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(HANSARD)

**HOUSE OF LORDS**  
**OFFICIAL REPORT**

*ORDER OF BUSINESS*

Questions	
Japanese Knotweed.....	1293
NHS: Hospital Medication.....	1295
Climate Change: Extreme Weather.....	1298
Housing: Discretionary Housing Payment.....	1300
Durham, Gateshead, Newcastle Upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Authority Order 2014	
<i>Motion to Approve</i> .....	1302
County Court Remedies Regulations 2014	
<i>Motion to Approve</i> .....	1303
Draft Public Bodies (Abolition of the Committee on Agricultural Valuation) Order 2014	
<i>Motion to Approve</i> .....	1303
Higher Education	
<i>Motion to Take Note</i> .....	1303
Convergence Programme	
<i>Motion to Approve</i> .....	1386
Written Statements.....	WS 127
Written Answers.....	WA 291

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

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## House of Lords

Wednesday, 9 April 2014.

11 am

Prayers—read by the Lord Bishop of Bristol.

### Japanese Knotweed Question

11.07 am

Asked by **Baroness Sharples**

To ask Her Majesty's Government what progress is being made in eliminating Japanese knotweed from the United Kingdom.

**The Parliamentary Under-Secretary of State, Department for Environment, Food and Rural Affairs (Lord De Mauley) (Con):** My Lords, we are in the fourth year of the controlled release of the psyllid *Aphalara itadori* as a means of controlling Japanese knotweed. No non-target impacts have been observed by the monitoring programme but, as yet, the organism has had difficulty establishing self-sustaining populations. This year, therefore, we will conduct caged trials releasing larger numbers to establish higher population densities.

**Baroness Sharples (Con):** Will my noble friend agree to holding a publicity campaign, so that this plant can be easily recognised, especially by landowners and, even more importantly, by people seeking to buy a house with land, because in some cases they are being refused a mortgage?

**Lord De Mauley:** My Lords, in returning regularly to this question, my noble friend is almost as persistent as the weed itself. I am not sure whether she is a hardy annual or a perennial. We need to spread public awareness of a number of non-native species including, of course, Japanese knotweed. The website [nonnativespecies.org](http://nonnativespecies.org) is our central point. Other awareness-raising measures include nearly 70 identification sheets, including one for Japanese knotweed, the Environment Agency's PlantTracker mobile device app, which I recommend to your Lordships, non-native species local action groups, and the Be Plant Wise and Check, Clean Dry campaigns, which target aquatic security and non-native species more generally. Awareness-raising is a key focus of our current review of the GB strategy on invasive non-native species.

My noble friend mentioned mortgages. Two years ago, the Royal Institution of Chartered Surveyors and the Council of Mortgage Lenders agreed that a less draconian approach was needed.

**Lord Dubs (Lab):** My Lords, while we are awaiting the result of those trials—four years is a long time—can we not have some action for those people who have knotweed in their neighbours' houses? I have not got any in mine, but my neighbours have. Can we at least

persuade local authorities—without legislation—to be more co-operative with local people? My local authority will not co-operate at all: it will give me no information and is quite unhelpful. I know that some are better than that. How about leaning on local authorities?

**Lord De Mauley:** That is a subject which I have been thinking about very carefully. It is quite interesting that the community protection notices under the new Anti-social Behaviour, Crime and Policing Act are potentially useful in this regard and we have to look at carefully at them, as is the community trigger, which we should also look into.

**Lord Greaves (LD):** My Lords, I, too, congratulate the noble Baroness, Lady Sharples, on her persistence in this matter. It has been going on for as long as I have been in this House, which is probably too long now—or certainly too long for my own good, anyway. I would not, however, describe my noble friend as invasive or, to use the Royal Horticultural Society's description of knotweed, as a real thug. Her question was: what progress is being made on getting rid of it? The answer is that there is none; it is getting more and more widespread. Is it not the case that the time has come when allowing this invasive, alien weed to grow on your land should be an offence?

**Lord De Mauley:** I should say to my noble friend that *Aphalara itadori* is not planned to eradicate knotweed but is part of a programme on how to manage it. We have got to a stage where it is here—and we should acknowledge that fact—but we should manage it. There are other tools that can be used in this matter. In fact, when my noble friend Lady Sharples asked the same Question last year she referred to the use of an herbicide which can be effective. My noble friend Lord Greaves referred to more pressure on landlords. It would be disproportionate, and possibly unfair, to impose very strong conditions on landowners because, apart from anything else, this weed can arrive on their land through no fault of their own. However, farmers receiving single farm payment are required to take reasonable steps to prevent its spread.

**Lord Clark of Windermere (Lab):** The Minister is absolutely right to try to pursue this pernicious weed as much as possible but there is a belief that, in a restricted sense, persistent application of the herbicide to which he referred will actually be quite effective in killing it, in a limited state. Is there any way of doing some emergency research on those one or two herbicides and to try to publicise that? It would remove a lot of difficulties for many people who are trying to sell houses and clean up their land.

**Lord De Mauley:** It is a difficult one but the answer to that question is that the herbicide which the noble Lord and I are talking about is effective if used persistently, as he says, so I do not think that further research is needed. The question is the extent to which we want to spray around quite powerful pesticides. That is why I suggest to your Lordships that things such as biocontrol are also very valuable.

**Lord Elis-Thomas (PC):** My Lords, the Minister will be well aware that invasive species of this kind are no respecters of boundaries, whether political or otherwise. Can he therefore assure the House that the UK Government will take a positive attitude towards the oncoming European Union regulations in these matters, which are being discussed in the European Union even at this moment?

**Lord De Mauley:** Yes, my Lords. Indeed, the regulation has now been approved by COREPER and the European Parliament's environment committee. It has also now cleared the scrutiny committees of both the House of Commons and your Lordships' House. I understand that the regulation will now be presented to the European Parliament's plenary session on 16 April. If approved there, the regulation will be presented to the next suitable Council meeting and should then come into force on 1 January next year.

**Lord Davies of Oldham (Lab):** My Lords, can the Minister assure the House that he views this with a proper sense of urgency? A recent survey has said that there is not six square miles of land in this country which is not infected with this weed. In Swansea, they have calculated that they have 62,000 tonnes of it to get rid of. It is clear that this is a major problem. The effect upon Network Rail and the railway system is absolutely dramatic. We want the Minister to demonstrate a real sense of urgency on this issue.

**Lord De Mauley:** I am sorry if the noble Lord thinks that I am not. He is right about the effects. He specifically mentioned Network Rail which is a member of the project consortium for the natural control of Japanese knotweed, and it is fully involved in our discussions about how the trial proceeds. It has been a major funder of the research and was among the instigators of the project. If it would meet with noble Lords' approval, I would like to offer a briefing session to those who are interested on our approach generally to invasive non-native species.

## NHS: Hospital Medication

### Question

11.15 am

Asked by **Baroness Gale**

To ask Her Majesty's Government what procedures will be put in place to ensure that every patient newly admitted to hospital will have their medication regime reconciled within 24 hours of admission.

**Baroness Jolly (LD):** My Lords, timely medicine reconciliation on admission to hospital can help to prevent medication errors, such as omitted and delayed medicines, wrong dose or wrong formulation. NHS trusts in England should have their own policies and procedures in place for the safe and effective use of medicines, taking into account joint guidance from the National Institute for Health and Care Excellence and the National Patient Safety Agency, which is now subsumed into NHS England.

**Baroness Gale (Lab):** I thank the Minister for her reply. In doing so, I declare an interest as I chair the APPG on Parkinson's. Is she aware that people with Parkinson's can take up to 30 tablets a day and that it is of vital importance that they have their medication on time every time? Does she agree that patients with Parkinson's who are admitted to hospital should have the right to self-administration of their own medicine? That would put them in control and help to control their symptoms, and would certainly help staff. Will she take advice from Parkinson's UK, which has great experience in this field, on how to train nurses to understand this task?

**Baroness Jolly:** The noble Baroness speaks from a position of much expertise as the chair of the APPG on Parkinson's. It is really important that people with Parkinson's disease get the medicines that they need when they need them, whether they are being cared for in their home, in a care home or in hospital. The NHS is working to improve services for people with Parkinson's disease. This includes ensuring that staff are properly trained to support people with Parkinson's and other neurological conditions.

**Lord Walton of Detchant (CB):** My Lords, does the Minister agree that the management of drug therapy for patients with parkinsonism may require exceptional skills? It is not a matter of taking tablets two or three times a day. The dosage and its timing must be tailored specifically according to the needs of the individual patient. If the timing of a particular dose is unduly delayed, this may result in what is called the on/off phenomenon, with a sharp return of disabling symptoms. It is therefore crucial that this matter be taken on board. Does the Minister believe that this issue, highlighted by the Question tabled by the noble Baroness, Lady Gale, is being properly handled in the NHS at present?

**Baroness Jolly:** I can tell the noble Lord that NICE guidance suggests that people with Parkinson's disease should have their medicines given at the appropriate time, not on the ward round with the trolley of regular medication. Where it is absolutely appropriate and possible, this may mean allowing self-medication.

**Baroness Manzoor (LD):** My Lords, medication reconciliation is very important because it is a health and safety issue. Between 2003 and 2004, the National Patient Safety Agency declared that over 7,000 patients had been affected by an error with their medication. What are the Government doing to work closely with hospital pharmacies so that electronic records are shared between GPs and hospitals?

**Baroness Jolly:** NICE, the NPSA and the Royal Pharmaceutical Society have all identified the key role of pharmacists in medicines reconciliation. I am pleased to say that the majority of hospitals now have pharmacists on admission wards and doing daily ward rounds to ensure patients' medicines are reconciled promptly. On the data point, I understand that NHS England is exploring the possibility of developing a business case for pharmacists to have access to the electronic summary care record. However, any work on this will need to be sequenced into the development timetable along with other priorities.

**Lord Patel (CB):** When I was chairman of the National Patient Safety Agency, it produced the guidance that the noble Baroness mentioned. It identified the failure of reconciliation of medicines in acute admissions as a major patient safety issue. The failure rate in hospitals ranged from 10% reconciliation to 80% reconciliation. Those hospitals that achieved 80% reconciliation did so for one reason: pharmacists were involved. These are acute patients on multiple drugs. There is no other way except that those who know drugs and reconciliation are involved in the reconciliation of medicines on admission.

**Baroness Jolly:** The noble Lord is absolutely right. Pharmacists need to show leadership and expertise and to support all their colleagues to ensure that this happens appropriately.

**Lord Harrison (Lab):** Will the Minister report on this morning's report on the use of nanotechnology to suppress the disfiguring tremors experienced by Parkinson's sufferers? What progress can be made there, and what can the Government do to improve it?

**Baroness Jolly:** The noble Lord has me at a disadvantage because I have not seen the report to which he refers. I am sure that Parkinson's UK is working with the research community to ensure that this is sorted out.

**Lord Flight (Con):** My Lords, are the Minister and the NHS aware of the new technologies which can deliver patients' full medical records to a consultant's iPad on the spot in a hospital? Is the NHS keenly pursuing those new technologies?

**Baroness Jolly:** Certainly those technologies exist. I have seen some of them in action, and they are really impressive. Local hospitals are responsible for their own IT systems, and some are very much further ahead than others, but I am sure others are aiming to catch up.

**Baroness Wheeler (Lab):** My Lords, the Minister referred to the guidance on the reconciliation of medicines drawn up by NICE and the National Patient Safety Agency in 2007. However, since the Government abolished the NPSA two years ago and transferred the work to NHS England, information about the agency's work and how it is being carried out and taken forward is very hard to come by. Will the Minister reassure the House that monitoring, keeping the guidelines under review and updating them to ensure patient safety are priorities for NHS England and the Government?

**Baroness Jolly:** Patient safety is indeed critical. After Mid Staffs and the Francis report, safety, openness and accountability are key, along with the duty of candour. "Sign up to Safety" is to be announced later this week to ensure that efforts are reported. That will help local hospitals and care homes understand where mistakes are being made and make patients feel more comfortable by owning up to problems.

## Climate Change: Extreme Weather Question

11.23 am

Asked by **Lord Judd**

To ask Her Majesty's Government what recent assessment they have made of the effects of climate change on the frequency of extreme weather events in the United Kingdom; and what action they propose to take as a result.

**The Parliamentary Under-Secretary of State, Department of Energy and Climate Change (Baroness Verma) (Con):** My Lords, summer heat waves and heavy rainfall events are expected to become more frequent in future. The Government are taking action through the national adaptation plan to develop UK climate resilience, through the Climate Change Act 2008 and the Energy Act 2013 to reduce domestic greenhouse gas emissions by 80% by 2050, and through international negotiations to mitigate climate change by reducing global emissions.

**Lord Judd (Lab):** While I thank the Minister for those observations about resilience, does she agree that the estimate is that over the next 20 years a further 250,000 homes will be at risk and that the cost of the damage is likely to be in excess of £3 billion? Can she assure us that the Government are galvanising action without delay and with all due priority to ensure that the programme is sufficient for the resilience necessary? Furthermore, does she agree that because of the threats within the United Kingdom coupled with the threats across the world—disease, hunger, migration and acute instability—there can be no further delay in galvanising the international community into making this absolutely central to all political activity?

**Baroness Verma:** The noble Lord is of course right. My right honourable friend the Minister Greg Barker is currently in New York, ensuring that negotiations at an international level are very much focused on going forward for 2015 and the sort of commitments that we want from the international community. Closer to home, the noble Lord is of course aware that we have invested over the course of this Parliament over £3 billion in trying to respond to issues such as floods. We are now protecting 20,000 more houses over the 165,000 houses that were already protected, through the measures that we have taken.

**Lord Howell of Guildford (Con):** My Lords, what my noble friend says about adaptation is welcome. Would she not agree that now may be the time to consider switching our colossal expenditure on attempted mitigation to adaptation to what is widely believed by many experts to be coming in the way of more extreme weather, in line with the recommendation of the Intergovernmental Panel on Climate Change's working group? Would the Minister accept that our current mitigation efforts seem to be producing not a vast improvement in carbon emissions but, in fact, an increase in our carbon footprint, more burning of coal, increased fuel poverty, and the driving away of

[LORD HOWELL OF GUILDFORD]

investment from this country to where power is cheaper, raising the prospect of blackouts and general environmental damage? Is it not becoming obvious that some change of direction in our climate and energy policy is overdue if we are to achieve our green goals?

**Baroness Verma:** My noble friend raises a range of very important issues. Of course, climate is measured in average conditions over the long term, but I agree with my noble friend that it is about both adaptation and mitigation. We cannot have one or the other; we have to have both. It is important that, going forward, we encourage not only ourselves but the international community and our partners to respond to the serious issues of increased carbon emissions.

**Baroness Worthington (Lab):** My Lords, it is absolutely clear that the evidence is now showing that climate change is manmade and that we must act. Would the noble Baroness agree with me that, on discovering a flood in a bathroom, you would not make your priority to turn your house into a swimming pool? You would turn the tap off. That is precisely what we need to do. It is regrettable that we have some prominent Members of the Benches opposite who do not seem to accept this logic. I hope that the noble Baroness will continue her spirited and consistent defence of action on climate change.

**Baroness Verma:** My Lords, we have been consistent on this side of the House that we need to address mitigation and adaptation.

**Lord Teverson (LD):** My Lords, the Minister has mentioned mitigation several times. So far as mitigation and the United Kingdom are concerned, is it not true that one of the most important things—and one of the most important pieces of legislation undertaken in recent years—is this Government's Energy Act, which the Minister guided and pushed through this House? Is that not an example of how the Government have made sure that mitigation and the future problems of flooding and climate change are being tackled directly by the Government?

**Baroness Verma:** I am extremely grateful for my noble friend's intervention and I agree with every word that he has said.

**Lord Lawson of Blaby (Con):** My Lords, is it not clear that my noble friend the Minister is completely mistaken in saying that it is not a question of mitigation or adaptation but both? There are competing claims on resources, and we have to decide which is our priority. Is it to decide single-handedly to decarbonise the world and thus, to no useful purpose, push up British energy prices, make fuel more expensive for British homes and litter the countryside with wind farms and solar panels? Is it not better instead to devote our resources to increasing our resilience to extreme weather events, whether or not the frequency of such events is marginally increased by global warming?

**Baroness Verma:** As always, I am extremely grateful to my noble friend for his intervention. However, I am also grateful to him for allowing me to say that the UK has among the cheapest energy prices in Europe. I think my noble friends will agree that this is about measures that address the issues of today, but which also look forward to ensuring that we have a much better future.

**Viscount Simon (Lab):** My Lords, the noble Lord, Lord Judd, mentioned food in his initial supplementary question. In a programme some months ago on the BBC, it was stated that this country has the largest production and consumption of baked beans in the world. Can the noble Baroness say whether this affects the calculation of global warming by the Government as a result of the smelly emission resulting therefrom?

**Baroness Verma:** The noble Viscount's question is so different. He raises a very important point, which is that we need to moderate our behaviour.

## Housing: Discretionary Housing Payment Question

11.30 am

Asked by **Lord McAvoy**

To ask Her Majesty's Government what assessment they have made of the level of discretionary housing payment available to local authorities.

**The Parliamentary Under-Secretary of State, Department for Work and Pensions (Lord Freud) (Con):** My Lords, the department has asked local authorities to provide details regarding their use of discretionary housing payments twice yearly. Details of how local authorities are using discretionary housing payments in the first half of the year were published on 20 December. Despite some people's predictions, the vast majority of local authorities were managing within their budgets. In 2014-15, local authorities will receive a share of £165 million, which will ensure that they can offer ongoing support where appropriate.

**Lord McAvoy (Lab):** My Lords, despite assurances from the Minister, 47 councils spent 90% of their DHP budget by February. A third of the councils reported that a third of the applications were refused. Can the Minister tell the House whether he is aware of how many evictions there have been due to bedroom tax arrears? Does he know? Does he care?

**Lord Freud:** My Lords, the noble Lord used those figures as if they were his; I am sure that he would want to attribute them to another group called False Economy. They show that 85% of councils surveyed had spent less than 90% of their money with one month to go. However, in that particular report, which found that 11 councils had overspent, there were a lot of mistakes. The figures for four of them—Swindon, Haringey, Leeds and Middlesbrough—were simply wrong.

**Lord Best (CB):** My Lords, has the Minister had a chance to see the Joseph Rowntree Foundation report released today, which provides a fairly definitive analysis of what has been going on with the so-called bedroom tax over the past six months? If he has, did he note that—sadly, from one perspective—savings were about £115 million less than had been hoped for during the course of this year? About 6% of people have moved home, but another 22% have been trying to move home but have not been able to downsize, because there is not accommodation for them. Although the Rowntree report from Professor Wilcox predicts that over £330 million will be saved this year, sadly, that is at a pretty great cost to both tenants and landlords.

**Lord Freud:** The savings that we are looking at—which are running on the Budget scoring at £490 million—are both observable and unobservable; in other words, from people moving or from people taking up jobs and coming off benefits. There are various figures around. The BBC last week talked of 6% of people moving in 11 months; the JRF report, which the noble Lord has just cited, talked about 6% in six months; a report a couple of months ago from Harry Phibbs, doing a similar job, found that 11% had come off benefits because they had gone into work. We will have proper returns on discretionary housing payments in May, and are working on getting a proper report on all of this.

**Baroness Taylor of Bolton (Lab):** Will the Minister answer the question posed by my noble friend about the number of evictions? Does he know the number, and does he care?

**Lord Freud:** My Lords, I am not sure of the exact number of evictions, but I do not think that there are very many at all, if any. Clearly it is a matter of great concern. I can let the noble Baroness know that the data from the Homes and Communities Agency, which are based on the 266 largest housing associations with more than 1,000 homes, show that the average arrears in the final quarter of last year—the third quarter of the financial year—fell to 3.9% from 4.1% in the previous quarter and that rent collection rates for the year stood at 99%.

**Lord Flight (Con):** The Minister will be aware that in central London and, in particular, the borough of Westminster—and I declare an interest as my wife is a councillor—there have been cases where very substantial housing benefit amounts have had to be paid particularly to house those categories that the local authority is obliged to house. Is there any system or intent to limit the amount of housing benefit that can be paid on an individual property?

**Lord Freud:** My Lords, my noble friend draws attention to the point that we have introduced a cap on the amount of housing benefit to stop the very large amounts that were paid on local housing allowance.

**Baroness Sherlock (Lab):** My Lords, 500,000 people are affected by the bedroom tax, most of them disabled. If the Minister wants some figures, two-thirds of tenants hit by the bedroom tax are currently in arrears and, of

those, 40% have been issued with a notice seeking possession. This is a serious crisis, and I think that the Minister should acquaint himself with all the figures, including those on evictions.

The House knows that a Labour Government would abolish the bedroom tax. The Minister told the House on 12 December that,

“the interim review is due to be published in the spring of 2014. I will be most pleased to discuss the findings of that review with Members of the House, who I suspect will be keen to have that dialogue”.—[*Official Report*, 12/12/13; col. 907.]

I am very keen to have the dialogue. When does it start?

**Lord Freud:** The noble Baroness need not persuade me about the savings—she needs to persuade the OBR, which has scored down in the Budget £490 million. The noble Baroness talked about the fact that a Labour Government would abolish the spare room subsidy. We will produce an interim report later this year, as I said, and we will bring forward next year the full report on what has been happening with the bedroom tax.

## Hereditary Peers By-Election *Announcement*

11.38 am

*The Clerk of the Parliaments announced the result of the by-election to elect a Cross-Bench hereditary Peer in the place of Lord Moran in accordance with Standing Order 10.*

*Twenty-seven Lords completed valid ballot papers. A paper setting out the complete results is being made available in the Printed Paper Office. That paper gives the number of votes cast for each candidate. The successful candidate was Lord Cromwell.*

## Durham, Gateshead, Newcastle Upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Authority Order 2014

*Motion to Approve*

*Moved by Baroness Stowell of Beeston*

11.38 am

That the draft order laid before the House on 13 March be approved.

*Relevant document: 24th Report from the Joint Committee on Statutory Instruments, considered in Grand Committee on 7 April.*

*Motion agreed.*

## County Court Remedies Regulations 2014

### *Motion to Approve*

11.38 am

Moved by **Lord Faulks**

That the draft regulations laid before the House on 13 March be approved.

*Relevant document: 24th Report from the Joint Committee on Statutory Instruments, considered in Grand Committee on 7 April.*

*Motion agreed.*

## Draft Public Bodies (Abolition of the Committee on Agricultural Valuation) Order 2014

### *Motion to Approve*

11.39 am

Moved by **Lord De Mauley**

That the draft order laid before the House on 6 February be approved.

*Relevant documents: 34th Report from the Secondary Legislation Scrutiny Committee, 22nd Report from the Joint Committee on Statutory Instruments, considered in Grand Committee on 7 April.*

*Motion agreed.*

## Higher Education

### *Motion to Take Note*

11.39 am

Moved by **Lord Ahmad of Wimbledon**

That this House takes note of higher education in the United Kingdom.

**Lord Ahmad of Wimbledon (Con):** My Lords, more than half a century ago, a former Member of this House, Lord Robbins, published his seminal report on higher education. He and his colleagues, including the noble Lords, Lord Layard and Lord Moser, believed that going to university was inherently worth while. This belief remains true today, whether you study particle physics, history or nursing. Higher education is truly transformational.

Our current demographic pressures are less immediate than those facing Lord Robbins and his team in the 1960s, but the forces driving increased demand for higher education have not diminished. They have been at work for the past 50 years and they will continue. We all recognise that there is a huge demand for learning from individuals and, indeed, from employers who continue to demand graduate-level skills.

Governments across the world want to increase their number of students in higher education. No country says, "There are too many students". Everywhere in the world, in developing and developed countries alike, they want more people to have a higher education. International competition is played out at a higher skills level, and we cannot fall behind.

Our higher education system is renowned throughout the world. We regularly feature highly in the range of world university rankings, often coming just behind the United States as second in the world and, because of our impressive international reputation, our higher education system is a significant international export. However, while the UK has been cautiously increasing its student numbers in the past decade, other developed countries have been expanding at a much faster rate. Participation in tertiary education among young people up to the age of 20 increased by 14% in the UK between 2005 and 2011. However, it increased by 51% in Denmark, 35% in Germany, 29% in Austria, and 23% in the Netherlands, to name just a handful of the countries that have expanded their student numbers faster than we have.

When Lord Robbins reported in 1963, there were fewer than 200,000 British students in higher education. We now have 1.2 million British undergraduates. His view was that,

"courses of higher education should be available for all those who are qualified by ability and attainment to pursue them and who wish to do so".

That principle is just as important today as it was then.

However, in 2009, when the noble Lord, Lord Browne, was commissioned to undertake his independent review on higher education funding and student finance, all political persuasions recognised that to continue to fund a world-class higher education sector during a time of significant economic downturn we would need to rebalance the costs of higher education between student and state.

The Government's reforms to higher education were based on achieving a well funded sector which had a reliable stream of income to enable it to compete internationally and to drive up the quality of teaching. We have done just that. Indeed, the OECD said recently that we are,

"the first European country that established a sustainable approach to HE funding".

By increasing the tuition fee cap but, importantly, subsidising tuition fees, students have a significant stake in their higher education. They are becoming more discerning consumers of their education, valuing their experience and demanding more quality learning.

Better information is central to the Government's reforms. The key information set gives prospective students a range of data that they need to make meaningful comparisons on costs, courses and employability. The Government have plans to work with universities to extend it to make it even more useful and powerful, so we have made more information than ever before available to students and their parents while at the same time preserving the independence and autonomy of institutions. That is, indeed, a key feature of the landscape—government does not intervene in what is studied or how it is taught. However, good-quality teaching and an improved student experience are central to the reforms. Bold vice-chancellors—indeed, some are in your Lordships' House today—are already changing the incentives to focus on good teaching within their institutions. Above all, our reforms have put students back at the heart of the system, where they belong.

The good news is that, since our reforms, young people have not, as some have suggested, been put off applying to higher education institutions. The Government sent recent graduates into schools and colleges to explain how the new finance system works, and applications for higher education in 2014 have returned to pre-2012 levels. Many popular universities have been able to grow the number of places they offer to students. Data published by UCAS for entry in the 2014 cycle from applications up to the January main scheme deadline show that the application rate for English 18 year-olds has increased to the highest ever level, at 34.8%. This figure is even more impressive when seen in the context of the continued fall in the 18 year-old population in our country.

The rise in applications shows that young people understand that they do not have to pay upfront to go to university. They recognise that paying back as graduates through PAYE once they earn £21,000 or more is nothing like leaving university with a credit card debt. This matters. All the evidence shows that going to university is a truly life-changing experience, and it would have been a tragedy if young people had given up the dream of getting a higher education. Higher education truly empowers.

Application rates for those from disadvantaged backgrounds have continued to rise to a record level of 20.7%. The naysayers who said that an increase in tuition fees would deter disadvantaged students cannot argue with the facts before us. The trends are upwards and, in addition, there is a welcome rise in applications from mature students—an increase of 9% compared with the same point last year for the 35-and-over age group. Students and their families have come to understand that a degree remains one of the best routes to a good job and a rewarding career.

Perhaps I may offer a personal reflection for a moment as the son of a migrant who arrived in this country with only £5 to his name. One thing instilled in us as we were growing up was the value and empowering elements of education. No matter what education you have received, wherever you go in the world it is your personal asset. I personally realise the struggles that many make to ensure that they, and in turn their families, have opportunities for education.

Looking at the current figures, 87% of graduates are in now in employment as against 66% of non-graduates. However, we should not suggest that graduation guarantees a job. I remember in the early 1990s applying for my first job, and my experience is something that I have shared with others. I am not ashamed to admit that I received 63 rejections. However, I kept going and got a job. That showed that, despite the odds, perseverance is important. Apart from educational skills, that is an attribute that our universities up and down the country instil in students.

Increased supply appears to have been matched by continuing demand for graduate skills, so the graduate premium has broadly remained constant. It has regularly been estimated at well over £100,000 of extra lifetime earnings after tax. The latest independent research shows that male students with a degree can expect to boost their lifetime earnings by £165,000, and for female students it is an even more striking £250,000.

Of course, the financial returns are not just personal. As my right honourable friend the Chancellor has made clear:

“Access to higher education is a basic tenet of economic success in the global race”.

It drives long-term growth and boosts productivity. Graduates fuel innovation. Research conducted by the National Institute of Economic and Social Research shows that around 20% of UK economic growth between 1982 and 2005 came as a direct result of increased graduate skills. A 1% increase in the share of the workforce with a university degree raises long-run productivity by between 0.2% and 0.5%. This suggests that at least one-third of the increase in UK labour productivity between 1994 and 2005 can be attributed to the rising number of people with a university degree.

I turn now briefly to the issue of student numbers and the related cap. This is the evidence base against which the Chancellor made his historic commitment in the Autumn Statement to expand student numbers. As noble Lords will recall, he announced that, in 2014-15 the Government would increase the number of places by 30,000, so that popular institutions could expand and grow further, and that by 2015-16 the Government would remove number controls for publicly funded universities.

**Lord Purvis of Tweed (LD):** I am most grateful to my noble friend for giving way. I am listening carefully to the Minister's speech and am most impressed by it, but this is a debate about higher education in the United Kingdom; it is not about higher education in England and Wales. As someone who is resident in Scotland, and as a legislator in the Scottish Parliament who voted for a different structure for fees for students and for a different funding model, I wonder whether the Minister will be addressing some of the benefits for the whole of the United Kingdom of a distinct approach to higher education in parts of the United Kingdom.

**Lord Ahmad of Wimbledon:** I thank my noble friend for that intervention but as he is aware, that is a devolved matter and one for the Scottish Government. While I have been focusing on England and Wales, when we look at education overall, we talk to the Scottish Government in terms of the overall UK plc offering. I hope that, at the end of the year, we will have similar unified discussions on promoting the UK. I am sure that my noble friend agrees with my sentiments on that.

Turning to universities and removing the cap, as I was saying, universities can accept many more of the qualified people turned away each year. Only this morning, it was brought to my attention by my noble friend Lord Popat, who is sitting next to me on the Bench, that a student who fulfilled the criteria and had clearly qualified on all fronts, was unable to get a place because of the cap on numbers in a particular institution. We need to look at that seriously. We can afford to do this because our reforms have made a systematic change to the funding model. Our reforms rebalance support so that the contribution from graduates increases. However, the taxpayer still subsidises the overall cost of degrees by 50%. We think that it is fair for graduates to pay because there are such definitive private gains. The planned expansion brings new money to educate

[LORD AHMAD OF WIMBLEDON]

these students. The Treasury has provided £5.5 billion of student loan outlay as well as additional resource funding over the next five years. In tough times we are protecting science. We have ring-fenced our £4.7 billion annual science budget to give researchers the security they need to plan for the long term, and we have injected major new long-term investment into science capital so that our researchers remain at the cutting edge.

There is extra funding of £185 million over four years for teaching expensive subjects such as science, technology and engineering. This extra spending complements a recent £200 million investment in STEM teaching capital. Matched by equal investment from institutions, this will invest some £400 million in the creation and upgrading of teaching facilities. It will ensure that students receive high-quality teaching that fully equips them for the economy of the future. It will sustain and support an increase in the number of good-quality higher education STEM student places.

Our reforms have meant that we have been able to increase the cash going to universities, while avoiding upfront fees for students and managing the costs to the taxpayer. Our calculations show that, in the wake of our reforms, total overall university income in England—I apologise to my noble friend—from all sources has gone up considerably, from just under £23 billion in 2010-11 to nearly £24.3 billion in 2012-13. The sector is in good financial health. This all ties in with the picture we have from the Higher Education Statistics Agency's latest higher education business community interaction survey. It is a picture of universities bringing in big revenue by working flexibly with business and the outside world. In 2012-13, they earned £1.2 billion from business research contracts, which is up on the year before.

However, noble Lords will realise that relationships now stretch well beyond this. I am sure that many noble Lords are part of this. Universities earned another £1.5 billion from a wide range of services, from consultancy and CPD courses to regeneration programmes and the use of equipment and facilities. Universities have become a major source of exciting new companies. In 2012-13, 150 new spin-out companies were set up to exploit research ideas born in UK higher education institutions. On top of that, more than 3,500 new start-up companies were established by staff and recent graduates. In total, the survey found that UK universities earned an impressive £3.6 billion in 2012-13 through business and community activities.

I look forward to hearing from all noble Lords who are contributing to this debate. Any new funding system drives a change in the behaviour of both students and institutions and, of course, we will need to monitor the overall affordability of the system. If necessary, we will take action to ensure that it remains sustainable in the long term. We are seeing a historic shift. We cannot predict precisely how our reforms will be viewed three decades from now but the reforms are intended to make our world-class system even stronger. This Government want to see more investment, greater diversity, less centralisation and a sector even more accountable to students and the taxpayer. We are confident that the difficult financial decisions we have

had to make and continue to make are the right ones to ensure that we have a sustainable long-term future for higher education in our country. I beg to move.

11.56 am

**Baroness Morris of Yardley (Lab):** My Lords, I thank the Minister for bringing this debate to the House. There is a great deal of expertise across the Chamber and, given the breadth of the title of the debate, I am sure that we will explore a wide range of issues.

I start on a conciliatory note by joining the Minister in acknowledging the importance of this sector. Wherever you look in life, at whichever quarter of our society—whether it is our industry or competitiveness or whatever—universities play an important role. Certainly, as we become a greater globalised economy and its success depends on research and innovation, universities will have a greater role in what we do, not a lesser role.

We should take this opportunity to recognise some considerable successes. Sometimes we are not good at repeating what our successes are and I want to do that. In any league table, we regularly have a small number of universities in the international top 10. We should be very proud of that and the fact that we punch above our weight. We have excellent research. In terms of the proportion of publications compared to the size of the nation and the amount of our investment, we punch above our weight. Higher education gives us a strong export industry, with £10.7 billion of export earnings. Many of our international partnerships have been built on personal relationships which started when people from overseas came here to study. For many of us who are of that first generation of socially mobile people, we owe that to higher education.

There is a good news story to be told about higher education and the Minister endeavoured to tell it, but it is not quite as rosy as he would have us believe. I was waiting for the next 15 minutes of his speech, when he could have addressed some of the real problems affecting the higher education sector at the moment. There are considerable challenges and, although our research is good, our spending on research has dropped. It is now at a lower percentage than other OECD nations. The number of part-time students has fallen by more than 30% and, whatever the increase in the number of people going into higher education, we all know that social class plays too high a part in access to and attendance at university. As we have increased the numbers of people going to university, we have never narrowed the gap between the percentages of children from higher and lower socioeconomic backgrounds who go to university.

We also pay too little attention to the difference that is fast emerging between the percentage of males and the percentage of females, particularly school leavers, who attend higher education. Some 74% of males do not go into higher education, which is quite a frightening figure. The number of males applying for higher education is now lower than the number of women who attend. That is another characteristic which reflects the fact that we have not yet solved the problems of access.

What we did not hear about from the Minister, of course, is the fact that the new student funding system could actually end up being more expensive than the

system it replaced. The only reason I draw attention to this is because universities are so important that any decline or structural difficulties need to be addressed, so I regret the fact that the Minister did not refer to those in his speech.

However, I want to address a completely different point. If we were having a debate about schools, we would be talking about how to create a diverse system. The word “diversity” has been at the top of the education agenda of both parties for two or three decades. We have had and still have a diverse system in higher education in many ways, but we seek to hide it, which is almost the opposite of what happens in schools. Let us reflect on the situation two or three decades ago before higher education was brought together into one structure. Its diverse missions were evident in its titles. We had the polytechnics, the institutes of technology, the colleges of education which had replaced the teacher training colleges, and we had very focused colleges of further education.

Without wanting to feel that I am getting really old by thinking that all the glory is in the past, there is a part of me that yearns for what was the situation when I was the head of the sixth form at an inner-city comprehensive school. For those students who wanted to take a vocational route into a vocational profession, the path was very clear, and it went something like this. They would go to college to do a BTEC, then on to a polytechnic to do an HND, and then they would convert it into a degree. There was a clarity of mission and of route that has somehow become muddled and hidden in the situation we have now. Although I do not want to argue the case for going back, and although I appreciate the benefits which the unified system has brought, I worry that what is happening in actual fact is that we will never get away from groupings. We have groupings within the unified higher education system today, but they do not give clarity about mission or send a message about a clear route through. What we have is self-styled and self-described university groupings which have resegmented the higher education system without giving it the clarity it used to have.

Let us look at my own career since I became a Member of your Lordships’ House. For three years I worked at the University of Sunderland. At the moment I am chair of the council at Goldsmiths and I am employed by the University of York; in saying this I have declared my interests as set out in the register. Over the years I have worked at a post-1992 university, I chair the council at what was a 1994 university—I know that the 1994 group has been abolished, but I am sure that something will take its place—and I work at a Russell group university. Those are the groupings that have replaced the titles we used to have. When I look at the three universities with which I have connections, I can see that every one of them excels at part of its mission. Sunderland University does the best of any institution I know of at civic leadership. Sunderland city would not have made the progress it has as a city in the north-east if it did not have its university with its widening participation, which is taken seriously. That is helping social mobility in one of the most deprived areas of the country. Goldsmiths regularly produces some of our nation’s finest artists and musicians and it is a university with an international record.

York has an excellent reputation for research and regularly appears in the top 10 or 15 of any university league table. But although all three universities have an area of excellence, the perception of the groupings they are placed in defines them as institutions, and that risks hiding their strengths.

