is a matter for the Care Quality Commission (CQC), as the independent regulator of health and social care. It is a standard principle that organisations that are regulated should meet the cost of regulation. It is therefore appropriate that all providers that are required to register with the CQC pay a fee for registration. The CQC charges fees in relation to the costs associated with regulating different providers. The CQC is currently consulting on the fees, which will apply from April 2011 onwards. The fees that CQC wishes to set must be approved by the Secretary of State.

Asked by Lord Colwyn

To ask Her Majesty's Government what assessment they have made of the benefit to the public of the registration of dental practices with the Care Quality Commission. [HL3084]

Earl Howe: In October 2009, the department undertook and published an impact assessment of regulation of primary medical and dental care providers under the Health and Social Care Act (2008), a copy of which

has already been placed in the Library. The assessment considered the benefits to the public of registration with the Care Quality Commission.

Conflict Prevention

Question

Asked by Lord Hylton

To ask Her Majesty's Government whether they keep records of examples of good practice in the areas of conflict prevention, post-war rehabilitation, demilitarisation, justice and arms control in which local communities are involved. [HL3165]

Baroness Verma: The Department for International Development (DfID) routinely collects project-level examples of good practice through, for example, annual reviews and project evaluations, which are used to inform programme design and policy. This includes lessons on conflict prevention, post-war rehabilitation, demilitarisation, justice and arms control in which local communities are involved. For example, a recent review of community policing in Sudan produced valuable lessons in these areas.

The Stabilisation Unit holds the mandate for cross-government lessons on conflict issues, which includes maintaining records of best practice relating to conflict and stabilisation. In addition to producing and disseminating lessons products, the SU is currently developing a lessons repository to systematically capture, store and disseminate lessons using a cross-government web platform.

Crime: Violent Offenders

Question

Asked by Lord Taylor of Warwick

To ask Her Majesty's Government whether any plans are in place to reform how violent offenders are punished. [HL3266]

The Minister of State, Ministry of Justice (Lord McNally): We are conducting an assessment of sentencing policy to ensure that it is effective in deterring crime, protecting the public, punishing offenders and cutting reoffending. No decisions have yet been taken on reform.

Death Penalty

Question

Asked by Baroness Stern

To ask Her Majesty's Government, in light of the commitment made in 2008 to introduce end-use controls on torture and death penalty equipment, what assessment they have made of the supply of sodium thiopental by a British company to the state of Arizona for use in executions. [HL3400]

The Parliamentary Under-Secretary of State, Department for Business, Innovation and Skills (Baroness Wilcox): Sodium thiopental is a medicine and its primary use is as an anaesthetic. It is not subject to export control as it does not appear on the EU or UK strategic control lists and does not appear in the annexes to the EU Council Regulation 1236/2005 (the so-called torture regulation). There is no suggestion at present that a UK company has acted unlawfully in this case.

In 2008 we made a commitment to seek an EU-wide end-use control on equipment which could be used for the purpose of torture and other cruel, inhuman or degrading treatment or punishment. Following a resolution of the European Parliament on 17 June 2010 the Commission has indicated that it will bring forward a proposal to amend the torture regulation by the end of this year. However, end-use controls only work on the basis of prior knowledge of the ultimate end-use of a specific export. In this case the Government did not have any prior knowledge of the end-use, and the manufacturer of the drug has stated that it does not have information on the specific end-users either. It is therefore unlikely that we could have prevented its export under an end-use control.

Economy: Growth

Question

Asked by *Lord Taylor of Warwick*

To ask Her Majesty's Government how they will promote economic growth. [HL2976]

The Commercial Secretary to the Treasury (Lord Sassoon): The Government are creating the conditions that enable UK businesses to be successful and prioritising the projects that will support a sustainable, balanced, private sector-led recovery. The Government's approach is based on:

creating macroeconomic and financial stability, so that interest rates stay low and businesses have the certainty that they need to plan ahead;

helping markets to work more effectively, to encourage innovation and the efficient allocation of resources;

ensuring that Government are efficient and focused in their own activities, so as to prioritise high-value spending and to reduce the burden of tax and regulation on the private sector; and

ensuring that everyone in the UK has access to the opportunities that they need to fulfil their potential.

