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PARLIAMENTARY DEBATES
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HOUSE OF LORDS
OFFICIAL REPORT

ORDER OF BUSINESS

Grand Committee

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

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House of Lords

Thursday 9 March 2017

11 am

Prayers—read by the Lord Bishop of Oxford.

Iraq: Displaced Minority Communities

Question

11.07 am

Asked by ***The Lord Bishop of Coventry***

To ask Her Majesty's Government what steps they are taking to help displaced minority communities in Iraq to return to their homes in areas liberated from Daesh.

The Minister of State, Department for International Development (Lord Bates) (Con): My Lords, UK aid is supporting vulnerable people, including minorities, to return to their homes in areas liberated from Daesh in Iraq. With UK funding, the UN is helping people to return home by restoring light infrastructure, reopening hospitals and schools, and providing cash assistance to people who need to re-establish their livelihoods.

The Lord Bishop of Coventry: I thank the Minister for his reply and pay tribute to the Government's work thus far. The Minister may like to know that I was in Iraq in January and was gladdened by personal assurances from the President, the Prime Minister and the Iraqi authorities about their desire to rebuild the diverse fabric of the society.

Does the Minister acknowledge that the return of minority communities to their homes and villages is still very limited, and does he agree that herculean efforts are now needed by the international community, including our own Government, to help the Iraqi authorities? In particular, is he willing to commit to the need to rebuild houses—100% of Christian houses were destroyed or damaged—and to rebuild trust between neighbours as well as security? Does he agree that that would be the most fitting tribute to our service people who have given their lives for a better future in Iraq?

Lord Bates: Absolutely, and I pay tribute to the work of the right reverend Prelate over many years, and to his compassion for Iraq in seeking how faith communities can play an important part in building reconciliation in that country. He will be aware that the UN Plan was published to help the effort in Mosul in particular, involving some $930 million, and $570 million for Mosul.

The UK has a reputation for taking the lead in providing humanitarian assistance and helping people to rebuild their communities. It is worth noting that in the fierce battle to liberate the remaining part of Mosul, 60% of Daesh territory has been lost—it is losing the battle—and over 1 million people have returned to their homes. That is a sign of progress.

Baroness Royall of Blaisdon (Lab): One of the minorities in danger of disappearing in Iraq is the Yazidis. I suggest that a genocide is going on and that the women are being treated in the most despicable, inhumane way. What are the Government doing to help these wonderful people in their dreadful circumstances?

Lord Bates: The noble Baroness is absolutely right about the appalling atrocities being committed against Yazidis, Christians and other religious minorities. That is one of the reasons why the Foreign Secretary has led the campaign to bring Daesh to justice. This initiative involves working with the Iraqi Government and others, and going to the UN to ensure that these atrocities are recorded and that eventually, when peace is restored, Daesh can be brought to justice for the crimes it has committed against humanity.

Lord Naseby (Con): My Lords, for those of us who had relatives in Germany after the Second World War, what helped enormously there was the introduction of the Marshall plan. Is not the time coming for those in the West to think about producing the equivalent for Syria and Iraq? In particular, it would be nice to see the United Kingdom in the lead.

Lord Bates: The Marshall plan initiatives in post-war Europe are certainly topical, for not only the Middle East but the needs of Africa, which is facing famine. I think we will look at that, but we can take pride that the UK has consistently been at the forefront of efforts to raise funds in that region: £169 million, including £90 million in the present year, has already been raised to be spent in Iraq to help people, along with £2.3 billion for Syria, our largest response ever. However, I totally agree that more needs to be done.

Baroness Sheehan (LD): My Lords, what representations have the Government made to the governor of Kirkuk in light of last November's Amnesty International report, *Destruction and Forced Displacement in Kirkuk*, which documented the demolition of homes and forced displacement of Sunni Arabs in the wake of attacks by Daesh?

Lord Bates: I am sorry, I do not have details of our response, but I am very happy to write to the noble Baroness on that point.

Lord Collins of Highbury (Lab): My Lords, one of the impacts for internally displaced people is of course on women and children, whose future is affected because there is no access to schools or appropriate medical treatment. I know the Government have been supporting efforts in this field, but could the noble Lord reassure the House that where people are returning, we will put in the necessary effort on education?

Lord Bates: The noble Lord is absolutely right to raise that point. Of course, there is a vehicle in this regard: the Iraq Humanitarian Pooled Fund, which the UK is one of the largest contributors to. People can draw down on it for specific purposes, particularly schools, education and healthcare, as well as rebuilding homes, which was mentioned previously. It is encouraging that even in areas just recently liberated in the west of Mosul, 30 schools have already reopened and 16,000 children were able to return to school. That has to give us hope in a very difficult and dark situation.

Lord Hylton (CB): My Lords, important lessons were learned when east Mosul was freed. Are they now being applied to west Mosul, where the population is much larger? Does the Minister agree that co-ordination between the Iraqi Government, the military forces, the UN and voluntary agencies is absolutely essential?

Lord Bates: Yes, I totally agree with that. A coalition of some 68 countries was involved, but a very important aspect, of course, is that the legitimate Government of Iraq are in the lead, and we are working with them. The United Nations Office for the Coordination of Humanitarian Affairs is taking the lead on the humanitarian response, and we work through those agencies very effectively to ensure that co-ordination is happening. One reason why it is taking so long is that past lessons learned tell us of the immense dangers to civilians, 750,000 of whom are still trapped in Mosul. We need to ensure they are protected and cared for as this military effort is prosecuted.

Lord Cormack (Con): My Lords, does my noble friend agree that this is a particularly appropriate moment for us to pay tribute to all those gave service—both in Iraq and Afghanistan—because this morning the Queen is unveiling a memorial to all those who have served?

Lord Bates: It is absolutely right that we should do that and recognise the 226 British service personnel who gave their lives to build a better Iraq and, of course, the 43 British civilians who also died in that effort. We recognise and pay tribute to their sacrifice today.

Universal Credit

Question

11.15 am

Asked by ***Baroness Sherlock***

To ask Her Majesty's Government what assessment they have made of the impact on claimants of the time taken between applying for Universal Credit and receiving payments.

The Parliamentary Under-Secretary of State, Department for Work and Pensions (Lord Henley) (Con): My Lords, the universal credit assessment period and payment structure is a fundamental part of its design, reducing welfare dependency by mirroring the world of work. Safeguards are in place to help the minority of claimants who are in genuine need to transition to universal credit. This includes advances and budgeting support. We continue to work closely with landlords, local authorities and other organisations to ensure claimants are supported.

Baroness Sherlock (Lab): My Lords, if only it were that simple. In 2013 the Government introduced a rule that when you first claim benefit you are not entitled to any money for the first seven days. The problem is that universal credit is paid monthly in arrears so it means you get no money at all for six weeks. That does not sound very long, but the typical family in social housing has only £200 in savings and some people are in debt. Social landlords are now saying that tenants are getting into big arrears and people are turning to payday lenders and even loan sharks. Even the noble Lord, Lord Freud, recently told the Work and Pensions Select Committee that the seven-day waiting period should be dropped. Please can the Minister not be complacent about this. Will he go back to his department, look again at the evidence and please take action before anyone else is pushed into debt?

Lord Henley: My Lords, I repeat what I said in my original Answer. It is a fundamental part of the design. That argument was put forward by my noble friend Lord Freud during the passage of the Bill and was debated at great length. We recognise that this does not necessarily suit everyone. That is why I again made clear in the second part of my Answer that there are safeguards in place. We introduced universal credit advances for new claimants. Claimants can apply for an advance immediately if they are in need and can receive up to 50% of their indicative award soon afterwards. To go back to the original point, it is important to make sure that we mirror the world of work where 75% of employees are paid monthly.

The Lord Bishop of Oxford: My Lords, in the last three months I have visited a large number of food banks across the diocese of Oxford in seemingly affluent communities, building on my experience of food banks in the diocese of Sheffield. All have underlined to me that the most common reason why people access food banks is delay in accessing welfare payments. It is clear from the Government's figures that too few people are aware of, or receiving, the emergency payments intended for them. Will the Minister please outline what steps the Government are taking to improve communication of and access to short-term benefit advances for existing benefits and to ensure that lessons learned from this are applied to the operation of universal credit?

Lord Henley: My Lords, the right reverend Prelate is right to draw attention to the problems some people have in knowing how the system works. He will find that how work coaches explain the administration of universal credit to people coming to them is completely different from how it used to operate. I recommend that the right reverend Prelate takes an opportunity to visit one of his local jobcentres to see how it works in practice. He might find that things have moved on a great deal since, say, his time in the diocese of Sheffield. If he wishes to take up my offer, I will be more than happy to make the arrangements.

Lord McKenzie of Luton (Lab): My Lords, is it not the case that it is not just the architecture of universal credit that is creating problems but its administration, as the Select Committee in the other place determined? I understand that, when asked about the sometimes fractious relationship between the DWP and the Treasury over universal credit, the noble Lord's predecessor said that,

"there were times when one's view about the Treasury was totally unprintable".

Does the current Minister have any such inhibitions?

Lord Henley: My Lords, we have all on occasions had moments when we have had doubts about what goes on in the Treasury, but I shall not go into that at the moment. I shall go back to what the noble Lord said about the administration of the benefit. From my experience some 25 years ago in the old Department of Social Security, and seeing how things are operating now in the DWP with universal credit, I think that there is a very real change taking place. It is important that noble Lords get a look at what the work coaches are doing and how they are getting this over to claimants who are coming to them. The offer that I made to the right reverend Prelate is one that I repeat to the noble Lord.

Baroness Bakewell of Hardington Mandeville (LD): My Lords, it is a fundamental design of universal credit that people have to wait a month for their benefits to mirror what happens in real life, but that is not actually what is happening. Many families are experiencing delays of up to 12 weeks in the payment of universal credit, forcing them to use food banks and borrow from loan sharks. I have heard what the Minister says about the mechanism in place to prevent it happening, but is he aware that it is just not happening?

Lord Henley: My Lords, we were grateful for the support of the Liberal Party as part of the coalition Government in the passage of the Bill and in reaching that appropriate design, whereby we were looking for something that mirrors the world of work. That is what we are doing. That is why we also built in, as I made clear in my original Answer, the safeguards that we have. That is why, for example, I have stressed that there are universal credit advances for certain individuals who are having problems coping with that four-week waiting period.

Baroness Hollis of Heigham (Lab): My Lords, I am sure that all of us in this House want universal credit to work, but it is not. There have been pilot schemes showing how people are being plunged into debt through no fault of their own. There are three simple administrative changes, as my noble friend on the Front Bench mentioned, that would transform the easy delivery of UC and prevent people spiralling into deep debt from which many can never recover. The first is to get rid of the seven-day waiting period; the second is to pay people fortnightly as well as monthly in advance, if they so wish; and the third is to pay housing benefit, if tenants so wish, direct to the landlord. Those three things together would transform the ability of people who are not particularly sophisticated about the benefit system—why should they be?—and give them the opportunity to get money that will help them back into the labour market, as we all want, and not have a lifetime of debt hanging over them.

Lord Henley: My Lords, I am very grateful that the noble Baroness offers support for universal credit. Like her, we wish to see it work, which is why, as my noble friend Lord Freud always made clear, we want to see a very slow rollout of universal credit. The noble Baroness, Lady Hollis, will be aware just how slow that rollout has been—deliberately so, before the noble Baroness, Lady Sherlock, giggles too much—so that we can learn as this goes along. I do not necessarily accept the three points that the noble Baroness made, but they can be taken into account as we continue with that rollout as it accelerates over the coming year.

Armed Forces: East of Suez

Question

11.23 am

Asked by ***Lord Wallace of Saltaire***

To ask Her Majesty's Government what proportion of the United Kingdom's Armed Forces will be deployed east of Suez, in the light of the Foreign Secretary's speech in New Delhi on 18 January.

Viscount Younger of Leckie (Con): My Lords, a significant proportion of the UK's Armed Forces are deployed in the Gulf. As the Prime Minister said last December, Gulf security is our security. This figure fluctuates according to operational demand. However, with the advent of major exercise programmes, British defence staff in Dubai, the regional land training hub in Oman and the UK naval facility in Bahrain, we will have the permanence and presence to deepen our partnerships in the region.

Lord Wallace of Saltaire (LD): My Lords, it is 50 years since the then Government announced that we would withdraw from east of Suez. They published a White Paper and there was substantial debate in the Houses of Parliament. The Foreign Secretary, first in Bahrain and then in Delhi, has spoken of deploying an aircraft carrier group to the Indian Ocean and of Diego Garcia being a major UK and US base. I am told that to maintain an aircraft carrier group in the Indian Ocean would take almost half the surface vessels available in the fleet. Presumably, there would be a significant air and land element on Diego Garcia. Will the Government bring this major shift in policy to Parliament, or does the MoD think that the Foreign Secretary was speaking a little out of turn and a little unbriefed?

Viscount Younger of Leckie: My Lords, there is no question but that the UK and US military facility in Diego Garcia contributes significantly towards regional and global security. The UK footprint may not be major in size, but it represents a significant contribution to our bilateral defence and security relationship with the US. At the moment the Royal Navy has 41 personnel permanently deployed in Diego Garcia, with a capacity to surge that for contingent operations in the wider region from 2021. That could include a carrier strike task group, should the situation change.

Lord West of Spithead (Lab): My Lords—

Lord Robathan (Con): My Lords—

Lord Taylor of Holbeach (Con): My Lords, we will hear from the noble Lord, Lord West, and then from my noble friend.

Lord West of Spithead: My Lords, a carrier battle group is the perfect platform for power projection east

[LORD WEST OF SPITHEAD]
of Suez, but whenever one goes east of Suez one might be going in harm's way. A carrier battle group is not a carrier on its own. When I took a battle group to the Far East for the Hong Kong withdrawal, it was 14 ships, including two nuclear attack submarines, because of those sorts of risks. Does the Minister really believe there is sufficient money in the naval programme to ensure adequate support shipping for a carrier operating in the Far East?

Viscount Younger of Leckie: Yes, indeed. The noble Lord will know that these matters are kept constantly under review. The new class of Queen Elizabeth carriers are going to be the biggest and most powerful warships ever built for the Royal Navy, so the capability is certainly there. Their deployment to the Gulf will depend very much on what the demand will be.

Lord Robathan: My Lords, some of us may be able to remember the speech by Harold Wilson, some 50 years ago, in which he said that withdrawing from east of Suez would leave the Americans and Chinese facing each other eyeball to eyeball. Does the Minister consider that the current difficulties in the South China Sea are similarly dangerous, and what contribution can the UK make there?

Viscount Younger of Leckie: The situation in the South China Sea is certainly also being kept under review, but this Question relates to the Gulf. At the moment we see it as extremely important to be sure that our presence in the Gulf is strong enough for our interests there and to work with our Gulf partnerships.

Lord Singh of Wimbledon (CB): My Lords, we are in the 21st century, not in the 19th. Is this macho posturing really helpful to the cause of world peace? Russia and China could argue, with similar logic, to have a naval presence west of Suez, much closer to home. Should we not be thinking in 21st-century terms?

Viscount Younger of Leckie: We believe that we are thinking in 21st-century terms. Let me say a little more about the build-up of our presence in the Gulf. It is very important to have a strong defence presence with the naval facility in Bahrain, HMS "Jufair" and the regional land training hub in Oman—and to have a stronger engagement with the creation of the British defence staff in Dubai. We are also building more short-term training teams to build our partners' capacity. For example, in 2018 exercise Saif Sareea 3 will take place.

Lord Touhig (Lab): My Lords, in his Bahrain speech the Foreign Secretary said:

"Britain is back East of Suez".

He also said:

"We are spending £3 billion on our military commitments in the Gulf over the next 10 years".

Yet the SDSR barely mentions it, merely speaking of "setting our vision" in the "Gulf Strategy". When will that strategy be published? The noble Baroness, Lady Anelay of St Johns, said in March last year—almost a year ago—that it would be published in due course. When have we heard those sorts of words before? Does the Minister agree with me that a major shift in our military profile in the Middle East should be put before Parliament first and not used as a headline-grabbing speech for the Foreign Secretary on a world tour?

Viscount Younger of Leckie: When we get to the point where we want to build up our presence in the region, it is absolutely right that it is announced. It was announced as part of a speech, which is perfectly normal. Over the next decade we will spend £3 billion on defence in the Gulf region. That will very much help us build up our maritime land and air bases in Oman and give us a persistent and increasingly permanent naval defence there. Therefore, what has happened is perfectly normal.

Baroness Jolly (LD): My Lords, last year, an extra £800 million was committed to defence projects east of Suez. As the Minister said, we currently use bases in the Gulf, Diego Garcia and, of course, the Sultanate of Brunei. Are there plans for more? With hard power comes soft power, so are human rights ignored in these countries as part of these deals?

Viscount Younger of Leckie: The noble Baroness may be referring to arms sales as well as human rights. We consider our arms export licensing responsibilities very carefully. As well as having an increased presence in the Gulf to tackle terrorist issues, it is very important that we look at cybersecurity and all those matters to which I think the noble Baroness alluded.

Homelessness: Housing Benefit

Question

11.31 am

Asked by ***Lord Kennedy of Southwark***

To ask Her Majesty's Government what assessment they have made of the effect on levels of homelessness of the proposal to withdraw Housing Benefit from 18 to 21 year olds.

Lord Kennedy of Southwark (Lab): My Lords, I beg leave to ask the Question standing in my name on the Order Paper. In doing so, I refer noble Lords to my entry in the *Register of Lords' Interests*.

The Parliamentary Under-Secretary of State, Department for Work and Pensions (Lord Henley) (Con): My Lords, from 1 April, automatic entitlement to housing costs in universal credit will be removed for some 18 to 21 year-olds. This policy removes a perverse incentive for young adults to leave the family home and pass the cost on to the taxpayer. There is a comprehensive set of exemptions in place for the most vulnerable.