Whatever is the strength of a university or however much it might treasure that strength, it is the performance tables which actually define them. Two of the universities I have been connected with are penalised for their strengths. Sunderland University excels at widening participation but is penalised because one of the big ratings in the university league tables is the entry qualifications of the students it admits. Because it takes risks with children from poor backgrounds and second-time learners, and puts its reputation on the line, it is penalised in the rankings, despite its student satisfaction being well above 4. As for Goldsmiths, because it excels in art and music but does not do any STEM subjects, it is penalised by losing all its teaching grant.

The issue I want to raise today is that the shorthand for excellence has become self-defined by the sector and risks hiding much of the excellence that we actually have. I am really worried that we are in a situation now where not getting into what is defined as a top university is seen as a failure and those universities that are not considered a top university are not seen as contributing to the nation in the way that they have. However, in truth, the higher education system is more complex than that. Only 12 universities have more than half of their courses in the top 10. Let us just think about that: if you go to the University of Kent to study law, to Aberystwyth to study librarianship and information technology, to Manchester Metropolitan to study nursing, to Aston in Birmingham to study pharmacy or to the University of the West of England to study engineering, you have made the decision to go to a top 10 university for your course. However, not one of those universities has an overall ranking within the top 25, and some of them have an overall ranking outside the top 70. That matters, not because I want to pretend all universities are as good as each other or are all the same but because I want the opposite. The challenge I am putting out is that there should be greater rigour in defining excellence and it should not be just at university level.

The truth is that the self-styled university groupings have become shorthand for judging the best graduates, and it is that link that matters. Although the information is there on the website about strength in courses, employers and the wider world look to people who have gone to what is considered to be a top university and make the assumption that they are a top graduate. However, in many cases, that will not be the case. Perhaps the Minister will reflect on that and come back at the end of the debate to say how we can ensure that we have a higher education system that recognises, funds and assesses the hugely diverse nature of our higher education sector and that really does as much as it can to allow the sector’s many strengths to flourish and grow. Only in that way, and not by narrowing what we mean by a good university, will we be able to make sure that universities continue to play the important role that they have done since they came to our country.

12.08 pm

**Lord Storey (LD):** My Lords, I am pleased to have this opportunity to debate such an important topic and congratulate my noble friend on securing this debate. I want to talk in the main about how important universities are becoming in developing innovation and in creating and supporting businesses, and how they are using their research capacity to do that. We have seen this accelerate enormously over the past few years, and universities have become an integral and important part of our economic growth.

As a topical example, only yesterday the Mayor of London launched Med City, a scheme aimed at strengthening links between hospitals, universities and businesses in the south-east's golden triangle. Promising though this sounds—I would say that, wouldn't I—I suggest we must focus attention on the truly innovative work being done right across the country, including Scotland. I want to highlight some of the work being done in the north-west of England. I need only look to my own city of Liverpool for an example of best practice. In 2006, a not-for-profit company, Liverpool Science Park, was established by Liverpool John Moores University—the original red-brick institution—and the city council. It is a flourishing science and innovation park which is currently home to more than 75 companies, including graduate start-ups, key commercial-facing facilities and a handful of business support companies. Liverpool Science Park has been leading the way in uniting the sector, the graduate talent pool and the local economies. Only last Thursday the local paper, the *Liverpool Echo*, reported on the increasingly large number of Liverpool city region students starting their own businesses as a result of the Liverpool Science Park.

I would also like to praise the work being done by John Moores' Centre for Entrepreneurship and UnLtd. Their success story and their ethos must surely be shared as widely as possible across the sector. Indeed, students who cannot find traditional jobs upon graduation are increasingly being encouraged to start up their own businesses. Fortunately, this message is beginning to resonate. A report published last month by the Higher Education Statistics Agency, the *Higher Education—Business and Community Interaction Survey*, highlighted how more than 3,500 businesses were started by recent graduates last year, up from 2,357 five years ago. It is a result that we should all be proud of.

It is painfully clear how crucial graduate enterprise is to the success of the UK's core cities and the wider economy. I hope that the Minister bears this in mind in his response. Let us not forget how daunting a prospect it is to set up and run a new business venture. We should also remember how some of the world's best innovations and opportunities came from literally throwing ideas around with colleagues and collaborators—think Facebook, think Apple. This is where universities come in, bringing businesses together with other like-minded entrepreneurs, providing support and assistance, and helping to broker new relationships. Many universities host local economic growth hubs or business incubators to help small organisations and start-ups get off the ground. The result of this can be more jobs, more innovation and, crucially, more growth.

Another example outside the north-west is the Brighton Fuse project, which brings together academics and entrepreneurs in the arts, humanities, design and digital sectors. They map and measure how they may best support one another. Similar schemes are starting to take shape right across the UK, and I hope the Minister will throw his support behind such projects.

However, the benefits that university research can offer the commercial sector have not always been as strong as they should be. The most recent comparative data on the performance of research institutions in Australia, Canada, the USA and the UK show that from a relatively weak position, the UK now leads on many indicators of commercialisation activity. In November 2012, Her Majesty's Government announced a £60 million investment in UK universities to assist our most pioneering scientists and engineers to create successful businesses via research, helping to foster entrepreneurship and developing industrial collaboration.

The University of Bristol offers various schemes, such as the Proof of Principle awards, to encourage students and researchers to develop the commercial potential of research, explore markets, develop prototypes and take the first steps in generating impact businesses. Another of Bristol's schemes is the Engagement Award, where researchers can receive up to £10,000 for developing and piloting new activities and approaches, establishing partnerships outside academia and providing training, skills and development.

This demonstrates that researchers and businesses can establish mutually beneficial relationships. The unique aspect of higher education is that the level of innovation can be constantly maintained as young people pursuing research vocations also fuel further research. I suggest that we should capitalise on this and create new links between university researchers and businesses. This would construct a sustainable method of creating more jobs, new opportunities and increased growth—a “win-win-win”, as they say.

I turn to another matter in our universities. While there is rightly an emphasis on increasing the proportion of women sitting on FTSE 100 company boards, there is sadly little being done by way of increasing the number of women involved in university leadership. Shamefully, only 14% of university vice-chancellors are women, whereas in business the proportion has climbed to 21% due to increased political pressure as well as pressure from businesses themselves; for example, via the work of the 30% Club. We are fortunate to have so many excellent women role models in this House, where we have a more equal balance of women on boards, positively influencing the culture of companies' decision-making. Surely the same should apply to our universities and higher education institutions. Women need to feel confident, in that they have earned their position, that their views will be considered as equal to those of a man. They are not around to “make up the numbers”. An environment needs to be fostered where a macho style of leadership is eliminated and men and women are equally represented and valued. On how we go about this in the academic sector, in our universities, in the higher education sector, I would be interested to hear from the Minister or other noble Lords.

I recently found out via a Written Answer from my noble friend the Minister that the numbers in higher education have increased dramatically in the past 10 years. Since 2003, for example, the number of doctorates has increased by nearly 50%, demonstrating a desire among young people to pursue research. The supply is there—we have an increasingly large pool of highly talented and enthusiastic graduates ready to work and ready to innovate. It is blindingly obvious that universities and colleges offering higher education courses are making an increasingly significant contribution to our recovering economy, both in terms of GDP contribution and jobs. The sector attracts significant investment from overseas—we must always remember that.

While it is right that we should think again about the target of 50% of young people attending university, focusing perhaps on a balance of college education, vocational training and apprenticeships, we cannot ignore the enormous benefits that a successful higher education sector provides, as we heard from my noble friend the Minister in his own personal experiences.

Our higher education sector also produces significant, non-economic benefits. They literally change lives by the opportunities and chances that they provide, especially for students from the lowest achieving schools and less well off backgrounds. I pay tribute to all those who work in this sector for their innovative work and for being a tremendous force for good right across the country, including Scotland.

12.17 pm

**Lord Bilimoria (CB):** My Lords, last Friday, Professor Venkatraman Ramakrishnan—known as “Venki”—the winner of the Nobel Prize in chemistry 2009, joint chair of the structural studies centre at the University of Cambridge and a fellow of Trinity College, received an award at the Asian Awards at the Grosvenor House Hotel for outstanding achievement in science and technology. In his acceptance speech, he said:

“I was very touched by the Prime Minister who gave us such a warm welcome address in a video message earlier this evening but I have to say, over the past 10 years, the level of xenophobia and anti-immigration rhetoric has been ramming up—visa laws are increasingly restrictive, so that’s hard for us senior scientists to attract the best talent! They do not see necessarily that actually Britain is really a wonderful place. I get offers regularly to go back to the U.S and I always decline, because I love working here. That perception has to be changed and can only come”

from the Government changing their policies on immigration. There I end the quote from one of the world’s great scientists.

Foreign academics make up 30% of all the academics at our top universities, including Oxford and Cambridge, and foreign students are some of our most talented undergraduates and postgraduates. If people such as Professor Ramakrishnan are saying things like this, who knows how many future Nobel Prize winners are choosing not to take up a position at our universities?

I am an alumna through executive education of the Harvard Business School. In January, I was present for a speech that the president of Harvard University, Professor Drew Gilpin Faust, gave to her university’s London alumni at the Guildhall. Professor Faust made

it very clear that Harvard would make the best effort to attract the best students and academics from around the world. She said:

“The future we face together, the future we shape, will depend perhaps most of all on who we are and who we will be. Attracting and supporting the most promising students and faculty are crucial to all we aspire to do. When we think of what Harvard has meant to the world, we inevitably find ourselves focusing on people: the extraordinary individuals to define our identity and embody our aims”.

There you have it: the president of Harvard making it absolutely clear that her university will do whatever it takes to get the best academics and the best students, regardless of their social or economic background or their ability to pay. In July 2010, Nitin Nohria became the 10th dean of Harvard Business School. Nitin Nohria is an Indian who studied at the Indian Institute of Technology before going to the United States to study at MIT. In July, a fellow Indian academic, Rakesh Khurana, will take over as the new dean of Harvard College.

That is what we are competing against, and that is an example from just one university abroad. How easy it would be for us to lose our stars, such as Professor Venkatraman Ramakrishnan, when the likes of Harvard have an ethos such as that. The competition is not coming just from the United States. Canada is on an aggressive recruitment drive for international students. Australia and New Zealand are both attracting thousands of students from India, China, Korea and Japan to study in Sydney, Melbourne and Christchurch. Why are we not following their lead in trying to attract the best and brightest overseas students to our country?

The threat is not just from the Anglosphere. The French Government are moving to simplify the visa application process for international students. The ministry for education in France has just announced that it plans to double the number of Indian students at France’s universities by the end of the decade. Why do not our Government set a target to double the number of international students? Why do not they set a target of any sort to attract more international students, let alone from countries such as India?

The situation is not good. For the first time ever, our total student numbers are down. In a rush to reduce net migration to tens of thousands by the next election, the Government have succeeded in convincing some of the world’s most talented young minds that Britain does not want them. A report last week from the Higher Education Funding Council for England showed that international and EU student numbers decreased by 4,595 in 2012-13, the first such decline since 1985. That followed a survey from the National Union of Students in January showing that 51% of international students found the Government unwelcoming. In 2012-13, meanwhile, the number of Indian postgraduate students at Russell group universities declined by 18%. That is worrying news when the Department for Business said that education exports were worth £15 billion. That is wonderful news, but it makes the position all the more absurd when we are finally seeing signs of economic recovery.

Just today, we have heard that we are the fastest-growing economy in the developed world. If we want that to be sustainable, we need to invest in research and development.

[LORD BILIMORIA]

We spend a fraction of the OECD average on R&D funding. The Minister says that the Government have preserved their funding for research, but the *Times Higher Education Supplement* points out that, according to the Office for National Statistics, the UK spent 1.72% of GDP on R&D in 2012, down from 1.77% in 2011. Can the Minister confirm that?

At the moment, that places us in a miserable position in the EU 28 group. We are currently 12th, behind countries such as Slovenia, Estonia and the Czech Republic. Finland spends the highest proportion of its GDP on R&D at 3.55%, but even the EU average is 2.06%, and we are well below that. Investing just an extra 0.5% of GDP in science would make such a huge difference and should be a priority. That would give us the competitive edge for sustainable growth.

The fact is that our great universities—we have many—are succeeding despite, not because of government policy. The changes to student loans will come back to bite us. When the Government announced the changes to the system in 2010, they said that only a small number of universities would charge the new maximum of £9,000, tripled overnight from £3,000, and that the new system would create a more sustainable market-based environment in our universities, which would be better funded than ever. On all those measures, the scheme has failed. Only last month, the Government quietly announced that about 45% of university graduates will not earn enough or will not be able to repay their student loans. If the figure is only slightly out and reaches 48.6%, the Government's own experts calculate that the Government will lose more money than they gained by increase in fees in England to £9,000 a year. Can the Minister confirm that?

The result of this is clear. Universities are no better off, students are worse off and the Government will end up having to pay even more to fund higher education than they did under the old system. The Government said in 2010 that the changes would allow for a free market of choices between courses and that competitive universities would prosper. There is no free market: almost all the universities are having to charge almost the maximum £9,000 for courses, when previously the Government said that only a minority would. The reason is that when the Government tripled the fees, they reduced the funding to universities and withdrew teaching funding almost entirely. Will the Minister concede that this was a big mistake? Can he tell us how many of the universities are charging near that £9,000 and what proportion of students are paying it? I am excluding the expensive courses, such as medical courses.

As I said in a debate that this House had on the Immigration Bill, the Government's madcap immigration cap has harmed us. Over the past year, the number of Indian students has fallen by 25%. That is also partly because of the abolition of the two-year post-study work visa. Every time that I talk to foreign students they say, "If only we could have that ability to work for two years". The current system is not easy when they have hardly any time to find a job. It is too difficult but that two-year post-study work visa really helped them to pay for their expensive education, gain some work experience and continue to build generation-long links with their countries. It did not help to have "Go Home"

vans or the £3,000 bond, which were, thankfully, scrapped. These messages are sending out completely the wrong image: that this Government do not want international students. I wholeheartedly agree that the Government need to clamp down on illegal immigration and must continue to do so. However, that does not mean that we should harm the good immigration, particularly in our universities, which are desperately in need of academics and students.

Speaking recently, the chief executive of the Higher Education Funding Council for England, Professor Madeleine Atkins, said:

"International students enrich our universities and colleges—and our society—academically, culturally, and through their contribution to the economy. Supporting high-quality international education is a crucial part of ensuring that the UK continues to engage with, and benefit from, the increasingly interconnected world".

The higher education sector is one of the jewels in the United Kingdom's crown, as all of us who work within higher education know. I am privileged to be associated with a number of universities. I sit on three university business school boards: Cambridge, Birmingham and Cranfield. I also have appointments at Cambridge. I know that this tiny country, with less than 1% of the world's population, has six of the top 20 universities in the world according to the latest QS rankings. There is higher attainment by ethnic minority students than ever before and our universities will continue to dominate the international rankings, but these achievements have not been borne out by government policy, which is lagging behind. The Prime Minister is fond of referring to Britain as being in a global race for growth, trade and investment. Unfortunately, the juxtaposition between the Government's economic and immigration policies more closely resembles a three-legged race.

I conclude that if we want to have a sustainable, competitive economy, yes, we need better school education and skills but our higher education is a crucial priority and must continue to be so. We must invest more in higher education as a proportion of GDP, from both public and private sources. We need to remove student immigration from the immigration figures. Can the Minister say whether the Government are going to do this? Our competitors do not include figures for student immigration within their immigration figures: the United States does not, nor does Canada or Australia. Can the Government also ensure that the two-year work permit is brought back in, so that students can work after they finish their studies, and that we invest more in R&D as a percentage of GDP than we currently do? Then we will stand a chance of competing in the global race.

12.29 pm

**The Lord Bishop of Winchester:** My Lords, I am grateful to the noble Lord, Lord Ahmad, for giving us the opportunity to debate this topic. The Church of England takes seriously its commitment to higher education. Many Bishops have a close involvement with the universities in their diocese, as visitor or chancellor or by sitting on the university council. Indeed, it would not surprise me if the right reverend Prelate the Bishop of Portsmouth said something about his commitment in his maiden speech later today. I gather that there is also one Bishop who is currently a student.

As spokesperson for the Bishops on higher education I have a particular interest in this area, and I offer to your Lordships one understanding of what higher education is for, and particularly what the Anglican institutions can offer to the sector. It is important to invest in higher education as a public good whose purpose is to build up the common good.

Ten Anglican universities have emerged out of the Church of England investment in higher education over the past two centuries. Alongside these 10 there is another with an ecumenical foundation, Liverpool Hope University, which is where I was yesterday. Together with three other universities that have a Catholic foundation, they make up the Cathedrals Group. The majority of these universities were founded as teacher training colleges in the 19th century before the later rise of the red-brick universities. They were originally established to train teachers required for the many new Church of England schools. These colleges, as vocational institutions, began to develop their own faculties in the university disciplines connected with the subjects that the teachers would teach. With this growth, and with further diversification, many of these colleges became universities in their own right. With their historic foundation and unique ethos, they share with other older universities, and many recently established ones, the questions and challenges facing higher education today. What binds them together is a commitment to higher education as something that is a public good for the common good.

A number of significant factors are highlighted by those who brief in the higher education sector—for example, the economic contribution of universities, non-economic benefits, the expansion of higher education, university funding and international students. However, unless there is clarity about what higher education is for, the debate about its delivery is confused with its purpose. Put simply, at the highest level the value and purpose of higher education is as a public good for the common good. This perspective on higher education can be considered through three perspectives: generating creative graduates for a creative economy, offering formation for a context of social diversity, and an enabling environment for research and teaching.

First, it is clear that higher education is a key element in the wealth creation of our society. However, it is not so clear that universities should be assessed, in an instrumental fashion, in terms of the numbers of wealth creators they generate or how their contributions to an economy are directly attributable. Yet it is good to note that Universities UK has reported that the sector made a contribution of £73 billion to gross national productivity in 2011-12, and that this was a 24% increase on the previous evaluation in 2009. So it would be true to say that the contribution of a university, particularly to the local economy of its region, is an important aspect of what universities are for. The Million+ manifesto has suggested some strategic actions that could be taken to enhance the role of a university in the development of a local economy. Such initiatives would seem to chime well with the Government's own commitment to developing major cities, and with their contribution to the GDP. One such city in my own diocese, Southampton, has seen a notable rise in

its GDP. Not insignificant to that improvement is the role of Southampton University as a force in the region.

However, there is a certain obliquity to this goal of economic productivity. It is through aiming at something else that such a goal can best be achieved. For example, to encourage economic productivity it might be best to aim at creativity. It is creative people who contribute the most to the economy. This is because, as John Howkins has advocated, what we have today is indeed "the creative economy". Today we need to encourage creativity, to enhance the intellectual freedom in which creativity takes place and to embrace the creative challenges that the market presents. A university can generate an environment to encourage such aptitudes in its students. It can unlock their latent talent, especially for those who have not traditionally accessed higher education. It is in this way that the university can contribute through the creativity of its graduates to the common good of the economy.

Corresponding to the challenge of making a creative economic contribution, with the spread of Anglican universities across the country, in Canterbury, Chester, Chichester, Cumbria, Gloucestershire, Lincoln, Liverpool, London, Lampeter, Plymouth, Winchester and York there is certainly a sense in which they are making a countrywide contribution to local economies. As a public good, these universities are contributing to national life by providing access to higher education for many who would not otherwise be able to develop their latent talent.

There is both a vocational perspective and creativity in the ethos of these universities. This includes what some would call a liberal arts world-view, both religious and secular. I was inspired yesterday by Cornerstone, Liverpool Hope University's creative campus, in which its ethos of what is a public good and what the common good is for is expressed right in the heart of Everton.

Secondly, today's societies require the kind of space in which there is the opportunity to have multidisciplinary engagement reflecting the globalisation of civilization. A university today needs to be able to offer a way of handling the multiversity of our pluralist societies and to include in its community those who have, in previous eras, been unable to participate in or access higher education.

Today no one individual, discipline or institution can hope to hold a total view. However, what can be encouraged is a form of intellectual inquiry that enables exchange between disciplines and between cultural perspectives and which therefore models new ways of living together in diversity. The value of higher education, its public good, includes the formation of students in a collegiality based on engaging with others and engaging with different kinds of knowledge through conversation.

The university, especially the university that is networked with others across the globe, is an essential space for enabling the conversation required between disciplines to help us face those global challenges that will diminish the common good: the unfettered power of economic change; the question of climate change and limited resources; and the disturbing forces of cultural differences. Reconciling and resolving differences will require societies that know how to negotiate.

[THE LORD BISHOP OF WINCHESTER]

However, just when we need greater interaction between nations, and when higher education as a global public good is something many want and will pay for, the UK has made it difficult to study here. Universities are struggling with the limitations the new immigration legislation has placed on international students.

The Cathedrals Group of universities makes a significant contribution to the widening participating agenda. Not all noble Lords will agree with the target that 50% of young people should participate in higher education, but it is striking that we have nearly achieved that, with approximately 48% of 18 to 24 year-olds in each year group accepting a place at university. The Anglican universities have played their part in achieving this target and ensuring that young people from all backgrounds can participate in higher education.

Anybody who has spent time exploring the issues around widening participation will know that they are extremely complex. Nevertheless, many universities have found success can be linked to their commitment to develop the whole person by looking further than A-level grades at the admissions stage and exploring a deeper context that can illuminate the real potential of a candidate. From time to time, this might run contrary to the incentives of league tables, but it is completely in line with an optimistic vision of human potential and with higher education as a public good that is for the common good. However, it is a shocking fact that many students who take loans will graduate owing more than £50,000, with interest rates way beyond most market returns and a repayment scheme that will tax success, disincentivising social mobility.

Thirdly, there is a need for universities to promote a world-view for the civilisation of our societies that sees the intergenerational transfer of knowledge through teaching and inspiring the long-term commitment which academic research requires. This is more than a contribution to the economy or to social cohesion; this is about the development of a public good for the common good of civilisation and the flourishing of humanity. The separation of teaching and research universities will not help spread both the world-view of civilisation and its grounding in values of beauty, goodness and truth. Such a vision is deeply integrated in the Christian vision and mission, which inspired the medieval universities and contributed to the renewal of universities in the Enlightenment. This is not something that can be easily illustrated, but it is about a world-view of inquisitiveness and persistence, open to reality. Some discoveries, or applications of discoveries, require a capacity resourced by a world-view of ongoing exploration of this world and its meaning.

The world-view of the great medieval universities such as Oxford and Cambridge and those of the modern universities such as Berlin and London meant that they were such institutions. Universities such as these require investment for the common good by those who have responsibility for the common good. However, focusing research in just a few universities and in certain kinds of disciplines will undermine the very inquisitiveness and spread of research required. I am delighted that Liverpool Hope University has one of the best research centres on world Christianity.

It might be a key resource for understanding today's renewal of global religion and its impact on our societies.

The budget for HEFCE has been reduced. The implications are grave, especially for vulnerable communities. Funding for research has been ring-fenced, as has the allocation for funding-intensive subjects such as engineering and science. But this leaves the widening participation projects, such as Access to Learning, vulnerable to further cuts. There is need for public investment in universities, otherwise what is currently a public good will again become a private good, affordable to a few.

The Government's intentions for higher education are a concern. There is a simplicity about lifting the cap on numbers and fees and allowing market forces to have their way, but if we wish to build on improvements in primary and secondary education we need to invest in the public good of higher education. There is a need for framework and a rationale for state support beyond free universities.

There may well be a reduction in higher education in the coming years, but let us not let that happen in a brutal fashion. We need universities who take seriously their public role, not just in contributing to the creative economy and social cohesion of globalised societies, but as institutions that also pursue, with academic rigour, new knowledge based in grounded research and good teaching. The privatisation and marketisation of the university may well solve some issues, but could raise many more problems. It is essential that national Governments remain committed to investing in tertiary education. Universities are essential public institutions: a public good for the common good.

12.42 pm

**Lord Holmes of Richmond (Con):** My Lords:

"A man who has never gone to school may steal from a freight car; but if he has a university education he may steal the whole railroad".

Theodore Roosevelt knew of what he spoke. In saying that, he clearly demonstrated the benefit of higher education to the individual and to the entire nation. I thank my noble friend the Minister for initiating this incredibly significant debate.

Twenty years ago this summer, I graduated from the University of Cambridge. I was incredibly fortunate to win a place there. It was an extraordinary experience to be tutored, one to one, by some of the greatest minds in the world. To demonstrate the quality of that tuition, one of my ex-tutors will be speaking later in this debate.

To be part of that community at Cambridge—what an extraordinary opportunity that was. That institution has burned bright for centuries, not just across Britain but across the world, creating and motivating some of the world's greatest scientists, writers, poets and engineers; a university which has created more Nobel Prize winners than almost anywhere else on the planet. Trinity College alone boasts 32 Nobel Prize winners: that is just one college of one university, part of our extraordinary higher education system.

It is also tremendous from a personal point of view to see that a previous vice-chancellor of Cambridge really pushed forward on sporting excellence alongside

academic excellence. The two are not mutually exclusive. This did not limit sport only to rowing, rugby or cricket, and did not enable sportspeople to be only in the camp of rowing or land economy, but sat the two together and demonstrated through flexibility how you could have sporting and academic excellence alongside one another.

I will build on a lot of what the noble Lord, Lord Bilimoria, said about international students. This country should be saying, “We need, want and welcome international students from across the planet”. It is understandable that there was nervousness about them at a time when the economy was not in great shape, but that is of no consequence and is no excuse. Whatever the economic backdrop, we need, want and welcome international students. Of course we should not be naive about fake students, the conjured-up course and the non-existent institution, but those things are no reason to clamp down and shut the door on all that possibility. I do not want to be overly Rumsfeldian, but it is very difficult to say how many non-existent institutions exist. However, we do know how many fine, excellent and value-driven higher education institutions exist across Great Britain and Northern Ireland. They need the input, involvement and participation of international students for economic, social and political reasons in the short, medium and long term.

It was estimated that in 2012, in fees and living costs alone, international students contributed £10.2 billion to this country. If they stay on and work here, that contribution increases by multiples. If they go back to their own countries, what fabulous brand ambassadors for Great Britain they will be. Soft power is so essential, so misunderstood and has been so underdeveloped for so many years. The report by the ad hoc committee of this House clearly demonstrated that soft power is real power. International students can play a key role as ambassadors in that soft power agenda.

We currently gain around 13% of the international student market. That is good—we are in silver medal place behind the States—but there is so much more to be gained. Over the past nine years the figure for the States has dropped around 10%. We should go out there, grasp all the opportunities and say to international students, “The doors to great British institutions are open; come and be part of this. We want the brightest and the best students to study, to strive and to want a great British higher education”.

Employability, which for too many years has often been seen as the preserve of the careers office, underresourced and often undervalued, is now seen as absolutely critical—as significant as the degree award itself. That is not in any sense to be overly reductive; it is not about seeing education as merely learning to labour. It is about enabling an individual, alongside whatever academic course they are on, to gain employability skills, which will not just assist and potentially give that person the edge with their first job but will last throughout their entire career. The study shows that 80% or so of graduates in the UK are in employment six months after graduating. That is a good figure, although it could certainly improve. It is interesting that there is now an indicator which tracks this alongside degree results and other key indicators for our higher education institutions.

To move on to the specific, I will talk about BPP; my involvement with that institution is indicated in the register of interests. It is a university based on the delivery of professional courses in law, accountancy, business, nursing and health. It has developed extraordinarily over the past 15 years, gaining university status and constantly thinking about where the next edge in education is. It focuses on excellence: nine out of 10 of the worldwide prize winners in the CIMA exams studied at BPP. As regards employability, 96% of BPP graduates are in work six months after leaving, which is well ahead of the average figure I quoted some moments ago.

BPP delivers professional education to students who come from more than 50 countries from around the world. To the business point, it is connected with almost every one of the 100 FTSE companies. Business, international students and excellence are all wrapped up in one professional education offer; it is an incredible testament to the focus, drive and determination of its chief executive, Carl Lygo, who has driven this strategy for more than a decade.

In conclusion, higher education is the source of incredible innovation, the generator of global research, creator of jobs, driver of growth, and cornerstone of our soft power—it is nothing short of a gleaming gem right at the centre of our national crown. I salute it, I raise a glass to it, and am unstintingly committed to United Kingdom higher education.

12.50 pm

**Baroness Donaghy (Lab):** My Lords, it is always a pleasure to follow the noble Lord, Lord Holmes of Richmond, and I thank the noble Lord, Lord Ahmad, for introducing this debate. It is quite right that he talked up the universities. We have a room full of expertise and knowledge, but also a room full of passion about higher education, although we might disagree about certain things, of course.

My contribution is about the importance of universities in teacher education and training. I spent 33 years at the University of London Institute of Education, and recently had the pleasure of attending a meeting at the institute at the invitation of the noble Lord, Lord Nash, to see the exciting developments that are taking place in research and development in teacher education. The noble Baroness, Lady Shephard of Northwold, was also in attendance in her role as chairman of the institute council.

The university connection with teacher education started in 1890, and the McNair report of 1944, exactly 70 years ago, consolidated that connection by establishing area training authorities, whereby colleges of education were attached to a university hub to raise standards and ensure consistent qualities. I am aware that the right reverend Prelate the Bishop of Winchester recently made a speech about teacher education, and I wanted publicly to thank him for that contribution.

Some policy changes that are taking place are damaging the connection with the universities and may lead to some universities opting out of teacher education. Indeed, some already have. I thank James Noble-Rogers from the Universities Council for the Education of Teachers, or UCET, for his excellent briefing on this subject. The teacher education base was sound in

[BARONESS DONAGHY]

2010; 94% of higher education institutions offering initial teacher training were good or better, according to Ofsted, and 47% were outstanding, compared with 26% of school-based routes. The partnership between universities and schools was strong—in fact, among the most developed in the world. In the most recent survey, conducted in 2013, more than 90% of newly qualified teachers, after having been in post for one and a half terms, rated the quality of training that they had received as being good or very good. The Education Select Committee in 2012, while welcoming moves towards the more school-led approach of this Government, cautioned against any diminution of the role of universities in teacher education.

I am not claiming that everything is perfect. Some schools did not take responsibility for the next generation of teachers or did so half-heartedly, and some initial teacher training providers viewed schools as providing classroom experience without engaging in leadership and design of programmes. In some cases, there was too much focus on initial teacher training and not enough on continuous professional development, which produces better teachers, increases their confidence and helps to retain them in the profession.

When the Government published their teacher education proposals in 2011, there were many things to welcome, such as raising entry qualifications—although there is no direct correlation between degree classification and someone's effectiveness as a teacher—a greater focus on partnerships and a stronger school involvement in initial teacher training. This is something that universities and UCET have urged for many years. Schools should have a central role that goes beyond the traditional model under which they—sometimes reluctantly—accept student teachers on placement. The fact that a school needs sufficient resources to carry out this very resource-intensive exercise goes without saying, but I feel that I ought to say it.

This country has led the way in developing partnerships between schools and universities. Universities explicitly and actively supported the Government's proposals to develop networks of teaching schools which could, if done properly, engage schools more effectively in teacher education, both initially and in continuing professional development, including masters and research and development projects. But then we come to School Direct. When it was launched in 2011, it was described as a scheme under which 500 training places would be allocated directly to schools to help them meet teacher supply needs which could not be met through the existing supply system. At the time, no one suspected—not even the Government, I would like to bet—that it would become the centrepiece of the school-led, market-driven agenda. It could be made to work—and there are some good examples. However, the speed with which this policy is being introduced is causing supply problems and planning headaches and is a threat to the quality of teacher education and training.

There were 900 School Direct places in 2012-13, of which only 50% were filled. This soared to 25% of total places in 2013-14, and to a provisional 37% of places in 2014-15, even though mainstream programmes offered by higher education institutions are better at filling places. The dangers of this too rapid expansion are

obvious: it will cause instability in the initial teacher training education infrastructure, leading to unsustainable provision and reduced choice for schools. Bath University and the Open University have already dropped out of initial teacher training: both were rated outstanding.

It is true that 70% of School Direct places are allocated to partnerships involving universities, but this system is by its very nature fragmented and unpredictable. For example, a university might have 10 School Direct places to train English teachers in any one year. However, once a school holding those School Direct places has recruited the teachers it needs, it is not going to recruit any more. A university is unlikely to maintain staffing and resources for training English teachers in the hope that it will be able to pick up different contracts each year from different schools. Good programmes will close, which could cause teacher supply problems. Schools that want to participate in teacher training, but not through School Direct, will have their choice taken from them, while schools which want to be involved with School Direct will have fewer providers with which to work. There is nothing school-led or market-driven about that.

School Direct has led to places not being filled because of the inflexibilities in the new allocation and application system. It is desperately urgent that these inflexibilities are dealt with now before the summer. Universities are turning away highly qualified applicants while School Direct vacancies exist in the same area. Recruitment is 43% below target in physics and 22% below target in mathematics. School Direct also undermines the ability of an integrated teacher education infrastructure to deliver system-wide change, which, of course, all Governments like to do. With an integrated system, significant policy changes can be implemented quickly and effectively. Without commenting on the quality of the policy, an example would be systematic synthetic phonics, which this Government introduced. The Minister for Schools has written to universities and schools to congratulate them on their achievements in this area. Higher education institutions can be a route for getting new policies and new ideas into schools. Training that is entirely school-based risks replication of established orthodoxies and institutional conservatism.

UCET has already suggested quick and easy solutions to some of these problems both to the Minister and to the Select Committee on Education—an appropriate balance between the allocation of core and School Direct places. Following the last allocation, there are parts of the country with no training taking place in particular subjects through either the mainstream or School Direct. This cannot be right. To maximise recruitment, there needs to be virement between core provision and School Direct. The current inflexibilities will lead to disaster this autumn.

Prospective teachers should have an informed choice about the route for taking their careers further. There is a market but it must be sustainable. Schools should have the choice between School Direct and core provision. There is the broader market of the education system as a whole, where demographic changes require teachers to be trained to work across a system and not with the needs of a particular school in mind. The trainees are also customers who want flexibility, adaptability and

transportability. For every one teacher who wants to stay in the same school throughout their career, there will be nine others who want to move.

Without a good base of core allocation, universities cannot sustain their involvement in teacher training, including the School Direct provision, to a good standard. Current policy risks a race to the bottom in the quality of training, determined in large part by locally negotiable financial considerations. Initial teacher training infrastructure is likely to be broken up, with provision offered by associate or brought-in staff or abandoned altogether. Warwick University has placed all its initial teacher training provision in a self-financing business unit. It will be interesting to see where research and development find a place.

In order to remain in the market, some providers have begun to offer validation-only routes. They appeal to schools because of the low cost, but a validation-only approach will drive down standards and is out of step with high-performing systems internationally.

Finally, I believe that this Government are sincere about improving schools and the quality of teachers. However, their policy initiatives will do the exact opposite if changes are not made soon, and the university connection, which has been in existence for more than 100 years and is admired by the rest of the world, will be irreparably damaged.

1.03 pm

**Baroness Sharp of Guildford (LD):** My Lords, it is a pleasure to follow the noble Baroness, Lady Donaghy. To my mind, she has raised an extremely important issue, because the quality of teaching in our schools and universities is fundamental to the success of our education system.

I have been in this House for almost 16 years and have spoken on higher education from these Benches on numerous occasions. It is unusual that we have not had a major debate on higher education for some time and I am very grateful to the Minister for raising this important issue. My own background is that of a university teacher and a researcher. I spent the last 20 years of my academic life at the University of Sussex in the Science Policy Research Unit. During my career in this House, I have concentrated quite a lot on the role of the science and technology subjects and the importance of, in particular, the teaching of mathematics, and I continue to take an interest in these subjects.

I have also played an active part in developing Liberal Democrat policy. During the early part of this century, when my noble friend Lord Willis was the spokesman on education for my party in the other place, he asked me whether I would work with him on developing a rationale for our policy of zero fees. I have had little difficulty in justifying that policy. Having been the product of a regime in which I paid no fees whatever and received very generous maintenance grants which enabled me to go to Cambridge—I share the admiration for that university expressed by the noble Lord, Lord Holmes—I nevertheless felt that in terms of intergenerational equity it was not difficult to justify a regime in which, because it was becoming increasingly important that we should do so, we extended tuition through to the age of 21 for the current generation of young people and they would pay for it later.

I suppose that, for that reason, I also became at that time a convert to the concept of a graduate tax. Given the not wholly progressive income tax system in this country, it seemed to me somewhat unfair that those who were on relatively low pay and had not benefited from a university education should have to pay through their income tax for those who benefited and gained considerably from such an education. Today, I continue to feel that some form of graduate tax is the best way of coping with the situation.

However, my remit was also to look at an integrated system—one that incorporated the further education sector as well as the higher education sector. We should not forget that the further education sector provides higher education for some 200,000 of our 1.3 million students. Therefore, it is a considerable player within the higher education sector. The scheme that we came up with was one that, in effect, looked to some form of voucher system for young people and provided a degree of flexibility between the sectors and between different elements in the sector. I shall come back to that later.

As the noble Lord, Lord Bilimoria, who is not in his place at the moment, the noble Lord, Lord Holmes, and the Minister himself have indicated, we have much to praise our higher education system for in this country. In terms of international ratings—I was looking at the *Times Higher Education* reputation rankings—we have 10 universities in the top 100 and are second only to the United States. In terms of publications, with 1% of the world's population we produce 6.4% of the world's scientific publications and 14% of the most highly cited publications. The quality of our research attracts many international R&D laboratories, especially in the life sciences, where we have forged a position as an international leader.