The Budget announced measures to give businesses more freedom and help to restore the UK's competitiveness by reducing regulation and tax rates—including a reduction in the main rate of corporation tax and increasing the threshold for employer national insurance contributions (NICs) by £21 a week above indexation.

By taking decisive action to tackle the deficit, the spending review will put public spending on a sustainable footing, helping to keep long-term interest rates low

and encouraging businesses to invest. The spending review also prioritises growth-enhancing spending, including infrastructure, low-carbon investments and science, and sets out key structural reforms to the banking, planning, schools and welfare systems. This will help to address the issues that underlie the UK's relatively weak productivity and help to get more people back to work.

Environment Agency: Collaborative Agreements

Question

Asked by *Lord Campbell-Savours*

To ask Her Majesty's Government whether they plan to introduce an accelerated process to cover the drawing up of collaborative agreements between the Environment Agency and non-commercial researchers. [HL3397]

The Parliamentary Under-Secretary of State, Department for Environment, Food and Rural Affairs (Lord Henley): There are no plans for an accelerated process for the drawing up of collaborative agreements between the Environment Agency and non-commercial researchers, but the agency is keeping the process under review.

Fluoridation

Question

Asked by *Baroness Gardner of Parkes*

To ask Her Majesty's Government where and when water fluoridation was first introduced in the United Kingdom; whether water fluoridation is continuing in that location; what is the decayed, missing, filled (DMF) rate for this area; and how this compares with non-fluoridated areas. [HL3098]

The Parliamentary Under-Secretary of State, Department of Health (Earl Howe): Following three small-scale pilot schemes undertaken over the period 1955 to 1962 in Watford, Kilmarnock and part of Anglesey, the first substantive fluoridation scheme in the United Kingdom was started by Birmingham City Council in 1964, covering most of Birmingham and some adjacent areas. The scheme continues in operation, serving a population of over a million people, and is now part of a much wider fluoridation coverage in the West Midlands, the most extensively fluoridated area of England.

In the 2007-08 NHS epidemiological survey of dental health of five year-old children, the average number of decayed, missing and filled teeth (DMFT) for the City of Birmingham was 1.35. Children in the City of Manchester, in the same Office for National Statistics local authority cluster group as Birmingham, but which does not have fluoridated water, had an average DMFT of 2.39. This compares to a national average for England of 1.11 DMFT.

Gangmasters

Question

Asked by **Lord Rooker**

To ask Her Majesty's Government whether they will extend the remit of the Gangmasters Licensing Authority to include the construction and social care sectors. [HL3326]

The Parliamentary Under-Secretary of State, Department for Business, Innovation and Skills (Baroness Wilcox): The Government have no plans to extend the remit of the Gangmasters Licensing Authority to additional sectors.

We are committed to effective, risk-based enforcement of the law by the Employment Agency Standards Inspectorate which is responsible for regulating employment agencies and employment businesses operating in sectors not covered by the Gangmasters Licensing Authority.

Haiti

Question

Asked by **Lord Taylor of Warwick**

To ask Her Majesty's Government whether they have any plans to increase aid to Haiti in light of the recent outbreak of cholera. [HL3184]

Baroness Verma: The Department for International Development (DfID) is closely monitoring the outbreak of cholera in Haiti. There are no plans to increase aid to Haiti at this time. The international response, in support of the Government of Haiti, has been swift and effective and the rate of infection is currently decreasing. The threat of further spread remains, however, and we stand ready to provide additional assistance should it become necessary.

The UK continues to support Haiti through our contribution to multilateral agencies such as the UN and the World Bank. Our share of their programmes is more than £95 million this year. DfID allocated £20 million in emergency support after the earthquake, which provided more than 380,000 people with food, shelter, clean water and healthcare, including disease surveillance. This assistance helped to ensure that the cholera outbreak was identified and responded to promptly.