Lord Kennedy of Southwark: Last week, the Government made the announcement about the withdrawal of housing benefit from 18 to 21 year-olds. On the previous Friday in this Chamber, they supported the Homelessness Reduction Bill and said that they had identified money for that purpose. Does the noble Lord not see the absurdity and hypocrisy of those two decisions? Does he agree with the comments of the

Member for Enfield Southgate in the other place, who described the decision to withdraw these benefits from 18 to 21 year-olds as "catastrophic"?

Lord Henley: My Lords, I simply do not accept the point that the noble Lord makes. Yes, we supported that Bill and will support it again tomorrow, when I think it will have its Committee stage in this House. We will continue to do so and we will continue to protect the most vulnerable in relation to housing. But we also wish to make sure that young people do not slip into a life on benefits. That is what this change is about.

Baroness Bakewell of Hardington Mandeville (LD): My Lords, currently, 19,000 18 to 20 year-olds on jobseeker's allowance claim housing benefit. They are simply unable to live at home for a variety of reasons, including physical and sexual abuse. If housing benefit is withdrawn, how does the Minister think that these young people will be able to find jobs if they are living on the streets?

Lord Henley: My Lords, not one of the individuals on jobseeker's allowance to whom the noble Baroness referred will be affected. As I made clear in my Answer, this matter relates to those on universal credit. As we also made clear in another place, and I will make clear now, there is a considerable number of exemptions. I think that some 25 are listed in the regulations—I can go through them if the noble Baroness wishes me to do so—which offer protection for those who need it.

Lord Watts (Lab): My Lords, given the massive increase that we have seen in the number of young homeless people on our streets, how will this policy help that situation?

Lord Henley: My Lords, this policy will help that situation by encouraging young people to stay at home with their families rather than establishing themselves in a life on benefit. As we made clear, for those who need help, protections are in place. It is the noble Lord and those who wish to get rid of measures such as this who would condemn individuals to a life on benefit and cause far greater problems than we are addressing with this measure.

Lord Marlesford (Con): My Lords, does my noble friend agree that one of the beauties of housing benefit is that it is very flexible and can be focused where it is needed, and that it is the most efficient way of helping people who need affordable housing?

Lord Henley: My Lords, my noble friend is correct in relation to housing benefit. It is right therefore to withdraw it for those 18 to 21 year-olds on universal credit who can stay at home.

Lord Hylton (CB): Does the Minister accept that some young people in this age bracket have genuine reasons for wanting to live somewhere else? They might have no family or a dysfunctional family, or they might have to move to take up an apprenticeship or another important opportunity.

Lord Henley: My Lords, I fully accept the noble Lord's point. That is why he will find a list in the regulations—I do not want to delay the House by reading it out in full—of some 25 different exemptions for 18 to 21 year-olds. That will be operated in the most sympathetic manner, and I do not think that anyone with a genuine reason to leave home is likely to suffer at all. I am more than happy to show the list to the noble Lord and to others—but reading it out in full would waste the House's time.

Baroness Sherlock (Lab): My Lords, there are so many reasons why young people choose not to live at home, but remarkably few of them do. If somebody is out there on their own aged 18, something else is going on. The Minister can give all the lists he wants, but people out there who have suffered from repeated bad decisions when they have applied for disability benefit or all kinds of other benefits will not trust them. Is it not the case that all the homeless charities have pointed out that the proposal is likely to increase homelessness? Even though there are young people who want to go out and rent independently, the National Landlords Association said:

> "Never mind the nuances, all landlords will hear is that 18-21 year olds are no longer entitled to housing benefit … they just won't consider them as a tenant".

Have the Government thought about that?

Lord Henley: Of course the Government have thought about it. That is why we are bringing forward this measure and why we will be working with stakeholders such as the National Landlords Association and others to develop appropriate engagement for landlords to make them understand how the new rules will operate. As I said, protections have been built into this that mean that no one who has to move away from home will suffer. We think it is right that there should not be a perverse incentive that encourages people to move away from home and live on benefits at the expense of the taxpayer.

Supply and Appropriation (Anticipation and Adjustments) Bill

Second Reading (and remaining stages)

11.37 am

Bill read a second time. Committee negatived. Standing Order 46 having been dispensed with, the Bill was read a third time and passed.

Criminal Finances Bill

Second Reading

11.38 am

Moved by ***Baroness Williams of Trafford***

That the Bill be now read a second time.

The Minister of State, Home Office (Baroness Williams of Trafford) (Con): My Lords, serious and organised crime threatens our national security and prosperity, but for the victims the greatest impact is the harm that it inflicts on their lives and personal well-being. This criminality can affect anyone: from those caught up in gang warfare to the slaves forced to work or subjected to abuse by human-trafficking gangs, to the victims of scams and cyberattacks designed to steal their money and that of their friends and families. It is all-pervading—it undermines our safety, prevents prosperity and corrodes communities. The perpetrators of these crimes do so largely to make money—that is almost always their primary motivation. The Government have therefore brought forward the Criminal Finances Bill to combat the money laundering that allows criminals to fund their lavish lifestyles and reinvest their illicit gains in their criminal enterprises.

The origins of this legislation lie in the Government's 2013 *Serious and Organised Crime Strategy*, which sets out a clear goal of working with the private sector to make the UK a more hostile place for financial criminals. More recently, last year the Government's *Action Plan for Anti-money Laundering and Counter-terrorist Finance* identified how to build on the UK's risk-based approach to addressing these parallel threats. As noble Lords may well be aware, the tactics used by serious criminals are often employed by those seeking to fund terrorist-related activity, so the police and others must use similar methods in their response to both. The Bill will give effect to the legislative aspects of the action plan, making it a key part of one of the most significant changes to our anti-money laundering and counterterrorist finance regime in over a decade.

Specifically, the Bill will help law enforcement officers to tackle money laundering, recover the proceeds of crime and international corruption, and, where possible, return these assets to victims. Part 1 provides for unexplained wealth orders, or UWOs, as I will refer to them—a valuable new device to investigate those suspected of money laundering, requiring them to explain the source of their wealth to a court. Where they cannot do so, law enforcement agencies can look to recover those assets. I recognise that there may be questions about the operation of this power and it may help noble Lords if I briefly clarify how it will work.

If a law enforcement agency suspects someone of involvement in serious crime where their wealth appears to exceed their known income, it can apply to the court for a UWO. The power can also be applied to non-European politicians or officials who may be involved in corrupt activities but where evidence of their links to criminality is not easily available. The individual would then need to satisfy the court that their property had been lawfully acquired. If they did not provide an adequate explanation, the authorities could seek to recover their property. Crucially, these orders are only an investigative tool; the tests for any further legal action, including prosecution or civil recovery, would still need to be satisfied.

The Bill will also enhance the existing seizure and forfeiture powers in the Proceeds of Crime Act 2002, also known as POCA. Although the police can currently seize cash, they cannot do likewise with money in bank accounts or where criminals store their profits within other items of value, such as casino chips, precious metals and jewels. As criminals adapt, so must we, and we are extending these powers accordingly. The provisions seek to extend the use of another useful investigative tool—disclosure orders—to money-laundering investigations.

This Government are committed to working in partnership with business on these crucial issues. A key element of this partnership will be the changes that we are making to the suspicious activity reports, or SARs, regime, which allows regulated companies such as banks to provide critical intelligence to our law enforcement agencies. In particular, the Bill will create a specific gateway to allow the sharing of information between regulated companies so that they can submit better-quality reports.

This approach has been piloted under the Joint Money Laundering Intelligence Taskforce, otherwise known as JMLIT, and I have heard first hand from both banks and the NCA about the positive results that it is delivering. For example, from May to July 2016 the JMLIT helped to deliver 37 arrests of individuals suspected of money laundering, the closure of 114 suspicious bank accounts and the restraint of £145,000 of suspected criminal funds.

In addition to these measures on money laundering, Part 3 of the Bill creates vital new offences of corporate failure to prevent tax evasion. This means that we will be able to hold to account companies which unreasonably fail to prevent their staff criminally facilitating the evasion of taxes, either in the UK or overseas. These measures will ensure that anyone wishing to do business here must have the highest possible standards of compliance and enforcement, helping the UK to maintain our place as a world leader in tackling corruption and tax evasion.

I have spoken primarily about criminal activity but, as I have said, we must also address the vulnerabilities in our financial system that are exploited by terrorists. As such, Part 2 of the Bill makes complementary changes to ensure that relevant measures being provided for money-laundering investigations will also be available for investigations into terrorist financing. By starving terrorist groups of funding, we aim to take away their ability to buy weapons, plan attacks and fund the propaganda that incites others to follow their evil ideologies.

Throughout the Bill's scrutiny in the House of Commons, the Bill was the subject of notable cross-party support. There is consensus that these measures will make a real difference in the fight against money laundering and terrorist finance, and I trust that noble Lords will reach the same conclusion. However, there have been, as ever, some areas where we have been pushed to do more. I am pleased to say that the Government have listened and we have amended the Bill on Report in the Commons to allow for the civil recovery of any proceeds of gross human rights abuse overseas. This amendment was prompted by the horrific treatment of Sergei Magnitsky, a Russian tax lawyer. I have read about this case; Magnitsky's treatment was truly shocking, and it is only one example of the many atrocious human rights violations committed globally every year. I welcome the fact that we have taken

action, sending a clear statement that we will not allow human rights abusers to launder their criminal assets through the UK.

I am also sure that noble Lords will be interested in the issue of company ownership transparency in the British Overseas Territories and Crown dependencies. I stress that this Government have led the way in the fight against global corruption and we remain committed to working with these territories on this agenda.

I know that these topics, and others, will be of interest to many noble Lords and I look forward to debating them today and over the coming weeks. This is an important piece of legislation. It will make a significant contribution towards tackling the twin threats of money laundering and terrorist financing. The men and women of our law enforcement agencies do great work in combating those threats, and many in the private sector are dedicated to helping with this effort. The Bill will help provide them with the powers and legislative framework they need to do so more effectively. We continue to work closely with law enforcement agencies, the regulated sector and the devolved Administrations on the provisions and may bring forward some further technical, but essential, amendments in Committee. I will, of course, keep noble Lords updated.

The UK is a great place to do business. We should be proud of our status as a global financial centre, and we must protect it. We are a world leader in the fight against global corruption: this is important work and it must continue. We must do all we can to protect the most vulnerable in our society, to keep everyone safe and prosperous. I beg to move.

11.48 am

Lord Rosser (Lab): My Lords, I thank the Minister for setting out the purpose and provisions of the Bill and for her earlier letter which covered the same ground. The Government's Explanatory Notes on the Bill state that it makes,

"the legislative changes necessary to give law enforcement agencies, and partners, capabilities and powers to recover the proceeds of crime, tackle money laundering and corruption, and counter terrorist financing".

The notes go on to say:

"The measures in the Bill aim to: improve cooperation between public and private sectors; enhance the UK law enforcement response; improve our capability to recover the proceeds of crime, including international corruption; and combat the financing of terrorism".

This Bill has already been through the House of Commons, where we supported its aims and objectives but pursued points which reflected our feeling that the Bill did not go as far as it could have done in providing statutory and other backing for investigating and combating money laundering, tax evasion, corruption and the financing of terrorism in this country and overseas. Our approach in this House will be very similar.

As the Minister has said, the Bill provides for new orders and powers and enhancements to existing orders and powers: in particular, a new unexplained wealth order; increasing the scope of disclosure orders to cover money laundering investigations; an extension of existing seizure and forfeiture powers; a strengthening of suspicious activity reporting; a widening of investigatory powers into the funding of terrorism; and an extension of facilitating tax evasion offences to companies involved in such activities.

In her letter to which I referred, the Minister said that this Bill had been described by Transparency International UK as,

"one of the most significant pieces of anti-corruption legislation in the past few decades".

However, unless I am mistaken, Transparency International, in expressing its concerns about the UK's role as a safe haven for corrupt assets, has also said that,

"The UK's Overseas Territories should require company beneficial ownership information to be made public, in a format that is free and searchable"—

an issue that this Bill does not address. The United Kingdom publishes a central register of beneficial ownership—why not our overseas territories as well? Surely we have a responsibility to ensure transparency in our tax havens.

The British Virgin Islands was by far the most widely used tax haven in the Panama papers, with over half of the 214,000 corporate entities that came to light in the Panama papers being registered in the British Virgin Islands. More than 75% of corruption cases involving property investigated by the Metropolitan Police's proceeds of corruption unit involved anonymous companies registered in secrecy jurisdictions, 78% of which were registered in the UK's overseas territories or Crown dependencies.

Three years on from the first request from then Prime Minister to our overseas territories to consider public registers, only Montserrat has so far committed to introducing such a register. The only agreement so far has been to create central registers of beneficial ownership and provide UK law enforcement agencies with access within 24 hours. Yet, in 2014, the then Prime Minister wrote to the overseas territories stating that,

"beneficial ownership and public access to a central register is key to improving the transparency of company ownership and vital to meeting the urgent challenges of illicit finance and tax evasion".

What do the Government intend to do about this situation?

Unfortunately, the Government have confirmed in the letter of 6 March sent to Members of this House that they have significantly changed and weakened their previous stance to which I have just referred. Their stance now, as the letter says, is simply:

"It remains our ambition that public registers become a global standard. If and when they do, we would expect the Overseas Territories and Crown Dependencies to follow suit".

The United Kingdom, along with its overseas territories and Crown dependencies, is the biggest secrecy jurisdiction in the world, and yet there is no question now, as far as the Government are concerned, of expecting our overseas territories and Crown dependencies to follow us and establish public registers of ownership. Instead, the Government's approach is that if public registers become a global standard, they would expect our overseas territories and Crown dependencies to follow suit. If public registers do not become a global standard, then that presumably is the end of the matter as far as the Government are concerned.

[Lord Rosser]

As long ago as 2011, a World Bank study found that 70% of over 200 corruption cases involved the use of anonymous shelf companies to launder funds and conceal the identity of corrupt politicians. Anonymous companies are also used to launder corrupt and illicit funds into the UK, and transparency about the beneficial owners of these companies—companies which can be created in a matter of hours—has been identified as an important part of the solution to tackling the laundering of such funds.

The OECD has estimated that tax havens may be costing developing countries a sum of up to three times the global aid budget. Corruption hits developing countries very hard: around $1 trillion flows out of developing countries via illicit financial flows every year. Africa is a net creditor to the world. Private registers of beneficial ownership will not be accessible to people in developing countries, which is where people suffer the most from the financial secrecy that tax havens offer. The reality, surely, is that, as more registers of beneficial ownership become public—as has happened in this country—the quicker that will become the norm and universally accepted. The EU Parliament has now voted for public registers of beneficial ownership to be in place across the EU.

Maybe there is some overwhelming reason why action cannot be taken in regard to our overseas territories. If so, no doubt the Government will set that out in responding at the end of Second Reading. It certainly does not appear that there is a bar in legislating, because, as I understand it—perhaps incorrectly—as a matter of constitutional law the UK Parliament has power to legislate for the overseas territories.

While this Bill addresses the issue of corporate liability, amendments were nevertheless tabled in the Commons to extend the application of a "failure to prevent" approach in the Bribery Act 2010 to other forms of economic crime, such as fraud and money laundering. The Government have called for evidence on this issue, but there needs to be sufficient deterrence to corporate misconduct, and arguments have been put forward that there should be a strict, direct corporate liability offence, along the lines of, I believe, Section 7 of the Bribery Act 2010. Perhaps the Minister can respond to that point when she replies to the debate.

A case can also be made for saying that the ability to prosecute companies should be extended not only to economic crimes but also to cases of severe harms caused to individuals, including those overseas. The Business & Human Rights Resources Centre recorded over 300 allegations of human rights abuses made against 127 UK-linked companies between 2004 and 2014. Despite evidence that some companies were potentially repeat offenders, there have been no corporate criminal prosecutions. Nearly half of the allegations were made against extractive companies. Are the Government looking to extend the terms of this Bill to enable prosecutions to be made more feasible against companies, as opposed to individuals, for crimes of this kind?

Billions of pounds in corrupt money comes into this country every year. The National Crime Agency has indicated that the amount of money laundered in this country each year could be as high as £90 billion. It is not clear, though, what provisions in this Bill are intended to address the effectiveness, or otherwise, of our anti-money laundering system. There are a large number of supervisory bodies in the relevant sectors, which leads to a fragmented approach over identification of risks and their mitigation and the approach to enforcement. It also raises the question of whether some of the 27 supervisory bodies have conflicts of interest when 15 are also lobby groups for the sectors they supervise, for example. Once again, it would be helpful if the Minister could address this point about the need to overhaul our anti-money laundering system if we are to stop billions of pounds of corrupt money coming into this country each year, and indicate how this issue is addressed in the Bill.

On the enhancements to the suspicious activity reporting regime, will there also be, for example, a system for prioritising suspicious activity reports in order to help ensure that the resources of the law enforcement agencies are deployed to maximum effect and benefit? There were over 380,000 suspicious activity reports in 2015, ranging from the theft of small amounts of petty cash to suggestions of serious organised crime. What are, and will be, the procedures for ensuring that scarce resources are not spent processing minor crime reports coming via the suspicious activity regime at the expense of investigating more serious activity reports?

If the measures provided for in the Bill—which we support, albeit that they could have gone further—are to be effective and made to bite, the necessary resources will need to be provided. Whether we are talking about the new offences and powers in the Bill or the extension of existing powers, further resources, not least financial and staff resources, will surely be required. What are the Government's intentions in this regard, and which agencies will be responsible for implementing and enforcing the new powers set out in the Bill, apart from the National Crime Agency? For example, will Border Force be involved, or the many individual police forces in this country, and if so, in what way? What is the Government's assessment of the impact of this Bill on the forces and agencies, including our security and intelligence agencies, which will be responsible for implementing its provisions?