The universities themselves are great generators of wealth. It is estimated that their contribution to the UK's economy is more than £70 billion—2.8% of GDP—creating 750,000 jobs. We attract large numbers of international students, in spite of the efforts of the Home Office. I entirely endorse what the noble Lord, Lord Bilimoria, said about the sheer ludicrousness of the current policy in relation to international students. It is rather absurd that the Department for Business, Innovation and Skills is doing its best to encourage international students to come here while, at the same time, the Home Office does its best to discourage them. That is quite stupid. As the right reverend Prelate the Bishop of Winchester indicated, these students give considerably to their local communities.

However, we need to beware of complacency. The farewell lecture that Bahram Bekhradnia gave when he departed as director of the Higher Education Policy Institute warned that we cannot assume that our relative success will continue indefinitely. Many other countries are investing very heavily in their higher education sectors. South Korea, Singapore and Hong Kong have been rising up the league tables very rapidly, as indeed has China. If we look at spending on tertiary education, we are spending rather below the OECD average of 1.5%—we spend about 1.4%—compared to the USA which spends 2.8% of GDP, Canada 2.5% and South Korea 2.5%. We spend relatively lowly on tertiary

[BARONESS SHARP OF GUILDFORD]

education in terms of our proportion of GDP. China is investing in and expanding the sector in spectacular fashion. We may currently be taking large numbers of postgraduate students from China but they are returning to become the key academics in their universities in that country. There will come a day, as we have seen in Hong Kong and Singapore, when students will stay at home because their universities are ranked as highly as our universities over here.

The UK is not investing enough in R&D, as the noble Lord, Lord Bilimoria, said. It is not just our universities; the private sector is not investing enough in research and development. Our total spend at 1.7% of GDP is well below most of our competitors who are now spending roughly 3% of GDP and rising. Ours has been falling. In the late 1980s we were spending 2% of GDP on R&D and even that was low at the time, but it has now fallen to 1.7%.

We should not be complacent about teaching. The research assessment exercise, as it was then called, was introduced in 1989. It is now the research excellence framework. This has given a considerable bias within universities for people to concentrate on research rather than on teaching. One of the reasons why we have been rising up the research rankings is that all the incentives are there within universities to concentrate on research. However, has that been at the cost of teaching? Far too many classes in universities are taken by postgraduate students who have no training whatever in teaching. We hear too many stories of work not being marked promptly and of little feedback being given to students. I went to university in the late 1950s when only 7% of the age cohort went. We are now looking at 45%. The pedagogy has to be very different. We can no longer assume that students are self-motivated and can be sent off to the library with a list and told to work by themselves. The internet has done an enormous amount to make material available but students still need teaching. As I say, the pedagogy in our universities has not had the attention that it deserves.

Above all—this point was raised by the noble Baroness, Lady Morris—we have not been looking enough at the dynamism and the diversity of this sector. We need a sector that shows greater flexibility in meeting the challenges from such things as the new online facilities. There is a need to mix and match courses and provide for young people who perhaps move from one institution to another. There is a need for us to consider where our skills gap lies and whether the universities are meeting it. The OECD, in its report *Skills beyond School*, highlighted the issue. It stated:

“While many young people in England pursue vocational qualifications at universities at bachelor level, very few undertake the kind of shorter vocational programmes that would represent a more cost-efficient response to the need for certain mid-level skills”.

In 2008, the Leitch report on skills made the point that 70% of those in the workforce in 2020 would have already completed their education. We need to think much more about education for mid-career which is not there at the moment. We need to have a stable financial framework if we are to develop new frameworks for higher education. The Dearing report in the 1990s suggested that funding should come from society and

industry as well as from individuals. Industry funds remarkably little in the way of higher education. It contributes a certain amount to R&D but it does very little for teaching in higher education. Although students pay fees of £9,000 a year, the switch has been from the state paying the money to the state lending the money, so the money is still coming from the state. As so few of the loans will be repaid at the end of the day, the subsidy continues to be extremely high. I was among those who had some scepticism about the student loan system. It was described by Nick Barr on one occasion as a very dodgy form of PFI. To my mind it is both unduly expensive and ineffective. It transfers the cost of loans from the present to the future generation while taxing disproportionately those young people whose families are not sufficiently well heeled to pay off their debts. My own party has made a great deal of the IFS endorsement of the present system as more progressive than its predecessor as the threshold is £21,000 rather than £15,000 so that those on low incomes pay back less. But it ignores totally the fact that the distribution of wealth in this country enables those at the top end to pay off their student debts so that their children do not have the 9% surcharge on income tax that others have. In 2010, I was among those who predicted that the system would not prove sustainable. Its potential collapse came rather sooner than I expected. I thought that it would probably go through to about 2020 when the debt burden would become apparent.

I have gone on much too long already but I want to go back to the point about diversity. I feel that it is extremely important to develop a system where there is a greater mix of short and longer courses and where universities play a part alongside the further education colleges and other specialist colleges. To oil such a system we need to have a proper form of credit accumulation so that people can transfer from one form of the system to another. I feel this particularly with the development of online facilities and the mix and match of campus-based learning and distance learning. I urge the Government to try to develop a system that is much more diverse and flexible than the current one and to consider a student loan system such as that proposed by Million+ which looks to paying back over a longer term loans directly funded by the Government.

1.18 pm

**Baroness Coussins (CB):** My Lords, I, too, am grateful to the noble Lord, Lord Ahmad, for introducing this debate, and I should like to raise some concerns about the teaching and learning of modern languages in British universities. It is an area that is changing rapidly and the Government need to be fully aware of the implications of these changes for the future of the UK's capacity in business, in diplomacy and security, in teaching and specialist language services and, of course, in intercultural understanding. I declare interests as chair of the All-Party Parliamentary Group on Modern Languages and vice-president of the Chartered Institute of Linguists.

Last week, Salford University became the latest university to announce that it would no longer be teaching any degrees in or with languages, including

postgraduate courses in interpreting and translation. This will bring the total number of universities offering language degrees down to 61. In 2000, there were 105, so that is a pretty dramatic decline. In the case of Salford, the announcement is not only a body blow for languages, for prospective students and for those who would have been teaching them; it is also disastrous for international bodies such as the EU and the United Nations, which have in the past seen Salford as one of their principal recruiting grounds for specialist linguists. The shortage of English native speakers in this field is at crisis point and, as a nation which aspires to be influential on the international stage, this is a challenge that the Government need to acknowledge urgently. Is the Minister aware of the recent report from the British Academy, *Lost for Words*, which spells out the importance of languages for meeting the UK's public policy objectives in international relations and security.

As well as the overall decline in the number of universities offering language degrees, there has also been a concentration of the provision that does exist within certain types of university. The Russell group dominates, offering 78% of the degrees in European languages and 95% of the degrees in non-European languages. Adding to the perception of elitism, 28% of languages undergraduates now come from independent schools. This compares to only 9% across all subjects.

This, of course, links back to what is going on in schools. The removal of a modern language as a compulsory subject after the age of 14 in 2004 was a retrograde step. Take-up at GCSE in the state sector halved as a result. It is to the Government's credit that we are now, finally and belatedly, seeing a significant improvement at GCSE attributable to the EBacc. However, we will have to wait until 2025 to see the full impact of the Government's other strategic initiative—mandatory languages at key stage 2 from next September.

In the mean time we are likely to see further decline in modern language degrees because universities will, quite reasonably, continue to respond to the decline in applications. In 2012, we saw a 14% drop in student applicants for language degrees, attributable to the tripling of fees, which had a disproportionate impact on language courses because they are four-year courses. The introduction of Erasmus Plus and the settlement over fee waivers has been encouraging in this respect.

However, on the down side, we learned only two weeks ago from the 2013-14 Language Trends survey that the number of pupils doing A-level languages is dropping at what was described as “an alarming rate”. What is more, this decline is particularly marked in the independent sector. There are three reasons. First, if too few students opt for a language course, the course is considered unviable and the school will not run it. Secondly, sixth formers perceive languages to be tough, and it is true that there is certainly a big leap between languages at GCSE and at A-level. Thirdly, and related to this, the Russell group universities are calling for triple A grades for admission. Schools and pupils all know that there is convincing evidence now to show that language A-levels are more harshly marked than other subjects, so why are they going to risk their A or A\* by choosing a language?

I appreciate that the Minister today is speaking for BIS rather than the DfE, but the links and the interdependency between schools and universities are self-evident. Is the Minister aware of this latest finding on the alarming decline in A-level languages and its likely knock-on effect for higher education? Does he agree that it would be much better to act swiftly to nip this trend in the bud rather than watch it fester for years, like the GCSE decline, and then have to administer life support?

We cannot wait until 2025 for the impact of the new policy to resolve all this. We need to attract and retain students at A-level now and encourage them to continue languages in higher education. This will not happen unless we campaign to change public attitudes towards the value of language skills and the wider cultural value of studying another language. What do the Government plan to do to lead such a campaign? Specifically, would the Minister respond to a suggestion, made at a recent meeting of the HEFCE steering group for the Routes into Languages programme chaired by Sir David Bell, that the issue of languages in HE needs to be the subject of a Downing Street forum, in the same way as happened successfully for the STEM subjects? Languages have to feature more prominently on the political agenda. I hope that not only will we see such a forum at No. 10 but that over the course of the next year we will see every party's manifesto spell out positive, detailed and informed policies on languages, recognising that this can be what makes or breaks success in so many fields, from exports to community cohesion.

As for universities, I hope that more of them will acknowledge that to survive in the 21st century means more than just using fine words in the mission statement about being an international institution and producing global graduates but that in practice this means fostering languages, not abandoning them. More universities could set the right tone from the beginning by emulating the UCL policy of requiring a GCSE language or equivalent from every applicant at matriculation, irrespective of degree subject or, failing that, requiring all first years to take an accredited language course.

HEFCE and the Government still regard modern languages as “strategically important and vulnerable subjects”. Never has this descriptor seemed more apt. The continued funding for Routes into Languages is welcome and I ask the Minister to confirm that this is secure for the foreseeable future. Will the Government also support the bids from universities to the HEFCE catalyst fund for five-year projects for improvement and innovation in languages in HE?

The final point I want to make is to explain the apparent languages paradox at British universities because, despite what I have said, there are more students doing a language course than ever before. However, this is because of non-specialist language provision—in other words, students doing a degree in another subject, such as law, business or economics, but doing a short language course on the side. About 60% of these are getting some form of credit, but 40% are taking it as extra-curricular and often have to pay extra fees on top of the high fees that they are already paying for their degree. The courses I am talking about are provided

[BARONESS COUSSINS]

in the university languages centre, not within the language faculty, and they focus exclusively on practical language skills.

It is important not to be misled into thinking that this is a viable replacement for or updating of the modern languages degree. The courses in question are not even being taken mainly by UK students. At the last count, at least 55% were non-UK students picking up their third, fourth or even fifth language. The others are taking one course in one language for one year and are very unlikely to acquire more than basic levels of competence or have the confidence to take a year abroad to consolidate the language in context.

By contrast, it is a requirement for all those doing a languages degree to have that year abroad. That is a major advantage in terms of immersion in the relevant culture and society and also for future employability. The UK needs graduates with the highest levels of fluency and cross-cultural competence to enable them to operate in a complex global society. The insights and refined understanding of other cultures developed through specialist study of literature, culture and society through a particular language takes the learner way beyond the merely functional and transactional. This is vital for our diplomats and business people. It is only from among language graduates that we can develop translators and interpreters and the language teachers that we need to go into our schools system. It is not a question of either/or; both types of provision are needed. However, the language degree courses are strategic and vulnerable and must not be allowed to wither away.

In the words of the latest Language Trends survey, “speaking only English in today’s world is as big a disadvantage as speaking no English”.

Our universities are uniquely placed to ensure that we produce a critical mass of young people who can not only function in a global economy but lead and succeed in it. Will the Government support the universities in achieving this objective through languages as vigorously as they have, rightly, supported the STEM subjects?

1.30 pm

**Baroness Warwick of Undercliffe (Lab):** My Lords, it is a privilege to follow the noble Baroness, Lady Coussins, in her typically passionate plea for modern languages. I am also delighted that the right reverend Prelate the Bishop of Portsmouth, who is to follow me, has chosen this debate in which to make his maiden speech, and I welcome him warmly to this House. I thank the Minister for securing this debate, which has enabled many noble Lords to celebrate the great success story that is the UK higher education system, while alerting the Government to dangerous trends in their policies ahead.

I spent well over 20 years representing in one guise or another the higher education sector, not as an academic but as an organiser, influencer, advocate and, until a few years ago, chief executive of Universities UK. I still have some direct involvement and I declare an interest as a member of the council of University College, London, a university that is an exemplar of the ways in which a university can contribute to society

and the economy as well as providing a first-class education for its students. Perhaps I should say at this point how delighted I am at the partnership between UCL, the London Legacy Development Corporation and the mayor’s office, and at UCL contributing to the Olympic legacy. However, although the decision in principle has been made to create a campus, we now need to make the finances work, and I hope that the Government will fulfil the commitment made in the autumn Statement to support this great initiative financially. If the Minister could confirm that in his reply, I would appreciate it.

My involvement in HE started in 1982 when I became head of the Association of University Teachers. Since then I have seen enormous changes in HE, many of which have been for the better. I am thinking particularly of wider participation and the exploitation of research. Many of these changes have helped to transform HE into the hugely influential sector that it is today. HE now extends well beyond the universities. We had a briefing for this debate from the Association of Colleges reminding us that 180,000 students study HE in local further education colleges. Not all of HE is now publicly funded. In 1982, the only private provider was the University of Buckingham. Now an entirely new set of alternative private providers has emerged, some for profit and some not for profit, but all looking very different from the three-year, full-time undergraduate institutions that many Members of your Lordships’ House experienced. Even that has changed dramatically, with almost 40% of students studying part time. But it is worth noting how susceptible part-time study has been recently to changes in government policy. The numbers have declined substantially, which is a cause for concern, particularly for women and in terms of widening participation. Can the Minister comment in his reply on how the Government propose to halt this precipitous decline?

Other major changes have occurred. Women outnumber men at undergraduate level, while many more students from disadvantaged backgrounds now achieve degrees. The student body is now much more ethnically diverse. A much higher proportion of students now live at home, and the Open University is providing an increasing number with the prospect of earning while learning. The proportion of international students has increased dramatically. That has been a great success story, as many noble Lords have spelt out in the debate, and during the course of the Immigration Bill many Members of this House had hoped to persuade the Government to recognise the damage their policies were doing to this success story. The Government are presiding over the first decline in international students for 30 years. I still remain hopeful that they will respond.

It is significant to note how much more publicly visible HE now is. If we had had this debate even 10 years ago, I doubt whether we would have received a briefing from *Which?*, the consumer magazine, but we have had one this week, which reminds us that students increasingly regard themselves as consumers, given the financial commitment they now have to make if they go to university. That, of course, is one of the most significant changes. In 1982, students made no personal contribution to the cost of their degree

course and there were grants for maintenance. Today, students emerge with average debts of £50,000, albeit with a beneficial repayment regime. That funding regime, which has shifted the cost from public taxation on to students, has ramifications not just for students themselves, but for the financial stability of institutions, a point I shall come back to in a moment.

I want first to focus briefly on the HE system as it is now, the contribution it makes to the country, and its importance to future prosperity. I was really pleased to see that BIS, as the government department responsible for HE, has begun to document the benefits of HE participation for individuals and society in a systematic way, and here I refer to research paper No. 146. It presents this as “Quadrants” or a “taxonomy of benefits” which focus on greater social cohesion, reductions in crime, civic participation, political stability, social mobility and health benefits, all of which are improved by the experience of HE. It also identifies economic benefits such as increased tax revenue, faster economic growth, higher earning value to employers, increased entrepreneurial activity and productivity, all of which should be music to the ears of the Treasury. It is clear that we benefit as a society both economically and socially because our universities produce well educated and employable graduates and world-leading research.

On research in particular, the system is remarkably efficient, and on every metric we outperform the money we spend on research. But it is nothing but complacency to assume that the UK has a God-given right to be a leading research nation and not make the investment that this requires. Can the Minister say whether the Government still have the aspiration to bring spending in line with the OECD average? That is because, in fact, we are dropping behind. Universities UK’s reliable patterns and trends data show that investment and expansion have slowed down in the last two to three years. This is at a time when we need to maximise the potential of HE as one of the main engines of economic growth, and when other OECD countries are increasing their investment. The noble Lord, Lord Bilimoria, highlighted the figures in his speech. It has become common to talk of universities as “economic anchors”, as institutions that can generate jobs and growth across all sectors of their city or region. Because they are spread throughout the country, they are uniquely able to promote growth that benefits all of our country, not just the south-eastern corner of it. In my own home region of the north-east, which struggles on many economic measures, universities have generated a higher proportion of jobs than in any other region. Last week, the Minister for Universities described his ambition to see new campuses built in “cold spots”, precisely because they can rejuvenate and enliven a local economy.

Universities themselves have not been idle. They have secured increased investment from the EU, charity and industry, as the Minister, the noble Lord, Lord Ahmad, himself acknowledged. There has been a substantial increase in knowledge exchange activity, which is particularly beneficial to small and medium-sized enterprises. Sir Andrew Witty, in his review of university-business interactions, highlighted the comparative advantages they offer the UK. He specifically recommended that the Government should make a long-term commitment to the Higher Education

Innovation Fund, which generates £3.4 billion-worth of knowledge exchange income alongside the broader economic impact of universities of £73 billion, which represents 2.9% of GDP, and is therefore a not insignificant figure. Yet the Government, despite explicitly recognising,

“the enormous economic impact and leverage”,

of the HEIF, and that,

“every £1 of HEIF funding generates £6.30”,

have refused to commit themselves to raising the level of HEIF funding. I hope that the strength of the arguments in this debate will convince the Minister that he should urge his colleagues in the Treasury to think again, and that he will commit to that in his response.

The Treasury must surely be looking for ways to boost income. The revelation last week that around 45% of graduates will not earn enough to repay their student loans and that the system could end up costing taxpayers more than the one it replaced calls into question the decisions the Government have made about the way in which universities are funded to teach students. This week, the Higher Education Commission held its first evidence session on the topic of funding, and as we heard last night at a meeting of the All-Party Parliamentary Group on Universities, the current system is not sustainable and, worryingly, is unlikely to provide the basis for the affordable expansion of university education that the country so clearly needs. Given that we heard from three former Secretaries of State for Higher Education, the Government will need to take note of the findings of the commission and the all-party parliamentary group.

This is a complex problem. I am not going to be able to solve it in this speech but will outline a few questions that need to be considered in any attempt at a solution. First, what is an affordable and reasonable rate at which we could expect graduates to repay their loans? Does the current system provide this or could it be changed? Secondly, what is the appropriate level of state funding for higher education and how can we ensure that this does not get degraded by Treasury salami slicing over time? Thirdly, what changes can and should be made to the way in which we deliver higher education that could make it more affordable to graduates and the state? How can we persuade employers to invest in higher education for their staff and reverse the dramatic decline in part-time study?

It is a complex problem but one that it is essential for us to solve in a way that will be sustainable in the long term. Neither universities nor students benefit from major reforms taking place every few years or, indeed, from retrospective clawbacks, as happened with HEFCE funding this year, when, for example, UCL found its in-year funding reduced by £1 million. We derive enormous benefit as a country from our university sector. The world-class research it carries out and the graduates it produces are the basis of our future economic success. It provides anchors for jobs and growth throughout the country, and we damage it at our peril.

Finally, I share with the House my delight at the news this week of the first Max Planck centre in the UK, a joint centre with UCL on computational

[BARONESS WARWICK OF UNDERCLIFFE]

neuroscience and psychiatry. There will be others. This historic and ground-breaking collaboration with one of the most influential research centres in the world has arisen only because of the reputation of research in the UK and because of far-sighted investment. Such initiatives will be impossible in the future if we fail to invest. The Government really cannot go on ignoring this danger.

1.41 pm

**The Lord Bishop of Portsmouth (Maiden Speech):**

My Lords, it is with astonishment that I find myself here today, rising to speak for the first time, keeping such company and sharing with you responsibility for the health and stability of our nation. In my heart of hearts, I am still a jobbing priest, and certainly with no desire to be an amateur politician. If I attempted that, then I would indeed be amateur. I delight to see people flourish, especially, to be parochial for just a moment, in Portsmouth diocese, serving south-east Hampshire and the Isle of Wight, whether they are lay or ordained churchgoers, British or foreign nationals residing in our midst, island schoolchildren who have never travelled far enough to see the beaches of their own island, those residents or visitors enjoying the vibrant waterside city life of Portsmouth—the second most densely populated city in the land—or globetrotting commuters and businesspeople who circle the world several times over.

I am more than aware that my distinguished predecessor, Kenneth Stevenson, who I know was much respected in this House, had education very much at his heart and led the church's board of education. So it feels right and good that my maiden speech is in a debate that has at its heart a concern for human flourishing in education. Universities are anchor institutions in local communities, and Portsmouth University is no exception. It anchors the city and area financially, directly employing some 2,500 staff and indirectly supporting many more employers in and around the city. It anchors businesses, ensuring a regular supply of appropriately trained graduates to take on key roles and as a motor for the growth of small and medium-sized business enterprises; it funds multimillion-pound building projects as it continually updates its facilities; and it anchors the city morally, too, by providing a multicultural forum in which the issues of our day can be debated and the best insights can be lived.

As I know first hand from periods as a student, economics lecturer, chaplain and finance committee chair at the University of Hertfordshire, the higher education sector contributes extensively to the flourishing of our nation and our world. Now, as bishop and as a governor—an interest noted in the register—I see at first hand how Portsmouth University, along with universities all around the country, anchors and focuses financial, practical and moral flourishing, not just for students but in terms of enriching partnerships across the whole region, including, as you will expect me to note, my own cathedral's innovation centre, where space and both voluntary and expert support provide opportunities for new businesses to take root and to grow, even in challenging economic times.

I use the word anchor in relation to Portsmouth advisedly. You will of course be aware of the losses that Portsmouth has recently sustained in the shipbuilding industry. In the wake of those losses, higher education has gained even more importance. The university has a pivotal role to play in providing good-calibre, creative students who can help to diversify employment and business opportunities in the city and in developing the local and regional economy. This is true for homegrown students, but the reality is that for Portsmouth—or any university—to flourish, it also needs international students. I am aware that my friends the right reverend prelates the Bishop of Chester and the Bishop of St Albans have previously argued in this House for the importance of considering higher education immigration separately from other forms, as have other noble Lords in this debate. Indeed, as we have heard, the House's Select Committee on Soft Power has described the present policy as “destructive” and “disingenuous”.

In Portsmouth, we currently have 2,941 international students, out of almost 22,000 in total, from approximately 140 countries. That reduced number, confirmed recently across the whole national HE sector, costs us all as we turn away the world's talent and ideas. That presence is vital both in monetary and in human and educational terms. They enliven and enrich the whole community; their flourishing matters to us all, and needs to be safeguarded in our legislation.

I say this mindful of the huge vulnerability of the majority of students in the present day—the intellectual vulnerability that we all embrace as we embark on a new learning experience, and the financial vulnerability of students facing increased fees and debt. As someone who today feels vulnerable in the face of a new learning opportunity, I find myself freshly in solidarity with such students, and, indeed, with businesses learning and relearning how to make the best of opportunities in a fast-changing local and national economic landscape. I am committed to their welfare and will be glad to engage further with you as to how best to serve their needs.

I will be particularly glad also to learn how I can best help improve the lot of people who are suffering the effects of economic injustice. A local parish priest recently estimated that up to 20% of people living in her parish were in receipt of doorstep loans, and countless food banks and other informal food outlets have sprung up in the past year or so. There is huge poverty in Portsmouth diocese, not just among those who are on benefits but also among those who are working full-time but still cannot afford to live. It is surely a matter of the greatest concern that a job no longer always pays a living wage. This is an issue very close to my heart, to which I will be glad to devote time and energy in this House.

As I join you in this House, I thank your Lordships for your most generous welcomes, and the officers and staff who serve us here, and for your patience with me as I continue to get lost in the labyrinth of the corridors and figure out how best to engage with the issues at stake—to your good, the good of the communities and people of Portsmouth diocese and the good of the nation.

1.51 pm

**Baroness Greenfield (CB):** I congratulate the right reverend Prelate on his inspiring and insightful speech. I warmly welcome him to your Lordships' House and look forward to his continuing contributions on a wide range of issues, including economics, social welfare and the Navy. Turning back to universities, I join other noble Lords in thanking the noble Lord, Lord Ahmad, for introducing this important debate.

Having spent most of my working life in the university sector, I am fully aware of the diverse issues that we need to explore. I have been in turn an undergraduate, a postgraduate and a tutor of medicine at Oxford University, where I remain a senior research fellow at Lincoln College. In addition, I served for seven years as chancellor of Heriot-Watt University, as well as working in higher education establishments abroad; namely, the Collège de France in Paris and New York University Langone Medical Center. I am also aware of the thrills and spills involved in commercialising university science, having recently spun out a biotech company, Neuro-Bio Ltd, where I am chief scientific officer.

This debate will encompass many different questions, each of which could be the single subject of its own debate, but there is a common theme, which can be summed up in a single word: ideas. Surely universities are all about ideas, be it the dissemination of existing ideas—teaching; the generation of new ideas—basic research; or the application of those ideas—commercialisation. Inevitably, time constraints will mean highlighting just a few examples of concern in each of these areas.

With regard to teaching, the particular issue I would like to flag up is the impact of IT. In one study 55% of academic staff reported that lecture attendance had decreased as a result of introducing digital audio recording of their presentations. When asked why they did not attend lectures, almost 70% of the students surveyed claimed that they could learn just as effectively using digital audio recordings. However, in yet another study, students who learnt course material via virtual delivery performed significantly worse than those who attended traditional lectures. What is particularly interesting is that while the two groups did not differ in regard to grasping basic concepts, the group learning virtually fell significantly behind in their grasp of complex material, surely indicating that it may be more difficult for sophisticated ideas to be transferred via the screen. When college students in an economics course were randomly assigned either face-to-face or video-streamed lectures, the students who attended lectures in person had higher test scores.

The reciprocal of teaching is learning, and the mindset of the generation used to living for varying numbers of hours a day in front of the screen in a parallel universe is surely a consideration. The brain becomes good at what it practises and research suggests that those who have rehearsed the various skills required, for example in video games, will have a higher IQ and an improved working memory. However, they may also have the less welcome profile: a short attention span, a greater propensity to low-grade aggression, greater recklessness, a higher degree of narcissism,

lower self-esteem, a premium on sensational experience, a less deep understanding and a more volatile sense of identity. Teaching someone with this disposition will clearly require different strategies compared to earlier generations. Incidentally, I would be very happy to refer noble Lords to the peer-reviewed papers reporting the research I have just cited.

The second broad area of university activity is the generation of ideas—basic research. Francis Bacon, the 17th century philosopher and scientist regarded as the founder of empiricism, distinguished two types of experiments: *experimenta lucifera*, those that shed light; and *experimenta fructifera*, those that bear fruit. Other noble Lords may well speak in favour of the former—basic blue-skies research—so I will simply give a telling example from a century ago illustrating the essential need to allow the scientific mindset to range free, since it is impossible to predict where such imagination will lead.

Quantum theory, concerning the inseparable nature of waves and particles, seemed when it was developed to be a highly abstract notion that no one could really understand. However, this baffling theory gave insights into the basics of matter and energy and was eventually to have astounding effects on more translational areas of both the physical and biological sciences. Advanced devices such as lasers and transistors and therefore ultimately computers rely on the principles of quantum theory. Likewise, in biology, the currently emerging feats of gene manipulation, triggered by our ability to manipulate atoms, are reliant on an understanding of molecular bonds and the technique of X-ray crystallography, both of which hark back to quantum theory.

That leads us to the third area of university activities, the application of ideas—*experimenta fructifera*, those that bear fruit. It is well known that UK universities carry out significant levels of innovative research but are generally less successful than countries such as the US in implementing the research into practice. Great research needs to benefit mankind, and technologically complex advances require capital and business expertise. Translation of university research into businesses, jobs and national prosperity is vital to make best use of British science. Sadly, our ability to exploit our science falls well short of our ability to do the science. It is scant reward for researchers, universities and the country if our science ends up being exploited abroad.

The need to improve technology transfer is widely recognised. Many reports have been produced recently, such as the Wilson report in 2012, the Witty review in 2013 and the latest document from the other place on *Bridging the Valley of Death*. The challenge now is making things happen on the ground and building really strong technology transfer organisations in all our universities.

One key problem is that universities generally have very limited budgets—for example, for patents—which forces technology transfer offices either to form spin-out companies too early, resulting in a very high rate of failure, or to drop patent applications before any value has been realised through licensing. Moreover, these limited budgets lead to reactive rather than proactive

[BARONESS GREENFIELD]

personnel, where the scientist-investor has to approach the understaffed technology transfer office rather than the other way round.

One happy win-win solution could be to engage the entry-level intake of management consultancies to act as talent scouts on campus. The scientist would benefit from exposure to the private sector mindset, perhaps during informal conversations over coffee, while the aspiring young business guru would seize the initiative of taking back potential projects to the tech transfer office. The management consultancy firm might eventually get a modest royalty, although one company, with which I have already discussed this idea, said that the benefit to junior staff of the experience itself would be sufficient compensation.

Another issue is that most universities either do not have budgets or have very limited budgets to carry out market engagement. National and international travel, attendance at exhibitions, dedicated business development resources and purchasing of market research reports can all prove prohibitively costly. But a lack of knowledge of customers and market opportunities has a negative impact on the quality of the licences negotiated and the spin-out companies created, as well as the number of industry-funded collaborative research projects.

That brings us to the appeal of university-based research to investors. Oxford University, for example, prefers to retain the IP and offer instead exclusive licence agreements. While the merit obviously lies in insuring against an investor failing to realise the true potential of the invention, as an opening condition in negotiations it is a disincentive. Moreover, the fees paid to the scientist on such a licensing deal would be fixed at 15%, with an eye-watering 85% retained by the university. This is hardly an attractive incentive to the scientist, any more than the alternative option of starting up a company where, before any investment is made, the university already owns 50% of the equity.

A further component of this translational research bottleneck is the academic mindset. Scientists often view IP as a fifth wheel and prefer to focus their time on publishing as much and as quickly as possible, because they are driven remorselessly by the current audit mentality of the various research assessment exercises of the past decade. It might help if knowledge transfer targets were included within performance in this review process.

More generally still, innovation through translational research is hampered by discrepant agendas between investors and scientists, where the latter have a distrust regarding patents and their intellectual freedom that may be misplaced, as well as a poor understanding of why an investor prioritises a solid management base.

Meanwhile, we lack appropriate funding models to allay the investor's frequent and understandable concerns that the technology is incomprehensible to them, that the work is too high-risk and at too early a stage, that the funding required is too little to give a good return, that the burn rate is too high and that the exits are not obvious.

One possibility could be to set up a venture capital or angel syndicate giving small, private sector "grants" rather than investments. Relatively small but much needed amounts of money could be awarded, and

those sums, along with the risk, would be diluted by the collective membership. In return, however, members of the syndicate would have privileged access to the research as it was developed and therefore first refusal on purchasing the IP and developing a spin-out as and when they saw the work maturing. Each member of the syndicate could operate independently, but other members might receive a small consideration from any future profits of the young company. The notion of private sector grants is not necessarily in the culture of either academics or of venture capitalists, so the Government might be the perfect third-person broker to get such a scheme up and running.

Other possible innovations could be, first, to make someone responsible for tech transfer—not least as it crosses multiple Whitehall departments and ministries—especially for life sciences, which will also include the Department of Health; secondly, to gather and publish statistics on how well each university is doing in proportion to its research strength; thirdly, to tie university funding to universities' ability to do tech transfer; fourthly, to set up an inspectorate to drive quality; fifthly, to award prizes or grants and run competitions; and, sixthly, to identify a team of tech transfer champions to tour around and support tech transfer offices.

Lord Dearing eloquently stated back in 2002:

"Just as castles provided the source of strength for medieval towns, and factories provided prosperity in the industrial age, universities are the source of strength in the knowledge-based economy of the twenty-first century".

We need to provide an environment where knowledge itself—ideas—can be disseminated for maximal understanding, can be generated with open and unfettered minds, and can be applied as effectively and comprehensively as possible.

2.02 pm

**Lord Mackay of Clashfern (Con):** My Lords, I first entered the field of work as a university lecturer in mathematics at the University of St Andrews, but my interest in the university sector had been sparked a good time before that by the inspiring lectures that I heard at Edinburgh University from the late Sir Edmund Whittaker and Professor Max Born. The thrill of being given inspiring lectures by people who were at the very forefront of research in their subjects was a terrific opportunity that I greatly relished and still cherish.

At the moment, I am the commissary of the University of Cambridge. I am glad to mention in relation to that matter that the very successful vice-chancellor of Cambridge University who recently retired was a lady, so Cambridge is in the forefront of developments of that kind, too. I am also privileged to be a fellow of two of the Cambridge colleges.

I have no doubt whatever that the university sector is an extremely important part of our national life in the United Kingdom and of our national heritage. A separation in the United Kingdom would damage the unity of that sector in a way which I think would be sad. However, my principal question is whether the universities are not more important than business. The purpose of universities has been eloquently described by the right reverend Prelate the Bishop of Winchester and by the right reverend Prelate who has just made his maiden speech.

There is no doubt that a university has to look after its business to see that its income and expenditure are properly balanced and to make the best use of what it produces in the way of research, attempting so far as possible to turn that into advantage and income to the university as well as, of course, benefit to the wider world. That makes me anxious that the university sector is at the moment in the Department for Business, Innovation & Skills. No doubt a university should have business, should be able to innovate and should be able to develop skills, but it is much more—that is only part of the university. In my respectful submission to your Lordships, the university sector should be where it properly belongs in the Department for Education, because surely it is the apex of our education system and should be integrated with the other parts of the education sector. I know that the change was made for particular reasons, which I think are no longer applicable. I believe that it would be an advantage to the universities to return to where their home was in the Department for Education.

The second point that I want briefly to mention is academic freedom. It is vital that the universities should enjoy a full measure of academic freedom. Those of your Lordships who were here then will remember that I once found myself in debate with the late Roy Jenkins about this matter. He carried his definition of academic freedom on a Division before the Government whom I was representing had finalised their definition, so his definition stayed in the Bill that we were debating and then in the Act. The subject was so important that our late, very much esteemed colleague, Earl Russell, wrote a book about it which is no doubt familiar to at least some of your Lordships.

Academic freedom is vital, and it is important that the Government should not in any way trench on that. I am not exactly certain why the Government took the power to control university fees, but that is a matter perhaps left to those more economically minded than me. I am thinking of the general standard of freedom within the universities to pursue what seems to be the right course at a particular time. That applies not only to universities as such but, in my view strongly, to those who are members of the university society—the professors, lecturers, readers and so on. The orthodoxy of today may not be the orthodoxy of tomorrow. Too rigid an adherence to a particular line of theory at the present time may well be detrimental to future development. Universities should be open to receiving that, and the individuals who run their departments should be attentive to seeing that they do not attempt to impose their views too strongly on others.

I have a particular example in mind which relates to the noble Lord, Lord Rees of Ludlow, whom I am glad to see in his place. When he accepted a very much merited Templeton Prize, one or two fellow academics who had a different point of view with regard to Templeton sought to express that in language which on the whole I would have preferred they had avoided. However, I do not in any way seek to interfere with the freedom of people to have their own point of view; it is just that if I want to have my own point of view, I should be reasonably open to other people having theirs.

2.09 pm

**Lord Giddens (Lab):** My Lords, I hope that my speech dovetails neatly with that just given by the noble and learned Lord, Lord Mackay, whose emphases I very much appreciated and agreed with. I begin by declaring an interest as former director of the London School of Economics and a current life fellow of King's College, Cambridge. I can also own up to having been the tutor mentioned by the noble Lord, Lord Holmes, in his inspiring speech. I hope that my impact on him was moderately positive; I much appreciated his speech.

Many noble Lords with experience of working in universities, myself included, were very critical of the Browne report when it came out, and even more so of government policy developed on the basis of it. When I heard the Minister giving his introduction, as someone who has worked in universities all my life, I found it really hard to relate to the glossy version of government policy which he presented. The Browne report was commissioned under Labour, but I would like to think that, had the party still been in power, a more critical and balanced response to it would have been made. Instead, the current Government radicalised it further—to me, in some of its most unfortunate emphases.

The result is a university system more thoroughly privatised than any other in the world, as far as I know, as though university education were a purely private good and students motivated simply by self-interest and job prospects. Those who devised it might have been looking to the US, but in fact in the United States the public presence is very strong. The US has a robust system of state universities with significant levels of public funding. The top private universities have had many years of being able to raise money through philanthropic support, allowing them also to sustain a public purpose—for example, in providing generous support for students from poorer backgrounds.

The Government's reforms severed higher education in England from the rest of the UK—Scotland in particular, but also Wales and Northern Ireland, which, to the limits of their local powers, kept their distance. To me, they were right to do so. Just as in the case of the NHS, the Government are carrying out a radical real-life experiment which is in many respects a shot in the dark rather than drawn from best clinical practice elsewhere. I am pleased that some noble Lords on the Liberal Democrat Benches have deviated from official party policy, because the volte face which the Liberal Democrats carried out still astonishes me.

The impact of reforms on universities has been worsened by the consequence of the Government's policies concerning visa requirements for overseas students. The noble Lord, Lord Bilimoria, spoke powerfully about that. I stress that attracting overseas students is not just a matter of generating revenue, although that revenue is in fact large. It is again bound up with the public and cosmopolitan role of universities. In my role as director of the LSE, I can attest at first hand to how important overseas students are in spreading British influence, ideals and culture around the world. I have seen that in a detailed way in many countries during my tenure as director.