Health: Diabetes

Question

Asked by **Lord Taylor of Warwick**

To ask Her Majesty's Government what plans they have to provide funding for diabetes research. [HL3089]

The Parliamentary Under-Secretary of State, Department for Business, Innovation and Skills (Baroness Wilcox): The announcements made in the spending review recognise that science and research are critical to long-term economic growth. Despite pressure on public spending, funding for science and research programmes has been protected in cash terms at £4.6 billion per annum,

ring-fenced for the four years of the spending review. In the coming months, decisions on broad allocations will be made between research councils, HEFCE and the national academies. I cannot pre-empt future decisions on these allocations.

The Medical Research Council (MRC) is one of the main agencies through which the Government support medical and clinical research, including diabetes research. The MRC is a non-departmental public body which receives its grant-in-aid from the Department for Business, Innovation and Skills. In keeping with the Haldane principle, prioritisation of an individual research council's spending within its allocation is not a decision for Ministers. The MRC will make decisions on its priorities once its allocation is clear.

The MRC funds a broad portfolio of diabetes research amounting to £28.1 million in 2008-09 and supports underpinning research which aims to improve understanding, prevention and treatment. Examples of recent MRC activities relating to diabetes research include the renewal of funding for the MRC epidemiology unit in Cambridge. Research at the unit includes the study of the genetic, developmental and environmental determinants of obesity, type 2 diabetes and related metabolic disorders and contributes to the prevention of these disorders.

The MRC is also working with the Indian Council of Medical Research on a joint initiative to support collaborative research on chronic non-communicable diseases, including cardiovascular disease, stroke, COPD and diabetes. The MRC has allocated up to £4 million to this call for proposals as part of a wider programme of MRC activities as a member of the Global Alliance for Chronic Disease. Current members of the alliance include biomedical research funders in the USA, Canada, Australia, China and South Africa.

Health: EU Nationals

Question

Asked by **Lord Laird**

To ask Her Majesty's Government, further to the Written Answer by Earl Howe on 22 October (WA 209), whether patients who are non-European Union nationals are required to state their nationality as part of the standard registration process with a general practitioner in primary medical services; if not, how claims are made for healthcare costs of their treatment; and what are the procedures for requiring nationals of European Union countries to show their European health insurance card when registering with a general practitioner. [HL3251]

The Parliamentary Under-Secretary of State, Department of Health (Earl Howe): Patients are not required to declare their nationality when they register with a primary medical care contractor, nor are nationals of European Union countries required to show their European health insurance card when registering with a primary medical care contractor. This means that very few claims for primary medical care are made using the procedures under the European health insurance scheme.

Health: Head Lice

Questions

Asked by *The Countess of Mar*

To ask Her Majesty's Government how many National Health Service prescriptions were issued from January 2008 to date for the following products: (a) Full Marks Liquid, (b) Full Marks Solution, (c) Derbac-M, (d) Lyclear Crème Rinse, (e) Lyclear Spray Away, (f) Lyclear Nitlotion, (g) Bug Buster

Kit, (h) Nitty Gritty, (i) Nitcomb-M2 and (j) Nitcomb-S1; and what was the total cost to the National Health Service of each product. [HL3202]

The Parliamentary Under-Secretary of State, Department of Health (Earl Howe): Information on the number of prescriptions issued is not collected centrally.

Information on the number of prescription items written in the United Kingdom and dispensed in the community in England, for the products listed, and the net ingredient cost, is shown in the following tables. Figures are provided by quarter, starting with the quarter ending March 2008 through to the most recent available quarter, ending June 2010.

Number of prescription items written in the UK and dispensed in the community in England

	2008				2009				2010	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
(a) Full Marks Liquid	2,588	2,166	2,794	2,300	2,341	1,949	1,579	531	155	36
(b) Full Marks Solution	-	-	-	8	86	119	1,333	2,258	2,468	1,921
(c) Derbac-M	19,651	16,211	17,286	17,028	18,795	17,259	22,192	24,414	26,295	22,563
(d) Lyclear Crème Rinse	8,698	6,781	10,135	10,667	8,711	3,668	4,400	3,922	3,587	3,204
(e) Lyclear Spray Away	-	-	68	143	145	112	148	120	110	103
(f) Lyclear Nitlotion	-	3	2	-	3	3	-	-	-	-
(g) Bug Buster Kit	1,061	867	895	836	923	667	733	655	613	488
(h) Nitty Gritty (i) Nitty Gritty NitFree Comb	1,109	1,033	1,248	1,114	1,414	1,487	1,376	1,262	1,254	1,111
(h) Nitty Gritty (ii) Nitty Gritty Head Lice Repellent	2	-	-	-	5	4	1	-	-	-
(h) Both Nitty Gritty products	1,111	1,033	1,248	1,114	1,419	1,491	1,377	1,262	1,254	1,111
(i) Nitcomb-M2	59	47	88	67	56	63	98	67	77	69
(j) Nitcomb-S1	23	26	23	22	24	26	23	24	41	29