I have indicated our support for the aims and objectives of the Bill, but as I have also stated, there are areas where we think that more could be done than appears to have been provided for. There is also the issue of resources and the effectiveness of our systems and processes, not least in relation to combating money laundering. As the Minister has said, the Bill is not seeking to address victimless crimes. We want it to prove to be about more than just good intentions. Instead, it should play a key part in the process of ending the situation where this country appears to be a money-laundering hub so that we show what can be achieved, in particular on coming down hard on money laundering and the purposes for which it is used, as well as on tax evasion through schemes and arrangements that have not been cleared by revenue and customs. We want to ensure that we can show the wider world what can be achieved in this regard.

12.01 pm

Baroness Kramer (LD): My Lords, like the Labour Benches, we are supportive of the overall purpose of the Bill and the majority of its clauses, in particular as amended by the Magnitsky amendment with its powers to freeze the UK assets of those suspected of abusing human rights. Our goal both at Second Reading and in the stages that follow will be to strengthen the Bill. We have a number of what I would say are relatively small but significant issues that we want to tackle, but most of our conversation will be about issues that are not in the Bill but which we think it should address. I will just say in this context that several of my colleagues are speaking in this Second Reading debate and so quite a number of issues, from corporate governance to POCA, will be covered by them. We thought that the House would appreciate not hearing repetition where it is avoidable.

As we all recognise, the purpose of the Bill is to crack down on both corruption and tax evasion. It seems impossible to address those issues without looking at the overseas territories and Crown dependencies. I do not want to repeat what was said by the noble Lord, Lord Rosser, but we all understand that everybody's ideal would be a central register of beneficial ownership that is publicly available in every location.

We on this side feel that this is an opportunity to push the issue further and we hope that the Government will consider taking advantage of that, but we also recognise that the overseas territories and Crown dependencies are in different positions both with regard to the authority of the UK Government and in the degree to which they have progressed along this track. As I understand it, all three Crown dependencies have a central register, which, although not publicly available, can be examined by UK tax and law enforcement authorities—but the picture is much more varied for the overseas territories, while the particular issues with regard to Gibraltar are made even more complex by our upcoming exit from the EU. But we all recognise that the Panama Papers were a serious wake-up call for anybody who was complacent in this area and we look to the Government to treat this as an opportunity to act.

We also want to raise questions with the Government about our capacity to investigate and enforce, both under the relevant clauses in this Bill and more generally, across the area. Only today OLAF, the anti-corruption body of the EU, made it clear that the UK may be liable for a €2 billion fine for its failure to crack down on customs fraud by Chinese clothing importers—an issue that apparently has been brought to the Government's attention on many an occasion.

I do not know the rights or wrongs of that, but when we look at the range of issues we are all aware that many people are concerned about the mechanisms of property ownership, in particular the ownership of high-value properties in areas such as central London. The All-Party Parliamentary Group on Anti-Corruption has drawn our attention to more than £4 billion-worth of properties that have been bought with suspicious wealth. That surely has to be an area of concern.

Some have raised concerns over the care sector and the structure of its ownership. I remember the shock in this House in 2015 when Barclays, which you would think would be totally aware of these issues, was fined £72 million by the FCA over what was known as the "elephant deal", a £1.9 billion deal in which it elected to provide confidentiality for politically exposed people engaged in that deal by outrunning its own procedures. As I remember, the documents were typed on a typewriter so that they would not be in the computer and internal compliance system, and the cash was put in a safe brought in to the team's offices for that purpose. How any institution would think it should be able do that is quite shocking and reflects the lack of respect in many areas for our actual capacity to enforce. That must surely be addressed.

An issue very close to my heart that I want to engage with in the Bill is the protection that we offer—or rather, do not offer—to whistleblowers. It seems entirely pertinent across the whole range of issues covered by the Bill. When I was a member of the Parliamentary Commission on Banking Standards, we looked at whistleblowing, but I do not think that we came out with recommendations that were strong enough or pushed hard enough for action on this front.

For anybody who doubted it, the issues with RBS and its global restructuring group will underscore the risks that whistleblowers face. As many in this House will know, the whistleblowers who exposed what was happening with RBS and its GRG typically found that it was a career-ending move. They lost their jobs, suffered great personal stress and personal crisis and have not received protection as a consequence. Others will be very well aware that in the United States the career-ending impact of whistleblowing is widely recognised. That is why compensation schemes for whistleblowers who expose real fraud or misuse are in place. That is an area we have to explore.

Every one of us will agree, I think, that profiting from crime, funding terror and evading tax have absolutely no place in the UK. It is our purpose to row in behind the Government and then strengthen the Bill, which provides an opportunity to tackle those egregious and completely unacceptable forms of behaviour and criminality.

12.07 pm

Lord Brown of Eaton-under-Heywood (CB): My Lords, if my speech appears somewhat bland, as I fear it may, it is not for any want of enthusiasm for the Bill, but rather because I have not yet had time to give it the full and detailed scrutiny that it undoubtedly requires.

I applaud the Bill's intent: in broad terms to strengthen and widen our powers to strip international and domestic criminals—fraudsters, money launderers, terrorists, tax evaders, gross human rights abusers and so on—of their ill-gotten gains. I am in no position to criticise, but I regret the Bill's length and complexity at 171 pages. This is in the context of an existing regime essentially based on the Proceeds of Crime Act 2002, the subject of a leading Oxford University Press textbook, which itself is more than 700 pages. There have been a large number of reported cases on POCA over the last 15 years, all of which resulted in lengthy judgments—alas, not all easily reconcilable. Indeed, I had the misfortune to sit on several of them, though fortunately not on one of the last leading cases, Waya, heard in the

[Lord Brown of Eaton-under-Heywood]
Supreme Court in 2011-12. The first hearing, before five justices, failed to produce any coherent judgment, even by a majority. It had to be relisted some months later before nine justices, including the then Lord Chief Justice, my noble and learned friend Lord Judge. The judgment then took a further nine months to prepare. I mention these matters only to emphasise the inherent complexity of this area of the law and the absolute need to produce clarity and, wherever possible, simplicity in the provisions being introduced by the Bill.

That the Bill is highly desirable in principle cannot be doubted. The May 2013 foreword by the then director of the Serious Fraud Office to the OUP book I mentioned referred to the huge improvement effected by POCA on the very limited scheme, first introduced in the Criminal Justice Act 1988, for ensuring that crime should not pay, but it also recognised remaining weaknesses and gaps in the POCA scheme. The editors of that book suggested, in their preface, the need to re-examine the existing regime and for new and reinvigorated emphasis to be placed on the recovery of ill-gotten gains.

On the statistics, the editors pointed out the regrettable failure of POCA to have made any effective breakthrough in terms of recovery—rather the reverse. The annual proceeds of crime in 2013 were estimated, very roughly, at between £19 billion and £48 billion a year. Annual recovery by way of all measures—cash forfeitures, criminal confiscation, civil recovery and, indeed, penal taxation—amounted in each of the five years from 2006-07 to 2010-11 to between only £125 million and £161 million. It is greatly to be hoped that, with the enlarged enforcement powers provided by the Bill, a very substantially higher proportion of criminal gains will be recovered by the state and, to my mind altogether more importantly still, stripped from the criminals.

There is much to be welcomed in the Bill. Of course, it goes well beyond curing the deficiencies in the existing POCA scheme. A number of the individual measures positively gladden the heart. Prominent among them, surely, are the unexplained wealth orders, the enhanced and improved suspicious activities report regime, forfeiture of assets of gross human rights violators—the so-called Magnitsky amendment—corporate responsibility regarding facilitating tax evasion, measures to combat terrorist financing and so forth. Close scrutiny of these and much else will, of course, be for another day—or, rather, days—but for now I simply put on record my necessarily preliminary but otherwise full support for the Bill and wish it well.

12.13 pm

Lord Faulks (Con): My Lords, the Bill is largely a legislative reflection of the *Action Plan for Anti-Money Laundering and Counter-Terrorist Finances* published jointly by the Home Office and HM Treasury in April 2016. The objectives of both the plan and the Bill are to be welcomed. This country has a remarkable reputation for the rule of law, the independence of the judiciary and the integrity of our law enforcement agencies, but we face significant challenges from money laundering, financing of terrorism and major fraud. At a time of significant change in our international role, it is vital that we maintain this reputation. To do this we need to work with international groups and with the private sector. We should also ensure that our enforcement agencies have the resources they need. The Bill should help considerably, although legislation on its own will not be enough.

The National Crime Agency estimates that serious and organised crime costs the United Kingdom at least £24 billion annually and that money laundering could be taking place at a scale between £36 billion and £90 billion per annum, as the noble Lord, Lord Rosser, suggested. For understandable reasons these latter figures are rather vague.

The Bill was broadly welcomed when it was introduced and debated in the House of Commons. Some useful amendments expanding the definition of cash were made and, as we have heard, the Magnitsky amendment. The definition of cash to which the amendments referred was that in the Proceeds of Crime Act 2002—I have always pronounced the acronym "pokka" rather than "poker"; we may get into the same debate that they had in the Supreme Court about the pronunciation of "De Keyser".

The amendment was introduced by a cross-party group of Back-Bench MPs led by my former ministerial colleague, Dominic Raab. The new provisions, although not as robust as those who put forward the amendment would have liked, nevertheless provided that the High Court could make an order to freeze the UK assets of individuals implicated in gross human rights abuses. A number of MPs emphasised that it was important that the new clause be actually used. The Minister in the Commons, Ben Wallace MP, agreed that the Government would collect data on the exercise of the new clause. I am glad about that confirmation, since it will enable Parliament to see whether the clause does not remain simply an aspiration.

UWOs mean that an individual or company will have to explain the origin of the assets that appear to be disproportionate to their known income and if they are suspected of involvement in or association with serious criminality. There are safeguards for this power and the decision to make an order will be made by a High Court judge. The orders have been widely used in Australia, among other jurisdictions, and are broadly considered to have been successful, although there was some pushback from the courts there where it was felt they had been used as a trigger response by enforcement agencies. It seems to me, however, that there are sufficient safeguards to ensure that the power is not resorted to in lieu of normal investigations. I understand that there will be a statutory code of practice, about which the House will no doubt want to hear.

In a sense, because the burden of proof will be on the individual or company to explain the origin of the assets, there will be very little that can be done to conceal matters, but one should not underestimate the ingenuity of lawyers who may be involved, at considerable expense, in representing wealthy individuals and companies that may be the subject of UWOs. I have seen the helpful Home Office flowchart indicating how the UWOs will work in practice, and my one concern is what happens if the subject responds with some sort of explanation but not much of one. It is suggested that the law enforcement agency will then decide whether the issue has been resolved or further investigation is

required. I can imagine there may be something of a stonewall response; is it anticipated that the agencies will go back to court, or how will matters proceed generally?

Criticism of the Government was made in the House of Commons—and by the noble Lord, Lord Rosser, here—about the absence in the Bill of provisions covering overseas territories and Crown dependencies. I should declare an interest, having been the Minister at the Ministry of Justice with responsibility for the constitutional relationship between the United Kingdom and the Crown dependencies. I know that Jersey, Guernsey and the Isle of Man have been anxious to work effectively with the United Kingdom to assist in the international efforts to increase corporate transparency and to tackle tax evasion and corruption. All three have agreed to hold company beneficial ownership information in central electronic registers, or similarly effective systems, with near real-time access for UK law enforcement. Jersey has a non-public central register, accessible to UK law enforcement on request. Both Guernsey and the Isle of Man have agreed to establish a central register or similarly effective system, and work is under way to ensure implementation. In the case of the Isle of Man, legislation will be introduced in 2017; as to Guernsey, work is under way to ensure implementation by 2018.

The cost of taking measures to obtain the proceeds of crime from individuals and companies, or indeed to prosecute for fraud or related offences, can be very considerable. It is necessary sometimes to be pragmatic about these things and in this context I pay tribute to the Government for accepting the use of deferred prosecution agreements. These were introduced following an initiative by the former Solicitor-General, Sir Edward Garnier QC, and have been used effectively to obtain significant sums of money and to avoid the costs of prosecution. Most recently, the SFO entered into a DPA with Rolls-Royce, which was approved by Sir Brian Leveson, the President of the Queen's Bench Division. The total sum in the UK settlement was £497.25 million plus interest and the SFO's costs of £13 million.

We will no doubt discuss in Committee the provisions about terrorist financing, disclosure orders and suspicious activity reports. I accept the point made by the noble Lord, Lord Rosser, about not being obsessed by de minimis provisions in SARs. They will assist in the overall strategy that lies behind the Bill. Most of the changes seem sensible.

I cannot sit down before mentioning a story published in the *Observer* last Sunday about the enormous price the super-rich pay to keep their privacy. It appears that they are prepared to pay some £218,000 a year in tax rather than declare who owns the £20 million-plus megamansions in which they live—or do not live. The Government introduced this so-called envelope tax. The idea, presumably, was to crack down on dirty money. It has certainly brought in tax. The story suggests that tax receipts on all envelope properties worth more than £1 million came in at £178 million. Privacy is one thing, but this sort of tax deal seems contrary to the underlying philosophy which informs the Government's approach, or certainly should. There may be respectable reasons for privacy, but equally, there may be some very far from respectable reasons. As many noble Lords know, large parts of the most expensive areas of central London are dark at night, and I suspect that many of these properties are owned by rich international financiers, some of whom will not have obtained their money honestly. Are the Government happy with this state of affairs? Perhaps the Minister can tell the House.

With some difficulty, and with the invaluable assistance of the Printed Paper Office, I managed to obtain a revised impact assessment in relation to UWOs. It suggested that perhaps 20 UWOs a year might be obtained. This was based on practitioners' experience, presumably with freezing orders. This seems a rather modest ambition. Are UWOs going to be considered as simply part of the investigative toolkit, as the Minister seemed to suggest, or are they likely to be the basis of a major initiative? There are clearly opportunities, as I have indicated, but the agencies may have to be ready for expensive legal tactics to frustrate them.

I hope that some modest improvements in the Bill may be effected. The Minister always displays a willingness to listen, and she can count on my support in taking this Bill through your Lordships' House. However, I ask all those who may be contemplating amendments to bear in mind what the noble and learned Lord, Lord Brown, said about the complexity that these provisions have previously involved and the risk that further elaboration may be required by the courts, so I hope amendments can be kept as simple as possible.

I hope that the legislative ambitions are reflected in an increase in the recovery of assets from criminals and in the enhancement of our reputation both nationally and internationally.

12.22 pm

Lord Rooker (Lab): My Lords, I pay tribute to our colleagues in the Commons for their work on the Bill. I will single out Dominic Raab, Margaret Hodge and Tom Brake.

The Bill does not reach all the parts that need reaching on financial crime, but it is progress. It remains the case that not a single UK financial institution has faced any criminal charges as a result of the 2008 financial crisis. Only individual employees have been charged. The employers—Barclays, USB and Deutsche Bank—have not faced charges, and we have the ludicrous position that it is still not illegal under current UK corporate liability law for companies to mislead their auditors.

I shall say one word on Brexit. As we seek new trading arrangements and relationships, it is crucial that our corporate liability regime is broadly equivalent to that of our major trading partners. In this respect, it is very worrying that the recent case, already referred to, of Rolls-Royce, reported extensively in the *Financial Times* on 21 and 22 January, might affect our trade deals. For directors to use nearly £700 million of shareholder funds to escape personal liability for their actions or the actions of those they supervise is questionable. The Serious Fraud Office must clean this up—but in view of my previous parliamentary run-in with Rolls-Royce in 1980, I will say no more.

[Lord Rooker]

I shall make four brief points. The first is on unexplained wealth orders. They are proportional and measured and are subject to judicial oversight. In respect of overseas politically exposed persons, they are really useful as they do not require suspicion of serious criminality. The key issue is the laundering of money from overseas in the UK. As the noble Lord said, it should be easier for UK law enforcement to investigate and act on the wealth of kleptocrats and corrupt officials.

In February last year, I was on the first UK kleptocracy tour. I was the only parliamentarian amongst the researchers, campaigners and journalists—but it was on a Thursday. The tour was specifically in respect of Russians and Ukrainians buying property in London. I will give two examples from the eight tour stops. We started in Whitehall at the property lying above the Farmers Club at 4 Whitehall Court. Flats 138A and 138B were purchased by Igor Shuvalov, ranked the fifth most powerful official in Russia, for a sum of £11.44 million—some 80 times his salary. The Russian register of companies shows that he and his spouse have the beneficial ownership of the company, Sova Real Estate, which owns the apartments. They operate care of Tulloch & Co., Hill Street, London.

We were treated at each address to the story of who allegedly lived there, how much was paid, who owned it, where the money came from, and a magical mystery tour through the British Overseas Territories and local authority files on planning applications. We parked outside Witanhurst Place, Hampstead; a home second only to Buckingham Palace in size. It was built originally by a British soap merchant in the 1920s and is now worth £300 million. It was purchased through a British Virgin Islands company by Andrey Guryev, then a Russian senator, who in 11 years never included it in his asset declaration.

My second point is on the anti-money-laundering rules. The new corporate offence of failure to prevent tax evasion in the Bill, which has already been referred to, should be applied to economic crimes such as money laundering. This is an essential next step. I often wonder why more attention is not paid to the lawyers and estate agents involved in property sales such as those to which I have just referred. They are usually smart, blue-chip operations that do not like the searchlight of sunshine on their activities. As far as I know, no bank has ever been prosecuted in the UK for laundering corrupt wealth from another country.

We need to catch up with the United States' anti-money-laundering legislation regime and—wait for it—the EU directive on human trafficking and money laundering, which has a corporate liability formula stronger by far than the current UK regime. The UK Government promised to catch up but never have. Is it not ironic that we are going to catch up with the EU as a result of Brexit?