[LORD GIDDENS]

Will the Minister comment on the report published yesterday by the Wellcome Trust, which shows that there is a perception among scientists that the country is unwelcoming and that we are directly losing notable scientific researchers, who we should surely be trying to attract here? As a result of the recent report by the Higher Education Policy Institute and other sources, it is clear that the Government's policies are in serious trouble—again, the opposite of what the Minister portrayed in his introduction. A major rethink is needed which, if it does not come from this Government, will surely have to be taken on by an incoming one.

I have three main questions for the Minister about that. First, if there is one thing that we have learnt over the past few years, it is that private debt can be even more lethal than public debt, as the state has to pick up the consequences. Is that not exactly what is happening with student debt repayments, where the RAB charge, originally estimated at 28%, has risen to an estimated 45% which, as has been much discussed recently, is close to subverting the whole enterprise? I do not think that it is an appropriate response to say simply that that is a long way down the line and there are uncertainties, because that looks dangerous for the core policies of student funding undertaken by the Government.

Secondly, I think that we all agree that universities should constantly strive to improve the student experience, but the idea that superficial surveys of student satisfaction should determine overall policy is surely wrong. Does not the Minister accept that one of the core concerns of university teaching should be to challenge and provoke, even if some or even most students find that process uncomfortable? Anyone who has worked in universities will recognise that teachers who are quite unpopular turn out to have a massive impact on the students following their lectures, and that that is seen only later, not at the time by those who are challenged in that way. As the noble Baroness, Lady Greenfield, said, the purpose of universities is to pursue knowledge, not simply provide it on some sort of conveyor belt according to the results of superficial surveys.

Thirdly, does the Minister accept that private/public partnerships will also be necessary in one of the most transformative things likely to affect higher education in the next few years—the emergence of new forms of online learning? They have not been discussed much in this debate, but they are potentially truly transformative in both a positive and dangerous sense for campus-based universities. They go by very peculiar names, given their massive potential importance: MOOCs, which are massive open online courses, and what is to me their likely successor, the one which is likely to have more impact, SOOCS—an even worse name—which are selective open online courses. They are potentially deeply transformative and it would be good to hear the Minister's assessment of their likely impact on universities: what the positive and negative consequences could be. I hope, although I suppose that it is unlikely, that he will agree that those courses will succeed only where there is combined public and private involvement. I very much endorse the point made strongly by the right reverend Prelate, who is not in his place, and

stressed by other noble Lords, that the public role of universities locally, nationally and internationally is a pre-eminent part of what universities stand for and represent.

2.18 pm

**Lord Addington (LD):** My Lords, I must start my intervention today by drawing the attention of the House to my declaration of interests. That is because I would like to talk primarily about a Written Statement made on Monday by the Minister's department about the future of the disabled students allowance. The disabled students allowance is dear to my heart—I remember crossing swords with the noble Lord, Lord Young, over failures of it a good few years ago—and I am now chairman of a company which is a fairly big player in the field. The announcement was that the disabled students allowance is to be reformed. Effectively, judging by the Statement, that means that savings are to be sought, if we may use that language here.

In the opinion of the company, the announcement did not come out of a clear blue sky but there will be major structural changes. However, I hope that there will also be opportunities, particularly given the fact that the registration of providers of goods and services under DSA may well be a way to ensure that we get a more professional approach here. I hope that we might hear a little more about the thinking on that today because, if we are to continue to support—or suggest that we should support—those with disabilities, we need to know exactly what we are doing here.

My second declaration of interest, which I am afraid will take slightly longer, relates to the fact that those with specific learning difficulties or dyslexia get two mentions in that Statement but nobody else gets any. Those two mentions are probably because 10% of the population are dyslexic or have specific learning difficulties. Why we cannot use just one term I do not know—“dyslexia” is certainly a better way of expressing it than using four words, even if it is one long word. We get mentioned twice in the Statement and the general gist is that those with dyslexia cannot expect to receive the full package of support as standard, which will now be available only to those with a higher complexity of needs. Let us make no mistake about it: this is a very big part of this sector, as it should be if we do not challenge the basic demographic of this hidden disability. There are other hidden disabilities which are not mentioned here but which are out there and, probably, underrepresented as well.

However, the suggestion in the Statement is that this is such a common condition in its less extreme cases—those with higher functioning and less impairment in their ability to channel the written word—that, under the Equality Act, they should receive help from the institution itself. I do not know whether those institutions have even started to take on board the complexity of what they are being asked to do here. The reason is that there is a standard series of software packages, which access voice-to-text or text-to-voice combinations with spelling support structures, and which can now be downloaded into virtually all computers. But—and this is a very big but—I say from personal experience of using it, and from my company's experience,

that it is quite easy to fail to get the best out of that software. If you are not getting the best out of it, students who are undertaking study and have to present written work will not be able to do that to the fullest of their ability. That is where it really comes in: how is this supposed to work?

How is that level of responsibility to be interpreted by those institutions of higher education? In the Statement, the Equality Act is mentioned, but how are we to make sure that they have the structure in place to deliver the law if they are now the people who will deliver it? That is quite something—and it is at the lower functioning end, with people who might just struggle through. However, if you do not give them the help it will cost them a grade or two, or possibly even lead to failure. These are not people who obviously cannot write at all, or cannot do so on a functional level. These are people who struggle and will always have that little bit more difficulty. How are we going to assist them? They may well be the majority, as this is a spectrum, but how are they going to get through? What is the structure and nature of the support that you should expect to be given?

The Statement goes on to say that those with more complex needs will receive help. Presumably, the implication is: help similar to the package that they are getting today, which usually means a computer plus the software. How are we to decide who has the more complex needs? Will it be somebody who has the old statement or the new education, health and care plans? If anybody has those plans and they are dyslexic, are they defined and getting this full package of support? Who will make that assessment and who will interpret it properly? If that is not to be done and there is not some degree of ambiguity about it, there will be a whole new area of challenge occurring. Where, for instance, does the university or institute of higher education hand over this responsibility? We need to know that to make the future system work properly. It will probably be slightly easier because the people might be those who, for instance, have to use voice-to-text technology, as I do, to produce all their work. If that is to be the case, can we please have a definition of what goes on and how that responsibility will be interpreted? However, the first category will be the most difficult.

I will leave your Lordships with one thought. It is quite common now for universities to discover somebody who is working very hard but underachieving compared to their spoken responses. They may then go for diagnosis and assessment, and then receive the package of access. How can a university or any other institute of higher education have the structure in place to do that without considerable planning within their internal structures? If you fail or drop grades, careers close up to you. I have spoken to a Member of another House—indeed, I am supposed to be in a meeting with him in about 20 minutes, which I shall not get to—who had two sons, both of whom were dyslexic. One took the help and got the career that he wanted; one did not, because he was proud, and did not get the jobs that he wanted. Those drop-offs in grades are very important to the individual concerned. They also mean that we do not get the best return from any investment which we make in the university system, in terms of those students.

I hope that we will clarify this because, if this one condition is important enough to be mentioned twice in this Statement about the future, I am sure that it is also important enough to have a really careful assessment of how this will be implemented in practice.

2.26 pm

**Baroness Deech (CB):** My Lords, there has been a great deal of comment today about fees and the economic impact of university education. My contribution might however be titled, “Never mind the quality, feel the width”. That is, my concerns are about the quality of higher education, its overregulation in some areas and underregulation in others. Your Lordships should not doubt my devotion to the cause and my understanding of what difference a university education can make. I confess in public that it took me nine goes over three years at the entrance examinations before I was able to get my place at Oxford, when the numbers of women were very limited.

Fast-forwarding half a century, when I was head of an Oxford college I spent half my time fundraising. Teaching in the humanities is hardly funded at all and institutions are heavily reliant on the good will of alumni donations. Yet the alumni themselves will be paying off their loans and, later on, financing their children's education for much longer than hitherto. It was predictable from the start of the new loans system that many would never earn enough to repay. Indeed, there is a subtle message in the system to women: government policy makes it sensible to find a husband while at college and never work, or take the lowest-paying part-time jobs in order to avoid reaching the threshold for repayment. It was clear that others would escape the jurisdiction and that enforcement would lead to a situation as expensive to the nation as the one it replaced.

Many do not realise that the £9,000 raised by fees has been clawed back from the universities by reductions in the funding that they used to receive for teaching. The dash for cash is overpowering and debilitating. It has led to the frantic chase after foreign students, which is a good but not an unmitigated good—for their quality, if one is not careful, can often be less than optimal. After their intake reaches a certain level, the foreign student loses that which he or she came here for: the company of British students and all the available time that lecturers have to give them, as foreign students tend to need a bit more help than others do. Cutting fees as an attractive political offering will simply mean less money for universities to spend on good teaching and research, and will make them even more susceptible to dropping standards for applicants.

Talking of the diverse and international nature of universities, is it not a shame that in Scotland a student from England or Wales has to pay full fees whereas a Scottish student does not? We have heard a great deal today about attracting foreign students, yet within our own borders we have this discrimination, which detracts from the mobility of students and the collegiality that ought to exist between those who study in Scotland and those who study in England and Wales.

Let me scotch right away the notion that a university education benefits only those who receive it, and that therefore only they should pay for it. The entire population benefits from the services of doctors, scientists, architects,

[BARONESS DEECH]

civil servants, authors, teachers and all the other professions that graduates may enter; indeed, the children of a woman graduate benefit from her care even if she is not in work outside the home. University education is for the public good, regardless of who pays for it. Nevertheless, it is dangerous for students to see it largely as a stepping stone to a more lucrative career, or for academics to lose interest in teaching because only research counts in the allocation of resources. This is because the supply of graduate jobs, or jobs that graduates think that only they are qualified for, is not limitless and there is a great deal of disappointment.

To graduate from a not very well known university with a low-class degree may not seem to be a good investment at all, unless one looks at the real purpose of university education. Universities exist to add to the sum of knowledge in the world and to the sophistication of human thought. They exist to equip people to change society. Their graduates are learning to look for a good life, truth, wisdom, virtue or beauty. They are not just acquiring knowledge or skills for their own sake; they must also be doing something that they love and see themselves as being formed by education. It is a privilege, a pleasure and a social, moral and personal good. Never mind the job you may or may not get afterwards—it will change your life.

Yet the student as pure consumer has become central to the recent perception of university education, and student satisfaction reigns. A few years ago I was the first independent adjudicator for higher education, charged with resolving student complaints from all universities that could not be settled internally. I am glad to say that under my successor, Robert Behrens, universities are given good guidance on the swift and fair settlement of complaints. In my time, though, too many of the complaints were really about students being awarded a level of degree lower than they thought they deserved. Universities are under pressure to give students the benefit of the doubt, especially when the league tables—quite wrongly, in my view—give a university a higher rating if it gives more first-class degrees, so that they have lost their rarity and degree classifications no longer serve the purpose that they should. Some complainants took the view that every student had a right to a second by dint of turning up and paying fees. It would be better to abandon those broad classifications and move to the American-style transcript, with more detail of individual scores.

Students now tend to see themselves as having consumer-type rights and contracts. University prospectuses look like holiday package brochures, with the same allure that may not materialise. Using business language, education is treated as something that can be “delivered”, but it is not a neat, complete package that needs only to be skilfully handed from one to another in order to ensure continuation and success. It is a participatory and continuing process, the content of which is never fixed. No amount of good teaching can succeed without the intelligent participation, reception and contribution of the student, and that is why some have to accept that they will in fact fail, for all sorts of reasons. Student satisfaction and the attraction of more students at any price should not be as central as

they are, and student satisfaction should not dominate over education and scholarship, as seen and shared by the academics who have spent a lifetime assessing how to educate the next generation. Student satisfaction measured by survey is a subjective metric and can cast no light on quality and judgment. In the London traffic yesterday, I saw a bus with the statement blazoned its side that a certain university was number one for student satisfaction in a certain topic. I checked and found that the same place was 101st overall in the *Sunday Times* league, which is measured in a different way.

Student demands ought not to lead to more spoonfeeding or more reluctance to challenge, criticise and place under intellectual pressure. A few years ago, vice-chancellors were colossi bestriding the land. At the moment, unfortunately, too often they are known because the salaries that they command are out of all proportion to the salaries that their lecturers receive.

Where does this business attitude come from? It comes in part from those who have been selected by the Government from time to time to review university education and its future. I join others in calling for universities to be under the Department for Education and for another review to gauge the purpose and extent of our tertiary-level education and its funding. I hope that the Government will not again select a businessman and set him or her—more likely him—to reform higher education. It would make more sense to put a philosopher or academic economist in charge of reforming banking and business practices than the other way around. In the recent past, as we know, reviewers have seen higher education merely in terms of economic or private benefit. Lord Robbins was a university professor himself and an exception, supported by my noble friend Lord Moser, to whom one must pay tribute for his role.

Would Lord Robbins have approved of what is going on today? I think he would have approved of the expansion but not of the drop in quality or the flight from teaching to research, and he would certainly not have liked the proliferation of expensive quangos, among which one must single out the potentially damaging and unnecessary OFFA. My own solution would be to sever the links between universities and state and to use the HEFCE grant to fund a rolling endowment programme with the aim of eventually endowing most universities, leaving them free to set their own fees and scholarships, funded for the poorer by the fees from the better off.

I shall cast a quick glance at one area where I regard university conduct as underregulated, or at least see it as carrying on in disregard of universities' obligations under the Education (No. 2) Act 1986, which requires higher education institutions to secure freedom of speech within the law for members and visitors. Academic freedom and freedom of speech are two different concepts. The Equality Act 2010 requires universities to eliminate discrimination, victimisation and harassment, and to advance equality of opportunity between different groups and foster good relations between different religious and racial groups. Student unions are not exempt from the law; they are charities and covered by the relevant obligations. However,

there are young people on campus who are vulnerable to extremism indoctrination and are repeatedly on the end of terrorist, racist and hate speech from visiting speakers. Time does not permit me to go into the various laws that control speech and conduct on university campuses, but there are some recent examples of disgraceful behaviour that vice-chancellors have failed to control. Some of them seem to me to be weak in allowing campuses to become free arenas of hate speech and places where minorities may be victimised.

I shall give some recent examples. A lecture on Egypt at SOAS was disrupted and terminated by Muslim Brotherhood supporters in October last year. A lecture by David Willetts MP was disrupted at Cambridge in November 2011 by objectors to his policies, when, ironically, he was to speak on the idea of university education. The LSE's ties to Libya were reported on by my noble and learned friend Lord Woolf. Then there is hosting of lecturers who promote homophobia, and the contemplation of the tolerance of gender segregation. Violent, sexist, homophobic, racial supremacist, racist and extremist beliefs do not qualify for protection under our law because they are incompatible with the human dignity and rights of others. I hope that the Minister will encourage vice-chancellors to remember their duty, now that their campuses are microcosms of the mixed society in which we are located, to promote good relations, to uphold the law and above all to respect and foster education for its own sake.

2.40 pm

**Lord Norton of Louth (Con):** My Lords, I, too, welcome this debate. As my noble friend Lady Sharp said, it is some time since we last debated higher education. I declare my interests as an academic, as professor of government at the University of Hull and also as co-chair of the All-Party Parliamentary University Group and the Higher Education Commission.

Like other noble Lords, I begin by stressing the value of higher education to the United Kingdom. As has already been mentioned, we devote a smaller proportion of our GDP to higher education than our principal competitors, yet in research terms outstrip them all, apart from the United States. Recent research from BIS found that graduate skills contributed to roughly 20% of GDP growth in the UK from 1982 to 2005. The benefits that universities bring to society as a whole, through, for example, better health and interpersonal skills, have been estimated by the New Economics Foundation to exceed £1 billion. The latest research from Million+ shows the economic value to English regions of graduates taking up jobs in the regions where they graduated. Overseas students are not only valuable to universities but benefit enormously the United Kingdom in that they constitute the most important form of soft power that we have overseas.

We thus derive enormous value from higher education. However, the sector faces enormous pressures as a consequence of the new funding system, the ending next year of the cap on student numbers and the myriad new providers entering the sector. In 2012, according to BIS, there were 674 privately funded institutions, with a total of 160,000 students enrolled. These developments create significant challenges, not

least for how higher education is regulated. Last year, the Higher Education Commission undertook an inquiry into the regulation of HE. We published our report at the end of last year. We are just beginning an inquiry into the financial sustainability of higher education, but it is the importance of regulation on which I wish to focus this afternoon.

The Government's White Paper *Higher Education: Students at the Heart of the System* envisaged a higher education Bill. No Bill was forthcoming. The need for such a Bill is pressing. The regulatory regime for higher education is complex and difficult to sustain. We need a coherent and sustainable framework. That can be provided only by legislation. The present system has not kept pace with the changes I have mentioned and rests now largely on the good will of the sector. It is not clear that good will can be maintained. There are doubts as to how long HEFCE can continue to regulate the sector when it is no longer providing the funding.

Regulation is a means to an end, and the ends in this case are to protect investment in higher education, by both industry and students, to encourage innovation and to maintain and encourage excellence in HE. As we write in the report:

“For the Government's reforms to be successful, a robust regulatory framework must be implemented to support the sector to be sustainable, enhance the student experience, and widen access”.

It is not a case of advocating more regulation, but rather better regulation. The uncertainties of the present regime militate against investment—the Government have acknowledged that,

“economic regulation is a critical enabler of infrastructure investment”

—and tend to make universities risk-averse. We need a regime that encourages universities and other HE providers to be innovative. The briefing for today's debate from the Association of Colleges stresses the need for greater flexibility and a more dynamic system. We need a framework that enables students to make informed choices and know that they are receiving a high quality of education. That point is essentially made by *Which?* in its briefing for today's debate.

What, then, is the most appropriate regulatory framework? In our report, we do not agree with the Browne review that there should be one consolidated regulatory body. We agree with the Government that a single body is neither desirable nor feasible. It is not desirable because bodies such as the Quality Assurance Agency derive their legitimacy from being independent. It is not feasible because some of the bodies have a UK-wide remit and others apply to England and Wales only. It is also a requirement of the Bologna process that funding and quality assurance remain separate.

We favour a more pluralist approach and one that takes on board the entry into the sector of new providers. We thus see the need to achieve not so much a level playing field as a more equitable playing field encompassing all providers. We took as our model the Legal Services Board. We put forward the proposal for HEFCE to be superseded by a council for higher education, encompassing an office for student loans, the Office for Fair Access and a new office for competition

[LORD NORTON OF LOUTH]

and institutional diversity. We believe there is a case for retaining the independence of the Higher Education Statistics Agency, the Quality Assurance Agency for Higher Education, the Office of the Independent Adjudicator and UCAS, but in order to ensure the complementary nature of bodies across a pluralist system, the council for higher education should have a contractual relationship with HESA, the QAA and UCAS.

We favour the council generating a common regulatory framework, encompassing all HE providers in England. This would enable providers to be subject to the same regulatory framework, but not necessarily the same regulatory requirements. All HE providers would be required to register in order to operate. Once registered, if institutions wanted to recruit UK or EU students and/or to teach recognised degrees, they would have to comply with further quality assurances and data submission requirements. Those that did so would receive a seal of approval from the council, enabling them to use a kitemark on their literature and display it as a demonstration of their quality assurance.

We take the view that risk cannot be avoided entirely and that the lead regulator should adopt a risk-based approach to regulation, enabling regulatory attention to be focused where the risk is greatest. Risks are not avoided, but rather assessed and managed properly. This applies at both a systemic and institutional level.

The greater competitiveness in the sector and the new funding regime enhance the possibility of institutional failure. Risk-based regulation is designed to reduce the likelihood of such failure, but there is always the possibility of an institution failing. That would clearly have a major impact on those directly affected, for whom it would be an upheaval and might involve financial loss. It would also tarnish the reputation of British higher education, and a reputation once tarnished can take a long time to restore. To cover against failure, we recommend a levy similar to that applied by the Civil Aviation Authority, with each institution paying a sum per student to cover costs in the event of failure. This would be designed to benefit the whole sector, since institutional failure would affect the reputation of the whole sector, traditional universities and new providers alike, especially among overseas students.

These proposals are designed not to increase regulation, but rather—as I say—to provide for better regulation. The present framework is piecemeal, complex and no longer sufficiently robust to protect the reputation of higher education and enable students and business to invest with confidence. HE institutions are presently too risk-averse and uncertain as to the future. A clear, robust regulatory framework providing coherence within a pluralist setting would be the most sensible way to proceed.

What I have detailed provides the basis for a higher education Bill. The ideal would be for one to be included in the next Session, but I appreciate that the reality is that the most that can be hoped for is one at the start of the next Parliament. Perhaps my noble friend the Minister can give some indication of the Government's thinking, in terms of both the proposals I have outlined and the intended timescale for action.

Doing nothing is not really an option if we are to ensure that higher education in the United Kingdom remains a world leader.

I end on a separate point. What I have said so far relates directly to higher education and to the responsibilities of BIS. I turn to a proposal that falls within the interests of DfID and the Foreign Office; I am not speaking here for the Higher Education Commission or any other body. I have referred to overseas students studying in the UK as a—indeed, the—major source of soft power. I suggest that we devote more of our overseas aid budget to providing bursaries for overseas students to study in the United Kingdom. This benefits the nations from which they are drawn: they acquire a greater body of university-educated students, better able to assist the country in economic and political development. It assists the United Kingdom in terms of bringing more overseas students to British universities, something likely to be more important over time as the number of overseas students declines, and it ensures that aid is used effectively and as intended, and is not siphoned off for the benefit of the regime or particular leaders. It creates, in effect, a virtuous circle. I know more money has been channelled to scholarships, and I very much welcome that, but I would make the case for extending it on a major scale.

We have an HE sector that has a world reputation, that continues to perform not only effectively but efficiently, outstripping virtually all of our competitors, and which has the potential to remain a world leader. The sector faces major and disparate developments. If we are to maintain our record and, indeed, improve upon it, we need better, risk-based regulation, not only to protect students, but also to encourage universities to innovate. The sooner we have a higher education Bill, the better.

2.52 pm

**Baroness Kennedy of The Shaws (Lab):** My Lords, I declare my interests: I am the principal of Mansfield College, Oxford; I was the president of the School of Oriental and African Studies at London University; and, prior to that, I was the Chancellor of Oxford Brookes University. In the early 1990s, I sat on the National Commission on Education and was invited by the noble Baroness, Lady Shephard, when she was the Secretary of State for Education, to chair a committee that looked at further education. I have therefore had quite a lot of experience, cutting across the whole range of further and higher education. I am currently the president of a small foundation that provides bursaries for disadvantaged students travelling from further education into higher education, and am interested in further education as a second chance for many people to get into higher education. It is with that background that I stand before your Lordships today.

I agree with many noble Lords who have spoken about the hugely important role of higher education. Higher education changed my life. It is for that reason that I take such an interest in making sure that opportunities such as those I have had are available to as many others as possible. However, it is more than a private good. Yes, it can change our lives, but it is more than that. Others have spoken to the fact that it

is a public good, a common good, which enriches the lives of this whole nation and everyone in it. It is therefore right that it should be supported from the public purse.

A consensus is rapidly consolidating that the supposedly sustainable funding model imposed just 18 months ago is already proving unsustainable. The noble Lord, Lord Bilimoria, introduced this aspect to our debate by pointing out that the raising of fees has not worked, and there are now many people unable to repay loans. The Treasury is therefore going to be out of pocket. The reason is that the assumptions on which this funding model was based are unsound. No robust theoretical justification for the model has ever been provided because the objections to it, in my view, are far too powerful. Nor has any sizeable body of empirical evidence been produced in support of the model.

If the Government or the Opposition are interested in serious research, I recommend that of Professor Howard Hotson, a fellow at St Anne's College, Oxford, whose work is not only compelling but also rather difficult to refute. There is now a large body of readily available data showing that marketisation of higher education does not function in the way in which its advocates initially supposed. I remind your Lordships of the arguments that were presented to the nation for going down this road. The idea was that market competition would require universities to compete with each other to attract student customers, and that attracting students customers would require offering the best quality education possible at the most affordable price. Those universities which served the needs of students best would attract many customers and would expand and prosper; those universities which failed to do so would wither and die. The invisible hand of the market, we were told, would therefore reshape higher education in the interests of customers far better than any government state planners ever could. Thus we would unleash the power of the market and all would be well with the world.

Well, all I can say is that some aspects of our society are less conducive to crude market modelling. There are three preconditions for an efficient market. First, there has to be accurate information on the products for sale. That is quite difficult in higher education because, as we know, we still have not managed to find an adequate way—a metric, if you like—for measuring the quality of teaching. Such a thing has not yet been devised. It is therefore difficult to compare satisfactorily whether an institution is really successful at that or not. Secondly, it is important for a market to work well that there are stable and well grounded personal preferences in operation: that the person who is the customer has a clear preference. However, one of the fundamental purposes of higher education is to shape discretion and preference. Many students are therefore still coming to this market rather green. The capacity also has to be there to judge which of the products on offer will best suit the preferences. To go into a market, you have to consider whether you have what is necessary in this arena.

Other conditions of efficient markets are also lacking. In order for market competition to work efficiently, new providers must be able to enter the market easily.

However, it is impossible in principle to create new universities which are of the same order as 800 year-old institutions. The top end of the academic hierarchy, which was described very well by my noble friend Lady Morris, gives prominence to those which are ancient. The conditions for efficient market competition simply do not exist, and cannot exist in principle. I will give an example. As noble Lords will know, I am a lawyer. It grieves me to look around at the many thousands of young people basically putting all their savings and debt into acquiring law degrees from universities all around the country and then applying for training contracts or to go into sets of Chambers. Inevitably, short cuts are taken by law firms in deciding who to take, and the shortcut they take is to look at that hierarchy of universities and basically not even consider those who have gone to universities of which they do not know, or which are considered to be in the third tier of the university status hierarchy.

The justification of marketisation creates gaping holes, and we now know that the mantra that marketising university funding will drive down prices and drive up standards was not true. The noble Lord, Lord Bilimoria, described that very well. I will consider for a moment the outcome of that bold experiment. It was an experiment, because it was not rooted in evidence. Before 1999, the United Kingdom, like most European countries, did not charge domestic students any fees at all. Many of us in this House were privileged to have been beneficiaries of that. In 1999, the £1,000 fee placed the UK roughly where the Netherlands is now—the Netherlands is coming into this, too, but at that low level. The tuition fees introduced in 2004 and capped at £3,000 were designed to provoke price competition but failed to do so. The average therefore shot up to the maximum, overtaking all the Commonwealth countries, to the position shown, where only Chile, the United States, Korea and Japan charge more than us.

The Browne review then took place. Again, I share the regrets expressed by the noble Baroness, Lady Deech, that it is unfortunate that very clever businesspersons sometimes come in to review higher education but, unfortunately, do not take account of the great experience of academics and those who have lived their lives in the field to learn from them. The Browne review's figure for a soft cap of £6,000 took us off the scale, far above any other public university system in the world. That £6,000 cap also failed to provoke price competition—so we did not get the competition that we were told would happen—and was immediately superseded by the £9,000 cap. The invisible hand of the market failed to generate competition. Therefore, even with the £9,000 fee, the heavy hand of government moved in to impose price differentiation, which forced the average price down to £8,354, which noble Lords will agree is not much of a reduction.

I want us all to note, because we always turn to the United States as being an incredible place to which we aspire, that the fee we now charge our students is now over twice the average tuition fee in public universities in the United States. We charge our students over twice that price. However, no sooner was the £9,000 fee in place than the vice-chancellor of the university at which I now head a college called for it to be raised to £16,000. We can just imagine what the trajectory

[BARONESS KENNEDY OF THE SHAWS] will be. If Oxford obtains £16,000 in fees, Cambridge will follow suit, and so will Imperial College London, University College London, the London School of Economics, and all the rest will rush into the gap. We can be sure that that is the bad story.

Is that evidence of market forces driving down prices? I am afraid not. It is rather evidence that the hypothesis on which current university higher education policy is founded is incorrect. If Vince Cable or David Willetts had taken the trouble to study the way in which university pricing works in the relatively liberal higher education market in the United States, they would never for one moment have imagined that the market drives down prices in higher education. It does not. I am afraid that price becomes a proxy for quality, so the old universities start to charge more and more.

I am afraid that we are on a very poor journey. I urge the Government to start to review this, and I hope that any opposition party, particularly the one to which I belong, will look carefully at all this and perhaps think, “Maybe we made a wrong choice in the early stages”. I am anxious that we do not all take too much time, but, quickly, I encourage noble Lords to look at the work of Howard Hotson at Oxford. He has been able to show that America is not a good place to look to as our guide. Recent figures show that the United States is attracting fewer foreign students than before, and that the numbers are on a downward curve. Another myth about America is that it educates more of its young people in tertiary education, and again, that is on a downward trajectory because the market is not working there either.

We have to look again at the system we have chosen and decide whether the education of our young is a priority for us. If it is, it needs our investment.

3.04 pm

**Lord Purvis of Tweed:** My Lords, I confess that following the noble Baroness, Lady Kennedy of The Shaws, and knowing that I will be followed by the noble Lord, Lord Hennessy, I feel underqualified to contribute to this afternoon’s debate. I hope that the veritable faculty of academics who have contributed to this debate in such a powerful way will be patient and allow me to make some observations from my perspective on the opportunities for people, places and, yes, Scotland, regarding this debate on United Kingdom higher education. I will also address some of the areas where I see barriers ahead regarding all those aspects. Further on in my remarks I will return to some aspects of the fees issue, which not only the noble Baronesses, Lady Deech and Lady Kennedy of The Shaws, but other noble Lords have addressed.

I will start with a small town in the Scottish Borders, Galashiels. In Victorian times a technical college was established in that town for serving young people who wished to have a career in the textiles sector. It developed into the Scottish College of Textiles, and more recently is sited on a combined campus with Borders College and Heriot-Watt School of Textile and Design. I represented for eight years a university campus which provided both further and higher education, and I am extremely conscious that the noble and learned Lord,

Lord Mackay of Clashfern, and the noble Baroness, Lady Greenfield, were chancellors of Heriot-Watt University for 21 years combined, so they will know that campus exceptionally well. They will also know that a number of years ago there was concern about a proposal to close the campus. However, inspired leadership on the campus and at Heriot-Watt University and Borders College meant that with support from the Higher Education Funding Council as was, and the Scottish Government’s Minister Nicol Stephen—now my noble friend Lord Stephen—it continued and benefited from a record level of investment into a rural area of Scotland.

Why am I telling your Lordships this? Higher education is cherished and valued in very local and in many rural communities, as well as in the great seats of learning such as Aberdeen, Glasgow or Edinburgh, or the great cities of England, Wales and Northern Ireland. Centres of excellence in education—and there is no doubt that the School of Textile and Design is one of the foremost seats of learning in the world in its sector—take many years to build. Such centres require a cluster of people who are dedicated to their cause, as well as quality teaching that they will provide their students. They require knowledge of the industries that those young people and returnees to learning will go into for employment opportunities, and a global knowledge and understanding of that sector. All that is possible in a small town in the Scottish Borders. Young people from mixed backgrounds—not purely academic, but also those with a more creative and practical bent—need an opportunity to advance their potential. They are prepared to travel for that, and in travelling and moving home they are prepared to pay for it, although not necessarily in fees.

In this debate there has been a consistent focus on universities as the areas where young people or returnees receive their higher education qualifications. However, it is interesting to note that even in Scotland, the share of higher students at Scottish institutions by institution type shows that 17% of those that take their HE qualification do so in a college, and 28% do so in an ancient university in Scotland. The figure for new universities is 21%, and for post-1992 universities it is 27%. One may argue as regards HE that to discuss the estate, provision, teachers and investment of colleges is almost as valuable a contribution to this debate as it would be to discuss the new universities. That is where the students themselves are learning. In Scotland, of the 12 levels of credits and qualifications, six are for higher education, and many of those young people or returnees, as we have heard, will start their journey towards higher education qualifications in a local college setting. Indeed, many young people, adult learners, undergraduates and postgraduates from the borders or elsewhere benefit from a highly innovative approach to shared HE and FE facilities. That is the case at the Heriot-Watt and Scottish Borders shared campus.

One thrilling element of higher education is its transformative impact on the individual, but it is not necessarily always the same institution to which that transformation applies. For some young people who struggle through school and have an opportunity to start the journey for an HE qualification at their local college, five minutes around the corner, it can be as transformative as it was for me when I moved 500 miles

to go to university in London, away from Berwick-Upon-Tweed. This is beneficial for the individual but, as the noble Baroness, Lady Kennedy, said, it is also beneficial for the country as a whole. From the times when England had two universities—and at the time when Aberdeen alone had two universities—Scotland has always had, and will continue to have, a global leading and inspiring impact on its approach to higher education.

That leads me to my second area—the future of the sector in Scotland. From the impressive paper *Scotland Analysis: Science and Research* published by the UK Government, and the House of Commons Scottish Affairs Committee report on the impact on higher education research and tuition fees from 12 March this year, we can see that the picture for Scottish higher education is a vibrant one, rich in depth and impressive in breadth, showing that its presence is disproportionately stronger than if we look merely at a population balance and share for Scotland as a whole.

When I intervened on my noble friend the Minister about the nature of this debate covering the whole of the United Kingdom, I was not being critical but was prompted to do so, reminded of the comments of my right honourable friend Alistair Carmichael, the Secretary of State for Scotland, who said at an Economic and Social Research Council event in Edinburgh in January:

“For too long there has been the simplistic assumption of devolved and reserved. Devolved—for the Scottish Parliament and Scottish Government alone. Reserved for the UK Parliament and UK Government. But the reality is much more complex than that. Whilst policy responsibility resides either north or south of the border, we all continue to work within a shared common framework. And perhaps nowhere is this more clearly illustrated than higher education and research”.

If proof was needed in this mix of responsibilities and shared benefit, we can look at a breakdown of some of the research income for Scottish higher education institutions. In 2011-12, there was a total of £861 million funding, with £251 million, or 30%, from devolved bodies, responsible for that funding, and £219 million, or 26%, from competitively awarded grants from UK-wide Research Councils. That compares to 22% for all institutions across the UK receiving that share from competitively awarded grants. So Scottish institutions' prowess in research is demonstrated very clearly in that area. For Edinburgh University, the proportion of research funding from UK Research Councils was the largest share of its research income at 33.2%, higher than that provided by the devolved institutions. Therefore, a debate on United Kingdom higher education is fundamental for that sector in Scotland, even though some of the key levers are devolved. Even in the diverse and dispersed University of the Highlands and Islands, 27.3% of its research funding income comes from UK sources, with only 13.1% devolved. So of the top 200 universities in the world that we have had referred to us—and, as the Minister said, 31 are in the UK—five are in Scotland. It has one-sixth of the top institutions with less than one-tenth of the UK population.

To address the point made by my noble friend Lord Storey and follow up the point made extremely powerfully and eloquently by the noble Baroness, Lady Greenfield, on university spin-out companies, the *Scotland Analysis* paper is also clear in showing information on that issue. In 2011-12, of the £2.471 billion of turnover for

university spin-off companies, £360 million was from Scotland. Most interestingly, the estimated external investment received for the UK as a whole was £879 million and, for Scotland, £189 million—so 21.5% of estimated external investment received was to Scottish higher education institutions, with a population of 8.5%. So the contribution that the sector makes for the commonwealth of the United Kingdom as a whole and the social well-being of Scotland in particular is therefore a clear one.

What for the future? I was lucky enough to serve on the Scottish Parliament's Education, Lifelong Learning and Culture Committee and can reflect on some of the issues with regards to fees. The choice that the Administration of whom I was a part—the Labour-Liberal Democrat coalition in the Scottish Parliament—made was that the Scottish Government should pay the fees of Scottish domiciled students. There is often a misconception that we prevented universities from charging the fees, but we made the decision that the Scottish Government paid the fees. That may address the point made by the noble Baroness, Lady Deech, as to why there is a differential between England and Wales, with EU cross-border travel issues with regards to students.

We are now able to make observations with regards to the two paths north and south of the border. Depressingly, the intervention rate for Scotland is still poorer than south of the border. The drop-out rate is still depressingly high, and the hardest to reach young people in Scotland are still not going into higher education, even though some more are going through college and universities. The welfare and hardship budgets are actually being reduced in Scotland. Most depressingly for all, the record in Scotland, which I find deeply depressing, is that only 1% of looked-after children, who have the richest parent of all—the Government—go on to receive a higher education qualification.

A final aspect of the future is a referendum on independence. A previous contribution that stuck with me was that the noble Lord, Lord Hennessy, said that he did not want to be part of a country that was either the continuing United Kingdom or the rest of the United Kingdom, if that was to be the sole definition. He said that he did not want to be a RUK—and I do not want there to be a differential in two structures and systems in these islands for higher education. We have benefited from two distinct approaches and cultures, but we have also benefited massively from providing easy access to students north and south of the border to benefit from global leading institutions. We have benefited from quality of teaching that is par excellence, and a breadth of provision because of the research quality that is there; postgraduate opportunities that are second to none around the world; seven research councils across the United Kingdom, which we could also claim to be Scottish research councils in many respects, because of the disproportion; 29 international offices, with 90 United Kingdom staff in the science innovation network, which Scotland punches above its weight in benefiting from; and top-table access in international discussions, shaping global research priorities such as the G8, or perhaps now the G7, Science Ministers summit, hosted last year in the United Kingdom. Those are opportunities for young people.