Notes:

1. Prescription information is taken from the prescription cost analysis (PCA) system.

2. Where no items were dispensed within a quarter an '-' is displayed.

3. There are other preparations of the Full Marks brand available, information for which was not requested and therefore not provided.

4. For (f) Lyclear Nitlotion, there was no such product listed within PCA, but we have given figures for the product listed as "Nitlotion", which do appear.

5. For (h) Nitty Gritty, there was no such product listed within PCA, but we have given figures for products listed as "Nitty Gritty NitFree Comb" and "Nitty Gritty Head Lice Repellent", which do appear.

Net ingredient cost (NIC) of prescription items written in the UK and dispensed in the community in England (£'s)

	2008				2009				2010	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
(a) Full Marks Liquid	13,285	11,136	14,267	12,428	15,199	12,679	10,285	3,376	1,015	251
(b) Full Marks Solution	-	-	-	48	548	887	8,314	14,488	15,609	12,516
(c) Derbac-M	113,076	94,019	98,097	97,988	109,080	101,164	131,575	149,401	159,585	136,989
(d) Lyclear Crème Rinse	34,844	26,278	39,529	41,251	34,811	14,179	16,696	14,975	13,939	12,281
(e) Lyclear Spray Away	-	-	523	1,249	1,151	896	1,145	1,046	883	785
(f) Lyclear Nitlotion	-	13	13	-	17	13	-	-	-	-
(g) Bug Buster Kit	5,064	4,250	4,336	4,254	4,491	3,185	3,481	3,140	2,971	2,339

Net ingredient cost (NIC) of prescription items written in the UK and dispensed in the community in England (£'s)

	2008				2009				2010	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
(h) Nitty Gritty (i) Nitty Gritty NitFree Comb	6,441	6,084	7,275	6,555	8,278	8,737	8,091	7,473	7,462	6,702
(h) Nitty Gritty (ii) Nitty Gritty Head Lice Repellent	13	-	-	-	28	23	6	-	-	-
(h) Both Nitty Gritty products	6,454	6,084	7,275	6,555	8,307	8,760	8,097	7,473	7,462	6,702
(i) Nitcomb-M2	138	104	201	157	123	140	216	153	178	157
(j) Nitcomb-S1	27	37	27	29	27	29	28	28	49	35

Notes:

1. Prescription information is taken from the prescription cost analysis (PCA) system.

2. NIC is the basic cost of a drug. It does not take account of discounts, dispensing costs, fees or prescription charges income.

3. Where no items were dispensed within a quarter an '-' is displayed.

4. There are other preparations of the Full Marks brand available, information for which was not requested and therefore not provided.

5. For (f) Lyclear Nitlotion, there was no such product listed within PCA, but we have given figures for product listed as "Nitlotion", which do appear.

6. For (h) Nitty Gritty, there was no such product listed within PCA, but we have given figures for products listed as "Nitty Gritty NitFree Comb" and "Nitty Gritty Head Lice Repellent", which do appear.

Asked by The Countess of Mar

To ask Her Majesty's Government how many suspected adverse reactions to NHS-prescribed head louse treatments have been recorded between 2000 and 2010. [HL3203]

Earl Howe: Reports of suspected adverse drug reactions (ADRs) are collected by the Medicines and Healthcare products Regulatory Agency (MHRA) and Commission for Human Medicines (CHM) through the spontaneous reporting scheme; the yellow card scheme. Approximately 25,000 reports of ADRs are reported to the MHRA/CHM through this scheme each year. The scheme collects ADR reports from across the whole United Kingdom and includes all medicines, including those from prescriptions, over-the-counter or general retail sales. Reports are also received for herbal medicines and other unlicensed medicines.