On 18 June 2015, I initiated a short debate in Grand Committee on the Transparency International report on how corrupt capital is used to buy property in the UK. I want to remind the Minister of just one recommendation in the report. This is not the first time I have raised this with the Government—these are not new issues. The recommendation was touched on by my noble friend from the Front Bench. It is that there should be greater co-ordination between the 27 anti-money-laundering supervisors in the UK.

I got nowhere with the Minister in the Moses Room or with his letter afterwards. This issue still needs to be addressed. The lack of co-ordination means that there is a failure to identify risks; the approach to enforcement is inconsistent, and is not transparent or effective; and there are conflicts of interest. As my noble friend said, 15 of the supervisors are lobby groups for the sectors that they supervise. Only seven control for institutional conflicts of interest and, in a survey, one even admitted to carrying out no targeted anti-money-laundering legislation monitoring at all during 2013. What are the Government doing about this and why is it not in the Bill?

Public procurement—this is my third point—is not in the Bill and ought to be. The Government appear to have a blind spot regarding corruption in public procurement. However, the NHS and local government are potential massive risks in the awarding of contracts. In the local government case, of course, it owns very substantial physical assets. At the Government's anti-corruption summit in 2016, they committed to introduce a conviction check process to prevent corrupt bidders winning public contracts. This promise has not been implemented. Furthermore, there is no public information on its progress.

I have a proposal—I have come with a positive suggestion. The Government should ask their own anti-corruption champion, Sir Eric Pickles, to conduct a review at national level to assess the risks of corruption in local government and the NHS, with particular reference to procurement. Very high standards are observed by councillors and officers, but they are undermined by cases of misuse of position.

A Transparency International report on the conditions for local government corruption found that the following were present: low-level transparency, poor external scrutiny, networks of cronyism, lack of resources to investigate, outsourcing of public services, significant sums of money in play, a decline in the robustness to resist corruption and the reduced capacity of our local press. Sir Eric should be asked to look into this area.

My final point is to pay tribute to Bill Browder, chief executive of Hermitage Capital and author of *Red Notice*. I have not met Mr Browder, although I was present at a meeting in the Commons in 2015 where he spoke. I had previously read *Red Notice* and said at the meeting that I shed a tear as I read the part of it relating to the death of his lawyer, Sergei Magnitsky. I cannot see how anyone would not need a tissue as they read the account of his murder in a Russian prison.

I salute Mr Browder for his dedication and perseverance in trying to bring those guilty of the murder of his lawyer to justice—and for his sheer bloody-mindedness. Chasing them legally around the world, and now in this Bill, is a must. The Minister must also confirm what was said in the Commons: that the Government will use the powers in the Bill. I support it.

12.30 pm

Baroness Bowles of Berkhamsted (LD): My Lords, I will address the corporate liability aspects of the Bill, and therefore declare my interests in the register, in particular as a company director of companies large and small. I welcome the Bill, but it should go further to establish transparency on the beneficial ownership of companies in overseas territories, to enable corporate liability over a wider range of economic crimes in the future and to provide a less circuitous procedure for considering disqualification of directors when a company has already been found guilty of an economic crime.

The UK has made progress on tackling economic crime and improving transparency, but it is hard to get credit for that in the international arena when we are still seen as sponsoring tax havens. I was directly reminded of my country's record many times—with varying degrees of friendliness or otherwise—while I was chair of the European Parliament's Committee on Economic and Monetary Affairs, including in a public hearing with the OECD. We have not gone far enough yet. The bottom line is that people have a right to know who owns companies—not only would I say that is part of the incorporation licence and the fundamental bargain with society, but it would tackle tax evasion, money laundering and other offences.

We have had plenty of experience recently of how hard it can be to pin blame on large companies. The "directing mind and will" or the "identification doctrine", as it is called, of responsibility is straightforwardly applicable to small companies, but for large companies it becomes almost impossible to find a chain of responsibility up to the board. Even if you do, collective failure does not count: you have to pin it on an individual. It is completely unfair, and divisive, for the law to bear down on small companies but not on multinationals. Sometimes the issue may be negligence more than criminal intent, which makes it entirely appropriate to address it with a "failure to prevent" offence. However, it is rather disappointing that only bribery and now tax avoidance are to be covered. I am aware that the Government have launched a call for evidence on corporate liability for economic crime, and that document usefully draws together several strands. The culture breakdown that led to the financial crisis brought about the senior managers and certification regime for banks, soon to be implemented for other financial institutions as well. There is a case to say that all large companies should have something similar. However, not all companies are regulated, and we do not have a proper company regulator—at least not yet—and a senior responsibility regime will have to attach to something.

We already have a list of financial and economic crimes elaborated in Part 2 of Schedule 17 to the Crime and Courts Act 2013, and there must be a strong case to say that all those should be treated consistently. The call for evidence puts forward some other liability options than the failure to prevent an offence, but in every liability option it suggests that a due diligence defence should be considered, rendering them very similar. The other options are fixing the identification regime, which needs doing separately anyway, or sectoral regimes such as the senior managers regime, which again falls into the "also needed" rather than the "instead" category.

Since Brexit makes a further Bill unlikely, why not enable further economic crimes to be introduced to this Bill through statutory instrument, enabling account to be taken of the call for evidence? Economic crimes can already be added to the Crime and Courts Act by order, so why not have something broadly similar in this Bill, with some safeguards about which I have some ideas? Companies should already have measures in place to prevent crimes done in their name, so for good companies it should not be a burden. For others it should engender a change in culture so that economic crime procedures are properly implemented and overseen. We must get rid of protective ignorance. You cannot get away with it in the US, so why here?

That leads me to the point about director disqualification. Section 8 of the Company Directors Disqualification Act 1986 enables the Secretary of State to instigate disqualification procedures in the public interest. These procedures then go to the court to determine whether a director is unfit. This recently expanded scope is a powerful backstop. That is all well and good, but if a company is found to be in breach of serious legislation, why should it need the intervention of the Secretary of State to activate review of the directors? That could be resolved at the time the company is found to be in breach. I do not see why it has to go around the loop of the Secretary of State being tipped off somehow, picking it up and then sending it back to the court, which is the main area that is going to tip the Secretary of State off in the first place. The court has more expertise and would have got a long way towards the answer already.

Section 9A of the Company Directors Disqualification Act, regarding competition policy, already adopts a straight-through consideration of the directors, if that appears appropriate. I cannot see the justification for economic crime being a follow on, always requiring the intervention of the Secretary of State.

12.37 pm

The Lord Bishop of Oxford: My Lords, I join other noble Lords in thanking the Government for introducing this Bill. I support it. The Government have led on tackling corruption since the then Prime Minister set the issue of tax transparency at the heart of his G8 summit in 2013. He should also be thanked for hosting the anti-corruption summit in May last year. The Bill follows this good record and takes some further welcome steps to try to tackle corruption. The unexplained wealth orders will provide stronger powers for UK law enforcement to seize and repatriate the proceeds of grand corruption. The new corporate offences of failure to prevent the facilitation of tax evasion should be particularly praised because they will apply all over the world. I hope that in due course these offences will apply to all economic crime.

As bishops, we often travel to our linked dioceses all over the world. The global church is present in many developing countries, where corruption can often be a real problem. Some estimates say, as we have heard, that around $1 trillion annually leaves the developing world in illicit financial flows. That is a

[The Lord Bishop of Oxford]
scandal. The secrecy enabled by tax havens across the world costs developing countries at least $100 billion a year, according to the UN. Along with other noble Lords, I press the Government to go further and faster in this area for the sake of the very poorest. Until the UK Government go further in tackling the secrecy that is still enabled by UK tax havens, we cannot claim to be doing all we can to tackle corruption. As we have heard, Ministers have made some progress in recent years in getting overseas territories and Crown dependencies to list who owns which company within their jurisdiction, but unless these registers are published—as the UK's now is—people in developing countries, who are losing out the most, will never be able to see where their money is going.

Christian Aid and other charities have campaigned vigorously on these themes over a number of years. They tell me that a relative of one African president took and spent $38 million of his country's money on a private jet using an anonymous company in the British Virgin Islands, according to the case against him made by the US Department of Justice. Without a public central register of beneficial ownership in the British Virgin Islands, we would not know what that company is or who benefits from it, and we would have no guarantee that UK law enforcement would be making the right request to get the information needed. Public registers of beneficial ownership will put this information out into the open, and people in developing countries will be able to see the information that is important and relevant to them, which should be their right.

I urge Ministers and others to aim still higher. We should aim to have public registers of beneficial ownership in the UK's overseas territories, at the same time as getting the private registers in place by June. I shall be supporting noble Lords who try to use this Bill to put in place a timeline for when we will have that transparency.

I urge all noble Lords to reflect on the scale of the problem. Tax havens are costing developing countries at least $100 billion a year, according to the UN. I read a recent statistic that said that around one-third of rich Africans' wealth is currently held in tax havens. If this money was held in Africa and taxed properly we would be able to employ enough teachers to educate every child on the continent. That is the scale of the problem we are looking at here and the scale of the good that can yet be done. I welcome this Bill and urge Ministers to act while the Bill is in the House of Lords to ensure that these issues are further addressed in this legislation.

12.41 pm

Lord Flight (Con): My Lords, I first declare my interest as in the register, and in particular as director of Metro Bank and as a regulator in Guernsey. I very much echo Dominic Raab's comments on this Bill in the other place. I want Britain to be a competitive and successful global hub open to international talent, as it has been for 400 years, and I want us to be known the world over for our integrity, our commitment to the rule of law and our adherence to moral principles. We need to stop turning a blind eye to the blood money of despots that may flow all too freely through London and other UK businesses, through banks and into properties. The new sections in Clause 1 are designed to address the weakness in the current UK asset-freezing regime.

I briefly make the point that I do not actually agree that compulsory public registers are going to help with the issue, particularly in Guernsey and Jersey. The law enforcement agencies do not support public registers. David Lewis, head of anti-money-laundering standards in the Financial Action Task Force has made the point that incomplete and unverified public registers are not nearly as useful as law enforcement agencies keeping the right and detailed information. Tax authorities do not support public registers, as they reduce the candour of reporting in central platforms. UK intelligence and law enforcement is a key foreign policy asset, and will be undermined. The proliferation of standards hurts multilateralism, and the OECD reported, when the UK announced its own plan, that,

"proliferation of inconsistent models is in nobody's interest".

The most positive organisational aspects of the Bill are the greater contact and interaction that it facilitates among the various entities working in the area, in both public and private sectors. It has been the absence of this to date which is largely responsible for a pretty poor showing in terms of actual success of anti-money-laundering activities.

I support particularly the objective of stronger partnership with the private sector. I am pleased to report that Metro Bank has signed up to be part of the Joint Money Laundering Intelligence Taskforce and I believe that that entity can be much more effective in increasing the volume of discoveries. The BBA will create a register of the business specialities of particular banks and make it available to the Joint Money Laundering Intelligence Taskforce, to bring the relevant experience into JMLIT to work on money laundering and terrorist financing. The BBA, Home Office and Treasury will operate a public private partnership to educate consumers and businesses about the risks of becoming involved in money laundering.

The Bill will create some key new relevant instruments, particularly the unexplained wealth order. The noble Lord, Lord Rooker, raised that issue. It is an extremely important instrument and I believe that huge use will be made of it in the future. Part 3 creates an offence of corporate failure to prevent tax evasion. If the person acting on behalf of a company criminally facilitates a tax evasion offence by another person, that company would be guilty of the offence. There are various other measures which, in the main, will be effective in increasing the volume of money laundering discovered.

However, I have concerns that the additional costs created versus the likely cash recovery will continue to be unsatisfactory. As others have pointed out, the NCA estimates that the amount of money laundered in the UK could be up to £90 billion. In the period 2014-15 the NCA received 381,882 suspicious activity reports, but the amounts of money that have been recovered look pathetically poor. In 2015-16 only £255 million was recovered under the Proceeds of Crime Act. In the whole period between 2010 and 2016, £2 billion was recovered using all powers in the Proceeds of Crime Act. In 2015-16 HMRC secured 1,135 charging decisions and collected £2.7 billion in

additional tax and penalties, but that was significantly less than forecast and anticipated. The BBA estimates that its members are now spending £5 billion annually on core financial crime compliance. A lot of that seems to me to be pretty wasted. I accept the problems that are presented, but what is missing are more effective and determined policies to deal with the real criminals.

Let me also raise the issue of PEPs, which is relevant to this House. The Bill defines a PEP as an individual who is or has been entrusted with prominent public functions by an international organisation or by a state other than the UK, another EEA state or a family member of that person. Yet the FCA requires banks to treat domestic UK politicians as PEPs. I would be grateful if the Minister could clarify the law. At a personal level, I was somewhat surprised to discover that the bank where one of my daughters banks was inquiring about her boyfriend's income as part of a PEP inquiry, arising from my political involvement. That struck me as somewhat inappropriate; the time and effort might have been better spent somewhere else.

The key objective should be to improve the identification of those involved in corruption overseas and the laundering of the proceeds of their crimes in London. That is why collaboration is so important, to enable law enforcement agencies to satisfy demands at the outset of such investigations, given that all the relevant information may be outside the UK. An unexplained wealth order made in relation to a PEP living overseas does not require a suspicion of serious criminality. This should be particularly helpful in cleaning up the UK money laundering activities of corrupt overseas politicians. The Bill also provides for the civil recovery of assets belonging to those involved in or profiting from human rights violations.

As I said, I am concerned that the Bill will add substantially to costs, so it will be important that it achieves a major increase in the amounts recovered from money laundering and terrorist funding activities. I believe that the most useful change will be that of allowing entities within the regulated sector, such as banks, to voluntarily share information on suspected money-laundering activities—subject, that is, to informing the NCA. The private sector holds data on financial transactions and related personal data. The law enforcement agencies hold details of criminals and intelligence on crime. When these data have been shared in the past under the Joint Money Laundering Intelligence Taskforce, there have been positive outcomes for both sectors. Although existing data protection legislation allows for the sharing of information for prevention and detection of crime, regulated companies are understandably concerned that there should be express legal cover directly related to the anti-money-laundering regime to reduce the risk of civil litigation for breach of confidentiality.

It is the Government's intention that allowing entities to share information should allow so-called super SARs to be submitted to the NCA which would draw on multiple sources of information on suspected money laundering. At present, I feel that the NCA is just weighed down with hundreds of thousands of reports which often amount to little more than many banks protecting themselves.

12.51 pm

Baroness Whitaker (Lab): My Lords, I declare an interest as a member of Transparency International UK and a former member of its advisory council.

I welcome this Bill in general. I simply follow the noble Lord, Lord Flight, with a note of disagreement and a few remarks in support of unexplained wealth orders. These could make considerable inroads into combating the injustice of the enjoyment of the profits of crime, which, as has been said, run into billions of pounds. At present, according to the OECD's Stolen Asset Recovery initiative, we freeze the equivalent of only $225.5 million a year.

I also commend this proposed measure because, as a civil rather than a criminal provision, it bears on the asset not the individual, and because a High Court judge needs to be satisfied that there are reasonable grounds that the asset has not been lawfully acquired. I agree with TI UK that this accords with human rights obligations.

I welcome the Government's assurance in the other place that figures on these orders will be included in the annual statistics of asset recovery and that there will be an updated code of practice enjoining co-operation between the agencies concerned. I ask the Minister: which will be the first year for the inclusion of these figures, and when will the code of practice be available?

As my noble friend Lord Rosser said powerfully, echoed by the noble Baroness, Lady Kramer, the right reverend Prelate the Bishop of Oxford and others, among the matters which remain to be dealt with are public registers of beneficial ownership in the overseas territories and Crown dependencies, as well as strengthening the capacity to repatriate seized funds. Can the Minister tell us how the Government propose to pursue the highly desirable obligation to declare beneficial ownership in these tax havens?

Further measures to repatriate the illegal gains looted from developing countries are necessary. This has been a scandal for years. I hope that the Minister can offer us some comfort.

That said, the Bill as a whole will not only improve justice but will enhance to a degree the reputation of the UK as a serious fighter against corruption. I hope that we can enable it to do even more in Committee.

12.54 pm

Baroness Stern (CB): My Lords, I begin by declaring my interest as an officer of the Anti-corruption APPG. My involvement in this Bill arises from my concern about corruption—and I am most grateful to the right reverend Prelate the Bishop of Oxford for his remarks about the effects of corruption in poor countries. I have in past years visited a number of countries where grand corruption has penetrated deeply into the administration. The outcomes are hugely damaging to the majority of people in those countries.

For many, corruption can mean, for example, living through a harsh winter with only a few hours of electricity per day, because the money that should have been invested in the electricity company has gone into a bank account somewhere far away from that country. It can mean many babies dying because there

[Baroness Stern]
is no money for maternal health services. This can happen in an oil-rich country earning a lot from its oilfields, but where the money that should have gone into mother-and-child health has been diverted by corrupt politicians or officials to banks outside their country. The money is then used to buy penthouses in western capitals, or works of art, or jewellery.

The victims of grand corruption are too many to count. We are debating this Bill because a lot of the money that is not going to the electricity company, or to maternal or child health, is ending up illicitly in banks in the UK and in places such as the overseas territories—places where the UK has a special responsibility. So I warmly welcome the Bill.

Grand corruption is one of the major destabilising forces in the world today. It creates extreme poverty and misery. It deprives millions of education and healthcare that could lead to a fulfilling life. It makes a mockery of the rule of law. It prevents countries from developing healthy economies, and it leads to violence and insecurity. Only last month, Transparency International UK published a report linking corruption to the growth of violent extremism. Grand corruption also stands squarely in the way of the realisation of the United Nations' sustainable development goals, which we in the UK strongly support.

The Government, and the coalition Government before them, have done a great deal to take corruption seriously. Many examples come to mind, such as: the anti-corruption summit, held in May last year, which was very successful; the introduction of a public register of beneficial ownership in the UK; the appointment of an anti-corruption champion, Sir Eric Pickles MP, who is doing a sterling job; and the *Action Plan for Anti-money Laundering and Counter-terrorist Finance*, which should bring about real improvements.