[LORD PURVIS OF TWEED]

I have taken up too much of noble Lords' time, but I wish to finish with one element, with regards to the young people who may well go to that campus in the borders. A couple of months ago a slightly less young person who was the first in his family to go to university—he had never had the money even to visit London before he was 18 and had not been out of his country, but went to a higher education institution, travelling far, with his parents driving him down in a packed car of luggage; luckily enough, he had the opportunity to do a work placement for an MP at that time in the House of Commons, then plain Sir David Steel, now my noble friend Lord Steel of Aikwood, who was himself an inspiration—was introduced into your Lordships' House. I do not think that I would ever have had the opportunity to progress in my career from that start if it had not been for the experience of learning, meeting new people and broadening my horizons through higher education. I want every young person in Scotland to believe that the world is their oyster, and we should not create artificial barriers with creating Scotland as a separate state, making the noble Lord, Lord Hennessy, a member of RUK.

3.19 pm

**Lord Hennessy of Nympsfield (CB):** My Lords, I declare a couple of interests. I am a professor of contemporary British history at Queen Mary, University of London, and a member of the Council for the Defence of British Universities.

Like everyone else engaged in higher education, I am deeply concerned about the question of student funding. There is a dramatic starkness about the figures in the Public Accounts Committee report, *Student Loan Repayments*, published in February. It stated:

“There is at present around £46 billion of outstanding student loans on the Government's books, and this figure is set to rise dramatically to £200 billion by 2042 (in 2013 prices)”.

I suspect that all political parties privately accept that something will have to be done about this staggering accumulating burden on the public finances. I can feel another inquiry coming on post-general election. It is a first-order question for higher education provision in England.

I should like to make a case for a wider and broader gauge inquiry comparable to the great Robbins report of 1963, which the Minister mentioned in his opening remarks. That report fashioned the university scene that shaped the world I inhabited as an undergraduate in the late 1960s, when but 7% to 8% of my age group received a higher education. As we have heard, today that figure is certainly above 43%, and is rising towards 45%.

On rereading Robbins for the purposes of today's debate, two things stood out for me. First, as Lord Robbins himself put it in his 1963 report:

“Our terms of reference instruct us to consider the pattern of full-time higher education in Great Britain. We believe that no such instructions have been given to any committee or commission in the past. ... The reason is obvious. Even today it would be a misnomer to speak of a system of higher education in this country, if by system is meant a consciously co-ordinated organisation”.

Lord Robbins explained that he believed it was time for an all-encompassing look at higher education because of what he called the,

“great Education Act of 1944, which inaugurated momentous changes in the organisation of education in the schools”.

Indeed, many of us in this House are beneficiaries of that Act. We are Rab Butler's “children” in that we were the first people for whom a proper ladder of opportunity was ever lowered. I am not given to regrets but one of my great regrets is that that generation was almost certainly the best provided for ever in terms of health, education and welfare. Certainly, that is the case as regards the foreseeable future. There was no private finance initiative for the generation that went without for us and no shoving of debt down the line to the grandchildren. We were the most privileged generation in that regard and that has shaped today's debate because, if I may say so tactfully, many of us are of a certain age. Lionel Robbins said that it was the job of his committee to consider changes for the higher education system of a comparable magnitude to those in the Butler Act.

I should like to linger a little longer on the Robbins report as I am convinced that it has resonance for us today. Robbins promised that his committee would eschew overprescription—how unlike our dear life under HEFCE these days. Instead, it would advance common principles. In a deliciously fluent opening chapter entirely free of the acronymia and management babble that infects so many state papers, and, indeed, even the internal communications of our universities, where precision in the use of language is a first-order question, Lionel Robbins' pen was fluent and acronymia free. That is exactly what he did—he drafted longhand with his fountain pen at home, as my noble friends Lord Moser and Lord Layard, who were his statisticians, confirmed for me the other day.

Lionel Robbins was a great economist with a liberal, humane outlook—one of the greatest luminaries the LSE has ever produced—and had great generosity of spirit. As I am sure the noble Lord, Lord Purvis of Tweed, knows, he was a great admirer of the Scottish higher education system and wanted the English universities to go over to the four-year model. In his own way, Robbins breathed the tradition of Cardinal Newman's classic, *The Idea of a University*, when he answered the question: what are universities for? That is a question we very rarely hear these days. Each generation must ask it anew for itself.

Robbins wrote:

“We begin with instruction in skills suitable to play a part in the general division of labour ... secondly, while emphasising that there is no betrayal of values when institutions of higher education teach what will be of some practical use, we must postulate that what is taught should be taught in such a way as to promote the general powers of the mind. The aim should be to produce not mere specialists but rather cultivated men and women ... Thirdly, we must name the advancement of learning ... the search for truth is an essential function of institutions of higher education and the process of education is itself most vital when it partakes of the nature of discovery”.

Lord Robbins rounded this off by speaking of British universities transmitting,

“a common culture and common standards of citizenship”.

concluding that the UK higher education system as a whole,

“must be judged deficient unless it provides adequately for all of them”—

that is, all four of his principles.

The strength and lustre of the Robbins report lay in the way it scooped up and blended the best traditions of the past before setting out a plan for future expansion, including what was then going to be six—but was later seven—wholly new universities, one of which—Stirling—was in Scotland. Indeed, they came to pass and have powerfully advanced and enhanced the life of the mind in our country from the late 1960s, when the bricks were first laid.

Also in Lionel Robbins’ pages you find Isaac Newton’s idea that scholars stand on the shoulders of the giants who have gone before, and Humboldt’s notion that research and teaching are symbiotically linked and that, in today’s parlance, students should be the first to hear and comment on their teachers’ work in progress. The noble and learned Lord, Lord Mackay of Clashfern, gave us a vivid example of this with the incomparable Max Born at Edinburgh.

Rereading Robbins for the purposes of this debate was a tonic, as I have indicated. However, we have not seen its like since in the intervening 50 years. There have been inquiries and changes aplenty but no wider look at the purpose and system in the Robbins style, and I think we are the poorer for it. As a country, it is a void that we need to fill. I borrow a metaphor from my noble friend Lord Smith of Clifton, who, sadly, is not in his place today. When he was recruiting to the politics department at Queen Mary, he used to ask would-be students, “Are you a poet or a plumber?”, which is a pretty good question for would-be undergraduates and, indeed, postgraduates. To borrow his metaphor—the noble Lord, Lord Smith, is himself a distinguished former vice-chancellor—I think we in the universities are too often obsessed and ground down by the plumbing of academic life. I refer to the ever greater intrusion of administration. In so doing, we have allowed too much of the poetry to be syringed out of our everyday existence as scholars and teachers. I refer to the thrill of the intellectual chase and the pleasure and primacy of teaching. We need a new Robbins for many reasons, not least to remind our university teachers and scholars what will get them zestfully out of bed on a wet Monday in February. It is certainly not the next committee or the research exercise framework, which, without exception, diminishes the mental life of all those who have had to take part in them.

Our universities need to be institutions of inspiration as well as utility. Indeed, the rest of the world tends very kindly to regard them as such. They are a particularly subtle instrument in our armoury of soft power, as the noble Lord, Lord Norton of Louth, indicated, and as your Lordships’ Select Committee on Soft Power, chaired with great brio by the noble Lord, Lord Howell of Guildford, illustrated vividly last month in its eloquent report. The noble Baroness, Lady Sharp, has already mentioned some of the figures contained in that committee’s report, *Persuasion and Power in the Modern World*. I hope she will forgive me if I repeat them. With 1% of the world’s population, the UK provides

3% of global funding for research, 7.9% of the world’s scientific papers, 11.8% of global citations, and, most important of all, 14.4% of the world’s most highly cited papers.

It is difficult to apply similar measurements to the arts, humanities and the social sciences, but here, too, we undoubtedly think and publish heavier than our weight. When it comes to the life of the mind, as a country we really do meet Einstein’s requirement of sustaining what he called a holy curiosity. In so doing, we arouse the curiosity of the world. This is not squishy soft power; it is steel-rimmed soft power. There are plentiful reasons to be cheerful amidst our anxieties about the future of higher education. Let us have a Robbins inquiry for the 21st century and let us curb the plumbing and enhance the poetry.

3.29 pm

**Lord Rees of Ludlow (CB):** My Lords, I declare an interest as a long-time member of Cambridge University.

We have heard eloquent praise for the Robbins report—a manifesto for university expansion in the 1960s, written indeed with a literacy and depth sadly lacking from its later counterparts. Today, higher education has expanded far more, but a present-day Robbins report would surely find that our system has not adjusted optimally to its greater scale and reach. In particular, it has stayed too homogeneous. Polytechnics were relabelled as universities in 1992, and 20 years later David Willetts created 10 more universities by a stroke of the pen. This uniform labelling sends the wrong signals, as the noble Baroness, Lady Morris, stated.

Nearly all universities still focus on three or four-year degrees. They are incentivised to pursue research and postgraduate courses, and they all aspire to rise in a single league table, which incidentally underweights things that really matter but are hard to measure, such as how rigorous the courses are, how well they are taught and how hard the students work. The entire system needs a more diverse ecology: a blurring between higher and further education, between full time and part time, and between residential and online. There also needs to be an expansion of transferable “academic credits” to facilitate movement between institutions and to allow mature students to re-enter the system.

I echo the concerns already raised about the fee system. The Government’s mantra is that “money should follow the student”, but it is clear that the market-driven choices of financially-pressured students will not necessarily drive up teaching standards; nor will they necessarily raise levels of rigour and achievement. Instead, they may favour soft and cheap options. The current system is in any case not a free market: fees are in practice narrowly constrained; there are quotas, inconstantly applied; and the degree of central regulation and the strings attached to public funding through HEFCE and the research councils erode autonomy and increase the administrative overhead in all universities.

Some things surely have not changed since Robbins. It is still a public good as well as a private benefit for our brightest young people to receive a rigorous education, and widening access is rightly high on the agenda. I wish to say a word about this. Universities such as mine expend huge effort on outreach initiatives, but these

[LORD REES OF LUDLOW]

welcome efforts are not enough to ensure real equal opportunity. Young people unlucky in their schooling or their home environment cannot be fully compensated just by summer courses, open days and so forth. Even if their potential is high, they still will not, at age 18, reach the bar for admission to the most selective universities. What is even sadder is that they then generally have no second chance, even if they catch up later. Worse still, their career prospects will have been hampered by the deplorable tendency for high-prestige employers to restrict their searches and their milk rounds to a favoured group of universities.

Here, we can learn from the United States. A substantial fraction of those who attend the “elite” public state universities, such as Berkeley, have come not directly from high school but as transfer students from a lower-tier college. I think that our most selective universities, including Oxbridge, should earmark some proportion of their places for students who do not enter straight from school but have gained academic credits by study at another university or online. This would enhance fair access and lead to a more diverse student body.

When America is discussed, there is undue focus on the Ivy League private colleges. They have huge resources and can indeed offer scholarships to needy students. However, to extol them as examples of fair access is to overlook the dark side of their fundraising success: the overt “inside track” they offer to the offspring of donors or alumni. Even in the most reactionary enclaves of Oxbridge, there would be repugnance at lowering the entry bar for privileged students. The debate there is, quite rightly, about the extent to which the reverse should be done.

Fair access opportunities are crucial but this does not mean that everyone who is qualified to get a degree should feel that they have to do so. If a degree becomes a mandatory entry ticket to too many careers, this will inhibit social mobility by stymieing the prospects of non-graduates. We also need more flexibility in the curriculum in universities. Our traditional honours degree is not appropriate for as many as 40% of the age group. Indeed, I personally think that it is too specialised for almost all students. The stovepipes of individual disciplines are gradually breaking down but this trend has not gone far enough.

And there is nothing magic about the level reached after three to four years. An American will say, “I had two years of college”, generally thinking this a positive experience. Some drop-outs may return later; others may pursue part-time distance learning. Even those who go no further should not be typecast as “wastage”. Now that we are living longer, in a faster-changing environment the importance of mature students, part time courses and distance learning will surely grow. These will never replicate the experience of attending a collegiate university, for which there will always be a demand. Perhaps we also need some liberal arts colleges which can match Oxbridge in their level of teaching and pastoral care. These need not be left to the private sector. However, they would still be a privileged minority. Indeed, as higher fees start to bite and lifestyles change, residential courses in many universities may face a squeeze and be trumped by online courses.

The Open University’s well tried model—distance learning supplemented by a network of local tutors—has huge potential for extending higher education’s global reach. It is good that many universities are collaborating with the Open University, supplying content for the FutureLearn platform. It is far better that it should do this than link with one of the American platforms. The Open University can have huge global reach. One hopes that the Minister will ensure that it has the resources to do so. None the less, the role of much hyped massive online open courses—MOOCs—should not be exaggerated. I think that these MOOCs will have the biggest impact on demand for conventional, vocational master’s degrees, catering for motivated and mature students who are in many cases already indebted through their undergraduate years and find it hard to get further funding.

What about PhD-level education? Here we should surely welcome alliances and clustering so that PhD students in each specialised subject are concentrated in a few graduate schools. Echoing the noble Baroness, Lady Morris, these schools should not all be concentrated in the same few universities. Many academics bridle at this suggestion, so in making it, it is important to emphasise that concentration of graduate education should not necessarily entail an equivalent concentration of research. That is a distinction that is often conflated. Many who teach in the best American liberal arts colleges are productive researchers and scholars, but if they have PhD students, these students are based in another university. We should remember that the Robbins report said that all university teachers should do three things: research, teaching and reflective inquiry. The last of those three is getting squeezed out. The key point is that a student studying for a PhD needs more than just a good supervisor. He or she needs to be in a graduate school where courses are offered over a wider range. Without this second component, a newly minted British PhD will not have flexibility and range that is needed for their later career.

Finally, I shall say some words from my perspective at Cambridge University. When academics bemoan the managerial and instrumental view of education that dominates today, they risk being accused of living in an ivory tower, being arrogant, and disregarding their obligations to the public. I think that we should contest that. My Cambridge colleagues are strongly committed to teaching and to the welfare of their students. They are obsessively dominated by their research as well. Their choices of research topics are anything but frivolous. What is at stake is a big chunk of their lives and their reputations. They are surely delighted if their work has some social or economic impact outside academia. However, it is not always recognised just how unpredictable, diffuse and how long-term such outcomes are. That is why the REF has often been such a perverse incentive. Even in targeted medical research, it may take up to 20 years to develop a drug. To take another example, the inventors of lasers in the 1960s used the work of Einstein from 40 years earlier. They did not themselves realise that lasers would be applied in DVDs and eye surgery. It is by attracting and motivating talented individuals and letting them

have their own judgment that funding agencies will best sustain high-quality universities and optimise the prospects for impactful discoveries.

Therefore, our leading research universities are major national assets. They are magnets for global talent, for the collective expertise of their faculty and for the way in which they are each embedded in a cluster of research laboratories, small companies, NGOs, and so forth to symbiotic benefit. The prime output from even the most research-focused universities is still the high-quality graduates they feed into all walks of life. They should be cherished for that reason, and their teaching quality sustained, too. There are all too few arenas in which the UK ranks as high in the world as it does in higher education. To maintain our competitive advantage, quality must be sustained across the system against growing international competition. The UK must be perceived as open and welcoming to talented students and faculty from across the world. We should realise that universities must be businesslike but that does not mean that they must be like businesses.

3.42 pm

**Baroness Perry of Southwark (Con):** My Lords, I, too, thank my noble friend for having initiated this amazing debate. Already we have had so many extraordinary and memorable speeches. So many of the major issues have already been dealt with in such a learned and detailed way, but I shall not do that. I thought that it would perhaps be my role to talk about one particular university and to bring some practical examples of what one university can do.

My experience spans both being vice-chancellor of London South Bank University, an access university, and being head of a house, head of a college in Cambridge University. I celebrate and rejoice in the diversity that those two institutions represent and I very much agree with the noble Baroness, Lady Morris, about league tables. If you start a league table only with those universities which accept students with three or four As at A-level, you inevitably put all the access universities down at the bottom. That is unjust and ridiculous. If we are to have league tables, let them at least celebrate the diversity which is an essential ingredient of good higher education.

I could have chosen to talk about London South Bank University, which I love dearly, but I have decided instead to use the time available to talk about the other university that I know and love—the University of Cambridge. I was lucky enough to be an undergraduate at Girton for three wonderful years many years ago. Incidentally, my three years there cost neither me nor my parents a penny. I was fortunate in having a full maintenance grant as well as my fees being paid. I still remember the first cheque that I wrote in my brand new cheque book was to repay my father for the 12/6d of my train fare to get there. Otherwise I was absolutely on my own. I was lucky, as I said, also to be head of one of the colleges of the university, to which I will refer later, for seven very happy years.

Cambridge, of course, is not alone in its success—many other universities have equally strong success stories to tell—but it is the one I know and I use it as an

illustration of what a good university can do to contribute to society and change the world for the better, as Cambridge University's mission describes it.

Almost 20 years ago, the noble Lord, Lord Broers, declared in his inaugural address as vice-chancellor that Cambridge was “open for business”. In that speech he invited companies to come to share in partnership the physical facilities and human intellectual capital which the university could offer. What followed was a huge influx of business into the city and its area—not least, of course, the large Microsoft research campus, the only one that that great company located outside the US. Over the years since, the university has played a central role in creating one of the wealthiest regions in the country, competing with the legendary areas which have grown around the successful universities in the United States.

Today, in addition to the links between Cambridge and the Massachusetts Institute of Technology, the university has its first research centre outside the UK, in Singapore, dealing with advanced research in energy efficiency. Back in Cambridge, more than 250 academics are working also on energy-related topics, solving some of the complex problems of the issue of energy which face our world today. Those 250 academics are drawn from 27 different departments, faculties and centres in the university. They focus on the issue of energy but bring their expertise from the physical and life sciences, from technology and social science. The university believes that it is in such multidisciplinary approaches that solutions will be found to these complex problems.

It is my opinion that one of the reasons for the success of Cambridge—as is the case, of course, for Oxford and other universities—is its democratic management structure. At Cambridge, more than 3,500 people have the right to vote over every important decision proposed. Budgets are devolved to departments and not centrally controlled. Teams of researchers usually have total control over the use of their grants and their income from externally funded projects. It is all about trust. The best and most talented people can and should be trusted. If they are left alone they will do their work in the best possible way, following their own professional passion and enthusiasm. The simple fact is that that works. If we are going to bring out the best in people and see the best results from their efforts in higher education, it is infinitely more likely that they will work well if they are left free rather than regulated and controlled.

Of course, it is our students who count the most. I always feel a deep sense of pleasure when I see that Cambridge students record among the highest for satisfaction with their experience. Some 92% of Cambridge students declare themselves as happy with their experience in the years they spend there. These are astonishingly bright young women and men who come full of promise. No job is more important than the task of helping them to acquire the experiences, skills and knowledge that will help them to fulfil that promise.

Students now come to the university from many different backgrounds and different educational preparation. Cambridge devotes money and energy to outreach, searching for the best and brightest students

[BARONESS PERRY OF SOUTHWARK]

from whatever background. The figures for admissions in 2012, the most recent to have been published, show that nearly 1,700 came from maintained schools as against only 1,149 from independent schools. During 2012-13, the university and its colleges, in its outreach activities, interacted with more than 8,000 schools and further education colleges, reaching out to more than 145,000 state school and college students at an investment cost of more than £4 million. The university also distributed £6.4 million to students from low-income households through the Cambridge bursary scheme, enabling them to study at the university without financial anxieties.

Within this pattern, Lucy Cavendish College, which I had the enormous pleasure to head for seven very happy years, plays a unique role in being the place where, by University of Cambridge statute and by its own statutes, women over the age of 21 may attend at a time of their own choosing, not at the conventional age of 18 or 19. There are more than 350 undergraduate and graduate students at the college coming from every conceivable walk of life—from the police force and the health service to the theatre, business and charities. Over one-third of them enter via non-traditional routes into higher education. The college provides a community and an environment in which women students from diverse and sometimes challenging or socially deprived backgrounds can achieve their full potential at a time in their lives and in an environment that is best suited to their needs. It also provides about one-third of them with scholarships and bursaries made possible by the generosity of our benefactors who share the vision of this unique college.

As I have focused on students, I should like to end with stories about two Lucy Cavendish College students of whom the college is rightly particularly proud. The first is a medical student who is the mother of four children. She had dropped out of school and left home by the age of 16. She is now in the fourth year of her medical degree with outstanding grades in her course and has just been awarded the William Harvey award for the top medical students in the university. What a turnaround that represents in someone's life. Last year, an undergraduate was due to give birth at the same time as her final examinations, which might not be said to be good planning. She was determined to go ahead with her exams, so the college's senior tutor arranged for a room at the maternity hospital to be designated by the university as an examination room—the first time that the university had ever done so. In spite of taking her exams literally immediately after delivering her baby, and while still wearing an intravenous drip in her arm, the student was awarded a first-class honours degree. For me, these stories are the real Cambridge, and the reality of what our good universities are doing to change lives and make the world just a little bit better.

3.51 pm

**Lord Watson of Richmond (LD):** My Lords, we have heard many fine and powerfully well informed speeches in this debate. In particular, I congratulate the last speaker on extolling the virtues of Cambridge—and I may attempt in some small measure to do the same.

However, one speech that I have been particularly struck by today was that of the noble Lord, Lord Hennessy. He referred to the teaching of Humboldt that there is a vital link between teaching and research. One of the things that is important to the University of Cambridge is the need to maintain that link, and indeed we have prizes which are awarded on the vote of the students for who they think have been the most effective teachers. When the so-called Pilkington Prizes first started, many of the teachers were slightly alarmed at the prospect; now, they find them a very useful thing. I should declare an interest as the high steward of the University of Cambridge and, for a number of years, as the chair of the Cambridge Foundation.

Last month I spoke at an enormous, interesting and different sort of conference held in Dubai, of the Global Education and Skills Forum. I was asked, not once but several times, and perhaps with a touch of envy, how it was that Cambridge was able to,

“achieve excellence, retain choice and maintain its freedom to choose its future direction at a time of funding shortages and austerity”.

It is the sort of question that the Minister faces on a regular basis. Predictably, and perhaps also a little glibly, I replied that for Cambridge, as indeed for many other universities, excellence and freedom are interdependent. For this reason, I was happy with one specific sentence in the letter dated 10 February from the Secretary of State for Business, Innovation and Skills, and jointly signed by the Minister of State for Universities and Science, to the chair of HEFCE. The sentence states:

“It is for you to take the decisions on how you allocate your budgets”.

However, the letter continued, perhaps predictably, to say: “you should deliver savings”, and,

“make greater progress in delivering efficiencies”.

It was a predictable exchange. It reminded me of some very sharp and relevant words of our current vice-chancellor at Cambridge University, who said in a lecture last year that without financial resources,

“in sufficient quantity and—critically—in sufficient variety”, freedom is,

“like a torch without batteries”.

As many of your Lordships have said today, we are of course rightly proud of higher education in the United Kingdom. It generates £73 billion for our economy and contributes 2.8% of our total GDP. We are not only economically enriched by this but enhanced intellectually, culturally and, I would argue, spiritually. It is vital to our quality of life and our ability to survive and to succeed. At its best, it enjoys the very highest reputation, which, combined with the critical advantage of teaching in a global language—our own—has ensured huge success.

However, I wish to focus briefly on what I believe are two causes for quite serious concern which, if not addressed, could erode our position and, indeed, imperil it. The first is highlighted in HEFCE's report, *Global Demand for English Higher Education*, which was published this month. The fact is that the number of overseas students starting courses in England has fallen for the first time in almost 30 years. The numbers are not huge but the trend is worrying. There is also a

1% fall in those embarking on full-time postgraduate degrees. The biggest falls here are in the numbers from India and Pakistan—to which reference has already been made—which are down 51% and 49% respectively. At the same time, the United States is reporting a 10% increase in postgraduate intake, including a 40% increase from India. Australia is seeing significant increases, facilitated in part by streamlining and simplifying visa provision.

In this regard, I agree strongly with the recent remarks of my noble friend Lord Howell of Guildford, who said that our restrictions on visas are creating a “blot” on our reputation. It is a blot, but also a blow to our resources; not only because we earn so much from international study—which we do—but because, as my noble friend Lady Williams said during the Immigration Bill debate last month,

“no less than 33% of academics currently serving in Russell group universities come from overseas”.—[*Official Report*, 12/3/14; col.1786.]

As well as falling numbers, there is a second fall, in real resources. The mathematics—the arithmetic, if you like—are certainly complicated. Universities UK said, on receipt of the annual grant letter to HEFCE to which I referred earlier, that although it was of course “pleased” that,

“high cost subjects ... widening participation and small and specialist institutions are to be protected”,

at the same time, all certainly seemed to be threatened by the projected budgetary cuts for 2014-15 and 2015-16. While it is of course good that the Government have maintained their ring-fence around science and research, we have got to commit long term to fund research above the rate of inflation. We currently spend a lower proportion of our GDP on higher education than our rivals. Our future competitiveness requires that we spend more.

I said at the start that while there is much of which to be proud in the United Kingdom’s higher education achievement, there are also causes for concern. Trends are now emerging which, if not reversed, could indeed erode our position: falling numbers overall of overseas students choosing to come here from abroad, including from the European Union; and in real terms failing to stay ahead of inflation in our funding of research and development. These trends need to be reversed.

4 pm

**Lord Sutherland of Houndwood (CB):** My Lords, I do not wish to break the rules of the programme “Just a Minute” so I shall try to avoid repetition, and will not talk about my days at Cambridge; nor will I retreat to talk about my time at Aberdeen University, both of which served me excellently well.

The first-rate opening speech by the Minister was followed by an excellent speech by my noble friend Lady Morris. Both speeches raised a question in my mind that I want to face up to: why do we talk now about higher education when at one time we would have spoken about universities? This is a significant shift. It is not necessarily a bad shift—I am not complaining about it—but the point was well made by my noble friend Lady Morris that “higher education” is a much more inclusive range of institutions, possibilities and opportunities.

Subsuming universities into that has had some advantages. Universities have learnt a broader context in which to live and work, and that has been good for them. Higher education institutions have had some benefit in terms of kudos and powers from the Government if they have been effectively declared universities. But there has been a downside. The mission of many higher education institutions has been distorted by the company that they have been forced to keep. It showed up initially when the polytechnics became universities: there was a stampede towards teaching law and sociology. I am enough of a vice-chancellor to know that one of the main reasons for that is that they are very cheap subjects to teach. That was not a good direction to move in, and many of them have reversed it, much to their credit. Equally, it has led us to ignore and avoid the distinctive features of what makes a university a university. The discussion has shifted because of the language we use and the context we set.

It first struck me when I had my first ever visiting teaching post as a visiting professor in the USA. At the end of my first lecture, a large Texan student came up to me, jabbed his finger into my chest—this was at nine in the morning, they start early there; and it was minus 20 degrees outside—and said, “This better be good. My old man is paying 4,000 bucks a year for this”. I suddenly realised that there was a different perspective on what one was doing as a university teacher. That shifted my mind a bit.

More recently, one of the leading think tanks in this country invited me to a seminar on the student experience; I am sure that many of your Lordships had an equivalent invitation. That is great, very important. I looked down the list of speakers. There was a government Minister, which is appropriate; the chief executive of something called the Higher Education Academy; two people of journalistic backgrounds; the head of public services and consumer rights policy at *Which?*; someone from the Office of the Independent Adjudicator; happily there was a student, the vice-president of the NUS; someone from the Quality Assurance Agency; the odd vice-chancellor, and so on down the list. They were all worthy people—I am not saying that they should not have been there—but what was missing? There was no university teacher, no one who taught, and it was a conference about the student experience. There was no reference to the Max Borns of this world or, in my own case, the Donald MacKinnons of this world, who inspired a genuine, lifelong interest in what it was I wanted to do with my life. There they were and there they will be.

What has brought this about? A picture of what a university should be seems in our public discourse to have changed. It has become very near to what my noble friend Lord Hennessy has referred to as business “babble”—MBA speak. It is too prevalent. Universities, HEIs, are now selling products. These products vary: degrees, they might sell; employability, they might sell; high salaries and initial jobs, they might sell; and the latest one is they will sell social mobility. This is what universities now present themselves as doing. It is not the picture of universities that one or two of us in this debate wish to spell out. One occasionally fears that some are selling academic snake oil.

[LORD SUTHERLAND OF HOUNDWOOD]

The language of MBA-speak has taken over. This may lead you to think that I am a dreadful old fuddy-duddy and that I may be becoming too conservative—with a small C, looking deferentially across the Chamber—in my old age. That is not so, I hope. I declare now my interests. I was what some have called a serial vice-chancellor: in the Strand, in Bloomsbury and in Newtown, Edinburgh. In the course of that, I had to learn all the skills that are necessary for a modern vice-chancellor. I learnt about property values in London and helped fund the merger of King's College with two other colleges and a medical school out of the value of London property. That was a long way from my courses in moral philosophy. I learnt in Edinburgh, too, to avoid committing the university medical school to a PFI scheme that the hospital was entering. We fought that off, and that is probably the most important thing that I have ever done for higher education. One had to take these issues on. One had to learn that the university world and the world of vice-chancellors is really rather different these days.

The move down that line, towards seeing the business side of universities, was inevitable because of the expansion of the system—it has been referred to already. There was a 2.5% age participation rate after the war; it was 7% when I went to university in 1959, was double that in 1970 after the first tranche of Robbins universities and went up to 43%—in Scotland, it hit 50% one year. That is the age participation rate that we are talking about. It is not a bad thing; I am not protesting. Opportunity is what made many of us, and that is what we are offering. However, it is expensive, and if it is expensive, we cannot live in the hope that the traditional system will continue to apply without question. We cannot hope to avoid the issue of what the real costs are. A very well known head of one of the Ivy League universities in the USA was accosted after commencement, or graduation, by a set of parents who said, “Mr President, I want to tell you that our Elmer's had a great experience here. It really has been a very fine, fine experience for him. He got a good degree. He's got a job with Kinseys”. Then a slight shadow fell as they said, “However, it just all seemed a bit expensive. Why does it cost so much to produce a graduate?”. To which the president said, “If you think knowledge is expensive, try ignorance”. That is a fundamental principle, but, on the other hand, if you have a free flow of cash, you will not check whether the costs are real.

The atmosphere has changed; we have had to learn to live with that. But what has been missing—I thank my noble friend Lord Hennessy for raising this, and the noble Baroness, Lady Greenfield, mentioned it as well—is the question: what are universities for?

For the first half of this debate, that was not mentioned. What are universities for and what is a good university? I have another American story. The president of the University of California, asked what makes a good university, said, “That's straightforward. Three things: football for the alumni, sex for the undergraduate and parking for the faculty. If you've got those three, you've got a good university”—well, a contented university, perhaps. There are bigger questions

than that, which the noble Lord, Lord Hennessy, has raised. What are the drivers of change and expansion? The noble Baroness, Lady Morris, raised the dangerous side of the drivers, which is that we are becoming a uniform system that was not meant to serve 50% of the population and is merging in the middle.

I support the proposal that we need a thorough look—perhaps Robbins-style—at what is to be the future shape of the higher education system and the place of universities in it, alongside further education, different forms of teaching and different ways of providing courses, whether part-time or adult education. We are arguing about whether the participation rate should be 40% or 50%. It should be 70% or 80%, because we are talking about continuing education, not what percentage of 18 year-olds we should have; that is a different and much narrower question.

My only additional proposal is that we have the relationship between universities and government increasingly out of kilter. Once we had grants, more recently we have had funding with conditions attached. In my view, we need to move to a different system—a contractual relationship. I will not take time now to spell all that out, but I think a different route ahead could and ought to be considered in such a long-term look at higher education.

4.12 pm

**Baroness Bottomley of Nettlestone (Con):** My Lords, I have a sense of anxiety in addressing the House today, because I feel that I need to explain that I did not go to the University of Cambridge. I am not saying the same for they who begat me or they who we begat or he who I married, but I wish they House to be aware that I did not go to University of Cambridge.

Secondly, I most warmly congratulate the right reverend Prelate on his maiden speech. I did not entirely agree when he described himself as some jobbing priest, because I fear that he trained for the priesthood at the University of Cambridge. He was also at Oxford, and started off at another very distinguished university, the University of Durham, but I claim great affinity with him, as I am Baroness Bottomley of Nettlestone, on the Isle of Wight, where I was christened and married and spend much time. He will know that the educational attainment and expectation for people on the Isle of Wight is all too pitifully low. I know that he will join others in doing all that he can to work on that critical issue. I also want him to know that I have an honorary doctorate from the University of Portsmouth, of which I am extremely proud.

Like others here, the interests that I must confess are too numerous. My greatest pleasure in life is being chancellor of the University of Hull, alongside the noble Lord, Lord Norton of Louth—another great port city, like Portsmouth, and a wonderful university with an incredible legacy acting as a catalyst for the city, the region and the nation in a most remarkable way. The contribution of the university in gaining for the city the accolade of City of Culture is yet another example of what a university can do, in collaboration with Siemens with its new investment in the area, which needs employment and investment all too greatly.

Aligning the University of Hull with the world tables, I have become part of the international advisory council of Sebançi University in Turkey. To reinforce the international link, I am also pro-chancellor at Surrey, where the excellent Professor Chris Snowden, now president of UUK, is vice-chancellor. I shall be there on Friday awarding degrees. Finally, I have been a governor of the London School of Economics for, I think, 30 years—it shows how good its governance structures are that they seem to be beyond review.

My serious point here is that my prejudices all arise because my noble kinsman Lord Hunt of Chesterton—I am afraid that he has disappeared, but not without sending me a delightful note—and I shared a grandfather, Dr William Garnett, who was secretary of the Technical Education Board and worked with the Webbs. He established the Institute of Education and Greenwich University, and was one of the original signatories for the London School of Economics. He was a contrary man who did a great deal of good but caused quite a lot of enmity as well, to his credit. He then retired into writing and the great work that he wrote was *Education and World Citizenship*. I deeply believe that universities, with all their importance in creating employment and in innovation and research, provide education for world citizenship.

What excites me is the international nature of our universities, where 24% of academic staff are non-UK nationals. Seventeen per cent of students in UK universities are non-UK domiciled, 12% from outside the EU, and it is up to 37% at postgraduate level. This is nothing compared to Singapore, where I was asked to go the other day by Phil Baty, who runs the *Times Higher* league tables. I went to Nanyang Technological University, which is an incredible dynamo where 70% of the faculty do not come from Singapore. Wherever you go around the world, it is a story of international collaboration. In Korea, I was talking to the people who have a partnership with the University of Surrey. We see that everywhere. Then at the other end of economic activity, in industry and commerce, global perspective and cultural sensitivity are absolutely critical. The fact that our universities are so international within their faculties, research partnerships and student populations is a huge strength and great benefit for us all.

I wanted to share most strongly in the comments made by my friends the noble Baronesses, Lady Morris and Lady Warwick, the noble Lord, Lord Rees, and others about the diversity of our provision. What is so stale and dated is this idea of a snobbish hierarchy about universities. I do not mind whether you are pre-1992 or 1994, or a Russell group. Universities are and should be distinct, and have different personalities. Of course the league tables show something. They are good fun and people can game them, and they help students to have an idea of where they are going and what the benefits and strengths are. However, the real issue today is how we can make our universities have different personalities and characters.

I want to refer briefly to the work done by Sir Michael Barber at the IPPR because I thought that Members of the House would like to know about his typology of the universities of the future. There is the mass university,

taking advantage of globally developed content and adapting it for its own students. Those universities will use predominately online or blended approaches, perhaps in collaboration with respected institutions. They will cater for hundreds of thousands of students at a time and provide good education for the growing global middle class. Of course, this is about UK higher education but how can we discuss that ignorant of the rest of the world? There is the niche university to which the noble Lord, Lord Rees, referred: effectively, like the New College of Humanities in the UK and the classical liberal arts colleges in the USA. They have deep specialisms in narrowly defined areas, possibly taking global stars on to their staff. There are local universities which are community-based, fostering strong relationships with regional students and businesses and playing a role in the constant renewal of local and regional economies, through opportunities for the development of skills in the workforce and applied research. They may be developing more of the part-time or sandwich courses which so many have hankered for.

We will of course continue to have the elite universities, which we spend a great deal of time discussing because they are jewels in our national infrastructure. I am sure that they will continue to produce great research, be led by great academics and be sources of great pride and influence.

Then, I suspect, we will also have those universities really using the new technologies and new business ideas. We at the Open University have seen so much of what can be achieved. It has been said that almost every sector has re-engineered its product. For trainee accountants, airline pilots or doctors, new technologies are used. Are we are doing all that we can in higher education to ensure that we are looking with an open mind at the most effective ways of opening people's minds and teaching them new skills?

With that, I wanted to talk about leadership. To me, our cadre of vice-chancellors in this country are a source of great pride, and increasingly they come from different backgrounds. Professor Steve Smith at Exeter said:

“This may be a perilous time to be a university leader, but it creates tremendous opportunities for the brave”.

We know about the problems of funding, student caps and immigration policies. I am not going to share the debate around those subjects because they are constant and ongoing and we will continue to debate them. However, the opportunities today for real leadership and reinforcing the mission, whichever university it is, are very exciting. At the Open University, for example, we saw Martin Bean, who comes from Microsoft. A former colleague from the Commons, Bill Rammell, is now the vice-chancellor of Bedfordshire University of the Arts London, which is hugely successful, actually has someone out of professional services. Reading University, which is very successful, has a former Permanent Secretary, Sir David Bell, as its vice-chancellor. Aston, to which I am very grateful for my degree, has Dame Julia King, who is an academic and someone who has been in business, as has the excellent Chris Snowden, a fellow of the Royal Society but also very much a businessman in his own right. These backgrounds are different and, above all, global. Our vice-chancellors come from all over the world, quite a number from

[BARONESS BOTTOMLEY OF NETTLESTONE]

South Africa, while Louise Richardson is from the States. This is hugely welcome. We should look at these individuals maybe as great academics or maybe as great business leaders, with a profound commitment and concern about leadership and higher education.