During the time period 1 January 2000 to 28 October 2010, the MHRA has received a total of 101 UK spontaneous suspected ADR reports associated with the drug substances dimeticone, malathion, phenothrin, permethrin, triethanolamine and carbaryl which are medicinal products for use in the treatment of head lice. It should be noted that these medicines are parasitocidal preparations and are therefore also used for the treatment of other conditions including scabies and crab lice. Information on the indication for use of a medicine is not always provided by the reporter on the original yellow card. Furthermore information on how the medicine was obtained such as by prescription or over-the-counter from pharmacies is not held on our ADR database.

It is important to note that a report of an adverse drug reaction does not necessarily mean that it was caused by the drug. Many factors have to be taken into account in assessing causal relationships including temporal association, the possible contribution of concomitant medication and the underlying disease being treated.

Products for treatment of head lice are also licensed as medical devices according to their mechanism of action. Adverse incident reports for medical devices are received from healthcare professionals and members of the public. A search of the adverse incident database over the time period 1 January 2000 to 28 October 2010 identified 12 adverse incident reports associated with head lice treatments. Many of these head lice treatments are available over-the-counter at pharmacies. It is not possible to identify from these 12 adverse incident reports if they were prescribed by the National Health Service.

Higher Education: Tuition Fees

Question

Asked by Lord Taylor of Warwick

To ask Her Majesty's Government what assessment they have made of proposals to abolish the cap on university tuition fees. [HL3043]

The Parliamentary Under-Secretary of State, Department for Business, Innovation and Skills (Baroness Wilcox): The Independent Review of Higher Education Funding and Student Finance, led by Lord Browne, has now delivered its recommendations to the Government. We welcome this report, which makes important recommendations about the structure and level of graduate contributions, including a proposal to abolish the cap on university tuition fees. We will consider the arguments before reaching a final conclusion. The Government recognise the concerns that uncapped fees would put off some applicants.

Higher Education: Women

Question

Asked by Lord Young of Norwood Green

To ask Her Majesty's Government whether they plan to carry out an assessment of the impact on women of Lord Browne of Madingley's report on higher education; and when they plan to publish such an assessment. [HL3056]

The Parliamentary Under-Secretary of State, Department for Business, Innovation and Skills (Baroness Wilcox): Lord Browne conducted the Independent Review of Higher Education Funding and Student Finance, whose report was published on 12 October. The Government have accepted the broad thrust of the recommendations and will undertake a full impact assessment, including an equality impact assessment, when we put formal proposals to Parliament for amending the legislation that underpins fees and student support. The Government will undertake a further impact assessment of any wider changes proposed as a result of a HE White Paper reviewing the framework for HE and this will be published alongside the White Paper in the winter.

Local Government: Budgets

Question

Asked by **Lord Taylor of Warwick**

To ask Her Majesty's Government whether they will encourage local authorities to provide personal budgets for support plans. [HL3389]

The Parliamentary Under-Secretary of State, Department of Health (Earl Howe): The Government are committed to extending the greater rollout of personal budgets to give people and their carers more control and purchasing power. We will consider how to embed personalisation in the new legal framework following the Law Commission's report next year—for instance, in new statutory principles to underpin the law, and through an entitlement for support to be offered as a personal budget or direct payment.

The vision for adult social care, to be published shortly, will provide further detail on the rollout of personal budgets. To support the Government's vision, the social care consortium (made up of the Association of Directors of Adult Social Services, the Local Government Association, the Department of Health and other social care organisations) is publishing a partnership agreement, focusing on the delivery of personalisation.

Overseas Aid

Question

Asked by **Lord Boateng**

To ask Her Majesty's Government, for each of the past five years for which figures are available, how much funding is provided by the Department for International Development for (a) conflict prevention, and (b) post-conflict reconstruction.

[HL3052]

Baroness Verma: Over recent years, the Department for International Development (DfID) has increased its aid to fragile and conflict-affected countries. Addressing conflict and fragility is crucial to the success of the UK's development efforts and DfID is committed to expanding its support still further. DfID's approach in fragile states is to tackle a wide range of underlying

causes of conflict as well as their effects. In classifying expenditure, DfID does not explicitly separate conflict prevention from post-conflict reconstruction.