Now we have this Bill, which comes to us after receiving cross-party support in the other place for what is in it, and for some things that are not yet in it. There are many important measures in the Bill, as the Minister has explained to us. Strengthening the suspicious activity reports regime is essential. The Magnitsky amendment represents a huge step forward and I was very glad to hear the Minister talk about human rights abuses around the world in this connection. Some argue that grand corruption should be classified as a human rights abuse; I find that argument convincing.

The unexplained wealth orders, which Transparency International has described as a "valuable tool", are very welcome. It is to be hoped that these orders will make it possible to take action when the prosecution route is not available, either in the country of origin or in this country, because of the complexity of operating in different legal systems.

In this context, the case of Maxim Bakiyev is relevant. He is the son of the overthrown President of Kyrgyzstan. After the overthrow, he sought refuge here and bought a house in Surrey for £3.5 million. He was convicted in absentia in his own country of embezzling millions from the state. I am sure the Minister will know that the Government of Kyrgyzstan are rather disappointed that the United Kingdom has not been able to take any action to help them recover some of the missing millions.

I hope that we can make progress in your Lordships' House by revisiting the question of public registers of beneficial ownership of companies registered in the overseas territories. There is substantial disappointment in many quarters about the Government's more cautious approach to moving to transparency and having public registers. The noble Lord, Lord Rosser, made the case for that very strongly. I must read the same newspapers as the noble Lord, Lord Faulks, because I too read about the people who were happy to pay £218,000 to keep their ownership of a property secret. I echo the question posed by the noble Lord: why do we allow this?

Finally, I put on the record comments made by Mr Nick Herbert MP on Report in another place. He was responding to the argument that, although transparency is a good idea in theory, it is not always practical, because if one place has open registers, those looking for a safe haven for a lot of money will choose another haven where secrecy still reigns. He said:

> "We are talking about measures that are necessary to protect not just the UK taxpayer but the poorest countries in the world, which are disadvantaged and penalised because people are able to siphon off funds unlawfully and immorally and shelter them in various regimes. We are apparently saying that we are willing to accept that, because if we take action against it, some other regime will perform that immoral task. That seems to me to be a wrong position for the House of Commons to take".—[*Official Report*, Commons, 21/2/17; col. 940.]

No doubt we in your Lordships' House feel the same.

I end by saying to the Minister that she must be very happy today to be responsible for a Bill which has such profound implications, covering huge wealth and grinding poverty, shameless and unimaginable greed, and the heroism of campaigners such as Bill Browder, and which, when implemented, will surely make the world a slightly better place.

1.02 pm

Lord Hodgson of Astley Abbotts (Con): My Lords, I begin by drawing the House's attention to my entry in the register of interests of your Lordships' House.

It is always a pleasure to follow the noble Baroness, Lady Stern, who, as ever, has introduced an informed and incisive view. Like her, the right reverend Prelate the Bishop of Oxford, who is no longer in his place, had some very valuable things to say about the role of this Bill and its impact on the developing world. In an earlier part of my life, I had a chance to hear a spellbinding lecture by Professor Peter Bauer—later Lord Bauer, a Member of your Lordships' House. He revolutionised the way the world thought about development economics.

In that lecture he pointed out that, in his view, the single thing that most held back undeveloped countries in achieving their potential was the prevalence of corruption, and that if you could root it out, many countries that suffered from underdevelopment would move forward quite swiftly. It seems to me that what applies to underdeveloped countries has an application in a developed nation such as ours. That is why I instinctively have sympathy with a Bill like the one before us today which has the strategic aim of reducing criminal activity and corruption.

However, I do not believe that that support and sympathy should be slavish. More regulation is not always the answer to every problem because any measure, including measures such as those in the Bill before us, come at a cost—a point raised by my noble friend Lord Flight. I refer not just to the cost of establishing the necessary enforcement powers but to the increased costs for those affected by the regulations.

More worrying for me, however, is that too widespread an approach can include a drag on, or an impeding of, innovation in the development of our financial services. Why is that so important to us in this country? The City of London has become a world financial centre—probably second only to New York in size. Surprisingly, it has achieved this despite being backed by only a medium-sized economy, and the country as a whole has benefited greatly from the City's success.

That success has had to be based on innovation and acceptance of new ideas. Bigger economies such as that of the US and, increasingly, China can rely on weight of money and the volume of economic activity to carry them forward. The UK cannot. We have to be nimbler, quicker and more entrepreneurial, and being nimbler, quicker and more entrepreneurial is a concept that can worry regulators. Regulators are, appropriately and rightly, risk averse. They can be concerned that novelty automatically hides malfeasance, and thus they block or slow the development of new ideas and new approaches. However, if novelty becomes a dirty, suspicious word, the City and the country will be the long-term losers.

To summarise what I see as the dilemma, on the one hand, too low a standard of behaviour damages the City's reputation and drives business away; on the other hand, an unreasonably high bar drives businesses away because of the costs, problems and time taken to complete transactions, and the unwillingness to adopt new ways of working. That seems to be the delicate balance we have to strike when we look at proposals such as those in this Bill.

Therefore, as we go to the Committee stage of a Bill whose strategic aims I entirely endorse, the test that I wish to apply is: will what we are proposing encourage good standards of behaviour, or merely mindless compliance whereby forms are filled and boxes ticked?

I turn to a couple of provisions of the Bill, both of which have already been mentioned, so I shall be very brief. First, I support the proposal of unexplained wealth orders and I thank the Minister for her further explanation in her opening remarks. My noble friend Lord Faulks raised a couple of points about them, and I was interested in receiving the White Collar Crime Centre report, which suggests that the enforcement of UWOs will present challenges. Where state officials and politically exposed persons are concerned—two categories that are particularly in the target zone for UWOs—it will be hard to prosecute because of what the White Collar Crime Centre calls "personal immunity" and "financial immunity". I look forward to hearing in the wind-up or in Committee how those two immunities will work, and whether they will have implications for or impede the way this provision is used. As my noble friend Lord Faulks said, we shall need to look at the Australian and Irish experiences to date.

My second question about the Bill concerns the overseas territories. A number of noble Lords, including the noble Lord, Lord Rosser, raised this in his opening comments. We have a particular responsibility in this country. White collar crime is very flexible: it is like a balloon—you squeeze it in one place and the air pops out somewhere else. Therefore, we have to explore our links with our overseas territories and Crown dependencies. I look forward to hearing the views of other people, because I am not sure that we have the situation quite right yet, and the noble Lord, Lord Rosser, obviously has some important points to make about that.

For the rest of my speech I want to return to the idea that new regulation should be formed to encourage quality behaviour and not mindless compliance. I do so because I firmly believe that it is only by engaging the widest possible range of people in the fight against criminal financing that we can ultimately hope to have a high degree of success. It is interesting to note that when Security Service chiefs talk about their successes, they always emphasise how much they have benefited from the notifications that have come from members of the public.

I regret to say that I do not think that the authorities responsible for the detection of criminal financing have so far managed to engage the interest and support of the public—particularly those who work in the City—in the same way. Why is this? First, it is because many people believe that the existing regulations, both on money laundering and SARs, gather together a vast mass of data—much of which is irrelevant—which the public believe is then put in a file and never examined. They have no reason to believe the contrary. I hope the Government and the authorities will develop a regime which encourages the use of the precision of a rifle shot, not the blunderbuss approach of a shot-gun. Under that regime, the authorities should connect better with the general public about their objectives and how they are being achieved.

Secondly, there are concerns among the public about effectiveness and the value for money that the present regime provides. Regulators always seek more powers, usually with more money to enforce them. We need to be careful to ensure that, before more powers are granted, all existing powers are being used effectively. I was interested to note that at Second Reading, Sir Edward Garnier, the Member for Harborough and an experienced lawyer, said:

> "I have noticed that in the past with confiscation orders. Very often, the courts make an order, and either the order is never put into action or very little of the amount required from the offender is ever recovered".—[*Official Report*, Commons, 25/10/16; col. 208.]

Is this true and, if so, what are the statistics? Is the Minister confident that other existing powers are being fully used?

Finally, I turn to the point made by the noble Lord, Lord Brown of Eaton-under-Heywood. In 2015-16—the last full year for which figures are available—the National Crime Agency, which cost £478 million to run, seized £26.9 million of assets. Am I alone in feeling that, when billions of pounds are supposed to be passing through the City of London, that is not an adequate performance? There are some 27 different bodies engaged

[Lord Hodgson of Astley Abbotts]
in this, so it would be helpful if, before Committee, the Minister could give noble Lords a little schedule of each body's costs and asset recovery in the last year for which figures are available. I support the Bill, but we need to make sure we are creating an effective, lean crime-fighting machine and not just adding to the bureaucracy.

1.12 pm

Lord Watson of Invergowrie (Lab): My Lords, I start by apologising to the Minister for the discourtesy of missing the first minute of her speech. I was in the Library and the Bill started too quickly for me.

The Bill is certainly a step in the right direction to strengthen the capacity of the UK's law enforcement agencies to address dirty money, whether it is connected to corruption, money laundering, tax evasion or terrorist financing. In particular, I am happy to support measures such as the unexplained wealth orders and the new corporate offence of failure to prevent tax evasion. The Bill highlights why the integrity of the UK's financial system is so important. This goes to heart of the UK's global reputation for its commitment to clean business and fair play, and of public confidence in business and corporate behaviour domestically.

I was pleased to hear the Minister echoing the Minister for Security, Ben Wallace, who remarked, at Second Reading in the other place, that the Government's aim is,

"to combat money laundering, terrorist finance and corruption—here and overseas".—[*Official Report*, Commons, 25/10/16; col. 195.]

That is most welcome but, rather like the Bill itself, the Ministers did not go far enough. The elephant in the room with this Bill is the overseas territories. The Government are not doing enough to persuade them to adopt public central registers of beneficial ownership. Why has the Government's stance on this weakened during the passage of this legislation?

My noble friend Lord Rosser highlighted the pathetically weak wording in the letter sent by the Minister to noble Lords this week. For those who have it to hand, it was the third paragraph from the end. I will not repeat his critique, but the Government simply have to do better on the overseas territories. We all know that they will not voluntarily take meaningful action on transparency. Requiring transparency in the overseas territories would be one of the most effective things the Government could do to tackle corruption and money laundering.

Introducing provisions for public registers of beneficial ownership in the overseas territories would fulfil the Government's stated aims and support the measures in the Bill. I was pleased to note the cross-party support on this on Report in the other place. It was led by the All-Party Group on Responsible Tax with the support of a large number of NGOs. The All-Party Group on Anti-Corruption—I declare an interest as its vice-chair—also supported and continues to support campaigning on this issue.

I acknowledge that there are some constitutional and jurisdictional sensitivities as far as the overseas territories are concerned, but that is not a reason to delay meaningful action in this area. Progress has already been made with some private registers, allowing information sharing between law enforcement agencies. That is welcome, but the wider, and crucially important, issue of the need for public registers cannot be overstated. I urge the Minister to commit to a deadline by which we can expect to see public registers of beneficial ownership in the overseas territories in place and operating. I also urge the Government to continue their dialogue with the territories and to support them in achieving this objective.

There is a strong, responsible business case for transparency on beneficial ownership at a public level. Companies carrying out due diligence need access to this information so they can be confident that they know who they are doing business with. This supports sound, clean, competitive business practice. A survey of companies in 2016, conducted by Ernst & Young, showed that 91% of respondents believe it is important to know the ultimate beneficial ownership of the entities with which they do business. The only surprise about that outcome was that 9% apparently believe it is not important—and we can only speculate as to who they might have been. Transparency on beneficial ownership is also really important for developing countries, where illicit financial flows, often channelled through anonymous companies, have a significant and damaging impact, leading to the loss of millions of pounds needed for schools, hospitals and other public services.

Other noble Lords have referred to this matter, but it is a powerful argument for registers of beneficial ownership being made public. Developing countries and their civil society organisations must have access to the information needed to combat the vast amounts of money siphoned off by corrupt politicians or officials and redirected to private foreign bank accounts. The UK needs to remain a leader on this issue, ideally in partnership with other members of the G20. Under David Cameron, the UK forged a leading role in tackling corruption and criminal financial activity. I am not usually one of his cheerleaders, but by hosting the anti-corruption summit last May he sent a clear message that his Government were serious about the issue—and not just on a global scale. He also believed that it was essential that the UK should shed its image as a major repository for dirty money.

I also want to focus on the importance of bringing the law on corporate liability for economic crime up to date with current business practices and structures. The noble Lord, Lord Faulks, mentioned his experience as a Minister in respect of overseas territories and Crown dependencies—but, regrettably, he had nothing to say on corporate liability. Noble Lords will be aware that the Ministry of Justice's call for evidence is currently open on this issue. That is welcome, but it represents a rather timid approach by the Government, because one commitment of the anti-corruption summit was a full consultation on corporate liability. Perhaps the Minister will announce that the intention is to move on to that—and, I hope, ultimately to legislative reform.

We can no longer tolerate Victorian era law which means that large companies can insulate themselves from liability via evasive internal structures enabled by their size and complexity, while small companies have fewer places—or perhaps just fewer people—to hide

and thus are more likely to be prosecuted. That does not accord with the Government's stated commitment to a level playing field and fair competition. This must operate not just internationally but domestically as well.

This also goes towards protecting the UK's reputation as a key financial centre. I will quote another Tory now. Sir Edward Garnier stated in the other place last month that the UK's global reputation was connected to our financial services industry. He was right: companies in that sector, and their employees, need to know that there is a real risk of a criminal conviction if they step beyond the line of honesty and acceptable behaviour. I do not see this as an area in which regulatory oversight and fines should be the sole means by which we address corporate malfeasance. There should of course be a role for regulators, but there needs to be more. It is widely understood that companies can and do plan contingencies for fines into their budgets. That is no disincentive to criminal activity—or even to just looking the other way, which can amount to the same thing.

The key point is that companies must abide by, and act in accordance with, the values of the society of which they are part. Free market economics often exists in a universe parallel to the power imbalances and social norms of society that it helps to perpetuate. Most people want business to be open and fair, with genuinely deterrent sanctions for those who feel that the rules do not apply to them and that they can get away with it. A vibrant but openly honest financial services industry is vital to build and maintain public trust in UK business, both at home and abroad.

My closing point is that public registers of beneficial ownership in the overseas territories and reform of corporate liability for economic crime are very reasonable additions that would complement the valuable measures already set out in the Bill.

1.20 pm

Lord Thomas of Gresford (LD): My Lords, I welcome the Bill generally but in particular the provision in Clause 15, which inserts a new Section 303Z5 into POCA, giving the court the power to release frozen funds to pay legal expenses. That was a matter I argued many times in this Chamber, particularly during the coalition Government when there was a reduction in legal aid generally. At about that time I had a wealthy client whose assets were frozen and consequently he had legal aid. At the end of the trial, when he was acquitted, he was awarded his costs but, as legal aid had paid his legal team, all he had to pay for were the parking charges for his Rolls-Royce, which he had parked a mile away from the court in case it influenced the jury.

Money-laundering legislation has had a major impact—for business, the cost and time of introducing systems; for individuals, the struggle to prove identity. It is quite something when you have to produce a utility bill not less than a month old to prove who you are to a bank where you have been a customer since the age of 15. You wonder where all this information goes. What happens to it? Who deals with it? Yet, at the same time, as the noble Lord, Lord Hodgson, pointed out, there is a general feeling that prosecutions do not match the considerable efforts and discomforts that we have to suffer. As the noble Lord, Lord Flight, pointed out, compliance is not cheap—£5 billion annually is the cost assessed by the British Bankers' Association for the way in which banks have to deal with core financial crime.

My experience of the POCA proceedings which occur when a trial is over has not been satisfactory because they are lengthy and complex. I have not been involved in many because, as usual, experts jumped up to capture the market in such proceedings. The reversal of the burden of proof, with the defendant having to prove where the assets came from, was not satisfactory because the trial judge was almost certainly bound by the view of the jury of the facts and the veracity of the defendant. So, from that point of view, it is not a fair procedure.

As the noble and learned Lord, Lord Brown of Eaton-under-Haywood, and the noble Lords, Lord Flight and Lord Hodgson, have pointed out, the figures are not very satisfactory for recovery. They have commented on various years and I will comment on 2014-15 for additional reasons, which I shall point out. In that year, the agency collected £155 million; the National Audit Office reckoned that the cost of collection was £100 million; but—this is the important figure—the confiscation orders made by the courts that were outstanding was £1.61 billion. I call that failure, and the Bill may go a long way towards rectifying the failure that has existed so far.

I was pleased to hear from the noble Baroness, Lady Whitaker, who is a distinguished member of the board of Transparency International. A task force examined the efficacy of money-laundering controls in this country in May 2015 and it came up with important and key findings: first, that the levels of asset recovery in the UK are small compared with the likely amounts of corrupt wealth being laundered; secondly, that only a small minority of suspicious activity reports, SARs, relating to grand corruption are acted on by law enforcement agencies; and, thirdly, that the timeframe moratorium period of 31 days for responding to SARs is generally inadequate to investigate and achieve asset restraint for grand corruption cases.

In July 2016 the Home Affairs Committee was shocked when it heard oral evidence from Robert Barrington, the executive director of Transparency International UK, who said that,

"it seems likely that in terms of money laundering going through the UK system every year, it is at least £100 billion".

We are always talking about the corruption in Panama, but the committee pointed out that in Panama £100 billion is twice the size of its entire economy. So, given the amount of money passing through the UK system, we are much more involved in money laundering than Panama.