However, there is a serious gap. We spoke the other day on International Women's Day. Personally, I am a little exhausted by the debate about women on boards. They are doing fine; there are 25% of them. However, fewer than one in five of our vice-chancellors are women. How can this be? The majority of undergraduates are women and they do better than the men but no, only a handful of vice-chancellors are women. There has an increase, rapidly in recent years, to 17%. All too few women are chairs of councils, too, a group that we ought to talk about as the voluntary commitment of people who chair universities often brings huge skill, devotion and dedication to the role. Let us hope that with Madeleine Atkins now at HEFCE and Nicola Dandridge taking over from the noble Baroness, Lady Warwick, at Universities UK, we will see some progress. However, I share a paradox with noble Lords: the female vice-chancellors are disproportionately from the STEM subjects. Dame Nancy Rothwell, Dame Julia Goodfellow and Dame Julia King are all from STEM subjects at a time when we are constantly complaining about the lack of women in STEM subjects—a subject of ongoing work and debate.

In talking about leadership, though, I need to mention a particular individual who I think has scarcely been acknowledged. Our Minister for Universities and Science in another place, David “Two Brains” Willetts, is hugely to be admired and congratulated. I have seen the way that he builds alliances with people of all political parties and none. He is hugely dedicated and effective, and someone of real calibre at such a sensitive time. Similarly, those at HEFCE—Sir Alan Langlands has recently stepped down—who have navigated this controversial, argumentative and innovative sector so magnificently in recent years also deserve our recognition. If I have failed to declare my professional interests, they are as outlined in the Members' register.

Nelson Mandela said that education was the easiest way to change the world. I agree, and I applaud this debate.

4.24 pm

**Lord Young of Norwood Green (Lab):** My Lords, I congratulate the Minister on securing this debate. I must admit that when I saw the list of speakers and started to calculate the average length of time they were taking, I inwardly groaned. However, I have sat here and, for the most part, have been enthralled by the nature of this debate, its depth, its wit and its analysis. There have been one or two debates that I have sat through about which I could not say the same thing. I feel confident when I enter a debate about apprenticeships because I was on one; I feel less easy on entering this debate because my formal qualifications ended at City and Guilds. My noble friend Lord Giddens once described me as an autodidact, and that is probably about right, so I shall rely on that qualification from the university of life to get me through this debate.

I, too, pay tribute to the right reverend Prelate the Bishop of Portsmouth—not bad for a jobbing priest is all I can say. However, he is a lot more than that, as we have heard. It was a fascinating contribution, and I thank him for the only reference to the living wage in this debate. The church played a significant role in instigating that concept. The last thing I shall say about this is that if you wanted to pay tribute to the House of Lords as an organisation that can bring a wide variety of knowledge and experience, this debate has encompassed that. *Hansard* will certainly be worth looking at.

Let me start with where the country now finds itself. Surely we have to think seriously about reducing the huge levels of debt write-off that make today's system unsustainable. I do not say that to make a party-political point; it has been the subject of a recent report. The lessons from the revelations of the past two weeks have driven a coach and horses through the Government's higher education policies. The revelations have caused huge concerns for students, taxpayer and vice-chancellors. They are revelations that have comprehensively changed the terms of the debate. First, there was the admission in a Parliamentary Answer to my right honourable friend Liam Byrne that the Government now expect the write-off of student loans to rise so high that their system of tripling student fees might not actually save the taxpayer any money. That is surely a cause for concern. Mr Nick Clegg, who tried to defend his change in policy by arguing that the amount students would pay back each month was less than under the old system, somehow forgot to mention that the average student today will not pay their loan back for 27 years, so students today will be approaching 50 before they are free from the debt burden. Surely that should not be the legacy that we leave to this generation and the next generation of students.

A number of noble Lords have commented warmly on the fact that they attended university for free. Yes, they did, but in an era when somewhere between 5% and 7% of people went to university, when it was very class based and very few working class children were able to attend university or even had an aspiration to do so. I can recall only one mention during this debate of the fact that it was the previous Labour Government who set the target of 50% of young people going to university. For a while, I heard it mocked and derided. Yet, when I went round speaking to young people, which I do with the House of Lords outreach programme, and asked group of sixth formers in very working class colleges and schools how many of them were going to university, all the hands went up. I thought that was an astonishing achievement. One might argue about the outcomes, but in terms of social mobility and raising aspirations, I think that was a very important policy.

In stark contrast to the previous regime, it was estimated that, for students starting after 2006-07, when the previous Government introduced a loans system for fees—a difficult decision that I remember having to try to justify, as I was Minister for Students and was going around meeting groups of students, and I probably used that hackneyed phrase about politics being about the language of priorities—the average student loan would take something like 11 years

to repay for men and 16 years for women. Then, last week, we got the story's latest instalment when a fresh batch of Answers arrived to Parliamentary Questions tabled on the scale at which private providers are now enjoying hundreds of millions of pounds of support, funded by the taxpayer. The sheer scale of the subsidy surprised everyone: nearly £1 billion of publicly funded loans and maintenance grants are now flowing through students to private providers. That, as the *Guardian* pointed out, is a 2,100% increase in recent years.

It is rather surprising that the Government seem to have no idea of the level of profit that these private providers are now making. However, I am conscious of the time, so I will chop out that bit, which I was going to focus on.

A number of contributors to the debate have understandably praised the depth and diversity of our university system, although we have had a worrying analysis of the fall in international and overseas students; I will not go into that in depth, because I think that the noble Lord, Lord Bilimoria, and others have made quite an intense analysis. I look with anticipation to the Minister for his response on that. We cannot afford to be complacent. If one looks at the fees that European universities are charging now, it is quite an attractive proposition for people in this country to go to some of the universities that are teaching in English—in Holland and other countries, for example.

Given the levels of debt for which we are asking—with something like £9,000 fees being more or less average, so students will have about £50,000 in debt—surely we should be asking, even though we have a rise in applications and I acknowledge the Minister's point on that, whether it stands the value-for-money test. I do not apologise for that. I know that some of the contributors to the debate might not like me using that phrase, but young people are going to seriously assess that. It is not a question of whether they are a poet or a plumber in aspiration. I actually look for a poetical plumber; combining the two might be good, to pinch a phrase from the noble Lord, Lord Hennessy. Students are entitled to query what they are getting for that investment, given that it is going to take a large chunk of their life to repay it.

It is therefore legitimate for *Which?* to produce a briefing for today's debate, for which I commend it. Whether that is consumerisation or not, it is important that we have independent analysis. I do not know whether the Minister has had a chance to look at the briefing, but it says:

“However, it is questionable whether the higher education market is promoting the best interests of students as consumers and more needs to be done to protect them from poor standards ... *Which?* believes that there are a number of changes that need to be addressed to ensure that higher education improves for the benefit of students ... There is inadequate information available for prospective students, for example on the nature and quality of the academic experience. *Which?* wants to see high quality, easily-comparable information on university courses for prospective students”.

And so it goes on. I have not got the time to quote the entire thing. I will end on this point, also made by a noble Lord whose name I have wrong—my apologies—which is that:

“The current regulatory regime does not work in the interests of students”.

It probably does not work in the interests of universities, either. It continues:

“Which? is calling for an examination of the case for a stronger”—

or better—“regulatory framework”. That is a legitimate part of this analysis.

I will set out today the principles which should guide us. These principles are deeply rooted in our history and academic traditions but, more importantly, in a sense of the future. In a world turning east, in which technology is moving faster than ever, we in Britain need new answers to help us collectively earn our way to a better standard of living. The starting point for our principles is a speech that my right honourable friend the Shadow Secretary of State, Chuka Umunna, made to the Engineering Employers' Federation few weeks ago. In that speech he said that in a country where living standards are under such acute pressure and where the deficit still looms so large, innovation is the only way out of austerity. As he put it:

“We, the Labour Party, are clear about our goal: a high-productivity, high-skilled, innovation-led economy”.

I am sure we can all sign up to that.

That is why our universities are so important. They are, as a number of noble Lords said, the power houses of the knowledge economy. They need to be bigger, stronger and more central to our economy in the years to come. However, they need also to focus on ensuring that the students and the country as a whole get value for money and that all universities are part of their local communities. I believe the right reverend Prelate quoted the number of employees in universities—they are big employers. Whenever I visit a university, I always ask the same question, “How many apprentices do you employ as a university? You are a big employer; you have lots of opportunities and you could work in collaboration with your local colleges”. Perhaps I can have that conversation with the right reverend Prelate afterwards.

As the Royal Society put it so simply and eloquently in 2010, Britain needs to put science and innovation at the heart of a strategy for long-term economic growth.

It is now clear that the student loan system that pays for our universities, voted through by the Lib Dems, is a time bomb. According to the Public Accounts Committee, it is storing up perhaps £70 billion to £80 billion of debts that may never be repaid. Today's system with tripled fees and big debts for graduates is now as expensive as the system where students were charged a third as much. It has become indefensible, so people should now stop trying to defend it and, as a number of noble Lords have said, we ought to review it.

Another test must be: what is good for our science base—our store of knowledge and wisdom? The Minister alleged that everything is okay on research, but today, while other powers, emerging and established, are investing in science like never before, we are cutting our science spending across government, according to the Campaign for Science and Engineering to the tune of over £800 million. Nationally, research and development as a percentage of GDP is at its lowest level since the turn of the century. Last year it fell for the first time

[LORD YOUNG OF NORWOOD GREEN]  
since 1985. Does the Minister recognise the need to ensure that research spending at least achieves the OECD average?

My next point is about student choice. One of the benefits of these debates is that you get some useful briefings. I think the noble Baroness, Lady Sharp, and certainly other noble Lords, referred to a need for a more flexible approach. The Association of Colleges produced a useful briefing which talked about a system that allows students to accumulate and transfer course credits. We have heard talk about part-time study and the use of online study, which will certainly impact across education. That point is well worth making. My noble friend Lady Morris, in her fascinating contribution, analysed where the current universities have come from, what their antecedents were and what they now attempt to provide. She also addressed, as did a number of noble Lords, the fact that the league tables do not capture what they need to capture or what so many potential students aspire to do.

Today, while we do a decent job of getting A-level students, or those on an academic route, to university, we do not do a very good job of lifting apprentices up to the same standards. Rolls-Royce, like other great firms, trains 50% of its apprentices to degree-level skills; as a country we manage just 6%—a grand total of 6,000 people. That is not good enough today, and certainly not good enough for the future.

We need to do far more to fix Britain's skills base when regional skills gaps are opening wide all over Britain. I am a firm believer in education for education's sake, but I know, too, that a good job is fundamental to the way we flourish, and right now half of graduates—even though they may be in employment—are not in graduate-level jobs.

I will make brief reference to the Minister's Statement on the disabled students allowance. The noble Lord, Lord Addington, expressed concern about it, and having gone through the Statement I can understand why. Can the Minister reflect on what the level of consultation was—is the recommendation a done deal?—and whether there has been an impact assessment of the proposals that are outlined?

We need to ensure that our higher education system meets the needs of the country, and is challenging and sustainable. We want to make sure that it boosts the science base, diversifies student choice and brings universities and business together to deliver fast enough progress towards social mobility. What we need to do, surely, is to seek to inspire this generation of students. It is a bit worrying that in Plymouth, for example, it has been estimated that only 10% of the university's 35,000-strong student population plans to use its vote in the upcoming elections. The reason often cited by this is the decision by the coalition to treble university tuition fees. What assurances can the Minister offer to the young people of Plymouth and the young people of this country as a whole, who feel somewhat betrayed and disheartened, that the coalition Government are working in their best interests to ensure a higher education system that is both fair and affordable?

4.40 pm

**Lord Ahmad of Wimbledon:** My Lords, first, I thank each and every Member of your Lordships' House who has taken part in this debate. Indeed, reflecting on the words of my noble friend Lady Sharp, I, too, was surprised when looking into this to find that it had been so long since your Lordships' House had debated such an important subject. It was the Government's view that it was something that we should put on the agenda, and I am glad that we have done so.

In paying tribute to all noble Lords, it would be entirely apt for me to pay particular tribute to the maiden speech of the right reverend Prelate the Bishop of Portsmouth. In his remarks, he said that he was not sure about how his opening contribution would be taken by the House. It was an excellent one, and I am sure that he will play a significant role not just in representing the people in Portsmouth and wider Hampshire but indeed the country as a whole, albeit that at times he may cause a degree of discomfort to those of us on the Front Bench with the questions that he may ask. We look forward to his future contributions and welcome him to the House.

The noble Lord, Lord Hennessy, referred to poets and plumbers. I do not know what I shall be called by the time I sit down, but certainly if one was to look to my plumbing skills—my wife is testament to that—a plumber I am not.

This is an important subject. As we have heard from all noble Lords, higher education is an important part of what defines Britain today. It is key to the nation's success and, as last week's Universities UK report on the impact of universities on the UK economy noted, the sector generates jobs—indeed, 754,000—and contributes to the GDP, some 2.8% in 2011, up from 2.3% in 2007. The report also reveals that the UK higher education sector contributed an output of over £73 billion. The almost £5 billion that students contribute to local economies through their off-campus expenditure shows that the impact of higher education is felt in businesses across the country. These figures remind us that universities are absolutely pivotal to driving the growth that will safeguard a more sustainable future for everyone.

My noble friend Lord Purvis referred to university funding. University income across the whole of the UK represents £29 billion in 2012-13, as opposed to £12 billion in 1999 to 2000. Again, that demonstrates the flexibility and autonomy to which several noble Lords alluded for our universities. Education is of vital importance to the nation as a whole.

I shall take certain areas in a specific order. Several noble Lords raised the issue of social mobility. Right from the outset, I say to the noble Lord, Lord Young of Norwood Green, that, although he said that his background was not one of university education, I have stood across the Chamber from him at this Dispatch Box and talked about apprenticeships. The Government recognise the importance of apprenticeships for the future growth of our economy, which is why we have created the number of apprenticeships that we have. I am sure that he will recognise that various companies are coming on board—I accept that we start from a low base—that are now participating in

the apprenticeship programme. I believe that we all share the sentiment that diversity, not just in terms of the university route but also in terms of the apprenticeship route, is vital for our continued growth.

The noble Baroness, Lady Morris, spoke about social mobility from her great experience. Institutions now have a much greater responsibility to focus on widening access. The Director of Fair Access has agreed more than 160 access agreements with institutions for 2014-15. These detail the plans by universities and colleges to spend more than £700 million by 2017-18—up from £440 million in 2011-12. The Government will invest another £50 million through the National Scholarship Programme in 2014-15.

Access issues were also raised by the noble Lord, Lord Rees. It is important to note that in all these access agreements we are looking at issues of gender, social class and ethnicity. The director has certainly reflected these issues in the access agreements. However, I am sure all noble Lords agree that we need to make sure that all this money is spent where it really counts. Just last week, the Government announced a new national strategy for widening access, led by the HEFCE and OFFA. One of the key focuses of this strategy will be the employment prospects of graduates from less advantaged backgrounds. Research published last year by our Social Mobility and Child Poverty Commission showed that, three years after graduation, individuals from higher socioeconomic backgrounds were more likely to be in a high-status occupation than those from less privileged backgrounds. OFFA is also asking all universities, especially those which have not yet made progress, to invest more smartly in their access activities generally and ensure that they are properly evaluating what works, and then sharing that best practice with other institutions.

The noble Baroness, Lady Morris, raised the issue of diverse universities, as did my noble friend Lady Sharp. My noble friend Lady Perry gave examples of the universities with which she has been associated—namely, Cambridge and London South Bank. The noble Baroness, Lady Morris, rightly values a diverse system, as we all do. Of course, university rankings are not a government tool per se, and there are many different measures of a good university. Indeed, the noble Baroness, Lady Deech, highlighted a particular example of how ratings can be used. One of the reasons the Government have focused on improving student information is so that students can use their purchasing power to seek out the best course to match their aspirations—indeed, the best institution as well. Popular institutions will grow and attract more income, and this is reflected in how they are perceived.

My noble friend Lord Storey rightly wants to encourage more women to take up leadership roles. The Government are committed to supporting this aspiration. The universities are, of course, autonomous institutions and the Government do not have a specific role in micromanaging this sector. However, I believe that all universities increasingly recognise the importance of reflecting diversity in their own leadership.

The noble Baroness, Lady Warwick, raised the issue of part-time students. The Government have addressed what we considered was the primary barrier to part-time

study—that is, access to tuition fee loans. We recently announced that we are examining the rules regarding equivalent or lower qualifications which rule out loans for past graduates, so that those wishing to undertake engineering, technology or computer science courses can do so.

The noble Baroness, Lady Donaghy, referred to teacher training. The Government are carefully considering the implications of our policy on the quality of teacher training. The expansion of School Direct, to which she referred, has been challenging for many universities, but there is scope for successful school and higher education collaboration in this regard. Outstanding university providers have been guaranteed the same number of places as last year, and many have increased their share of the initial teacher training market. I understand that the higher education institutions remain involved in more than 80% of the initial training places. Additional places have been created to reduce the chance that some courses may have to close.

Several noble Lords, including the noble Lord, Lord Hennessy, referred to the loan system. We are absolutely not seeking to treat the student loan system like a private debt system. The system operates very much like a graduate contribution scheme, and we feel that it takes the best features of a graduate tax. Students repay only when they can afford and at only 9% of income earned above the £21,000 threshold. As I said in my opening remarks, the OECD recognises that what we are seeking to do through our reforms puts our higher education funding on a sustainable model basis.

I turn to the funding and RAB charge, referred to by the noble Baroness, Lady Kennedy, and the noble Lord, Lord Giddens. There has been much discussion of the Government's estimate of the returns that they will get from student loans. However, the resource accounting and budgeting process—the RAB charge—is not a straightforward financial calculation, as noble Lords will know. It is an estimate of the economic circumstances 35 years in the future. The Government have improved the modelling. It is sound and has been quality-assured by experts in the field, such as the Institute for Fiscal Studies.

We have taken careful note of the recommendations in the 2013 National Audit Office report on student loan repayments. It is not surprising that the Government's assessment of the proportion of loans that will be repaid has changed. After all, it is a complex analysis. Estimates are just that and they will continue to change, as they are based on assumptions about the future. However, it is important to note that lower-earning graduates will be protected, while those who benefit most from their higher education and go on to earn more will pay back their loan more quickly.

The Government are still delivering a tough deficit reduction programme. The funding model that they have used has made it possible to address the deficit, while, as I indicated, at the same time giving more income to higher education institutions to boost the quality of their provision. The Government are working with an estimate of around 45%. It could be argued that currently the savings are small but, depending on the performance of the economy—and we are encouraged

[LORD AHMAD OF WIMBLEDON]

by the IMF's report published yesterday—this could change over time. However, there continue to be savings to government compared with the previous assessment, even if we take the figure of 45%. We believe that this system continues to be the best way to use limited public funds to meet the country's requirement for long-term, high-level skills, but we must not forget what it ultimately means for students: a progressive repayment system, better information and higher-quality provision.

I turn to the STEM subjects, specifically science and research. I acknowledge the contribution of various noble Lords in this respect. Science and research, including the arts and humanities, are essential drivers of the innovation that leads to growth. The base funding awards that are made to support vital research will be distributed using the outcomes of the research excellence framework. The peer review is currently the most established method of research assessment and it underpins the academic system. Obviously, we can shape cultures both positively and negatively depending on how we measure things. The latest exercise contained, for the first time, an explicit assessment of the impact of research. There were some concerns about what that impact might mean in the UK, but it has sent a powerful reminder to researchers to think about how their research might be used or the difference that it might make, and it is encouraging much greater engagement with the industry.

Perhaps I may take some of the specific questions that were asked on research and development, including by the noble Lord, Lord Bilimoria, and the right reverend Prelate the Bishop of Winchester. The UK's overall research and development spend was 1.72% of GDP in 2012, amounting to £27 billion. I acknowledge that this sum is lower than that of some of our trading partners such as the US, Germany and France. We continue to look to invest more and, as I said in my opening remarks, we have protected funding in this area.

Several noble Lords, including the noble Baroness, Lady Greenfield, and my noble friend Lord Storey, raised the important issue of technology transfer and asked what universities are for. It is important to note that the UK does very much better than people think. The impact of the research excellence framework is a key incentive in driving this. The excellent HEIF programme is widely recognised as supporting technology transfer. Indeed, we are in the top five globally for university/business interactions. One of the drivers behind removing the cap as an incentive is that this is demand-led: the private sector wants to see more graduates and, increasingly, there is a strong link with what universities provide in the communities. My noble friend Lord Storey gave examples in Liverpool, which the Government fully endorse and support.

The noble Lord, Lord Rees, and others talked about credit accumulation and transfer. Much has been done in this area. Many institutions allow students to build a qualification from smaller modules but the decision to accept and recognise credit has always been one for the universities, which act autonomously in this regard. Mention was made of the need for

academic freedom by my noble and learned friend Lord Mackay of Clashfern. Others talked about value and gave examples, as my noble friend Lady Perry did, when she spoke of the value of freedom of the universities. The Government are fully committed to the Haldane principles, whereby decisions on which research projects are funded are made by the research councils themselves, not by Ministers. Around two-thirds of all research council grants are made through this measure—that is, not responding to any government priority.

Mention was also made by my noble and learned friend, and the noble Baroness, Lady Deech, I believe, of where higher education should sit. Should it be in BIS or in education? I have noted the comments, as I have noted the wider debate, and will take those suggestions back.

The noble Baroness, Lady Coussins, raised modern languages.

**Baroness Warwick of Undercliffe:** I wonder whether I may refer back to the noble Lord's support for HEIF to ask the specific question that I asked in my intervention. Do the Government see it as important to accept the Whitty recommendation to increase that fund?

**Lord Ahmad of Wimbledon:** If I may I will write to the noble Baroness in that regard, and, of course, share it with all those who have taken part in the debate.

The Government are committed to the teaching and learning of modern languages in schools. As the noble Baroness, Lady Coussins, acknowledged, from September 2014, primary schools will be required to teach a foreign language at key stage 2. Thanks to the English baccalaureate, modern languages GCSE entries are improving. The Government have prioritised higher education funding for modern language courses to ensure the continued availability of language study in higher education institutions. The noble Baroness raised some other questions, but with her permission, and in the interests of time—at five hours, this has been somewhat of a marathon—I will write to her and share that letter with other noble Lords.

The explosive growth in massive open online courses was raised by the noble Lords, Lord Giddens, Lord Rees, among others, and by my noble friend Lady Sharp. We have seen growth in this area and the UK's new MOOC platform FutureLearn brings together free courses from 23 top UK and international universities. In the four months since the first course began, FutureLearn has already 450,000 sign-ups. Users come from an impressive 90 countries and a range of backgrounds.

My noble friend Lord Holmes mentioned the BPP. The BPP is the third university to achieve the university title last year and it is respected for its professionally geared education. My noble friend flagged that particularly in his comments. Various issues were raised by the noble Lord, Lord Bilimoria, the right reverend Prelate the Bishop of Winchester, the noble Baroness, Lady Warwick, the noble Lord, Lord Giddens, among others, and my noble friend Lord Holmes. I underline that on specific questions I shall write to noble Lords, in the interests of time. I reiterate that the Government are

fully committed to international students and we have announced that we will extend options for people to stay on following their study. I will write with the details. Just to be clear, the numbers of international students are not capped. I can do nothing better than quote my right honourable friend the Prime Minister when he visited India last year and said that we were open for anyone wishing to come to the UK for a legitimate course at an accredited university. The doors are open. As I said, I will write with further details.

I fully acknowledge the points made by my noble friends Lord Watson and Lady Sharp, and the noble Lord, Lord Hennessy, about the importance of soft power when we travel the world. Indeed, my noble friend Lady Bottomley spoke about this with great passion. English itself is an incredibly powerful tool in ensuring that the issue of soft power both at home and abroad is not forgotten. I totally ally myself with the comments made on that point.

My noble friend Lord Addington raised issues about the disabled students' allowance, specifically on dyslexia. These changes will not come into effect until 2015 and we are working through the sector-driven centres to consider specific individual needs and to inform higher education institutes how we expect them to offer support in this regard.

My noble friend Lord Norton of Louth, spoke with great expertise in this area, as ever. I particularly commend and welcome his commission's report on the future regulation of the university sector. Again, perhaps I may write to him in respect of the specific questions he raised.

In conclusion, we have had five hours of debate and even Lord Robbins, if he was here and reflected on the words of the debate, would say that it has perhaps been a useful consultation exercise in its own right. I can assure noble Lords that I have been listening. The noble Lord, Lord Young, made the point about the range of speakers. I have been riveted to my Front Bench seat during this extremely informed debate.

Our universities are one of our greatest national assets. UK universities are second in international rankings only to the US. They contribute to the nation's wealth and to the rich cultural fabric of our society. The thousands of extra higher education places that the Chancellor announced at the end of last year will help the nation to grow and flourish.

Again I thank all noble Lords who have participated in the debate. Their thoughts, perspectives and suggestions have provided a valuable resource as we seek to further strengthen our world-renowned higher education sector—a sector which is central not only to our economic growth but to our position on the global stage. As a Minister responding to such a debate it is appropriate for me to finish with a quote from Aristotle. He said:

“It is the mark of an educated mind to be able to entertain a thought without accepting it”.

*Motion agreed.*

## Convergence Programme

### *Motion to Approve*

5.02 pm

*Moved by Lord Newby*

That this House approves, for the purposes of Section 5 of the European Communities (Amendment) Act 1993, the Government's assessment as set out in the Budget Report, combined with the Office for Budget Responsibility's Economic and Fiscal Outlook, which forms the basis of the United Kingdom's Convergence Programme.

**Lord Newby (LD):** My Lords, I welcome this opportunity to discuss the information that will be provided to the Commission this year under Section 5 of the European Communities (Amendment) Act 1993.

As in previous years, the Government inform the Commission on the UK's economic and budgetary position in line with our commitments under the EU stability and growth pact. The Government plan to submit their convergence programme by 30 April, with the approval of both Houses. The convergence programme explains the Government's medium-term fiscal policies as set out in the 2013 autumn Statement and Budget 2014, and includes the OBR forecast. As such it is drawn entirely from previously published documents that have been presented to Parliament.

With the Budget on 19 March this year and the Easter Recess timings as they are, I appreciate that the timetable for this debate has been particularly tight. Against this backdrop, the Treasury has made every effort to provide early copies of the convergence programme document in advance of the debate today, and did so last Thursday. The document makes clear that this year's Budget reinforces the Government's determination to return the UK to prosperity and reiterates the Government's number one priority—tackling the deficit.

Stability or convergence programmes form part of the European semester, which provides a broad framework for the co-ordination of the monitoring and surveillance of member states' fiscal and economic policies, including necessary structural reforms across the EU. The positive value of the European semester is that it is a useful means to encourage other member states to grip the urgent growth challenge across the EU.

The Budget 2014 set out the Government's assessment of the UK's medium-term economic and budgetary position. In 2010 we set out clear, credible and specific medium-term consolidation plans to return the public finances to a sustainable path. Our plan makes clear that we will fix the economy and deal with the deficit, cut tax to encourage investment, back businesses, control welfare and invest in skills. We put that plan in place and adhered to it, and we are delivering results with it. The Government's fiscal strategy has restored fiscal credibility, allowing activist monetary policy and the automatic stabilisers to support the economy and ensure that the burden is shared fairly across society. This long-term economic plan has protected the economy through a period of global uncertainty and has provided the foundations for the UK's economic recovery, which is now well established.

[LORD NEWBY]

Since last year, economic growth has exceeded forecasts and has been balanced across the main sectors of the economy, inflation is below target, and the deficit has been reduced year on year. Over 1.5 million private sector jobs have been created and employment is at record levels. Interest rates are at near record lows, helping to keep costs down for families and businesses. The Government are also making significant progress in reversing the unprecedented rise in borrowing between 2007-08 and 2009-10. The deficit has been cut by one-third as a percentage of GDP over three years and is projected to have fallen by a half as a percentage of GDP by 2014-15. The OBR has also forecast public sector net borrowing to reach a small surplus in 2018-19, and has judged that the Government remain on track to meet the fiscal mandate one year early. While the OBR forecast that the underlying structural deficit is falling, it is doing so no faster than was previously forecast, despite higher growth. The persistence of this structural challenge supports the Government's argument that economic growth alone cannot be relied upon to eliminate a structural deficit, and while we are meeting the supplementary debt target one year late as before, the OBR has revised down national debt in every year of the forecast.

This year's Budget is fiscally neutral despite lower borrowing across the forecast period, with an overall reduction in tax funded by a reduction in spending. The OBR has revised the UK's growth forecasts upwards, as has the IMF, and they are now among the highest, if not the highest, in the developed world. However, as the Chancellor has said, the job is not yet done, and the same is true for the rest of the EU. Without sustainable economic growth, the EU will be unable to repay its debts, create jobs or maintain its standard of living. Much of the answer to these problems lies in national level reforms such as creating flexible labour markets. Clearly, the European semester has a key role to play in encouraging member states to make ambitious reform commitments, and the UK has an interest in making these reforms happen. However, an ambitious EU-level reform agenda is also a key part of this equation and an essential counterpart to national level reforms. Recent European Councils have underscored the strong commitment of Heads of State or Governments to supporting growth and competitiveness, and I know that the Prime Minister has been driving forward this agenda along with leaders from a substantial group of like-minded member states.

As I reminded the House a year ago, deploying EU-level policies in support of economic growth, such as the single market, regulatory reform and EU-level free trade agreements, can achieve maximum growth impact at the least cost. The need to address Europe's growth challenge comprehensively by tackling overall low productivity, lack of economic dynamism and flexibility is more pressing than ever before, and it is in our interests to make urgent progress. That is why the UK will continue to push this agenda at the highest levels and encourage the new Commission to take structural reforms seriously. I am today requesting that, in line with Section 5 of the European Communities (Amendment) Act 1993, this House approves the economic and budgetary assessment that forms the

basis of the convergence programme. Following the House's approval of the assessment, the Government will submit the convergence programme to the European Commission. It will make its recommendations to all EU member states in early June. These recommendations will then be considered by the ECOFIN Council on 20 June and agreed by Heads of State or Governments at the European Council on 26 and 27 June.

To reiterate, the convergence programme contains no new information, only information that has previously been presented to Parliament—information from the OBR's economic and fiscal outlook and from the Budget, which sets out the Government's strategy to return the UK to sustainable growth. I commend the assessment to the House.

**Lord Pearson of Rannoch (UKIP):** My Lords, can the noble Lord remind the House of what exactly is the UK's convergence programme? With what is the United Kingdom economy supposed to be converging, and why? As we are never going to join the euro, are we not wasting time? While I am at it, could the noble Lord remind us what is the European semester? But above all, why do we go on submitting the state of our economy to an institution which has not had its own accounts signed off, even by its own internal auditors, for the past 18 years? By its own estimation, at least £120 billion per annum goes walkabout and in each of its institutions the Mafia is rife and active.

In short, what is the point of this debate and, more generally, what is the point now of the European Union at all?

**Lord Tunnicliffe (Lab):** My Lords, the Minister will be pleased to know that I shall not be resisting the Motion. I am reassured by his assurance that there is no new information in the documentation being provided, but will just spend a few minutes commenting on that information and what it says.

We have been presented with a quite a glowing picture. In particular, if one did not listen too carefully, one could be left with the impression that the reduction in the deficit has been achieved as per the 2010 emergency Budget and the subsequent Autumn Statement. My recollection is that the intention was to have eliminated the deficit by now. The noble Lord can correct me if that is not the case.

We have heard that things are going well, but this is not how people up and down the country are feeling. They are facing a cost of living crisis. Working people are £1,600 a year worse off. The OBR has confirmed that people will be worse off in 2015 than they were in 2010. Energy bills are up almost £300 since the election, while childcare costs have spiralled since 2010. The number of young people out of work for 12 months or more has nearly doubled since this Government came into office. We have a record number of people who want to work full time but are being forced to work part-time. Families will be £974 worse off by the next election as a result of tax and benefit changes. After three years of flatlining, it is good that we finally have some growth. However, for millions of people, this is no recovery at all. There is much more that could be done to help working people but the Budget was just another missed opportunity.

We should be getting young people back into work. Despite the Government's rhetoric on full employment, there are no new policies to deliver this. The Work Programme is so unsuccessful that people are more likely to go back to the jobcentre than find work. Only 5% of disabled people on the Work Programme have found work through it. We need a compulsory jobs guarantee to ensure there is a paid job for every young person under 25 who has been out of work for a year.

We also need practical measures to tackle the cost of living crisis, such as tackling rising energy bills or helping families with childcare costs, within this Parliament. We would expand free childcare for working parents of three and four year-olds from 15 to 25 hours a week.

We should be cutting business rates for small and medium-sized enterprises. The Government are focusing their help on the 2%—the largest multinationals—and not doing enough for 98% of British businesses, the small and medium-sized enterprises. We need action from the Government to ensure a strong, sustained and balanced recovery. Manufacturing, construction and infrastructure investment are all down. Consumers are having to dip into their savings, and the OBR predicts that growth may well slow in the future when those savings run out. Indeed, the OBR sees households' gross debt to income ratio rising from 124% in 2014, which was a 10-year low, to 165% in 2019, which is near to pre-crisis levels of indebtedness. Exports are falling, not rising. Nothing in the Budget tackles the productivity crisis that has emerged in recent years.

5.15 pm

There is too much inconsistency and too many short-term measures and not enough consistency and stability for business to plan for the long term. On housing, we need a "help to build" scheme to counterbalance the Help to Buy scheme. There is a serious risk of a lop-sided recovery unless we match the boosting of demand with the boosting of supply. A "help to build" scheme focused particularly on ensuring that small and medium-sized construction companies can do better is one way to make a difference.

In the other place, the Chancellor said that, "we are getting on top of our debts".—[*Official Report*, Commons, 19/3/14; col. 781.]

The coalition Government would like us to forget their broken promises on borrowing and the deficit. They have had to borrow nearly £190 billion more than they planned in 2010 over the five years of this Parliament. The Government have added a third to the national debt, which now stands at £1.2 trillion, and three years of economic stagnation will leave the next Government with a budget deficit of £75 billion. They have borrowed more in the past four years than the previous Government did in 13.

There is a reason why the Tories cannot deliver for the many. They have the wrong priorities. They are giving an average £100,000 tax cut to millionaires. They have offered a marriage tax allowance that will help only a third of married couples, rather than, say, a 10p starting rate of tax, which would help millions more families. There is a fairer way to tackle the deficit and the Government's failure to keep their promise about balancing the books, and to do this Britain needs a Labour Government.

**Lord Newby:** My Lords, I am grateful to both noble Lords who have spoken in today's debate. In a short speech, the noble Lord, Lord Pearson, succeeded in asking very fundamental questions about Britain's position in the EU. Without spending too much time on his final, semi-rhetorical question, I should like to respond to his earlier questions about the convergence programme and the European Semester.

The convergence programme stems from the Lisbon treaty, which requires the UK Government to report regularly to the European Commission on the economic situation and forecasts in the UK. The report is drawn from previously published material, as I said. It is part of a Europe-wide programme. Under the stability and growth pact, all member states are required to submit either stability programmes, for euro-area member states, or convergence programmes, for non-eurozone member states. The European Semester is a common timetable for the submission and consideration of fiscal policies via the stability or convergence programmes and macroeconomic policies via national reform programmes.

The noble Lord asked: what is the point of all this? As the crisis in much of Europe has shown, it is in everybody's interests that member states do not run up excessive deficits, because if they do the consequences of putting those deficits right are not confined to those member states. The UK economy suffered very significantly because of the eurozone crisis. To pick up one of the points made by the noble Lord, Lord Tunncliffe, this is one of the reasons that the forecasts we made in 2010 were blown off-course. Given the very high proportion of trade we have with the eurozone countries, we are very much dependent on those countries prospering and therefore it is very much in our interests that they keep their public sector finances under control.

**Lord Tunncliffe:** It is a detail, but the Minister said that the requirement comes from the Lisbon treaty. I thought that it had come from the Maastricht treaty, which we put into law in 1993. Am I mistaken?

**Lord Newby:** The difference, I believe, is that the Lisbon treaty requires the convergence programme to be submitted to the Commission in the form that we are describing today, whereas the underpinning requirements about budget deficit and levels of growth were in the Maastricht treaty. What came out of Lisbon were the very specific mechanics of trying to co-ordinate via the submission of national plans every year which the Commission can then scrutinise and comment on.

**Lord Tunncliffe:** I hope the Minister will forgive me, but I put a little bit of study into this. Article 103 of the Maastricht treaty—which may have been elaborated at Lisbon—states pretty bluntly:

"In order to ensure closer co-ordination of economic policies and sustained convergence of the economic performances of the Member States, the Council shall, on the basis of reports submitted by the Commission, monitor economic developments in each of the Member States and in the Community as well as the consistency of economic policies with the broad guidelines referred to in paragraph 2, and regularly carry out an overall assessment. For the purpose of this multilateral surveillance, Member States shall

[LORD TUNNICLIFFE]

forward information to the Commission about important measures taken by them in the field of their economic policy and such other information as they deem necessary”.

I thought today that we were responding to that part of that treaty. I want to draw out the point that our being here this afternoon at this late hour is the fault of all Governments, not perhaps just one.