DfID's expenditure through country programmes in fragile and conflict countries in each of the past five years was reported in *Statistics on International Development*, which is available on the DfID website and in the Library. The total was £1.135 billion in 2005-06; £1.108 billion in 2006-07; £1.218 billion in 2007-08; £1.497 billion in 2008-09; and £1.581 billion in 2009-10. DfID has allocated £1.7 billion to be spent through its country programmes in fragile and conflict countries in 2010-11 and final outturn figures will be published next year.

The Government have committed to spend 30 per cent of UK official development assistance (ODA) on supporting conflict-affected and fragile states and tackling the drivers of instability by 2014-15.

Pensions

Question

Asked by **Lord Laird**

To ask Her Majesty's Government, further to the Written Answer by Baroness Wilcox on 19 October (*WA 160-1*), how much they pay annually to universities and other higher education institutions to cover employer superannuation contributions.

[HL3076]

The Parliamentary Under-Secretary of State, Department for Business, Innovation and Skills (Baroness Wilcox):

In general, there is no specific allocation to institutions to cover these costs, because they are covered by institutions through their block grant and other income. However, the Higher Education Funding Council for England (HEFCE) does allocate funds to cover the pension costs of some NHS staff working in medical schools. In 2010-11, this amounted to £6 million.

People Trafficking

Question

Asked by **Lord Hylton**

To ask Her Majesty's Government how many times the Inter-Departmental Ministerial Group on Trafficking has met since May 2010; and whether it has considered disappearances from local authority care of children thought to have been trafficked.

[HL3066]

The Minister of State, Home Office (Baroness Neville-Jones): The Government recognise the importance of monitoring the progress of anti-trafficking efforts in the UK and compliance with our international obligations.

The Inter-Departmental Ministerial Group will meet in the near future. The issue of missing children is likely to feature on the group's work programme.

Prisoners: Mental Health

Questions

Asked by *Lord Corbett of Castle Vale*

To ask Her Majesty's Government how many convicted prisoners with mental illnesses they plan to divert to NHS facilities. [HL3037]

To ask Her Majesty's Government what is the estimated cost of diverting prisoners with mental illness to NHS facilities and how the cost will be apportioned between the Ministry of Justice and the Department of Health. [HL3038]

The Parliamentary Under-Secretary of State, Department of Health (Earl Howe): All prisoners whose mental illness meets the criteria for detention under Sections 47 or 48 of the Mental Health Act 1983 are transferred to National Health Service secure services. In 2009-10, just over 1,200 prison transfers were completed*. This number has remained relatively stable for the past five years.

The Government committed in their spending review to look at options to invest in mental health liaison services at police stations and courts. These services intervene at an earlier stage to divert offenders with mental health problems away from the justice system and into appropriate treatment, either as an in-patient or in the community. Officials are working via the cross-government health and criminal justice programme to take this forward, including a detailed assessment of the outcomes and potential costs of such services.

Funding and commissioning responsibility for prison healthcare has been fully devolved to NHS primary care trusts since 2006 and forms part of core NHS funding. As with other NHS allocations, these funds are subject to local commissioning and service provision. Since 2007-08, an additional £4.2 million has been invested annually in the further development of mental health services within local HM Prison Service (HMPS) establishments, with £1.5 million of this for tier 3 child and adolescent mental health services within the HMPS young people estate. The department does not hold information on the cost of in-patient treatment for prisoners. However, reference costs indicate that an NHS medium secure bed costs £481 per day. The majority of transfers are to medium secure care.

*Source: Prison Health Performance Quality Indicators 2009-10.

Prisoners: Voting

Question

Asked by *Lord Lester of Herne Hill*

To ask Her Majesty's Government how many prisoners have outstanding complaints about their exclusion from the right to vote in British elections. [HL3008]

The Minister of State, Ministry of Justice (Lord McNally): The Government are aware of approximately 250 claims in the domestic courts relating to the general election this year. The Government have made an

application to the High Court for these claims to be struck out on the basis that there is no action for damages under the Human Rights Act for a failure to introduce legislation. This application will be heard by the High Court on 9 February 2011. There are three cases against the UK before the European Court for Human Rights in relation to prisoners' voting rights. The Committee of Ministers, in its decision statement following its 15 September 2010 meeting, noted that the Court had received a further 1,340 applications. These have yet to be communicated to the Government.