A number of noble Lords, including the noble Lord, Lord Rosser, my noble friend Lady Kramer, and the noble Lord, Lord Watson, a moment ago, underlined another of Transparency International's conclusions. Mr Barrington said:

"Clearly one of the things that makes the UK attractive as a centre for money laundering is its historic links with the Overseas Territories and Crown Dependencies, because you can move money very quickly to jurisdictions that are very well-linked

[Lord Thomas of Gresford]
and for whom your bank of lawyers and accountants will have very close connections and can easily set up shell companies and so on".

I was interested in what the noble Lord, Lord Faulks, said about that. He believes that legislation is going through the Crown dependencies but I wonder what is happening with the overseas territories.

On the question of corporate liability, the Government are following Section 7 of the Bribery Act 2010. I was involved in the Select Committee that looked at that Bill and afterwards when the legislation went through. I was later asked to give a talk in the premises of a well-known firm of solicitors to some very important clients about the effects of the Bribery Act. I was so shocked to hear other speakers winding up these companies about the amount of compliance that would be required that I thought it necessary to say, "Look, you are not all going to go to prison immediately". Indeed, of course, under the Bribery Act there is not such a liability as they were saying at that time.

I was at a dinner last night in Threadneedle Street—not a place I go to frequently—where I was sitting next to a young lady who is involved in asset management. She said that the department in her company that is expanding without any obvious horizon is the compliance department. I can see that compliance departments will expand in all these companies and that lawyers will have a new industry of advising people on this Bill which is an effect of the Bill that I would not like to see.

There is much to discuss. The thrust of the Bill is right and I hope that we can refine it in certain important areas.

1.28 pm

Lord Dear (CB): My Lords, coming in to bat as late as I am in a debate like this, almost everything I wanted to say has already been said. I shall try to be brief but my brevity does not signify any lack of sincerity or support for the Bill. I welcome it warmly, as I have made known before.

In the 1990s I was HM Inspector of Constabulary, carrying at that time a special responsibility to satisfy the Home Secretary of the day about police activity against organised crime and money laundering—was it adequate? At that time I found that the response to arrests was reasonably good but the response to the recovery of cash was downright poor. All too often those at the top of the criminal tree were getting off scot free. They were not being arrested or inconvenienced, and certainly none of their assets was being recovered. In other words, if you got to that position, life was something like a bed of roses. The amounts then, much exaggerated now, were eye-watering—absolutely staggering amounts of cash, of property, of assets and of works of art. To have seen the product of some of those investigations and listened to some of the intercepts from deep-cover operations showed to me—and I thought I knew everything about it—just how deeply rooted this was. The 2013 Act has gone a long way towards improving that 1990s position, but there is no doubt—and it has been implicit in everything that we have said so far—that the very top end of crime, which we are concerned with in this debate today, is all about status, power, hedonism, violence and cash. If you take the cash away, most of the rest falls away, almost into insignificance. It is quite clear that this Bill has almost universal approval; there is nothing very contentious in it except perhaps to criminals, and we are not too concerned about them in the sense that we have been debating today.

One of the things that will clearly develop from this is the much closer working relationship between HMRC and other agencies, and properly handled that is to be welcomed. I will not go into some of the particular things that interest me in the Bill: unexplained wealth orders, which have been mentioned already, the much-strengthened investigatory powers against fraud and money laundering, and the improved facilities for helping SARs—suspicious activity reports. After I came to your Lordships' House 11 years ago, I very shortly joined the Home Affairs Select Committee. We carried out an in-depth, searching inquiry into money laundering and its effects. One of the things we looked at was the way in which SARs were being handled, and even then they were handled very well. We spent a fascinating day at the London offices looking at the way in which the huge amount of information from all the various agencies and bodies was collected. They said, "We put so much in, they can't possibly look at it". In fact, there was a great deal going in. What was really becoming apparent was that it was being computerised in a very sophisticated way and whole patterns of criminality were being developed, leading one very quickly to see who was involved and where the money was going.

This clearly will help drive down crime. Although we have not mentioned it much today, it would certainly help to slow down, if not stop, terrorist funding. I say, not jocularly, that the days of terrorists rattling tins for collections in central European cafés have very long gone—they disappeared before the First World War. Terrorists now are highly sophisticated in the way they draw down the funds for operations.

I want to mention just three things. The first was touched on by the previous speaker, the noble Lord, Lord Thomas of Gresford, just before he sat down. He is quite right: we have a very poor record in recovery of assets. We talk about large sums but, in proportion, they are very small. Law enforcement has to start supporting this legislation and I hope it will be encouraged—if not encouraged, certainly pushed very hard—to do so. The root of that is that the law-enforcing agencies—certainly police and others working similarly close to them—are judged on what are called "results", and the results are arrests: "Get the person into custody and before the court. We know we need to chase the stolen property and need to chase the assets, but we are too busy because we have other things coming up and we are being judged on results". That has to change quite considerably.

We have heard this very hackneyed story about the way the FBI, during the prohibition era in America, took down very high-level criminals by using tax-evasion legislation. That is very close and in parallel to this legislation. I hope to forecast confidently that through the use of this legislation we will move away, in selected cases, from chasing the criminal through the criminal courts and simply go for the asset. The damage it does

to him—or her, but usually him—and his organisation is massive and total. Chasing to try and get the conviction is often counterproductive.

I gloss over the second thing very quickly, although I feel very strongly about it. We have heard a great deal about the overseas territories and the Crown dependencies and I agree with everything that has been said. I certainly support public registers of beneficial ownership.

The third thing we have brushed on very briefly in this debate is Bill Browder's book *Red Notice,* which I too have read. For those of your Lordships who are still not sure, the book is about Sergei Magnitsky's death, which led to the Sergei Magnitsky Rule of Law Accountability Act 2012 in the USA. He was a lawyer who stood up against high-level corruption and money laundering in Russia. He was arrested and, in custody, was tortured over a long period and then beaten to death. Browder then pursued his case for many years, eventually getting that Act that I have just mentioned on to the statutory book in America. It is all about human rights abuse and money laundering, and preventing those contributing to that from getting visas to go into the United States. The big thing is about freezing their assets wherever they could be frozen—certainly in the USA. There have been various unforeseen consequences on that; it is a very delicate situation and the Act led to a tit-for-tat war between Russia and the USA, and one has to watch that very closely. Notwithstanding that, the thought of being able to draw human rights abuse and money laundering into this Act in this way has much to commend it for, so my heart and sense of direction supports that.

I repeat, in conclusion, that the Bill has my very warm support—it is very-long awaited and I welcome it. I am confident that it should have a profound effect in the areas we are discussing: humanitarian, social, counterterrorism and so on. I will certainly do my best to assist its passage through your Lordships' House.

1.36 pm

Lord Patten (Con): My Lords, the UK, generally with all-party support, has an excellent leadership role internationally in efforts to combat financial crime and the terrorism that all too often feeds of it. For example, landmark measures were brought forward by the Labour Government. I would pick the then Bribery Bill, introduced in another place in 2009 by Jack Straw. That was a landmark on which much later policy has been developed, helping conceptually in the lead-up to the Bill before us. That steady, all-party drumbeat of support has brought me into very happy coalition with, for example, Diane Abbott, the shadow Home Secretary in another place. One finds these coalitions spring up in the most unlikely way. I also know the noble Lord, Lord Rooker, will take me seriously when I say that I join his coalition on kleptocracy in London, not just because of the money laundering that is probably involved, but because of the devastating effect it has on the occupancy of properties in so many London boroughs. Hear, hear to everything he has said.

Like the noble Lord, Lord Dear, I welcome so many of the provisions and tools made available by the Bill, such as the new unexplained wealth orders and the developing suspicious activity reports. There is nothing for any decent, honest person, foreign or British, to worry about in these. These provisions started in the Proceeds of Crime Act 2002—I spell it out in full to avoid the POCA/poker linguistic dilemma that my noble friend Lord Faulks pointed out. These have worked very well. In particular, I welcome the bringing together of public and private information sharing in a proper, public/private partnership against financial crime. This has not been noted thus far, but I think this is an international first, so the data held by UK law enforcement agencies can be brought together with that held by regulated entities in the private sector undertaken by banks and so on. This will help us in combating money laundering. It is certainly an international first and an approach that should be followed throughout in the battle against the ever mutating cybercrime, which is one of the biggest threats to international economic and indeed social peace on the globe.

That is all good macro stuff and I warmly support the Bill, as I guess my noble friend the Minister has noticed, but I would like to move from the macro to the micro picture and to a legislative dog in this context which has yet to bark, and I hope will not even whimper. I seek confirmation that there is no intention on the part of HMG to introduce provisions that would impose legislation in this or in any other way directly from Westminster on to Gibraltar. I hasten to make, as it were, a declaration of non-interest in this matter. I have no financial interests in Gibraltar and I do not intend to have any. My wife and I simply ended up there on a short holiday, but I was rather taken by the little place and that has subsequently spurred an interest in and contempt for the persistent, disgraceful and costly incursions by Spanish state vessels into our territorial waters there.

Financial services, in which, like others in this House, I have interests in and knowledge of here in the United Kingdom, have flourished in Gibraltar. I have gone into the matter in a little detail and I think that they are based on very high regulatory standards. It is my understanding that the relevant UK departments are content with the present arrangements. Indeed, back in December 2016 my right honourable friend the Prime Minister stressed this in the House of Commons following an exchange of notes between us and Gibraltar saying that we are content with the current arrangements and that the UK's law enforcement objectives are being met. I believe that that has been confirmed by my noble friend Lady Anelay at the Foreign and Commonwealth Office.

Setting aside the undoubted legislative can of worms that would be opened by seeking for the first time to impose legislation from Westminster, and thus setting a precedent for those who have unfriendly feelings towards that little place and therefore could use it in a malign way, I stress that a great deal has gone on lately. Gibraltar has set up a register of beneficial ownership under the terms of the fourth anti-money laundering directive. This builds on Gibraltar's record of effectiveness in the exchange of information. Indeed, the OECD has recognised that, admittedly using a phrase that is not a ringing endorsement, in a recent review and has classed Gibraltar with the UK, the US

[LORD PATTEN]
and Germany in the top category known as—they do not like to overspeak in the OECD—"largely compliant", so Gibraltar is there with those other countries.

I simply seek a reconfirmation from my noble friend on the Front Bench, if confirmation is needed, that HMG have no intention of allowing the provisions of this Bill to extend by default to Gibraltar with its entirely independent legislative arrangements, curious though they are. If my noble friend does not have time to address this point during her wind-up remarks, I will fully understand. She may choose to write to me and place a copy of that letter in the Library of the House.

1.43 pm

Lord Anderson of Swansea (Lab): My Lords, like my noble friend Lord Watson I begin with an apology to the Minister. I had assumed that there was more substance in the earlier business and so I arrived only when she had already embarked on her speech. I welcome the Bill and I would make one preliminary proposition, which is that the strength of our credibility as a country in the field of tackling criminal finances will be much enhanced if we have clean hands. I believe that we do and that we are leaders in this field. Nevertheless, as the figures shared by a number of speakers have shown, including those referred to by the noble Lord, Lord Faulks, crime has paid. Asset recovery has been relatively small and sometimes attempts must be made against the wiles of clever lawyers and accountants to gain back as much money as we can. For example, there is still a suspicion that London is one of the centres in which international criminals find it easy to launder their money.

While much has been done about the London property market, as the noble Lord, Lord Faulks, pointed out, there are areas where the lights are always off. Let us think of a not too hypothetical example whereby a foreign individual buys several properties without even bothering to look at them and says that he is not going to live in them. I can give the noble Lord details of particular properties. Who is to blame for that? Should the estate agent tell the Government, or the accountants or the bankers? These are not hypothetical cases and they have national implications because they affect property prices right down the chain and are therefore of considerable public interest. There are many areas in which alarm bells should be sounded, but who will ring them? I therefore ask the Government again if they are satisfied that, even after the passage of this Bill, the instruments will be available to ensure that crime will not, as it has in the past, pay.

I have two further brief observations to make. The noble Lord, Lord Patten, has anticipated my comments in respect of Gibraltar. What is clear is that following the exchange of notes in April last year, the Government and those who had initially proposed amendments in the other place and then withdrew them are now satisfied. However, we need to look at this carefully. My noble friend Lord Rosser pointed out the revelations in the British Virgin Islands as set out in the Panama Papers. Surely there are lessons to be learned from that lax matter. I understand the constitutional position of Gibraltar, which has just been made clear by the noble Lord, Lord Patten. Gibraltar is fully compliant with current EU and OECD law, but I hope the Government will pledge to work as hard as they can to ensure that there is a public register—even though I heard a colleague say that the tax authorities and agencies are not pressing for public registers, fearing that the amount disclosed will be rather less than they currently receive.

My main point, however, relates to the so-called Magnitsky provision set out in Chapter 3, Clause 12, which will put in place freezing orders based on human rights abuses. Of course, there are key differences between this and the US legislation, but both have been triggered by the same outrage. I first came across this issue in 2013 at the Parliamentary Assembly of the Council of Europe. The background is well known. The noble Lord, Lord Dear, pointed out the full detail so I need not reiterate what he said so well. It concerned a massive fraud against the Russian tax authorities. Astonishingly, Mr Magnitsky was himself posthumously found guilty of fraud, and no prosecutions have been brought against the prison authorities responsible for the beatings and torture or those who benefited from the fraud, such as the former head of the Moscow tax office, Olga Stepanova, through whom the majority of the relevant fraudulent tax reimbursements were made. Funds from the fraudulent transactions were traced to her ex-husband. He and two of his deputies bought properties in Dubai shortly after the fraudulent refunds. It would be helpful if the Minister indicated the latest stage of the paper trail and said whether she was satisfied that no part of it leads to London, contrary to the assertions of Mr Bill Browder. I successfully moved an amendment to the resolution in the Council of Europe encouraging member states to follow the US lead, and I am delighted that we are now broadly doing so.

This is perhaps not the time to dwell on the Russian system of government because we have to work together in many fields. However, let us think of Alexander Litvinenko, the recent conspiracy against the Government of Montenegro and the doping scandal at the Olympics, although the latter shows that sanctions do in fact pay. All of these lift the lid on aspects of the Russian system. Therefore, the inclusion of Clause 12 is most welcome. The background, of course, is the campaign by the indefatigable Bill Browder of Hermitage Capital, but I must also praise Dominic Raab, the all-party group in the other place and, perhaps most of all, the Minister, Ben Wallace. There was clearly careful preparation for the debate on 21 February, which is well worth reading. The result is a welcome attempt to deal with abusers of human rights and torturers worldwide, which is a major step forward.

A number of concerns were expressed: about the exclusion of a visa ban, about the short term of the 20-year limitation and when it begins to run, and about the question of enforcement. However, the Minister was most positive and forthcoming in this respect, giving a commitment to a review and annual reporting. I therefore congratulate all concerned. I say again, the debate in the other place is well worth reading. The history of this clause shows Parliament at its best, working consensually and constructively to a very positive outcome.

1.51 pm

Lord James of Blackheath (Con): My Lords, I am deeply grateful to be allowed four minutes in the gap to comment on this very important Bill. The Minister is already aware, from our correspondence, of the thrust of my main concern, which is that the Bill does not do anything adequately at this stage to encompass and force the disclosure of the vast amount of information that, for reasons of either negligence or complicity, becomes available to executive structures within companies that have discovered things that ought not to have been done and which they ought to own up to and show.

I will give two examples of how and where this has occurred. In 1986, I went with a certain Dr David Kelly to the head office of Lloyds Bank in the Midlands district in order to inspect the paperwork it had for the payment arrangements for the Iraqi supergun. The papers had been set out by the local director. After about 10 minutes, he turned to Dr Kelly and said, "While you're here, would you like to see the payment arrangements we've got for the manufacture of capacitors for the Iranian nuclear bomb development?". Yes, he would. So the papers were produced and the whole of this was put into the hands of our senior military intelligence operation at that time. How on earth can that occur in a reputable bank, with an FT top 500 company manufacturing these extremely sensitive components for a very large sum of money? Whatever happened to end-user certificates? That ought to be somewhere in this Bill.

The other example is much more of commercial negligence and complicity. I was put into a company, again by the Bank of England, to try to sort out its horrendous problems. It was a specialist in manufacturing turnkey operations for industrial units to be built in foreign countries, and its main client was Libya. It was building a cola bottling operation at Aziziya, and the total cost at the end, when we sent the final invoice, was set at £126 million. There was no problem getting paid because the next day we got £128 million back. I said, "Send back the £2 million surplus immediately. We don't want it". My new colleagues—I had only just joined—said, "No, no, we have to keep it". I said, "Why?". They said, "If we don't, we'll never get another deal in Libya". I said, "What's it all about?". What it is all about is that they want that £2 million to be used to open bank accounts in Naples and Rome, and they are providing all the details of how this is to be done. When I go back into the records, I find that they have already opened five bank accounts along the Mediterranean coastline for similar sums in the past. It is only on that condition that they get the business. In those circumstances, they claimed that they had done it for commercial reasons and would not have got the business otherwise. They were probably right, but somebody else would have done. That money is just being used for the availability of a turnkey operation for anybody to walk into Rome, and £200,000 buys you an RPG—a rocket-propelled grenade—that gets rid of a Popemobile at 180 yards very securely.

We need to stamp out this sort of thing and we need a wholly new set of standards for the disclosure of information that may be thought innocent or accidental but is not. There is so much of it. I have given noble Lords two examples but I could give a great many more. It is an outrage with a Bill as important as this if we do not crunch this once and for all. I thank noble Lords for my four minutes.

1.55 pm

Baroness Hamwee (LD): My Lords, when I first looked at this Bill, the first word I wrote down was "privacy"—which may be a legacy of recent Home Office Bills. Then I wrote down "housing market London" and then "reputation". My noble friend Lady Bowles referred to the fundamental agreement with society. The noble Lord, Lord Hodgson, reminded us—picking up points made by my noble friend Lord Thomas of Gresford—of the importance of engaging the public without the deterrence of bureaucracy, which I am not alone in the Chamber in having suffered from. I should perhaps have first written "transparency", which goes hand in hand with—I stress this—the accessibility of information, because the antithesis of transparency is not privacy but secrecy. So I will not be defensive if, from time to time during the passage of the Bill, I apply in a moderate way the lens of privacy.