**Lord Pearson of Rannoch:** Before the Minister replies, perhaps I may say that I support the noble Lord, Lord Tunnicliffe. He is of course right that the whole process in the Maastricht treaty was, I am afraid, waved through by the Conservative Government under Mr John Major when, if your Lordships remember, he was winning game, set and match. I am grateful to the Minister for his answer, but I would still like to press him on why the United Kingdom has to take part in this demeaning and absurd process. I understand that it might be useful for the countries which have unfortunately joined the extremely destructive process of the euro and everything that goes with that, but why should we, if indeed our economy is recovering in the way that the Government claim, have to go cap in hand to Brussels and discuss with them anything that we want to do, especially as we are, luckily, thanks to the Treasury, not in the euro?

**Lord Newby:** My Lords, perhaps I may deal with the point made by the noble Lord, Lord Tunnicliffe. Obviously, the Motion that we are debating today stems from Maastricht, but the codification of how it was to be done is to be found in Articles 121 and 126 of the Lisbon treaty—I am sorry that I do not have them before me to read out to the House.

The noble Lord, Lord Pearson, describes the process of submitting the forecasts as “demeaning”. Certainly, there is nothing demeaning about the state of the British economy. We are very happy to send the forecasts to anybody. However, as I said, just as we depend in no small measure on the economic success of the rest of the EU, so the rest of the EU, as he is very fond of reminding the House, depends on our economic success. We are part of a single market and, again as the noble Lord often reminds the House, we contribute to a budget one of the main purposes of which is to promote growth across the EU. So it is only sensible that the EU as a whole looks at how Governments are meeting their commitments by running a successful, stable and growing economy.

The noble Lord, Lord Tunnicliffe, raised some pretty familiar criticisms of the state of the economy. I always find it slightly amusing when members of the Labour Party, which consistently wanted to spend more at every point during this Parliament, object to the fact that the deficit is higher than it might be. If they had spent £12 billion a year by cutting VAT, as they proposed, the accumulated deficit would by now almost certainly have been greater. It is bizarre for the Labour Party, which has been pushing for higher expenditure—that would necessarily mean a bigger deficit, certainly over the period we are discussing—to upbraid us for following a policy that allowed the economic stabilisers to work and ensured that we did

not have further cuts in the face of the European crisis. We allowed the stabilisers to operate in a way that minimises the impact of the crisis on employment—and on growth—and formed the basis for the creation of 1.73 million additional private sector jobs during the course of this Parliament.

The noble Lord says that we have done nothing to get young people back into work. I remind him that youth unemployment fell by 29,000 in the quarter, in the three months to January, and by 81,000 in the year. Excluding people in full-time education, there was a decline of 16,000 in the number of 16 to 24 year-olds who were unemployed over the quarter. The youth claimant count has fallen for 21 consecutive months. On the latest figures, the reduction in the youth claimant count is falling at the fastest pace since 1997. The number of those claiming for more than one year has fallen for the 15th consecutive month, down by 2,300 on the month to 53,400. Youth employment in the quarter rose by 43,000, which is an extremely significant number. Those 43,000 young people who now have a job who did not before would find it extremely difficult to recognise the Opposition’s description of what is happening to the economy.

I absolutely understand the noble Lord’s criticism that some people have suffered in their standard of living. Sadly, that is what happens to some people during a recession. However, I remind him that the Government have taken a wide range of steps to mitigate that fall. Of course, the increase in the income tax allowance to £10,000 is the single most significant one, but I also remind him of the freeze on fuel duty. On jobs, I remind him of the £2,000 national insurance allowance, which will make it easier for small businesses, in particular, to retain or take on additional staff.

The noble Lord also criticised the Government on the basis that the recovery was unbalanced. He will know that manufacturing output was up last year. The forward surveys of manufacturing are more positive than they have been for many years. He will probably be aware that the figures from the RAC, I think, yesterday suggested that in the past month, the area with the highest growth rate in permanent placements was the north. He will also be aware of today’s figures showing that the balance of payments on the latest deficit is down, so we do not have unbalanced growth. Every sector of the economy is growing. Forward forecasts in services and manufacturing are at record levels; in some cases, they are higher than ever before. So the prospect for the period ahead is of not just growth but a greater degree of balance in growth than we have seen for a considerable time.

Ultimately, such sustainable growth is the only way for both the UK and EU member states to pay down their debts and exit what has been, by common consent, a very difficult economic period. The UK is leading the EU growth agenda and making the case for ambitious EU reform. On that basis, I am pleased to commend the Motion to the House.

*Motion agreed.*

*House adjourned at 5.31 pm.*

# Written Statements

Wednesday 9 April 2014

## Commonwealth Games 2014: Security Statement

**The Parliamentary Under-Secretary of State, Ministry of Defence (Lord Astor of Hever) (Con):** My right honourable friend the Minister of State for the Armed Forces (Mr Mark Francois) has made the following Written Ministerial Statement.

A call-out order has been made under Section 56(1A) of the Reserve Forces Act 1996 to enable reservists to be called out for permanent service as part of Defence's contribution to the safety and security of the Glasgow 2014 Commonwealth Games.

In providing venue security support to the Police Service of Scotland and other civil and Commonwealth Games authorities, Defence will contribute up to 2,000 military personnel, of which up to 400 will come from the reserve forces.

We plan to call out only willing and available reservists who have the support of their employer. The order takes effect from 8 April 2014 and ceases to have effect on 6 August 2014.

## Education: Qualification Reform Statement

**The Parliamentary Under-Secretary of State for Schools (Lord Nash) (Con):** My right honourable friend Secretary of State for Education (Michael Gove MP) has made the following announcement.

The Government is today announcing the next steps in the reform of GCSEs and A-levels. We are introducing more rigorous content into reformed GCSEs and A-levels to be taught from September 2016 and 2015 respectively.

Our changes will make these qualifications more ambitious, with greater stretch for the most able; will prepare young people better for the demands of employment and further study; will address the pernicious damage caused by grade inflation and dumbing-down, which have undermined students' achievements for far too long; and will give pupils, parents, teachers, universities and employers greater confidence in the integrity and reliability of our qualifications system.

### GCSEs

In November of last year, the Department for Education published details of revised content for GCSEs in English and mathematics, for first teaching from September 2015.

Today, I am publishing revised content for GCSEs in science, history, geography and languages, which will be taught in schools from September 2016.

These GCSEs set higher expectations. They demand more from all students and specifically provide further challenge to those aiming to achieve top grades.

In science, the level of detail and scientific knowledge required has increased significantly, and there are clearer mathematical requirements for each topic. New content has been added, including the study of the human genome, gene technology, life cycle analysis, nanoparticles and space physics.

In history, every student will be able to cover medieval, early modern and modern history—rather than focusing only on modern world history, as too many students do now. Greater emphasis has been placed on British history, which will account for 40% of GCSE rather than 25%, as now, balanced by an increase in the number of geographical areas studied, and an explicit expectation that students will study the wider world. The new GCSE is also clearer about the range of historical knowledge and methods students will need to develop, from critical assessment of sources to understanding of chronology, individuals, events and developments.

In geography, the balance between physical and human geography has been improved—developing students' locational and contextual knowledge of the world's continents, countries and regions and their physical, environmental and human features—alongside a requirement that all students study the geography of the UK in depth. Students will also need to use a wide range of investigative skills and approaches, including mathematics and statistics, and we have introduced a requirement for at least two examples of fieldwork outside school.

In modern languages, greater emphasis has been placed on speaking and writing in the foreign language, thorough understanding of grammar and translation of sentences and short texts from English into the language. Most exam questions will be set in the language itself, rather than in English; and there will be a sharper focus on using the language appropriately in different contexts, from personal travel to employment or study abroad.

Finally, ancient languages have been given a separate set of criteria for the first time, reflecting their specific requirements. Students will now need to translate unseen passages into English, and will have the option to translate short English sentences into the ancient language. We have also provided greater detail about the range and type of literature and sources to be studied, without specifying particular set texts.

### A-levels

I am also publishing revised content for A-levels in English literature, English language, English literature and language, biology, chemistry, physics, psychology, history, economics, business, computer science, art and design and sociology, for first teaching from September 2015.

The content for these A-levels was reviewed and recommended by Professor Mark E Smith, vice-chancellor of Lancaster University, drawing on advice from subject experts from higher education establishments and subject associations.

By placing responsibility for the content of A-levels in the hands of university academics, we hope that these new exams will be more rigorous and will provide students with the skills and knowledge needed for progression to undergraduate study.

I thank Professor Smith and all of those involved for their conscientious work and thoughtful suggestions—and I have accepted all of their recommendations for A-level content.

In the sciences, computer science, economics and business, mathematical and quantitative content has been strengthened—for example, understanding standard deviation in biology and the concepts underlying calculus in physics.

In computer science, basic ICT content has been removed and emphasis has been placed instead on programming and far more detailed content on algorithms.

In the sciences, there will also be a new requirement that students must carry out a minimum of 12 practical activities, ensuring that they develop vital scientific techniques and become comfortable using key apparatus. This will make sure that all A-level scientists develop the experimental and practical skills essential for further study.

In history, as well as covering the history of more than one country or state beyond the British Isles, A-level students will also now be required to study topics across a chronological range of at least 200 years, increasing breadth of focus.

In English literature, to ensure a broad and balanced curriculum, specified texts will include three works from before 1900—including at least one play by Shakespeare—and at least one work from after 2000. In addition, we have reintroduced the requirement for A-level students to be examined on an “unseen” literary text, to encourage wide and critical reading.

Finally, in economics, content has been updated to include the latest issues and topics—for example, financial regulation and the role of central banks.

Copies of the content for these reformed GCSEs and A-levels will be available later today at <https://www.gov.uk/government/publications>.

Alongside these announcements, Ofqual is today setting out its decisions on how these new GCSEs and A-levels should be assessed—with linear assessment rather than modules, and a greater focus on exams rather than controlled assessment.

All of these reformed A-levels will be ready for first teaching in schools from September 2015, and reformed GCSEs from September 2016.

Awarding organisations will publish their detailed specifications for these A-levels this autumn and for these GCSEs next autumn—giving schools plenty of time to prepare.

#### *New A-levels and GCSEs from 2016*

Based on the advice of the A-level content advisory board established by the Russell Group of leading universities, I have also already announced that A-levels in mathematics, languages and geography will be reformed for first teaching from September 2016.

I can announce today that GCSEs and A-levels in religious studies, design & technology, drama, dance, music and PE—and GCSEs in art & design, computer science and citizenship—will also be reformed and brought up to these new, higher standards for first teaching at the same time, in September 2016.

Awarding organisations and subject experts will draft content for these new A-levels and GCSEs over the coming months, and we will consult on their recommendations for content—while Ofqual consults on its recommendations for assessment—later in the year.

All our reforms to GCSEs and A-levels complement the changes we have already made to technical and vocational qualifications, removing those which are not endorsed by businesses or employer bodies from league tables, and leaving only those which represent real achievement.

Taken together, these changes mean that every young person in this country will have the opportunity to study high-quality, rigorous, demanding qualifications across the academic and vocational curriculum from September 2016 onwards.

These changes will increase the rigour of qualifications, strengthening the respect in which they are held by employers and universities alike.

Young people in England deserve world-class qualifications and a world-class education—and that is what our reforms will deliver.

## **Elections: Guidance for Civil Servants**

### *Statement*

**Lord Wallace of Saltaire (LD):** My right honourable friend the Minister for the Cabinet Office and Paymaster General (Francis Maude) has made the following Written Ministerial Statement.

Guidance has today been issued to civil servants in UK departments and those working in non-departmental public bodies and other arm’s-length bodies on the principles that they should observe in relation to the conduct of government business in the run-up to the forthcoming elections for membership of the European Parliament, and to local authorities in England and Northern Ireland, and for five directly elected Mayors. These elections will take place on Thursday 22 May 2014. The period of sensitivity preceding the elections starts on 2 May.

Copies of the guidance have been placed in the Libraries of the House and on the Cabinet Office website at: <https://www.gov.uk/government/publications/election-guidance-for-civil-servants>

## **Energy: Oil**

### *Statement*

**The Parliamentary Under-Secretary of State, Department of Energy and Climate Change (Baroness Verma) (Con):** My right honourable friend the Minister of State for Energy (Michael Fallon) has made the following Written Ministerial Statement.

Today, the Department of Energy and Climate Change (DECC) is publishing the conclusions of its review of the role of UK’s refining and fuel import sectors. I am grateful to all those who contributed to this review.

As we progress toward a low-carbon economy in the UK, oil products are, and will continue to be, crucial to our economy and to consumers in the UK for some years to come. The review was designed to assess the respective contributions that domestic production and imports make to resilient fuel supplies. It sought to understand better the global context and challenges facing the oil supply sector, and the impact that market distortions and the regulatory framework have on competitiveness. It also considered what role the Government should play in supporting the sector.

Given the recent closures of refineries in the UK, the review had a particular focus on the refining sector in the UK but it also considered the midstream sector more broadly, including the role of the imports sector and the benefits it brings.

The review concluded that resilience and security of supply in the UK is supported by retaining a mix of domestic refining and imported product. This is in line with the government's energy security of supply strategy which recognises the benefits of supply diversity. Global commercial factors will continue to affect the refining market in the UK and the EU more broadly, and further closures across the continent are likely in future. A package of actions has been developed by government, which taken together, could help improve the operating environment for the refining and import sectors.

These measures include the setting up of a new joint government and industry Midstream Oil Task Force. This will provide a strategic and collaborative way of working and will deliver a number of the actions from the review. The task force will be independently chaired and draw its members from across the midstream oil sector.

DECC is also today publishing the government response to our consultation on the future management of the compulsory oil stocking mechanism in the UK. In this the Government set out their support for the establishment of an industry-owned and operated central stocking entity in the UK which will encourage a more efficient system that incentivises the development of UK oil storage capacity. There are still important issues to address before the Government can agree to move to legislation, and so we are now asking obligated companies to prepare a roadmap towards legislation, addressing these issues.

The review and the government response to the consultation can be viewed at <https://www.gov.uk/government/consultations/call-for-evidence-role-of-uk-refining-and-fuel-import-sectors> and <https://www.gov.uk/government/consultations/future-management-of-the-compulsory-stocking-obligation-in-the-uk> respectively. Copies of both publications have been placed in the Library of the House.

### **Energy: ONR/DWP Framework** *Statement*

**The Parliamentary Under-Secretary of State, Department for Work and Pensions (Lord Freud) (Con):** My honourable friend the Minister for Disabled People (Mike Penning MP) had made the following Written Statement.

Following my announcement on 1 April 2014 of the launch of the Office for Nuclear Regulation (ONR) as an independent public corporation, I will place a copy of the ONR Annual Plan for 2014-15 in the House Library. The Annual Plan has also been published on the ONR website at: <http://www.onr.org.uk/documents/2014/onr-annual-plan-14-15.pdf>

I can confirm, in accordance with Schedule 7, Section 25(3) of the Energy Act 2013, that there have been no exclusions to the published document on the grounds of national security.

I will place a copy of the ONR/DWP Framework Document, which sets out the sponsorship arrangements between the department and the ONR, in the House Library. It is also available on the ONR website at: <http://www.onr.org.uk/documents/2014/onr-dwp-framework.pdf>

### **Energy: Scotland Analysis Programme** *Statement*

**The Parliamentary Under-Secretary of State, Department of Energy and Climate Change (Baroness Verma) (Con):** My right honourable friend the Secretary of State for Energy and Climate Change (Edward Davey) has made the following Written Ministerial Statement.

The Government have today published the 12th paper in the Scotland Analysis Programme series to inform the debate on Scotland's future within the United Kingdom.

*Scotland Analysis: Energy* (Cm 8826) examines the benefits of the current single energy market across Great Britain (GB) for managing energy policy and examines the potential implications of independence.

The paper concludes that the current single market has underpinned the success of the Scottish energy industry, has helped to keep Scottish energy bills down and is the most effective way of managing energy liabilities, but were Scotland to become a separate independent state, the current integrated GB energy system could not continue as it is now.

Scottish consumers and businesses currently benefit from spreading the cost of supporting Scottish energy network investment, renewables and programmes to support remote consumers over 30 million households and businesses as part of the GB energy market. In the event of independence, Scotland's 3 million households and businesses would have to meet these costs alone. Scottish consumers would end up paying more, possibly considerably more, for energy infrastructure in an independent Scottish state than they do as part of the UK.

The paper also sets out that only a small proportion of electricity demand in England and Wales (4.59%) is provided by Scotland. In the event of independence, England and Wales would not be reliant on Scotland to keep the lights on nor would the UK be reliant on Scotland to meet its renewables targets.

Future papers from the Scotland analysis programme will be published over the course of 2014 to ensure that people in Scotland have access to the facts and information ahead of the referendum.

## Equitable Life Payment Scheme *Statement*

**The Commercial Secretary to the Treasury (Lord Deighton) (Con):** My honourable friend the Financial Secretary to the Treasury (Sajid Javid) has today made the following Written Ministerial Statement.

As of 31 March 2014, the Equitable Life Payment Scheme has made payments totalling £901 million to 860,972 policyholders. The scheme has published a further progress report, which can be found at: <http://equitablelifepaymentscheme.independent.gov.uk/>

The scheme has gone to significant lengths to trace eligible policyholders, and since the last report in January 2014 the scheme has traced over 110,000 additional policyholders. Over the coming months the scheme will be reviewing its records to ensure that all proportionate and effective actions to trace the remaining policyholders have been completed before the scheme shuts.

Any holders of a policy who believe themselves to be eligible should call the scheme on 0300 0200 150. The scheme can verify the identity of most policyholders on the telephone, which means any payment due can usually be received within two weeks.

## Government Services: G4S *Statement*

**Lord Wallace of Saltaire (LD):** My right honourable friend the Minister for the Cabinet Office and Paymaster General (Francis Maude) has made the following Written Ministerial Statement.

The Government are committed to opening up public contracts, with a wide, diverse range of providers competing to deliver high-quality services.

Following the material concerns that emerged last year, relating to overcharging on Ministry of Justice electronic monitoring contracts, G4S has engaged constructively with the Government.

The Government's approach has been rigorous, and on 12 March my right honourable friend the Secretary of State for Justice was able to announce that G4S has agreed to repay £108.9 million, excluding VAT, to reimburse the taxpayer for overcharging found in an audit of Ministry of Justice contracts, and to cover direct costs to Government arising from these issues. This also included £4.5 million to cover the cost of overpayments made on two contracts for facilities management in the courts. This was a significant announcement and a positive step for G4S.

Throughout, the Government have engaged closely with G4S to understand their plans for corporate renewal. These discussions have been constructive and, following scrutiny by officials, review by the Oversight Group and reports from our independent advisors (Grant Thornton), the Government have now accepted that the Corporate Renewal Plan represents the right direction of travel to meet our expectations as a customer.

This does not affect any consideration by the Serious Fraud Office, which acts independently of Government, in relation to the material concerns previously identified.

However, we are reassured that G4S is committed to act swiftly should any new information emerge from ongoing investigations.

The changes G4S has already made and its commitment to go further over coming months are positive steps that the Government welcome. However, corporate renewal is an ongoing process and the Government place a strong emphasis on their full and timely implementation of the agreed corporate renewal plan. The Crown Representative together with Grant Thornton will continue to monitor progress as their plan is implemented, reporting to Government on a regular basis. I hope this will enable our confidence to grow.

The public rightly expect government suppliers to meet the highest standards and for taxpayers' money to be spent properly and transparently. Since 2010 the Government have been working to reform contract management and improve commercial expertise in Whitehall. These reforms have had a substantial impact, saving £3.8 billion in 2012/13 alone. But much more is required, which is why we are redoubling efforts over coming months, including working to build commercial skills across the Civil Service and to create a world-class Crown Commercial Service that supports all departments.

## Pensions Bill: Single-tier Pension Contingencies Fund Advance *Statement*

**The Parliamentary Under-Secretary of State, Department for Work and Pensions (Lord Freud) (Con):** My honourable friend the Minister for Pensions (Steve Webb) has made the following Written Ministerial Statement.

The Department for Work and Pensions has obtained approval for a further advance from the Contingencies Fund of £549,000 for the continued development of IT for the single-tier pension before Royal Assent. This advance is necessitated by the lead-in time for delivery in April 2016 which requires IT work to be undertaken prior to Royal Assent of the Pensions Bill.

Parliamentary approval for additional resource of £549,000 for this new service has been sought in the Main Supply Estimate 2014-15 for the Department for Work and Pensions. Pending that approval, urgent expenditure estimated at £549,000 will be met by repayable cash advances from the Contingencies Fund. The repayment is expected to be made in the financial year 2014/15.

This advance will allow the single-tier programme to continue to work to meet the timetable of April 2016 to implement the single tier new service.

## Railways: High Speed 2 *Statement*

**The Minister of State, Department for Transport (Baroness Kramer) (LD):** My right honourable friend the Secretary of State for Transport (Patrick McLoughlin) has made the following Ministerial Statement.

I am today announcing to the House the outcome of the 2013 consultation on property compensation for the London to West Midlands HS2 route (Phase One).

That consultation, which ran from 12 September to 4 December 2013, set out a package of assistance for owner-occupiers of properties affected by Phase One of HS2 that went beyond the legal requirements for compensation in recognition of the exceptional nature of the HS2 project.

While elements of today's decision will be launched immediately, I want to make sure we get this decision absolutely right, so I will be asking for further views on the newer aspects of this package before we finalise it.

The details of the package are as follows:

**Express Purchase**—this is being launched today and is for those people living closest to the line, in what is known as the “surface safeguarded” area. Under this scheme owner-occupiers may be able to sell their home to the Government, if they wish to do so at its full unblighted market value (as it would be if HS2 did not exist), plus 10 % (up to £47,000) and reasonable moving expenses, including stamp duty.

**Voluntary Purchase**—for people in rural areas outside the safeguarding area and up to 120 metres away from the line. Owner-occupiers in this area may be able to sell their home to the Government for its full unblighted value at any time up until a year after the line opens. We intend for this to be launched later this year.

**Need to sell**—this scheme does not have a boundary and is available to owner-occupiers who have a compelling reason (including job relocation, ill health) to sell their house but are unable to do so because of HS2. The Government would pay the full, unblighted value for these properties. We also intend to launch this later this year, when it will replace the Exceptional Hardship Scheme which will continue to operate in the meantime.

All three options will be accompanied by a rent-back option. This is for owner-occupiers who, having sold their property to government, would prefer to carry on living there and may be able to rent it back, subject to property suitability checks. This will also be implemented immediately.

These compensation arrangements incorporate a range of improvements to our original proposals, taking account of points made by members of the public, property experts and others during the consultation. For example, I have decided that the Need to Sell scheme, as the name suggests, will require applicants only to show they have a compelling need to sell, rather than demonstrating that they would suffer hardship if they could not sell.

In recognition of the exceptional nature of HS2, we are also considering going further than providing compensation and will undertake a further limited consultation on the following proposals:

As an alternative to the Voluntary Purchase offer, we are proposing a cash payment of between £30k to £100k—for owner-occupiers in rural areas

outside the safeguarding area and up to 120 metres away from the line who do not want to sell their home and move.

**Home owner payment**—this is proposed to apply to owner-occupiers between 120 metres and 300 metres from the route in rural areas. This could enable people in these areas to share in the benefits of HS2, which will run near them but will not provide them with a direct benefit. The details of (amounts and eligibility) any payments would need to be determined following consultation.

Initial thinking is that payments could be from £7,500 to £22,500 depending on how near the route the property is located. This would come into effect following parliamentary approval of the HS2 route between London and the West Midlands.

These decisions and the forthcoming consultation do not apply to other proposed HS2 route sections. I intend to bring forward further proposals for supporting property owners alongside future decisions on extensions to the HS2 route.

In addition to these proposals, we need to ensure residents' views have an effective way of being heard. HS2 Ltd will develop a Residents' Charter, designed to help residents know their rights, and will appoint an independent Residents' Commissioner who will ensure that they adhere to the commitments made in the charter. The Charter and Commissioner will provide residents with a voice and representation.

Together, the Charter and the Commissioner will ensure that residents are informed of any developments fairly and efficiently. The Charter will contain a number of principles against which HS2 Ltd will be measured in their communications with people affected by the development of the railway.

I have decided not to introduce a “property bond”, which was one of the proposals that was consulted on in 2013. I appreciate that this will disappoint many who were advocating such an approach. We studied the idea very carefully but felt that it was untried, would not facilitate the smooth operation of a normal property market and would add to uncertainty rather than reduce it.

I believe these proposals represent the best possible balance between properly compensating people affected by the line and providing value for money for the taxpayer. The Voluntary Purchase offer and the Need to Sell scheme are intended to be launched later this year, following the further consultation which I aim to commence shortly and intend to conclude before the end of the year.

A full description of these proposals is in today's Command Paper, *Property Compensation Consultation 2013 for the London-West Midlands HS2 route: Decision Document*. I have published this report on [www.gov.uk](http://www.gov.uk) and provided copies to the Libraries of both Houses.

## **Terrorism** *Statement*

**The Parliamentary Under-Secretary of State, Home Office (Lord Taylor of Holbeach) (Con):** My right honourable friend the Secretary of State for the Home Department (Theresa May) has today made the following Written Ministerial Statement.

Protecting the safety of the UK and our interests overseas is the primary duty of Government. Terrorism remains the greatest threat to the security of this country.

I have today published the annual report for the Government's strategy for countering terrorism, CONTEST (Cm 8848). It covers the progress made during 2013 towards implementing the strategy we published in July 2011. Copies of the report will be made available in the Vote Office.

The principal threat to the UK continues to be from militant Islamist terrorists and many of the threats we face continue to have significant overseas connections, highlighting the importance of our work with international partners. The most significant development in connection with terrorism during 2013 has been the growing threat from terrorist groups in Syria. Several factions of Al Qa'ida are active in Syria, supported by rapidly increasing numbers of foreign fighters, including numbers in the low hundreds from this country and thousands from elsewhere.

2013 saw two terrorist murders, the first in Great Britain since 2005. There were also attempted terrorist attacks against mosques in the West Midlands and 13 British nationals were killed in terrorist attacks by Al Qa'ida-linked groups overseas, the highest number since 2005.

Significant resources and capabilities have been put in place to deal with the threat. The number of successful prosecutions and plots foiled over the past

year demonstrates the skill and professionalism of the police and security and intelligence agencies, as well as the strength of the systems and structures developed for our counterterrorist work over many years. In the 12 months to September 2013, there were 257 terrorism-related arrests in Great Britain; 48 people were charged with terrorism offences and 73 with other offences. These figures are comparable to any other 12-month period since 2001.

The wide range of activity under CONTEST is appropriate for the threats we face and the strategy has been proven over many years. But aspects of our strategy have to evolve to respond to changing threats. During 2013 the Government have continued to provide the police and security and intelligence agencies with the powers and capabilities they need to do their job.

These powers are necessary, proportionate and subject to close oversight and scrutiny. We have a sustained cross-government effort to deal with the new and wider range of terrorist threats we now face overseas. We have increased the pace and range of our Prevent work. We are making our border and our aviation sector even more secure. And we are reshaping our emergency response to deal with new terrorist methods and techniques.

The UK's counterterrorism response is widely regarded as among the most effective in the world. We will continue to do everything we can to stay ahead of the threat and to protect the public.

## Written Answers

Wednesday 9 April 2014

### Afghanistan: Drones

*Question*

*Asked by Lord Judd*

To ask Her Majesty's Government what investigations and fact-finding inquiries they have established into the incidents of civilian casualties caused by drone strikes in Afghanistan. [HL6362]

**The Parliamentary Under-Secretary of State, Ministry of Defence (Lord Astor of Hever) (Con):** I refer my noble friend to the Answer given by my right honourable friend, the then Minister for the Armed Forces (Andrew Robathan), in the House of Commons on 21 May 2013 (*Official Report*, col. 714W) and the Answer given by my right honourable friend the Minister for the Armed Forces (Mark Francois) in the House of Commons on 7 November 2013 (*Official Report*, col. 307W).

### Agriculture: Common Agricultural Policy

*Question*

*Asked by Baroness Byford*

To ask Her Majesty's Government whether the three crop rule included in the new Common Agricultural Policy relates to single parcels of land owned or rented by one person or company, or whether the entire holding can be treated as one parcel of land. [HL6564]

**The Parliamentary Under-Secretary of State, Department for Environment, Food and Rural Affairs (Lord De Mauley) (Con):** The requirements of the crop diversification measure of greening, also known as the "three crop rule", apply to the total arable area of a holding.

Farmers with between 10ha and 30ha of eligible arable land will usually need to grow at least two crops. Farmers with over 30ha of eligible arable land will usually need to grow at least three crops. Compliance with the measure will be assessed at the holding level, not the parcel level.

### Animals: Antibiotics

*Question*

*Asked by Lord Hylton*

To ask Her Majesty's Government whether they will adopt measures similar to those recently taken by the United States Food and Drugs Administration to curb the routine use of antibiotics in the food of healthy animals. [HL6510]

**The Parliamentary Under-Secretary of State, Department for Environment, Food and Rural Affairs (Lord De Mauley) (Con):** Any routine use of antibiotics in the food of healthy animals as growth promoters has been banned in the EU since 2006.

### Annuities

*Question*

*Asked by Lord Lea of Crondall*

To ask Her Majesty's Government what percentage of annuities purchased over the last five years for which data are available were worth (1) between £500 and £2,000 per annum, (2) between £2,001 and £5,000 per annum, (3) between £5,001 and £10,000 per annum, and (4) between £10,000 and £20,000 per annum, in value at the point of purchase. [HL6524]

**Lord Newby (LD):** There is no requirement for individuals to report the purchase of an annuity and the Government does not collect data on the number or purchase value of annuities. Industry data is collected and published by the Association of British Insurers and may be found on their website <https://www.abi.org.uk/Insurance-and-savings/Industry-data/>

### Apprenticeships

*Question*

*Asked by The Lord Bishop of St Albans*

To ask Her Majesty's Government what steps they have taken to link apprenticeships to professional registration in order to establish recognised industry standards for apprenticeship and traineeship schemes. [HL6576]

**Lord Ahmad of Wimbledon (Con):** We are reforming Apprenticeships by putting employers in the driving seat of designing new Apprenticeship standards. These will include skills and any specific requirements for professional registration, so that on completion a successful apprentice can achieve professional registration where appropriate.

Traineeships are a flexible programme aimed at providing young people with skills and experience they need to be able to compete for Apprenticeships and other sustainable jobs. At the core of Traineeships are work preparation training, English and maths and a work experience placement with an employer. Links to professional registration are not a requirement for Traineeships, but providers have the flexibility to add additional content which could include sector-specific training or qualifications where these are publicly funded.

### Atos Healthcare

*Question*

*Asked by Lord Morrow*

To ask Her Majesty's Government, further to the Written Answer by Lord Freud on 24 March (*WA 63*), and in the light of recent developments, what were the circumstances leading to the withdrawal of Atos Healthcare from its contract, including all relevant dates of notifications. [HL6468]

**The Parliamentary Under-Secretary of State, Department for Work and Pensions (Lord Freud) (Con):** Following detailed negotiations with Atos Healthcare, the Government have reached a settlement for Atos to exit the contract to deliver Work Capability Assessments before it is due to end in August 2015. Atos did not receive any compensation from the taxpayer for this early termination but made a substantial financial settlement to the Department for Work and Pensions.

## Bank of England Act 1998

### Question

Asked by **Lord Barnett**

To ask Her Majesty's Government whether they consider that an agreement between the Chancellor of the Exchequer and the Governor of the Bank of England overrides the reserve powers given to HM Treasury in Section 19(2) of the Bank of England Act 1998. [HL6413]

**Lord Newby (LD):** The powers set out in Section 19 of the Bank of England Act 1998 cannot be removed or amended except by further legislation approved by Parliament which amends that section of the 1998 Act.

The Treasury may only make an order giving directions under Section 19 after consultation with the Governor of the Bank of England, if the directions are required in the public interest and by extreme economic circumstances.

Since the Monetary Policy Committee was given operational independence in 1997, covering the worst financial crisis in generations leading to the deepest recession since the Second World War, these powers have never been used.

## Children: Disabled Children

### Question

Asked by **Lord Jopling**

To ask Her Majesty's Government, further to the Written Answer by Lord Nash on 26 March (WA 121), whether other Departments hold the data requested in the question; and whether they will now answer the question originally put. [HL6402]

**The Parliamentary Under-Secretary of State for Schools (Lord Nash) (Con):** Local authorities are required to report annually on the numbers of children in need who have a disability (as defined by Section 6 of the Equality Act 2010) as part of the Children in Need Census data collection. These data are collected under Section 83 of the Children Act 1989 by the Department for Education. As part of this collection, local authorities report on the number of children with disabilities who are subject to child protection investigations under Section 47 of the Children Act 1989. However, it is not possible to separately identify those with chronic fatigue syndrome or myalgic encephalomyelitis.

The number of children in need with a disability is published in "Characteristics of Children in Need", and can be found at:

<https://www.gov.uk/government/publications/characteristics-of-children-in-need-in-england-2012-to-2013>

## Children: Refugee Children

### Question

Asked by **Lord Judd**

To ask Her Majesty's Government what priority they give to education and psychological care support in their bilateral and multilateral work with refugee children. [HL6364]

**Baroness Northover (LD):** DfID is placing increasing emphasis on the educational and psychological needs of refugee children. DfID provides funding to a number of humanitarian agencies to meet these needs, including the UN High Commissioner for Refugees United Nations, Children's Fund, the International Committee of the Red Cross and the International Organisation for Migration, and through the UN's Central Emergency Relief Fund. For the Syria crisis, DfID has put in place a £30 million No Lost Generation Initiative to provide protection, psycho-social support and education for affected children.

## Civil Aviation Authority

### Question

Asked by **Lord Brooke of Alverthorpe**

To ask Her Majesty's Government whether, as the major shareholder in National Air Traffic Services, they intend to meet the costs of the employee share scheme if the Civil Aviation Authority confirm their proposal that those costs will no longer be provided for in the next regulatory settlement. [HL6597]

**The Minister of State, Department for Transport (Baroness Kramer) (LD):** The regulatory settlement is a matter for the CAA. We would expect the NATS board, in the first instance, to continue to consider the benefits of the employee share scheme and the terms on which it operates.

## Council Tax

### Question

Asked by **Baroness King of Bow**

To ask Her Majesty's Government whether the Department for Communities and Local Government will be paying new burdens funding to compensate local authorities for the additional costs of introducing local Council Tax Reduction Schemes in 2015–16. [HL6477]

**The Parliamentary Under-Secretary of State, Department for Communities and Local Government (Baroness Stowell of Beeston) (Con):** In line with the new burdens doctrine, we will be assessing the need for continued new burdens funding for Local Council Tax Support in 2014-15, alongside consideration of the allocation of Local Council Tax Support Administration subsidy.

## Defence: Procurement

### Question

Asked by **Lord Alton of Liverpool**

To ask Her Majesty's Government what specific training is received by Ministry of Defence officials in negotiating equipment and services procurement contract terms and conditions effectively and in guaranteeing best value for money. [HL6456]

**The Parliamentary Under-Secretary of State, Ministry of Defence (Lord Astor of Hever) (Con):** Ministry of Defence (MoD) procurement activity ranges from the purchase of low-value consumable items through to complex equipment acquisition, support and services. These activities involve multi-disciplinary teams, including engineering, technical, finance, project management and procurement staff. There is clear separation of responsibilities between those authorising the initial requirement, those giving financial authority and those empowered to place contracts.

The MoD currently has around 1,700 civilian staff in the commercial function of which 1,200 are in active commercial roles and are authorised to sign contracts with suppliers.

Commercial staff must demonstrate the necessary levels of functional competence and experience to be licensed and receive a formal commercial delegation. Some 60% of commercial staff currently hold, or are working towards, qualifications in the Chartered Institute of Purchasing and Supply (CIPS). This is expected to rise to around 75% in 2015. The MoD is also developing an advanced commercial skills programme to provide additional training relevant to the MoD complex acquisition process, which goes beyond standard CIPS training.

## Education: GCSEs

### Questions

Asked by **Baroness Jones of Whitchurch**

To ask Her Majesty's Government what percentage of pupils in English schools were entered for music GCSE in each of the last 4 years. [HL6443]

**The Parliamentary Under-Secretary of State for Schools (Lord Nash) (Con):** The requested information <sup>[1]</sup> has been provided in the following table.

*Percentage of pupils at the end of key stage 4 entered for music and drama GCSEs in England, 2009/10 to 2012/13*

	2009/10	2010/11	2011/12	2012/13
Drama	13	12	11	11

*Percentage of pupils at the end of key stage 4 entered for music and drama GCSEs in England, 2009/10 to 2012/13*

	2009/10	2010/11	2011/12	2012/13
Music	7	7	7	7

Note: Figures underlying the percentages are available in table 7 of the "GCSE and equivalent results" statistical first release for each year. 2012/13 figures are based on revised data, all other years are final. Data includes entries by pupils in previous academic years.

<sup>[1]</sup> These figures are published in the "GCSE and equivalent results" statistical first releases for each year at: <https://www.gov.uk/government/collections/statistics-gcses-key-stage-4>

Asked by **Baroness Jones of Whitchurch**

To ask Her Majesty's Government what percentage of pupils in English schools were entered for drama GCSE in each of the last 4 years. [HL6444]

**Lord Nash:** The requested information <sup>[1]</sup> has been provided in the following table.

*Percentage of pupils at the end of key stage 4 entered for music and drama GCSEs in England, 2009/10 - 2012/13*

	2009/10	2010/11	2011/12	2012/13
Drama	13	12	11	11
Music	7	7	7	7

Note: Figures underlying the percentages are available in table 7 of the "GCSE and equivalent results" statistical first release for each year. 2012/13 figures are based on revised data, all other years are final. Data includes entries by pupils in previous academic years.