Public Expenditure

Question

Asked by *Lord Ouseley*

To ask Her Majesty's Government what assessment they have made of the risk of social conflict arising from both perceived and actual discriminatory effects of public expenditure reductions, particularly where no equality impact assessments are made with regard to groups of disadvantaged people. [HL2811]

The Minister of State, Home Office (Baroness Neville-Jones): No assessment has been made. In carrying out their duties Government must have regard to the need to eliminate unlawful discrimination and promote equality of opportunity. This does not have to be a full equalities impact assessment, but does have to demonstrate that the equalities impact of a change in policy and any mitigating actions have been considered.

Research: Cancer

Question

Asked by *Lord Taylor of Warwick*

To ask Her Majesty's Government how the spending cuts will affect cancer research. [HL3046]

The Parliamentary Under-Secretary of State, Department for Business, Innovation and Skills (Baroness Wilcox): The announcements made in the spending review recognise that science and research are critical to long-term economic growth. Despite pressure on public spending, funding for science and research programmes has been protected in cash terms at £4.6 billion per annum, ring-fenced for the four years of the spending review. In the coming months, decisions on broad allocations will be made between research councils, HEFCE and the national academies. I cannot pre-empt future decisions on these allocations.

The Medical Research Council (MRC) is one of the main agencies through which the Government support medical and clinical research, including cancer research. The MRC is a non-departmental public body which receives its grant in aid from the Department for Business, Innovation and Skills. In keeping with the Haldane principle, prioritisation of an individual research council's spending within its allocation is not a decision for Ministers. The MRC will make decisions on its priorities once its allocation is clear.

The MRC spends approximately £105 million (2009 data) on cancer and research relevant to cancer, including strategic partnerships such as the MRC/CR-UK University of Oxford Gray Institute for Radiation Oncology and Biology.

Royal Palaces: Maintenance Costs

Question

Asked by *Lord Stoddart of Swindon*

To ask Her Majesty's Government what is their forecast of the cost of repairs and improvements to the Royal Palaces; and whether they intend to meet those costs. [HL2892]

Baroness Rawlings: The Department for Culture, Media and Sport is responsible for the maintenance of both the occupied and unoccupied royal palaces in England. The property services section of the royal household is responsible for the day to day maintenance of the occupied palaces, and at March 2009 it estimated that the projected shortfall in essential works if its grant in aid remained the same over the next 10 years would be £40 million at today's prices. The property services allocation was announced on 20 October and it will be £15 million in 2011-12 and thereafter the costs of maintenance will be met out of the sovereign support grant.

The unoccupied palaces are managed on the Secretary of State's behalf by Historic Royal Palaces (HRP). HRP is an independent charity that receives no funding from the Government or the Crown so generates its own resources from visitors, members, donors, volunteers and sponsors. Within the next three years (its strategic plan period) HRP currently intends to spend on average £6 million a year on planned maintenance and improvement works across all of the five palaces in its care as part of a long-term plan developed from detailed assessments of their condition.

Sir Philip Green

Questions

Asked by *Lord Myners*

To ask Her Majesty's Government whether Sir Philip Green has been given the opportunity to examine their banking arrangements and those of agencies and non-departmental public bodies and, if so, which organisations have had their banking arrangements examined. [HL2908]

To ask Her Majesty's Government whether Sir Philip Green has been given the opportunity to examine property leases held by the Government and those of agencies and non-departmental public bodies and, if so, which organisations have had their banking arrangements examined. [HL2963]

Lord Taylor of Holbeach: Sir Philip Green did not examine the Government's banking arrangements.

Technology Innovation Centres

Questions

Asked by *Lord Taylor of Warwick*

To ask Her Majesty's Government what plans they have for new technology innovation centres.