What might seem, at first sight, a rather dry subject on only a very little reading turns out to be the stuff of a page-turning thriller—possibly accompanied by coffee and Sachertorte, as the noble Lord, Lord Dear, reminded us, as lunchtime comes and goes. Sadly, it is not fiction that apparently more than £100 billion of dirty money goes through the UK system each year, so far as one can tell—ironically, as my noble friend said, equivalent to twice the size of Panama's economy.

The criminality that is the subject of the Bill does very real damage to the UK's reputation and to individuals. The noble Baroness, Lady Stern, referred to the penetration of grand corruption and gave your Lordships a very vivid picture of the impact of corruption. The noble Baroness, Lady Whitaker, referred to the importance of the restoration of funds. We have been briefed by organisations outside this House on the evidence of the cost to developing countries of corruption and of the use of tax havens.

Of course, it is all around us. You do not have to go on a kleptocracy tour to see it in London. Transparency International said:

> "For those in possession of corrupt funds, a property in the UK can provide a secure investment, but also help bestow prestige, respectability and a bolthole when the going gets rough at home. Most importantly, property in the UK can be acquired anonymously through companies registered in secrecy jurisdictions and anti-money laundering checks can be bypassed with relative ease".

That is a pretty quick canter through many of the issues that this Bill gives rise to—one could quote very much more from Transparency International on this subject.

I resent, on behalf of those who struggle to find housing in London and those who are affected, perhaps slightly less directly but still pretty directly, by corruption, the fact that property in my city is available to corrupt individuals. There are some developers at the high end who are selling London. I welcome the steps taken to tackle the situation. I dare say that, from these Benches, we will be pressing the Government for more, while also unpacking how appropriate and effective the measures

[Baroness Hamwee]
in the Bill will be. Some of this will be detail, but important detail. For instance, is £100,000 the right threshold for unexplained wealth orders? How big should be the identifiable tip of a possibly very substantial iceberg?

The noble Lord, Lord Faulks, referred to safeguards. I am sure that we will want to satisfy ourselves about those. I confess to feeling a little discomfort, which perhaps in the context is inappropriate, about a civil rather than a criminal standard of proof applying in this area. No suspicion is required in the case of a non-UK or EEA politically exposed person. That is a hook on which to ask about progress on the definition of PEPs domestically, possibly in writing, after this debate. My noble friend Lady Kramer alerted me to the possibility of guidance being given by the FCA, I think, under the recent Bank of England and Financial Services Act. It is quite clear that there are issues around domestic PEPs.

Like everything else, new legislation depends on enforcement. Would it be indelicate to inquire whether the Minister wants to say anything on the sharing of information and co-operation with other EU states, post Brexit? There are 27 states, of course, like the 27 fragmented supervisors who have been referred to. Comments have been made about the number of SARs now; quantity can hinder effectiveness. One must worry about the NCA's capacity to deal with super SARs, though I note the reference of the noble Lord, Lord Dear, to the description of systems that are in use.

I am anxious about the extension of seizure and forfeiture powers, but not perhaps as the Minister may expect. Why extend them only to specified items? I appreciate that the list of items in question can be extended, but why not to all items now—certainly all items of personal property, if not real property, such as land?

I noted the extension elsewhere in the Bill of powers to immigration officers, which will take my noble friend Lord Paddick and me back to comments we have made on previous legislation about the disappearing distinction between immigration officers and the police. We may also want to probe a little on the supervision and powers of civilian counterterrorist investigators. My noble friend Lord Sharkey, who cannot be here today but will, I know, join us at a later stage, wants to probe the operation of deferred prosecutions and will have suggestions about money being held in escrow until the agreed sum is paid, given the problems of collection of cash—because it seems that pockets and wallets are sensitive to depletion in a way that, apparently, deprivation of liberty cannot match. Prison seems to be merely an occupational hazard to some people.

I mentioned the damage to individuals. Corruption and the infringement of human rights go hand in hand. I welcome the Magnitsky amendment. The Joint Committee on Human Rights, of which I am a member, commented on the issue. The committee is currently looking at business and human rights, including issues of strict liability, civil remedies and reporting and transparency. There is quite a lot of read-across here.

My noble friend Lady Kramer rightly mentioned the issue of whistleblowing, while the noble Baroness, Lady Bowles, the noble Lord, Lord Watson, and others mentioned corporate liability—but I will come back to where I started, with transparency. There is a clear will to spend some time in Committee on the implementation of public registers of beneficial owners in British overseas territories. It was the focus of the speech of the noble Lord, Lord Rosser, though we heard a contrary view. The UK has led the way and we have heard about steps being taken elsewhere in the European Union. Let us acknowledge that Montserrat has committed itself to introducing a register, though we do not know when, and use our influence—or, if necessary, power—over what are, after all, British overseas territories: further and faster, as the right reverend Prelate said.

The term "open for business" is used quite a lot at the moment, in the context of the UK being open for business. None of us wants to be open for the business of being used as somewhere to bleach some very dirty laundry.

2.05 pm

Lord Kennedy of Southwark (Lab): My Lords, at the outset of my remarks I am pleased, like my noble friend Lord Rosser, to put on record that Her Majesty's Official Opposition support the aims of this legislation. We will seek, as we always do, to probe, strengthen and improve the legislation that has come before us from the other place so that the Bill goes back there in better shape than when it arrived here.

Both serious organised crime and terrorism pose real and present dangers to the United Kingdom, and it is our job to ensure we pass laws that are fit for purpose and provide the law enforcement and other agencies with the tools they need to do their important job of keeping the United Kingdom, its citizens and all the people living here safe and protected from danger.

Noble Lords will have heard the figure of £24 billion, which is the estimate of what serious criminality costs the UK economy each year. I agree with what the noble Lord, Lord Faulks, said about the cost to the UK. It is a huge sum of money and with it go lives destroyed, communities ruined and real hurt to our economy. It is everything from the vulnerable person being ripped off on the phone by con artists—losing thousands of pounds, possibly every penny they have—to tax evasion, the evil trade in drugs, prostitution, slavery and firearms. It is our duty to do everything possible to disrupt the activities of criminals, to stop these activities and to bring the perpetrators to justice.

The things that criminals do to hide their ill-gotten gains include holding large cash sums and buying expensive cars, art, jewellery and expensive clothes in order to live a lifestyle that they have not earned through legal means, as the noble Lord, Lord Dear, said. An estimated $1.6 trillion is laundered throughout the world, and the National Crime Agency estimates that many billions of pounds of that money is laundered into or through the United Kingdom as a result of international corruption. Those are staggering figures, and they illustrate why action is needed.

The noble and learned Lord, Lord Brown of Eaton-under-Heywood, made an important point about the disparity between these criminal gains and the amounts recovered from those criminals, as did a number of

other noble Lords during today's debate. Action must be taken to make the UK the most hostile place in the world for those seeking to move, hide or use the proceeds of crime, and the criminals must get that message loud and clear.

I agree with what the noble Lord, Lord Flight, said about the importance of the various agencies, both public and private, working more closely together and sharing information, and the provisions there are very welcome.

That must also be the case for all the Crown dependencies, and this is one area where I think the Bill is deficient and improvements need to be made. My noble friend Lord Watson was right when he highlighted that the Government's position on our overseas territories is weak: they have to do better than they are doing at present.

Transparency is one of the most effective ways of dealing with this type of corruption. The right reverend Prelate the Bishop of Oxford spoke about the scandal of the illicit flows of funds from the developing world and the need for firm action to be taken to deal with the issue of tax havens in British Crown dependencies and overseas territories. The lack of transparency is a real problem and prevents individuals from seeing who owns what. It enables criminals to hide behind a cloak of secrecy.

I agree with the noble Lord, Lord Hodgson of Astley Abbotts, that we have to get the issues right in respect of overseas territories. It would be appreciated if the Minister could explain to the House why the Government have not sought to introduce requirements to ensure that overseas territories and Crown dependencies which come under the jurisdiction of the United Kingdom publish publicly available registers of beneficial ownership. It is a requirement here in the UK, allowing us to see who owns which company, so why not in overseas territories and Crown dependencies?

The United Nations Conference on Trade and Development recently estimated that tax havens, including those in the United Kingdom's overseas territories, are costing developing countries at least $100 billion per year. The noble Lord, Lord Thomas, referred to this. The Minister must be aware that the British Virgin Islands was by far the most widely used tax haven in the Panama papers, as referred to by my noble friend Lord Rosser. We have the ability to change that, and we should take the opportunity that the Bill provides to do so.

With the additional challenge of Brexit, it is important that we create an economy, a business centre, that is the best in the world in which to do business legally and is attractive to inward investment but protected from the risks of criminality. I do not agree with the noble Lord, Lord Hodgson of Astley Abbotts, if he is against proper regulation. It is not about box-ticking but about preventing criminality in a proportionate manner.

I have been reading *Faulty Towers*, a report from Transparency International UK which looks at the impact of overseas corruption on the London property market. It makes staggering reading. £4.2 billion of property has been bought in London with suspicious wealth, as the noble Baroness, Lady Kramer, referred to. In 14 landmark developments, almost 40% of future homes were bought by those from high-corruption jurisdictions. Again, I agree with the noble Lord, Lord Faulks, in this respect.

My noble friend Lord Rooker made important points about who owned what property in some of the most expensive parts of London. The shining of sunlight on bankers, estate agents and other middlemen must happen urgently. This situation leads to, among things, a distortion of housing supply, with ordinary law-abiding citizens unable to afford a home in the capital. The noble Lord, Lord Patten, speaking about the effects of criminal activity on the purchase of property in London, made similar points.

My noble friend Lord Anderson of Swansea made important points about properties bought in London with suspicious funds and asked who should ring the alarm bells—should it be the estate agents, lawyers, accountants and the bankers? I bought the home I live in 13 years ago. My wife and I could not afford to buy it at today's prices, and we live in a very ordinary terraced house in Lewisham. That is a problem all over London, with people who work hard, pay their taxes and play by the rules unable to afford a home in the capital.

I agree with the noble Baroness, Lady Kramer, on the need for further protection for whistleblowers. I hope that the Minister will comment on that in her response.

There are many welcome measures in the Bill. Part 1 includes a number of measures, including the creation of unexplained wealth orders, which seek to tackle criminals who claim that they have no assets and are penniless but at the same time appear to control considerable funds. This measure will require an individual or organisation to explain the origin of assets that appear to be disproportionate to their known income. It is a welcome move, as is the extension of disclosure orders to money laundering, which will require someone who has relevant information to answer questions put to them as part of an investigation.

Chapter 2 of the Bill seeks to improve the procedures around money laundering and suspicious activity reports. Allowing the National Crime Agency further time to consider such reports, along with the power to request further information, is again a welcome move. The sharing of information to identify illegal activity is vital, and ensuring that companies can share information for the purposes of preventing and detecting serious crime, with clear legal certainty, will be another important tool in the box. The noble Lord, Lord James of Blackheath, gave a number of examples of shocking practices that have taken place in the past. Such behaviour has to be condemned and stamped out, with, where necessary, people brought to justice for behaving so irresponsibly, aiding criminality and putting lives at risk.

Tax evasion is a crime. I welcome provisions in the Bill that seek to disrupt this activity and in particular to deal with the issue of a company operating a business in the UK being able to escape criminal liability because a tax loss is suffered in another country

[Lord Kennedy of Southwark]
rather than the UK. This will be of particular benefit to developing countries, which are at great risk of such activity.

Additionally, I welcome the introduction of new powers in respect of forfeiture and seizure of assets. I will want to probe in Committee whether we have got the list right and whether the process to amend it by the affirmative procedure is the correct way to proceed.

The Bill also seeks to extend the powers of various officials and agencies. We will again probe in Committee whether the new measures are both proportionate and fit for purpose.

The second part of the Bill extends powers provided for in Part 1 so that they can apply to investigations in relation to terrorist assets and terrorist financing. These measures are welcome. We must always be vigilant and ensure that we have in place measures to assist the appropriate authorities in carrying out investigations into terrorist offences. I am sure that the Minister will acknowledge the sometimes grey area between money laundering offences, criminality and terrorism offences, so having powers that work across the piece is important for those engaged in the work to keep us safe.

Part 3 introduces a welcome new corporate offence of failure to prevent tax evasion, but we will want to explore in Committee what further can be done. The noble Baroness, Lady Bowles of Berkhamsted, is right that people have the right to know who owns which companies and to be clear about the chain of responsibility. Economic crime must be policed with vigour. Good companies will have proper procedures in place and those that do not will be forced to take action. The Prime Minister has committed to getting tough on irresponsible behaviour in big businesses, and that is an aim I welcome very much.

Cracking down on corporate economic crime has the potential to deliver significant savings to taxpayers and ensures that the vast majority of businesses that act responsibly and play by the rules are not put at a competitive disadvantage. It would be useful if the Minister could comment on how she sees the present balance of the corporate liability regime and whether there is not a case for reform to make it easier to prosecute those companies that commit offences.

I again confirm that I welcome the Bill. We will seek constructively to probe and challenge the measures contained in it so that we send back to the other place an even better Bill that can tackle effectively and proportionately all the issues that Members around the House want dealt with, with people protected and kept safe, which is the first duty of government.

2.17 pm

Baroness Williams of Trafford: My Lords, I thank all noble Lords who have taken part in this Second Reading. We have had a very constructive debate and consensus across the piece that there should be general support for the Bill. Clearly, we will take a few things further in Committee—I think I know what they are.

The noble Baroness, Lady Stern, said that I must be very happy to be introducing a Bill such as this. Yes, I am. It will further enhance our ability to bring to book those who seek to engage in corruption and tax evasion and benefit from all those other proceeds of crime.

I will turn first to the Crown dependencies and overseas territories, because it is what most noble Lords have mentioned today. The Government agree about the importance of combating grand corruption. International corruption threatens the progress of many developing nations, and this country must do everything in its power to leverage our international status, and that of our financial sector, to combat it.

There is clearly still much to do, but the Crown dependencies and overseas territories with a financial centre have made significant progress on the commitments that they made in the run-up to the London anti-corruption summit last year. That summit positioned the UK as a global leader in the fight against corruption, and the Government have not changed their position. As the noble Lord, Lord Rosser, and many other noble Lords pointed out, the UK has created its own public register. We are leading the way, and we hope that others will follow. Progress is being made, and I encourage noble Lords to recognise the considerable amount of work that is going on in this area. I take this opportunity to thank my noble friends Lord Flight and Lord Faulks for outlining the progress that is going on in the Crown dependencies as we speak.

The noble Lord, Lord Rosser, asked whether we can legislate for the overseas territories and Crown dependencies. We have the power to legislate for the overseas territories and Crown dependencies, but we do so almost always with consent. Where we do not, it is on moral and human rights issues, such as homosexuality and the death penalty. However, just because we can legislate for them does not mean that we should do so when we are working with them to implement existing agreements on a consensual basis. This has already delivered significant achievements, and it is right that we continue with this approach.

Obviously, our long-term ambition remains that publicly accessible registers of beneficial ownership will become the global standard. Should this happen, we would expect all jurisdictions to meet this standard, including the overseas territories and the Crown dependencies.

Lord Watson of Invergowrie: I welcome the fact that discussions are continuing with the overseas territories, but they seem to be left entirely open-ended. In my contribution, I asked for a deadline. I do not believe that the Minister will give me one now, but there has to be some point beyond which we say to the overseas territories, "We've tried discussing this with you, we've tried to carry you with us, but if you're not coming, then we have to take positive action".

Baroness Williams of Trafford: I hope I can be helpful to the noble Lord. Progress is being made, but at a point at which progress is not made, we may have to take a different view. As we see it now, the overseas territories have come an awfully long way from where they were even this time last year. My noble friends have given the House an update on how much progress the Crown dependencies are making. The point is that there is progress. Were progress not to be there, I might have given a different response to the noble Lord. I hope he is satisfied thus far with what I am saying.

Lord Anderson of Swansea: Is there not the danger in the argument of a level playing field of a comprehensive public register across the board that that will never be achieved, because there will always be some countries which would hold out against it? All one can reasonably hope for is the greatest measure of agreement.

Baroness Williams of Trafford: The noble Lord is absolutely right that we will never get a global homogenous position with every country being equally compliant. We are aiming for those territories and Crown dependencies to work towards the standard to which we aspire. That is where we are at this point. I hope both noble Lords are satisfied with that.

I trust that this House, like the Commons, will recognise the constitutional settlement that we have with these territories and agree that we should look to work consensually with them rather than enforcing legislation.

The noble Lord, Lord Rosser, and my noble friend Lord Faulks made the point that there is no point in legislating if law enforcement agencies do not have the resources to deliver. I understand the concerns raised regarding law enforcement and the resources available fully to implement these new powers. I am pleased to say that £764 million has been invested in law enforcement agencies since 2006 and that more than £257 million has been invested over the past three years under the asset recovery incentivisation scheme—otherwise known as ARIS—which returns recovered assets back to the front line. These moneys are used by law enforcement for reinvestment in law enforcement capabilities or in community crime prevention schemes.

In addition, the Home Office share of ARIS is invested in front-line capabilities, including the regional organised crime units, ROCUs, which have received more than £100 million in direct funding from the Home Office since 2013-14. We reformed ARIS to boost the resources available to tackle serious and organised crime. A top slice of £5 million has been set aside every year until the end of this Parliament to fund key national asset recovery capabilities.

The noble Lord, Lord Rosser, also asked which agencies can use the powers in the Bill. The powers in the Bill can be used by a variety of law enforcement agencies, not just the NCA. The police, the Serious Fraud Office, HMRC, the Crown Prosecution Service and immigration officers will be able to use the new powers in the Bill to investigate money laundering and seize criminal assets.