<sup>[1]</sup> These figures are published in the "GCSE and equivalent results" statistical first releases for each year at: <https://www.gov.uk/government/collections/statistics-gcses-key-stage-4>

## Egypt

### Question

Asked by **The Lord Bishop of Coventry**

To ask Her Majesty's Government what consideration they have given to making development aid to Egypt contingent on political and judicial reform. [HL6392]

**Baroness Northover (LD):** DfID does not have a country office or bilateral programme in Egypt but provides support through the Arab Partnership Fund and the British Embassy in Cairo. The Arab Partnership seeks to support political and economic reform in Egypt, focusing on accountability, improved governance, public voice and economic opportunity. Assistance is not provided through or to the Egyptian Government, but is channelled through civil society and international financial institutions in support of long-term reform.

## Government Departments: Budgets

### Question

Asked by **Lord Mendelsohn**

To ask Her Majesty's Government what is the percentage cost over-run established by the management board for any budget in the Department

for Culture, Media and Sport to merit being tabled at the departmental management board; and how many times in the last 12 months that has occurred.

[HL6280]

**Lord Gardiner of Kimble (Con):** DCMS does not have a prescribed percentage for which a forecast overspend is tabled at the executive board. Each month the board receives a summary of the forecast expenditure against budget and a commentary in which any significant forecast variances to individual budgets are described and explained.

### Government Departments: Staff

#### Question

Asked by *Lord Beecham*

To ask Her Majesty's Government how many VAT inspectors, tax inspectors and senior tax inspectors were employed by HM Revenue and Customs in the financial year 2009–10; and how many will be employed in 2014–15.

[HL6503]

**Lord Newby (LD):** HM Revenue & Customs was formed by the merger of Inland Revenue and HM Customs & Excise in 2005 and the VAT Inspector and Tax Inspector are no longer roles in the organisation. There are some 17,000 tax professionals in HM Revenue & Customs carrying out a range of duties from tackling non-compliance with tax obligations to advising Ministers on changes in legislation.

While the overall numbers of tax professionals has largely been maintained from 2009/10 to the present day, and will be into 2014/15, the way in which those tax professionals have been deployed has changed to address priority areas of tax risk. This is reflected in the compliance yield, which almost doubled between 2005 and 2011 to £13.9 billion, and increased again to reach £20.7 billion in 2012/13 as key risks were addressed.

HM Revenue & Customs continues to recruit substantial numbers of graduates and suitable internal candidates to develop as senior tax professionals, around 600 in the period 2012/13 to 2014/15, to maintain numbers and enhance capability.

### Health: Anaemia

#### Question

Asked by *Baroness Masham of Ilton*

To ask Her Majesty's Government what success they have had in reducing emergency hospital admissions relating to ambulatory care-sensitive conditions, with particular regard to cases of iron-deficiency anaemia.

[HL6487]

**The Parliamentary Under-Secretary of State, Department of Health (Earl Howe) (Con):** Overall, emergency admissions for these conditions have increased over the period 2003–04 to 2012–13 by an average of 2% to 5% per year. The exception is for Vitamin B12 deficiency anaemia, whose rate of emergency admissions decreased on average 6% per year over the same period, but the rate of admissions is small in comparison with the rate of admissions for the other conditions. The rate of emergency admissions for sideropenic dysphagia is nil over the period.

### Health: Chronic Pulmonary Aspergillosis

#### Questions

Asked by *Baroness Masham of Ilton*

To ask Her Majesty's Government what is their assessment of the incidence of chronic pulmonary aspergillosis (1) in the United Kingdom, and (2) worldwide.

[HL6511]

**The Parliamentary Under-Secretary of State, Department of Health (Earl Howe) (Con):** Data on the incidence of chronic pulmonary aspergillosis is not collected centrally.

However, the following table provides data on the number of finished admission episodes with a primary or secondary diagnosis of chronic pulmonary aspergillosis. Data is held for England only.

Count of finished admission episodes (FAEs)<sup>1</sup> with a primary or secondary diagnosis<sup>2</sup> of pulmonary aspergillosis<sup>3</sup> for the period 2010–11 to 2012–13<sup>4</sup>.

Activity in English National Health Service Hospitals and English NHS commissioned activity in the independent sector

Year	FAEs
2010-11	1,635
2011-12	2,302
2012-13	2,363

Source: Hospital Episode Statistics (HES), Health and Social Care Information Centre

#### Notes:

1. Finished admission episodes

A finished admission episode (FAE) is the first period of inpatient care under one consultant within one healthcare provider. FAEs are counted against the year or month in which the admission episode finishes. Admissions do not represent the number of inpatients, as a person may have more than one admission within the period.

2. Number of episodes in which the patient had a primary or secondary diagnosis

The number of episodes where this diagnosis was recorded in any of the 20 (14 from 2002-03 to 2006-07 and 7 prior to 2002-03) primary and secondary diagnosis fields in a Hospital Episode Statistics (HES) record. Each episode is only counted once, even if the diagnosis is recorded in more than one diagnosis field of the record.

3. Clinical Coding

The following ICD-10 codes have been used to define pulmonary aspergillosis:

B44.0D Invasive pulmonary aspergillosis

J99.8A Respiratory disorders in other diseases classified elsewhere

B44.1D Other pulmonary aspergillosis

J99.8A Respiratory disorders in other diseases classified elsewhere

4. Assessing growth through time (Inpatients)

HES figures are available from 1989-90 onwards. Changes to the figures over time need to be interpreted in the context of improvements in data quality and coverage (particularly in earlier years), improvements in coverage of independent sector activity (particularly from 2006-07) and changes in NHS practice. For example, changes in activity may be due to changes in the provision of care.

Asked by **Baroness Masham of Ilton**

To ask Her Majesty's Government what plans they have to raise awareness of chronic pulmonary aspergillosis among the medical community.

[HL6513]

**Earl Howe:** The National Specialised Centre for Pulmonary Aspergillosis has been raising awareness of the condition in the United Kingdom and internationally through the aspergillus website at [www.aspergillus.org.uk](http://www.aspergillus.org.uk); through an online health professional education portal called Leading International Fungal Education at [www.LIFE-Worldwide.org](http://www.LIFE-Worldwide.org); and internationally through the Global Action Fund for Fungal Infections at [www.GAFFI.org](http://www.GAFFI.org).

The centre also works nationally to improve the understanding of aspergillosis. For example, it addressed the British Thoracic Society's annual meeting last year. It also works locally with trainee doctors and with hospitals to help them understand more about the condition.

## Health: Contraception

### Question

Asked by **Lord Taylor of Warwick**

To ask Her Majesty's Government what research has been conducted into the effects of allowing young women to have a supply of the morning-after pill at home.

[HL6371]

**The Parliamentary Under-Secretary of State, Department of Health (Earl Howe) (Con):** The National Institute for Health and Care Excellence (NICE) conducted an evidence review to underpin its recent guidance on contraception. The relevant recommendation makes clear that emergency contraception should not be relied on as a regular method of contraception and should only be provided in advance under certain circumstances.

NICE recommends that advance supply should be restricted to one course of emergency contraception, contrary to media reports which suggested that the guidance would allow young people to "stockpile" emergency contraception.

## Health: Defibrillators

### Question

Asked by **Lord Storey**

To ask Her Majesty's Government what consideration they have given to the use of a universal logo on defibrillators.

[HL6417]

**The Parliamentary Under-Secretary of State, Department of Health (Earl Howe) (Con):** There are currently no firm plans for a universal logo on defibrillators. However, NHS England is considering all avenues to increase the uptake of bystander resuscitation, including the use and location of defibrillators.

## Health: Folic Acid

### Questions

Asked by **Lord Rooker**

To ask Her Majesty's Government, further to the answer by Earl Howe on 24 February (HL Deb, col. 706), what was the age distribution of those from whom the blood samples for folate status analysis were taken; and what was the breakdown of country of collection.

[HL6343]

**The Parliamentary Under-Secretary of State, Department of Health (Earl Howe) (Con):** The total number of blood samples collected across the United Kingdom in the National Diet and Nutrition Survey years 1-4 (2008-09–2011-12) and analysed for folate status was 2,447. The breakdown by age and by country is shown in the following tables.

Age group	Number of samples analysed for folate
1.5-3 years	36
4-10 years	228
11-18 years	521
19-64 years	1,318
65 years +	344
All ages	2,447

Country	Number of samples analysed for folate
England	1,222
Scotland	618
Wales	262
Northern Ireland	345
Total UK	2,447

Asked by **Lord Rooker**

To ask Her Majesty's Government, further to the answer by Earl Howe on 24 February (HL Deb, col. 706), what was the cost of collecting the blood samples for folate status analysis.

[HL6344]

**Earl Howe:** Blood samples in the National Diet and Nutrition Survey were collected by nurse fieldworkers for adults and older children and paediatric phlebotomists for young children who visited participants in their homes. The total costs of nurse fieldwork for years 1 to 4 (2008-09 to 2011-12) was £747,000. This included the cost of other components of the survey carried out by the nurse fieldworker during the visits, including taking physical measurements and administering a 24-hour urine collection.

Asked by **Lord Rooker**

To ask Her Majesty's Government, further to the answer by Earl Howe on 24 February (HL Deb, col. 706), what was the cost of processing the blood samples for folate status analysis.

[HL6345]

**Earl Howe:** The overall cost of analysing blood samples for folate in the National Diet and Nutrition Survey (NDNS) years 1 to 4 (2008-09 to 2011-12) was approximately £250,000. There were also additional

costs for preparation, storage and transport of samples to laboratories. The analytical costs were partly met by the NDNS contractor who absorbed additional costs resulting from a move to new analytical methods during the contract.

*Asked by Lord Rooker*

To ask Her Majesty's Government, further to the answer by Earl Howe on 24 February (HL Deb, col. 706), whether they have had any discussions with the Scottish Government in respect of the collection of and work on blood samples for folate analysis. [HL6346]

**Earl Howe:** Public Health England has not had any direct discussions with the Scottish Government about the collection and analysis of blood samples for folate in the National Diet and Nutrition Survey (NDNS). The Food Standards Agency (FSA) in Scotland funded collection of dietary data and blood samples, including folate analysis, from additional participants in Scotland for years 1 to 4 of the survey. The FSA in Scotland was represented at the international expert workshop on folate methodology in 2008 which recommended a change of methods for NDNS. The FSA in Scotland is also a member of the project management board for NDNS and has had opportunity to input into all aspects of the survey.

*Asked by Lord Rooker*

To ask Her Majesty's Government, further to the answer by Earl Howe on 24 February (HL Deb, col. 706), on what dates the blood samples for folate status analysis were delivered for analysis; and what were the storage arrangements prior to delivery. [HL6347]

**Earl Howe:** Blood samples collected in the National Diet and Nutrition Survey years 1 to 4 (2008-09 to 2011-12) were delivered for folate analysis to the Center for Disease Control (CDC) laboratories in Atlanta, Georgia, United States, between February and November 2012. Samples were stored at MRC Human Nutrition Research in Cambridge at - 80°C prior to being shipped to CDC and were transported on dry ice.

## Health: Medical Trials

### Questions

*Asked by Lord Bourne of Aberystwyth*

To ask Her Majesty's Government whether they have any plans to expedite current medical trials in the light of recent comment by senior medical figures about the time taken to undertake such trials. [HL6538]

To ask Her Majesty's Government what lessons they have learned in relation to drug trials from the trial set up to test the effectiveness of drugs in combating the global influenza pandemic in 2009, in particular in respect of delays in the trial process. [HL6539]

**The Parliamentary Under-Secretary of State, Department of Health (Earl Howe) (Con):** Two comparative trials of influenza vaccines were commissioned by the National Institute for Health Research (NIHR) in 2009 and set up through an expedited process. The trial in children was set up in under four weeks from receipt of award letter to administration of first vaccine. In addition, the NIHR has subsequently commissioned a group of research projects in anticipation of possible future pandemic flu epidemics. All projects have obtained necessary trial approvals and are currently waiting to be adapted to an emerging epidemic should the need arise, to be active within weeks.

The Government are aware that clinical trials can take too long to set up, which is why we have agreed and funded the plans of the Health Research Authority (HRA) for assessment and approval of research. The HRA will provide a single approval for research in the National Health Service to radically streamline and simplify how trials and other studies are set up. Implementation will include procedures for expedited review, building on arrangements that already exist through the research ethics committees process and within the co-ordinated system for NHS approvals.

## Higher Education: Student Loans

### Question

*Asked by Lord Barnett*

To ask Her Majesty's Government, further to the answer by Lord Ahmad of Wimbledon on 26 March (HL Deb, col. 528), whether there are current negotiations to sell more student loans; and whether the full terms are the same as those for the previous £160 million sold. [HL6409]

**Lord Ahmad of Wimbledon (Con):** The Government have announced their intention to realise value for the taxpayer through sales from the pre-2012 income contingent repayment (ICR) student loan book. Sales are expected to be conducted in a number of tranches and the intention is to complete the sale of the first tranche before the end of the 2015/16 financial year.

The terms of ICR loans are not the same as those for the mortgage style loans previously sold, including the most recent sale, which raised £160 million in November 2013.

## Hilda Murrell

### Question

*Asked by Lord Rooker*

To ask Her Majesty's Government, further to the Written Answer by Lord Taylor of Holbeach on 26 March (WA 122), what are the relevant trigger dates for consideration of any documents they may hold relating to Hilda Murrell. [HL6517]

**The Parliamentary Under-Secretary of State, Home Office (Lord Taylor of Holbeach) (Con):** The relevant trigger date for the one file that the HO holds relating to Hilda Murrell is July 2014, when the Home Office

will make an application to that month's Lord Chancellor's Advisory Council to allow this file to be transferred to the National Archives. Providing this application is approved, this file will be available for perusal by members of the public by 31 December 2014.

## Kenya

### Question

Asked by *Lord Ashcroft*

To ask Her Majesty's Government, further to the Written Answer by Baroness Northover on 24 March (*WA 85*), what subjects were discussed at, and what were the conclusions of, the workshops held between scientists and members of local communities; and what assessment the Department for International Development has made of the value for money of those workshops. [HL6358]

**Baroness Northover (LD):** Before 2010 the UK funded a project to help Kenyan farmers access modern scientific weather forecasts. As part of this project workshops were held between scientists and members of local communities.

The workshops explored how poorer Kenyan farmers could better understand and make use of the best modern, scientifically based seasonal weather forecasts, using all effective channels of communication, so that the scientific forecasts could become more widely accessible and trusted by farmers and poorer communities.

These meetings helped deliver improved forecasts for seasonal rains, based on the best science and accessible by poor farmers in Kenya, whose livelihoods depend on these rains. This enabled these farmers to adapt their planting accordingly to maximise their productivity.

## Local Authorities: Children in Care

### Question

Asked by *The Earl of Listowel*

To ask Her Majesty's Government what guidance they offer to local authorities in respect of persuading children in their care to leave that care at the age of 16 or 17. [HL6610]

**The Parliamentary Under-Secretary of State for Schools (Lord Nash) (Con):** The Government amended the statutory framework regarding 16- and 17-year-olds ceasing to be looked after in January 2014. The new regulation requires that where a child aged 16- or 17 years-old is looked after other than by virtue of a care order, the decision of the local authority to cease looking after that child must be approved by their director of children's services. The intention behind the Regulation is to help ensure that young people do not leave care until they are ready and properly prepared. The Department for Education will, in the summer, revise the 'Care Planning, Placement and Case Review' statutory guidance to explain how local authorities should implement the new duty.

## Local Authorities: Duty of Care

### Question

Asked by *The Earl of Listowel*

To ask Her Majesty's Government what support they are offering local authorities to implement the staying put duty in the Children and Families Act 2014. [HL6609]

**The Parliamentary Under-Secretary of State for Schools (Lord Nash) (Con):** The Government will be giving local authorities an additional £40 million over the next three years to help implement the new 'Staying Put' duty. The Department for Education will shortly be publishing revised 'Transitions to Adulthood' statutory guidance, which will include specific guidance for local authorities on implementing the duty.

## Local Authorities: Funding

### Question

Asked by *Lord Wills*

To ask Her Majesty's Government whether, in calculating the non-ring-fenced funding provided to local authorities to deliver statutory obligations, they make any assumptions about the proportions of that funding likely to be used in fulfilling each of those obligations; and if so, what assumptions they have made of the likely expenditure on electoral registration. [HL6514]

**The Parliamentary Under-Secretary of State, Department for Communities and Local Government (Baroness Stowell of Beeston) (Con):** The total amount of funding provided through the local government finance settlement in England is set at the time of the appropriate Spending Review. In setting this amount the Government considers the likely pressures and efficiency savings that can be made on a range of services, together with the overall fiscal environment, including the need to tackle the deficit left by the last Administration. This amount may be subsequently amended either through Budgets or Autumn Statements.

It is up to local authorities to decide how to set their budgets, taking into account local spending priorities.

## Local Government: Finance

### Question

Asked by *Lord Wills*

To ask Her Majesty's Government how they calculate the local government finance settlement. [HL6515]

**The Parliamentary Under-Secretary of State, Department for Communities and Local Government (Baroness Stowell of Beeston) (Con):** The method of calculating the local government finance settlement is set out in the Local Government Finance Report (England) for each year. The report for 2014/15 was approved by Parliament on 12 February. A copy of this report can be found at: <https://www.gov.uk/government/publications/local-government-finance-report-2014-to-2015>

## NHS: Clinical Commissioning Groups

### Question

Asked by **Lord Bradley**

To ask Her Majesty's Government how many clinical commissioning groups have been established in Greater Manchester; and how many of those have appointed a general practitioner as the Chief Accountable Officer. [HL6502]

**The Parliamentary Under-Secretary of State, Department of Health (Earl Howe) (Con):** There are 12 clinical commissioning groups (CCGs) in Greater Manchester, of which three have general practitioners (GPs) as Chief Accountable Officers. The National Health Service Act 2006, as amended by the Health and Social Care Act 2012, established the legal framework within which CCGs operate, and specifies that GPs are able to become Accountable Officers.

## NHS: Victim Support

### Question

Asked by **Lord Morrow**

To ask Her Majesty's Government what assessment they have made of the trial use of victim support workers in accident and emergency settings in England to identify potential victims of domestic violence; and whether they plan to extend the scheme on a permanent and wider basis. [HL6518]

**The Parliamentary Under-Secretary of State, Home Office (Lord Taylor of Holbeach) (Con):** The Home Office is working closely with Co-ordinated Action Against Domestic Abuse, which is conducting an in-depth evaluation of the effectiveness of basing Independent Domestic Violence Advocates in both hospital accident and emergency and maternity units. The report is due in 2015-16. Six services are taking part in the evaluation:

Worth Services (based in West Sussex)  
 Bristol Royal Infirmary IDVA service  
 Domestic Violence: Health and Maternity Project (Imperial College, Standing Together and Advance Advocacy)  
 Cambridge Addenbrooke's IDVA service  
 North Devon Women's Aid  
 Newcastle Victim Support

Emerging evidence from the evaluation can be found at:  
[www.caada.org.uk/policy/CAADA\\_Themis\\_Research\\_Briefing\\_1.pdf](http://www.caada.org.uk/policy/CAADA_Themis_Research_Briefing_1.pdf)

The coalition Government will study the full findings from the evaluation before making a decision on whether the scheme is extended on a permanent and wider basis.

## Overseas Aid: Population Funding

### Question

Asked by **Baroness Tonge**

To ask Her Majesty's Government what current and future core and specific funding they provide or plan to provide to (1) the United Nations Population Fund, (2) the International Planned Parenthood Federation, (3) Marie Stopes International, and (4) Women and Children First UK. [HL6532]

**Baroness Northover (LD):** In 2013/14 DfID provided Marie Stopes International with £4.35 million and International Planned Parenthood Federation with £8.6 million of funding through Programme Partnership Arrangement (PPA) grants. Continuation of this PPA funding has been provisionally agreed for 2014/15 and 2015/16. DfID provided United Nations Population Fund (UNFPA) with £20 million of core funding each year for the period 2010/11 to 2013/14 and plan to provide the same in 2014/15 subject to satisfactory progress on key reforms.

Women and Children First UK do not receive core funding but have been awarded a grant through the Global Poverty Action Fund which totals £246,101 over three years from 2014-17.

## Palestine

### Question

Asked by **Lord Turnberg**

To ask Her Majesty's Government what measures are in place to ensure that United Kingdom humanitarian aid to Palestine is not diverted to sponsor terrorist activities. [HL6437]

**Baroness Northover (LD):** DfID has extensive precautions in place to ensure that UK money does not support Hamas or other terrorist organisations either directly or indirectly, in compliance with UK and EU legislation on terrorist financing. Measures include extensive due diligence and fiduciary risk assessments of all our partners and an anti-terror clause in all new Memoranda of Understanding. We also choose to channel our funds through experienced partners such as UN agencies and the World Bank who have a strong system in place to comply with this legislation.

## Parking

### Question

Asked by **Lord Wigley**

To ask Her Majesty's Government what orders have been made under Schedule 4 to the Protection of Freedoms Act 2012 relating to charging for parking on private land; and on what dates each of those orders came into force. [HL6452]

**The Minister of State, Department for Transport (Baroness Kramer) (LD):** No orders have been made under Schedule 4.

## Police: Undercover Policing

### Questions

Asked by *Baroness Jones of Moulsecoomb*

To ask Her Majesty's Government, further to the statement by Lord Taylor of Holbeach on 6 March (HL Deb, col. 1522), whether the proposed judge-led public inquiry into undercover policing will be a statutory one that falls within the Inquiries Act 2005.

[HL6414]

**The Parliamentary Under-Secretary of State, Home Office (Lord Taylor of Holbeach) (Con):** The judge-led public inquiry into undercover policing will be established under the Inquiries Act 2005. As I said to the House when I repeated the Home Secretary's statement on 6 March 2014 (*Official Report*, cols. 1518-26), there is significant further work that needs to take place before the public inquiry can begin its work. That further work will inform the scope of the inquiry and its terms of reference.

Asked by *Baroness Jones of Moulsecoomb*

To ask Her Majesty's Government, further to the statement by Lord Taylor of Holbeach on 6 March (HL Deb, col. 1522), whether the proposed public inquiry into undercover policing will look into (1) the use of sexual relationships by undercover police, and (2) the stealing of identities of dead babies by undercover police.

[HL6415]

**Lord Taylor of Holbeach:** The judge-led public inquiry into undercover policing will be established under the Inquiries Act 2005.

As I said to the House when I repeated the Home Secretary's statement on 6 March 2014 (*Official Report*, cols. 1518-26), there is significant further work that needs to take place before the public inquiry can begin its work. That further work will inform the scope of the inquiry and its terms of reference.

## Royal Navy: Artificers

### Question

Asked by *Lord West of Spithead*

To ask Her Majesty's Government whether they intend to reintroduce the artificer rate into the Royal Navy.

[HL6553]

**The Parliamentary Under-Secretary of State, Ministry of Defence (Lord Astor of Hever) (Con):** No, the Royal Navy has disestablished the Artificer system in favour of a more coherent engineering technician structure which sets a headmark of achieving accreditation through the appropriate professional institutions and apprenticeships.

## Royal Navy: Frigates

### Question

Asked by *Lord West of Spithead*

To ask Her Majesty's Government how many frigates (1) are deployed on operational tasks, (2) are fully stored, including complete ammunition outfit, (3) have a full complement according to the Type 23 approved watch and station bill, and (4) are in repair or maintenance periods.

[HL6551]

**The Parliamentary Under-Secretary of State, Ministry of Defence (Lord Astor of Hever) (Con):** As of 3 April 2014 four Frigates are deployed in UK waters or overseas on operational tasks and six are engaged in training or work-up periods. The remaining three Frigates are in refit. We do not release the details of the ammunitions carried by deployed ships as to do so would, or would be likely to prejudice the capability, effectiveness or security of the Armed Forces. I can however confirm that all Royal Navy ships deploy with the ammunitions and personnel required to undertake their operational tasking.

## Royal Navy: Ships

### Question

Asked by *Lord West of Spithead*

To ask Her Majesty's Government how many Royal Navy ships were newly commissioned in the financial year 2013-14.

[HL6554]

**The Parliamentary Under-Secretary of State, Ministry of Defence (Lord Astor of Hever) (Con):** HMS DUNCAN was commissioned on 26 September 2013. In the same month, HMS PROTECTOR was purchased outright by the Royal Navy, having previously operated on a long lease.

In November 2013, the Ministry of Defence announced its intention to purchase three new offshore patrol vessels.

This demonstrates Her Majesty's Government's continuing commitment to investing in a strong and versatile Royal Navy capable of securing and protecting our national interests for the future.

## Schools: Asbestos

### Question

Asked by *Lord Alton of Liverpool*

To ask Her Majesty's Government what assessment they have made of the report, *Asbestos in Schools*, published by the All-Party Parliamentary Group on Occupational Safety and Health; what assessment they have made of the view of the Committee on Carcinogenicity of the vulnerability of children to asbestos; what recent figures they have for the incidence of asbestos-related diseases in children and teachers; and when they intend to publish their response to the evidence submitted to their review of policy on asbestos management in schools.

[HL6545]

**The Parliamentary Under-Secretary of State for Schools (Lord Nash) (Con):** The Department for Education is currently reviewing its policy on asbestos management in schools and intends to publish the outcome of the review by the end of June. The scope of the review includes the conclusions of the Committee on Carcinogenicity's statement on the relative vulnerability of children and the recommendations from the report *Asbestos in Schools: The Need for Action* produced by the All-Party Parliamentary Group on Occupational Safety and Health. The Health and Safety Executive publishes figures on asbestos-related deaths—including occupational information—on its website. We do not know of any figures detailing the incidence of asbestos-related diseases in children.

## Syria

### Question

Asked by **Lord Alton of Liverpool**

To ask Her Majesty's Government what assessment they have made of reports of an attack on 21 March on Kessab in northern Syria; whether they have made any estimate of the number of those killed in the attack and of those who have fled the town as a result; whether they have received any reports about the desecration of churches in the town; and what assessment they have made of the possible involvement of the Al-Nusra Front and the Islamic State of Iraq and Sham in the attack.

[HL6490]

**The Senior Minister of State, Department for Communities and Local Government & Foreign and Commonwealth Office (Baroness Warsi) (Con):** We are concerned by the reports of violence in Kessab, although it is impossible to establish an accurate figure of the numbers of people who have been killed or displaced. We believe that the majority of the ethnic Armenian population of the town has left, along with many other Syrians, because of the fighting in the area. We have not received any confirmed reports of churches being desecrated and we call for all places of worship to be respected. We understand that a range of groups has been involved in the fighting, including the Al-Nusra Front. We urge all sides to the conflict in Syria to respect international humanitarian law and the rights of all Syrians. Both the Syrian National Coalition and the Free Syrian Army have repeatedly made clear their commitment to protecting all civilians, regardless of religious, ethnic and political affiliation.

## Taxation: Fraud

### Question

Asked by **Lord Mendelsohn**

To ask Her Majesty's Government what guidelines are followed by HM Revenue and Customs and the Crown Prosecution Service in determining whether to investigate or prosecute VAT carousel fraud.

[HL6472]

**Lord Newby (LD):** HM Revenue and Customs (HMRC) seek to disrupt VAT carousel (Missing Trader Intra-Community—MTIC) fraud using both civil and criminal interventions.

When using criminal action HMRC seek to investigate the “guiding minds” behind MTIC fraud, as well as, selectively, other participants, including key enablers.

Such cases are notified and referred to the relevant independent prosecutors. The final charging decision is made by the prosecuting agency, based on the evidence presented as a result of the HMRC investigation. Cases in England and Wales will be referred to the Crown Prosecution Service (CPS).

## Tobacco

### Question

Asked by **Lord Tebbit**

To ask Her Majesty's Government whether they have funded any organisations seeking to ban or restrict the use of tobacco. [HL6387]

**The Parliamentary Under-Secretary of State, Department of Health (Earl Howe) (Con):** The department does not fund any organisation that seeks to ban the use of tobacco. The department has provided grant funding to Action on Smoking and Health (ASH). On its website, ASH is described as “a campaigning public health charity that works to eliminate the harm caused by tobacco”.

## Transport: Cycling

### Question

Asked by **Lord Pendry**

To ask Her Majesty's Government, in the light of British Cycling's Time to Choose Cycling campaign, what progress has been made in promoting cycling as a safe and viable transport method around the United Kingdom. [HL6592]

**The Minister of State, Department for Transport (Baroness Kramer) (LD):** Cycling is normal and fun and we are committed to making it a safer travel choice so more people can appreciate the benefits of physical activity. Cycling can help tackle congestion, reduce CO<sub>2</sub> emissions and improve air quality.

In August last year the Prime Minister set out his ambition for increasing cycling. This included £94 million for Cycling Ambition Grants which covered eight cities and four national parks across England. These eight cities all have ambitious targets to increase cycling over the coming years.

In addition, we have invested £15 million for cycling and walking links in communities and almost £15 million for cycling infrastructure at rail stations—our rail funding has been the major enabler in doubling the amount of cycle-rail facilities at stations since 2009. We also continue to support Bikeability training for children—we provide funding of up to £40 per training place—and over a million children have been trained.

Finally, to help realise the Prime Minister's ambition for cycling, we are working with stakeholders and Government to produce a Cycling Delivery Plan for publication later this year.

## Vehicles: Air Quality

### Question

Asked by *Lord Bradshaw*

To ask Her Majesty's Government what assessment they have made of whether lower quality fuel used in road vehicles has any impact on air quality.

[HL6618]

**The Minister of State, Department for Transport (Baroness Kramer) (LD):** We have made no specific assessment of the impact of low quality fuels since all fuel supplied for road vehicles has to comply with the Motor Fuel (Composition and Content) Regulations, and these requirements are set in order to reduce the environmental impacts of vehicles.

In practice, all producers supply fuel that also meets the EN 590 (Diesel) or EN 228 (Petrol) industry standards. The Composition and Content Regulations, and the standards, have been revised over time, most notably to remove lead from petrol and to ensure that all road fuel is effectively sulphur-free. There should be little difference between the air quality emissions from vehicles running on fuels that meet the statutory and industry standards.

## Vehicles: Particulate Filters

### Questions

Asked by *Lord Bradshaw*

To ask Her Majesty's Government what proportion of road vehicles in Great Britain are fitted with efficient particulate filters; and what assessment they have made of the potential benefit from fitting such devices.

[HL6615]

**The Minister of State, Department for Transport (Baroness Kramer) (LD):** We have no firm information, but our best current estimate is that about 17% of cars currently in use are fitted with wall-flow diesel particulate filters. We have made no estimate of the proportion of lorries, buses, and coaches that are fitted with diesel particulate filters. Reduction in airborne particulate has clear public health benefits. Some 29,000 premature deaths are estimated to occur each year as a result of airborne particulate, and poor air quality has health costs estimated at £15 billion annually for the UK.

Asked by *Lord Bradshaw*

To ask Her Majesty's Government whether particulate filters fitted to road vehicles are subject to testing to ensure that those devices remain in good working order.

[HL6616]

**Baroness Kramer:** The annual roadworthiness tests include a test for diesel smoke, using an opacimeter, which is intended to detect a diesel particulate filter that has suffered a mechanical failure or which has been removed from a vehicle. The department has amended the MoT testers' manual so as to include a visual check to confirm that a diesel particulate filter is present where one was fitted as standard by the vehicle manufacturer. Further information is available at the following link:

<https://www.gov.uk/government/news/new-rules-for-mot-to-test-for-diesel-particulate-filter>

Asked by *Lord Bradshaw*

To ask Her Majesty's Government what information they have as to whether the origin or formulation of the diesel oil used has any bearing on the amount of particulates which are trapped in particulate filters fitted to road vehicles.

[HL6617]

**Baroness Kramer:** The formulation of diesel fuel can have an effect upon the amount of particulate matter formed during combustion. There is evidence, for instance, that biodiesel blends produce slightly less particulate matter, in general, than do pure petroleum-based diesel fuels. We would not, however, expect the differences in rates of particulate formation between fuels meeting the statutory requirements of the Motor Fuels (Composition and Content) Regulations, and meeting the EN 590 industry standard to affect the operation of diesel particulate filters.

## War Crimes

### Question

Asked by *Lord Mendelsohn*

To ask Her Majesty's Government whether they have any plans to place the evidence gathered by the Metropolitan Police War Crimes Unit during its operation in a publicly available archive.

[HL6496]

**The Parliamentary Under-Secretary of State, Home Office (Lord Taylor of Holbeach) (Con):** No. Evidence gathered in investigations by the Metropolitan Police War Crimes Unit concerning war crimes is an operational matter for the Metropolitan Police Commissioner and, where files were submitted for prosecution, the Crown Prosecution Service.



Wednesday 9 April 2014

## ALPHABETICAL INDEX TO WRITTEN STATEMENTS

	<i>Col. No.</i>		<i>Col. No.</i>
Commonwealth Games 2014: Security.....	127	Equitable Life Payment Scheme.....	133
Education: Qualification Reform.....	127	Government Services: G4S.....	133
Elections: Guidance for Civil Servants.....	130	Pensions Bill: Single-tier Pension Contingencies Fund Advance.....	134
Energy: Oil.....	130	Railways: High Speed 2.....	134
Energy: ONR/DWP Framework.....	131	Terrorism.....	136
Energy: Scotland Analysis Programme.....	132		

Wednesday 9 April 2014

## ALPHABETICAL INDEX TO WRITTEN ANSWERS

	<i>Col. No.</i>		<i>Col. No.</i>
Afghanistan: Drones.....	291	Hilda Murrell.....	302
Agriculture: Common Agricultural Policy.....	291	Kenya.....	303
Animals: Antibiotics.....	291	Local Authorities: Children in Care.....	303
Annuities.....	292	Local Authorities: Duty of Care.....	304
Apprenticeships.....	292	Local Authorities: Funding.....	304
Atos Healthcare.....	292	Local Government: Finance.....	304
Bank of England Act 1998.....	293	NHS: Clinical Commissioning Groups.....	305
Children: Disabled Children.....	293	NHS: Victim Support.....	305
Children: Refugee Children.....	294	Overseas Aid: Population Funding.....	306
Civil Aviation Authority.....	294	Palestine.....	306
Council Tax.....	294	Parking.....	306
Defence: Procurement.....	295	Police: Undercover Policing.....	307
Education: GCSEs.....	295	Royal Navy: Artificers.....	307
Egypt.....	296	Royal Navy: Frigates.....	308
Government Departments: Budgets.....	296	Royal Navy: Ships.....	308
Government Departments: Staff.....	297	Schools: Asbestos.....	308
Health: Anaemia.....	297	Syria.....	309
Health: Chronic Pulmonary Aspergillosis.....	298	Taxation: Fraud.....	309
Health: Contraception.....	299	Tobacco.....	310
Health: Defibrillators.....	299	Transport: Cycling.....	310
Health: Folic Acid.....	300	Vehicles: Air Quality.....	311
Health: Medical Trials.....	301	Vehicles: Particulate Filters.....	311
Higher Education: Student Loans.....	302	War Crimes.....	312

# NUMERICAL INDEX TO WRITTEN ANSWERS

	<i>Col. No.</i>		<i>Col. No.</i>
[HL6280] .....	297	[HL6496] .....	312
[HL6343] .....	300	[HL6502] .....	305
[HL6344] .....	300	[HL6503] .....	297
[HL6345] .....	300	[HL6510] .....	291
[HL6346] .....	301	[HL6511] .....	298
[HL6347] .....	301	[HL6513] .....	299
[HL6358] .....	303	[HL6514] .....	304
[HL6362] .....	291	[HL6515] .....	304
[HL6364] .....	294	[HL6517] .....	302
[HL6371] .....	299	[HL6518] .....	305
[HL6387] .....	310	[HL6524] .....	292
[HL6392] .....	296	[HL6532] .....	306
[HL6402] .....	293	[HL6538] .....	301
[HL6409] .....	302	[HL6539] .....	301
[HL6413] .....	293	[HL6545] .....	308
[HL6414] .....	307	[HL6551] .....	308
[HL6415] .....	307	[HL6553] .....	307
[HL6417] .....	299	[HL6554] .....	308
[HL6437] .....	306	[HL6564] .....	291
[HL6443] .....	295	[HL6576] .....	292
[HL6444] .....	296	[HL6592] .....	310
[HL6452] .....	306	[HL6597] .....	294
[HL6456] .....	295	[HL6609] .....	304
[HL6468] .....	292	[HL6610] .....	303
[HL6472] .....	309	[HL6615] .....	311
[HL6477] .....	294	[HL6616] .....	312
[HL6487] .....	297	[HL6617] .....	312
[HL6490] .....	309	[HL6618] .....	311

---

## CONTENTS

Wednesday 9 April 2014

### Questions

Japanese Knotweed .....	1293
NHS: Hospital Medication .....	1295
Climate Change: Extreme Weather .....	1298
Housing: Discretionary Housing Payment .....	1300
Hereditary Peers By-Election .....	1302
<b>Durham, Gateshead, Newcastle Upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Authority Order 2014</b>	
<i>Motion to Approve</i> .....	1302
<b>County Court Remedies Regulations 2014</b>	
<i>Motion to Approve</i> .....	1303
<b>Draft Public Bodies (Abolition of the Committee on Agricultural Valuation) Order 2014</b>	
<i>Motion to Approve</i> .....	1303
<b>Higher Education</b>	
<i>Motion to Take Note</i> .....	1303
<b>Convergence Programme</b>	
<i>Motion to Approve</i> .....	1386
<b>Written Statements</b> .....	WS 127
<b>Written Answers</b> .....	WA 291

---