[HL3087]

The Parliamentary Under-Secretary of State, Department for Business, Innovation and Skills (Baroness Wilcox):

We will provide over £200 million for a network of elite technology and innovation centres over the next four years. The overall network of centres will be established and overseen by the Technology Strategy Board and will be based on the model proposed by Hermann Hauser and James Dyson to commercialise new and emerging technologies in areas where there are large global market opportunities and a critical mass of UK capability to take advantage. The Technology Strategy Board will work with industry, stakeholders and wider government to identify the priority areas and governance structure for the elite network of technology and innovation centres by April 2011.

Asked by *Lord Hunt of Chesterton*

To ask Her Majesty's Government how they will ensure that the proposed Technology and Innovation Centres build on the work of the technology centres established by the previous government; and how they will make use of the projects and collaborations set up by regional development agencies between universities, government research agencies and businesses. [HL3151]

Baroness Wilcox: The network of technology and innovation centres will be established and overseen by the Technology Strategy Board and will comprise of existing RDA-funded centres which are excellent and a limited number of new centres.

The Technology Strategy Board have been working in close collaboration with the RDAs, and the RDAs have exceeded their target of £180 million of aligned spend with the Technology Strategy Board over the current CSR period. The Technology Strategy Board is therefore well placed to decide how the proposed TICs make use of existing RDA projects and activities.

UK Trade and Investment

Question

Asked by *Lord Taylor of Warwick*

To ask Her Majesty's Government what plans they have to ensure that foreign investment in the United Kingdom is encouraged. [HL3086]

The Parliamentary Under-Secretary of State, Department for Business, Innovation and Skills (Baroness Wilcox): The Government are clear that inward investment and

exports will be among the key drivers of growth in the coming years if we are to balance the books within five years. Our ambition is that the UK business environment competes with the best internationally. Supporting the private sector by helping it to seize and to develop business opportunities in—and from—the UK will be fundamental to achieving this.

For example, the Government's new approach to tax policy-making, the aim to create for companies greater predictability and certainty in their perception of the UK's taxation system and a drive towards greater simplicity through the creation of an independent Office of Tax Simplification are important steps in restoring the UK's international competitiveness.

At the CBI conference, the Prime Minister highlighted a range of measures that will keep the UK as the destination of choice in attracting foreign investment, including that we will, within five years, have cut corporation tax from 28 per cent to 24 per cent, the lowest CT rate in the G20. We are also cutting the small business profits rate and will be waiving national insurance contributions for new businesses in most areas of the country. Education reforms and new apprenticeships will have started to expand the UK's skills base while our new one-in, one-out rule for regulation will have stopped the rise of domestic red tape.

The Prime Minister also launched the UK's first ever national infrastructure plan, setting out the infrastructure that Britain needs and how we will unlock some £200 billion-worth of public and private sector investment over the next five years to deliver it.

A key deliverer of the Government's drive to encourage foreign investment is UK Trade & Investment, the UK's national trade and investment promotion agency. UKTI leads on attracting high-quality, high-value investment to the UK.

UN Women

Question

Asked by **Baroness Kinnock of Holyhead**

To ask Her Majesty's Government what financial contribution to "start-up funds" will be made by the United Kingdom to the United Nations Entity for Gender Equality and the Empowerment of Women, known as UN Women. [HL3267]

Baroness Verma: The UK Government strongly support the establishment of the new United Nations Entity for Gender Equality and the Empowerment of Women, known as UN Women. This represents an important opportunity to raise the profile of gender in the UN system, close gaps in delivery at country level and make a real difference to the lives of people on the ground.

The Department for International Development (DfID) is reviewing funding to all multilateral agencies as part of the ongoing multilateral aid review. A decision on funding for UN Women will be made when the multilateral aid review concludes in January next year.

Universities: Research

Question

Asked by **Viscount Waverley**

To ask Her Majesty's Government what assessment they have made of the potential use of the Waverley criteria in relation to ensuring that marketable ideas originating from research work at United Kingdom universities are developed within the United Kingdom. [HL3154]

Baroness Rawlings: No such assessment has been made and at present there are no plans to review the criteria or their operation. The Waverley criteria are designed to determine whether a cultural object, which is the subject of an export licence, is of national importance and should therefore remain in the country for the enjoyment of the public.

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