My noble friend Lord Faulks asked about the effect of partial compliance with a UWO. If there is compliance or purported compliance, the rebuttable presumption that the property is recoverable does not arise. However, law enforcement has valuable information and can pursue an investigation, if relevant. If the purported compliance is false or misleading, it will be an offence.

My noble friend also asked why so few UWOs are predicted—20 per year—and why the amount expected to be recovered as a result of UWOs is so small. A number of other noble Lords alluded to this. I reassure noble Lords that the figure given in the impact assessment is a conservative estimate based on the views of operational practitioners. It is not a definitive indication of how often this power will be used. The Government are keen that these powers are used in as broad a range of cases as possible, and we are already actively engaging with law enforcement and prosecutors to encourage the use of all the new powers being introduced by the Bill. Ultimately, it will be for the enforcement authorities, which are operationally independent, to decide when and how often to use these new powers. We will carefully monitor and review the use of UWOs once they are introduced. This will inform future changes that may be needed to ensure that they are being used to their maximum effect.

My noble friend also asked what we have learned from the use of UWOs in Australia. As part of the work developing our draft legislation, we have noted with interest the experience of other jurisdictions which have existing provisions for UWOs, Australia being one of them.

The noble Lord, Lord Rosser, and other noble Lords spoke about corporate failure to prevent other economic crime and asked why the Government have not created a corporate liability offence in respect of failure to prevent economic crime. The damage caused by economic crime perpetrated on behalf of, or in the name of, companies to individuals, businesses, the wider economy and the reputation of the United Kingdom as a place to do business is a very serious matter. However, the Government believe that it would be wrong to rush into legislation in this area and that there is a need to establish whether changes to the law are justified.

On corporate criminal liability for economic crime, the Government launched a public call for evidence on 13 January—which I think one noble Lord alluded to—which is open until 24 March. This is part of a potentially two-part consultation process. It has requested and will examine evidence for and against the case for reform and seeks views on a number of possible options, such as the Bribery Act failure to prevent model. Should the response the Ministry of Justice receives justify changes to the law, a consultation on a firm proposal would follow. We are therefore not in a position to comment on the timetable for reform, should that be the way forward.

The noble Lord, Lord Rosser, made a point about SARs reform, which was mentioned during the consultation on the Bill but is distinctly lacking in the Bill. He asked whether SARs will be prioritised as major and trivial. Reform of the SARs regime is a crucial part of the Government's *Action Plan for Anti-money Laundering and Counter-terrorist Finance*. We have established a programme to reform the SARs regime, working collaboratively with partners in line with commitments published in that plan. The Government are seeking improvements in the short, medium and long term, and the legislative elements in the Bill are only one element of the wider reform that is required. During the review of the SARs regime that the Home Office ran in 2015, a number of regulated-sector companies suggested that suspicious activity reports should be prioritised. We will consider this as part of the SARs reform programme.

The noble Lord, Lord Rosser, suggested that the anti-money laundering regime is confused and ineffective and asked what HMG are doing to reform

[Baroness Williams of Trafford]
the 27 supervisory bodies. The Government consulted on reforms to the anti-money laundering supervisory regime in the autumn and have considered the responses. The Treasury intends to publish the outcome of that review in the coming weeks in order to ensure the most effective possible supervision of the regulated sector.

The noble Baroness, Lady Kramer, talked about whistleblower protection.

Lord Hodgson of Astley Abbotts: My Lords, does that mean that the results of the consultation will be available in time for Committee? What was discovered as a result of that consultation will inform our debate on money laundering in a very important way.

Baroness Williams of Trafford: I can find out and let my noble friend know. I did say a matter of weeks, so we may be in luck.

Protection for whistleblowers under the Employment Rights Act 1996 means that dismissal for whistleblowing is automatically unfair. BEIS is reviewing legislative provisions around protecting whistleblowers in the workplace and will make recommendations on how we might strengthen them.

My noble friend Lord Faulks and another noble Lord referred to the *Observer* article about individuals using the tax on enveloped properties and asked what was to become of that. We are providing new investigate powers, including UWOs, which will make it easier for our law enforcement agencies to investigate money laundering in the London property market and recover the proceeds of crime. However, the issue will not be solved by law enforcement action alone. We need to ensure that lawyers, estate agents and other professions, as many noble Lords have mentioned, are complying with their obligations under the Money Laundering Regulations. To that end, the Treasury has launched a review of the anti-money laundering supervisory regime and will publish the findings imminently.

In addition, the Government intend to publish a call for evidence, seeking views on a new register of overseas companies that own property in the UK. We hope to do so shortly and will then introduce the relevant legislation when parliamentary time allows.

Lord Rookie—sorry, I mean the noble Lord, Lord Rooker; I do not know why I called him "rookie"—talked about the Government ensuring that the Magnitsky power will be used. The expansion of the civil recovery regime is a significant step and adds to the suite of powers available to UK law enforcement agencies, including the NCA, to combat money laundering and other serious crime. Ultimately, it will be a matter for the agencies to decide which powers are justified on a case-by-case basis, but the use of this power will be subject to the relevant safeguards in Part 5 of POCA. In particular, law enforcement agencies will need to be satisfied and have the evidence required to satisfy a court on the balance of probabilities that property in the UK is the proceeds of gross human rights abuses or violations overseas.

The noble Lord, Lord Rooker, talked about fines on banks in the UK. He raised the issue of banks in the UK not being penalised for laundering funds from overseas. I have a huge list of fines, which I will not read out today, because it would take up valuable time in responding to the noble Lord's point, but I will send it to him and other noble Lords and place a copy in the Library.

My noble friend Lord Faulks asked about deferred prosecution agreements in the Bribery Act, and I thank him for his words on DPAs. I agree that they are a very useful tool that encourages companies to engage with law enforcement and self-report wrongdoing. It is used effectively for bribery overseas, for example, in the case of Rolls-Royce, and it will be useful in bringing new offences under Part 3.

The noble Lord, Lord Flight, asked what the Home Office is doing to improve asset recovery and said that not enough is being recovered. More assets have been recovered under this Government than ever before. In 2015-16, we recovered more than £255 million-worth of criminal assets using the POCA powers. We have delivered our 2015 manifesto commitment to return a greater share of recovered assets to the police. When performance exceeds the baseline set in 2015-16, additional receipts will be invested in the regional asset recovery teams, which I think is the right way. The 50% share of recovered moneys that are already invested, including in local police forces, will be unaffected.

The right reverend Prelate the Bishop of Oxford talked about the large proportion of African wealth invested in tax havens. The UK is working precisely on that to bring corrupt leaders to justice and recover the assets that they have stolen, quite often from their own people, as the right reverend Prelate said.

In 2014-15, DfID's gross losses to fraud and corruption were approximately £2.3 million, recoveries were £1.5 million and the net loss was therefore £750,000, which is a recovery rate of 67%.

The noble Lord, Lord Rooker, asked about procurement, particularly in the public sector. HMG are acutely aware of the risks that central and local government face, and that is why procurement is one of the priorities in the forthcoming anti-corruption strategy. He and other noble Lords have praised my right honourable friend in the other place, Sir Eric Pickles, and I join them in that praise.

The noble Lord, Lord Flight, and other noble Lords made a point about domestic PEPs. According to the Financial Action Task Force and EU law, politically exposed persons must be subject to some sort of enhanced due diligence in recognition of their influence, their authority and their prominence in public life. Our view is that banks should take a proportionate and sensible approach to know-your-customer measures for Members of Parliament, Peers and other UK PEPs. I fully accept, because I have heard various anecdotal evidence, that perhaps this is not being consistently applied across the piece.

I hope noble Lords will indulge me for one more minute, because I have quite a few things to get through. The noble Baroness, Lady Whitaker, asked when UWOs will take effect and when the code of practice will be available. At the earliest opportunity is the answer to that.

The noble Baroness, Lady Bowles, made a very good point about company director disqualification. Where a director is convicted, they can be disqualified as part of their sentence. Where a company is convicted of a Part 3 offence and the director is not party to that, fairness requires a separate hearing of application to disqualify. Where a director of a corporation is implicated in wrongdoing, they can be subject to prosecution. If their actions amount to criminality or facilitating tax evasion where their actions fall short of being criminal, investigators can already investigate whether they are fit and proper to continue to hold the position of a company director and report their findings to the Secretary of State.

I realise that I am well over my time and will have to write to noble Lords, as I still have a wad of answers here. I finish by again thanking noble Lords for what has been a very enjoyable debate.

Bill read a second time and committed to a Committee of the Whole House.

International Women's Day

Motion to Take Note

2.41 pm

Moved by ***Baroness Shields***

That this House takes note of International Women's Day and the role the United Kingdom plays in promoting gender equality globally.

The Parliamentary Under-Secretary of State, Department for Culture, Media and Sport and Home Office (Baroness Shields) (Con): My Lords, as we come together in your Lordships' House today, millions of people around the world are celebrating International Women's Day: people who have travelled very different paths and faced difficult challenges but who are united in the belief that no country can truly flourish—socially, economically or democratically—if it leaves half its people behind. This year's theme is, "Be Bold for Change".

In some regards, it is a sad indictment that despite the integral role that women play in every aspect of life, we still struggle to be considered equal. In the opening years of the 20th century, courageous women joined hands and stood beside each other in solidarity. Outside this very House, suffragettes fought for women's rights in our democracy, yet more than 100 years on, we are still striving to become a society that is truly equal. I feel a great sense of unity and purpose in this House, especially on the issue of gender equality, and I have every confidence that there will be a significant and meaningful debate today. But this debate goes way beyond our borders: the responsibility to raise awareness and tackle gender inequality in all forms is universal. It sits at the very heart of achieving fundamental human rights and equality for all.

In this country, we can be enormously proud of the progress we have made on gender equality. This Government have made great strides in ensuring that men and women are rewarded equally for their skills and abilities. More women than ever are in work, and the gender pay gap is at its lowest point, but we must persist. The new gender pay gap regulations, which will come into force next month, will provide greater transparency and move us significantly in the direction of eliminating the pay gap altogether. This progress, combined with our introduction of shared parental leave and pay, is also an important step in recognising the often undervalued work that women do. It goes a long way to addressing the impact of punitive career setbacks that occur when one parent takes on the lion's share of domestic responsibilities.

I remember those painful setbacks myself. As a single mother, I experienced the immense pressure of wanting to be a perfect and indestructible parent while having to support my son and trying to lead a successful professional life. It is a balancing act that is often misunderstood and can be incredibly challenging and heartbreaking, which is why it is of the utmost importance that we give single parents the credit and support they deserve. Luckily, in my professional life I have had the privilege of working in some of the most forward-thinking, creative and innovative companies, and throughout that experience I have witnessed great women contributing their skills and talents to improving our lives through technology and innovation.

Technology has the power to be the great leveller. The internet represents opportunity on a massive scale and in theory empowers equally, yet when it comes to the question of women and their place in the technology sector, this rule does not seem to apply. Indeed, often it is quite the opposite, as men outnumber women and dominate senior roles. Women currently fill less than 30% of tech jobs in the United Kingdom. One explanation is that there are simply not enough women applying for these roles and even fewer girls studying science, technology and coding in secondary schools.

This was not always the case. In fact, women in the UK played a significant role in the beginnings of modern computing. The portrait of Ada Lovelace, which hangs proudly in No. 10 Downing Street, is a testament to this. The Countess of Lovelace was a brilliant mathematician who wrote the first instructions for the analytical engine which launched the birth of computing. We cannot forget the proud tradition of the pioneering women code-breakers of Bletchley Park—or women in science and technology the world over, for that matter. For example, there are those who worked for NASA, as portrayed recently in the Oscar-nominated film "Hidden Figures". These brilliant African-American women scientists calculated crucial flight trajectories for Project Mercury and other successful space missions, but received faint praise at the time.

By the 1980s, the advent of home computing made the industry lucrative, and we started seeing advertising showing teenage boys playing videogames, making them suddenly the de facto experts in this once female-friendly business. Jobs in IT became high status, and as the pay packets grew bigger, men took over the jobs previously done by women. So much so, that in my first computer science class in 1980, there were just three women in a class of 400.

The Government want women back where they belong, taking the lead in computing. We were the first Government globally to introduce computing in the national curriculum, allowing pupils to learn computational thinking and creativity as active participants in the digital world. We worked with

[Baroness Shields]
some fantastic organisations, such as the Stemettes, which provides effective mentoring schemes and events for young women and girls that give them confidence and the belief that they can succeed in science, technology, engineering and maths. Women Who Code, a global non-profit programme, is working to inspire women and encourage them to embrace careers in technology. Nationwide programmes such as the Code Club provide networks of volunteer-led, after-school coding clubs for younger children and girls in particular. In addition, the Government are supporting women entrepreneurs by investing £2.2 million as part of the superfast broadband rollout, which will enable them to access new markets and grow their businesses online.

The UK is a world leader in gender equality, and we take great pride in that. But outside the UK, millions of girls are kept from attending school, and this is a significant factor in poverty and lack of economic opportunity. UK aid has helped educate 5.3 million girls globally, giving them choice over their futures and the means to secure their livelihoods. We also played an important role in securing global agreement for UN sustainable development goal number 5, which is to:

"Achieve gender equality and empower all women and girls".

Internationally, this Government have been a powerful voice for women's protection and equality. We established a benchmark through the Modern Slavery Act, which gives law enforcement the tools to fight this appalling crime. It gives them the tools to ensure perpetrators are brought to justice and enhances the support and protection available for victims.

Additionally, the Home Office is co-ordinating efforts across government, and globally, to tackle the crime of FGM and is supporting the work of the voluntary and community sectors, survivors and professionals who oppose this extreme manifestation of gender inequality and abuse. This work enables us to raise awareness and to become part of a wider conversation that empowers women globally to have open discussions, both online and offline, about this devastating practice.

I firmly believe that technology is a vital piece of the puzzle in how we effect female empowerment. Today, it is the means by which we communicate, learn, network, and engage with global markets. Digital technologies have great potential as tools for the inclusion of marginalised groups, enabling new kinds of participation in economic and political processes. Recently, we saw this potential in action as women organised online and marched in cities all round the world to defend their basic human rights. However, the digital world must also be safe, inclusive and empowering. That means building resilience through education and equipping all people with the tools to respond to and report harmful content, so that there is no opportunity to use the internet as a weapon against equality.

I know that many women have been recipients of hurtful, aggressive and degrading attacks online. Online misogyny is abhorrent. It is a global gender rights tragedy and must be addressed. We air our views on social media and we are punished with mockery, harassment and the threat of sexual abuse. For many this is compounded by racist and homophobic language. These tactics are used to undermine our human rights and dignity and to silence our voices. To that end, the recently announced review of domestic abuse and violence legislation presents us with an opportunity to simplify the existing wide-ranging legal protections and support people with the information and knowledge they need to protect themselves. Nobody should be left in any doubt of our commitment to ensuring that all women and girls live free from violence and abuse, whether online or in their communities.

Our commitment to this cause is exemplified by the work of the WePROTECT Global Alliance, which was founded and funded by this Government. Today WePROTECT works in collaboration with more than 70 countries, NGOs and law enforcement and industry leaders as part of a multi-stakeholder initiative to galvanise global action and eradicate child sexual abuse and exploitation online.

The newly announced cross-government drive on online safety, led by DCMS, will bring together the Home Office, the Department for Education, the Department of Health and the Ministry of Justice as part of a powerful co-ordinated effort to continue our work to make the internet safer.

We are also using new, technology-led communication to speak directly to young people and to help them recognise abuse. Our acclaimed teenage relationship abuse campaign, Disrespect NoBody, encourages teens to rethink their views on violence, abuse and consent. Young people need information and tools to build healthy, respectful and nurturing relationships. That is why last week, the Government announced a new duty on all schools to provide education on relationships as part of the PSHE curriculum.

The Child Exploitation and Online Protection Centre—CEOP—works across the UK to tackle child sex abuse and to provide advice for parents and young people. This work is both national and international and ensures that online child sex offenders are brought to justice in the UK courts, including those involved in the production and distribution of child abuse material.

Of course, more needs to be done and today's theme, Be Bold for Change, means that everyone is watching expectantly to ensure that we continue making progress. Progress will not come easily—no true progress ever does. However, I am sure that I speak for all noble Lords here today in embracing the commitment to never stop striving towards a truly equal society. I beg to move.

Baroness Vere of Norbiton (Con): My Lords, I remind noble Lords of the advisory speaking time for today's debate of seven minutes, at most, to enable the House to rise by 7 pm.

2.53 pm

Baroness Prosser (Lab): My Lords, I start off by being chastised. I thank the noble Baroness, Lady Shields, for moving today's debate. It is heartening to see that there are contributors from across the House, because we can solve these really difficult questions only if we work together.

Many women around the world will have had the freedom and the wherewithal to celebrate International Women's Day yesterday by organising local events,

social occasions or demonstrations and protests. We are lucky in this country that if we so wish we can do any of those things. However, many women will not have had those opportunities. Either their home countries will have strict social rules about the way women are expected to behave—many not allowing women to be out in public without a male escort—or any questioning of their Government's policies or programmes will be seen as heresy and protesting as too dangerous. Then there are the women who are just too poor to be able to assemble for an objection or even to raise their heads. To be a poor woman in many parts of the world is to be dirt poor with no hope, no personal space and no rights. That is why we, who are by comparison so hugely privileged, must shout out for those women who cannot shout for themselves.

I am pleased that our Government have continued to commit 0.7% of national output to overseas aid and I would welcome the reiteration of that commitment from the Minister today. It is right that solid procedures must be in place to ensure this money is wisely and well spent. However, I am disturbed by the negative tone taken by the current Secretary of State for the department and I hope we can be reassured today that the right honourable Mrs Priti Patel is as committed to this work as we would like her to be.

Next week the 61st session of the United Nations Commission on the Status of Women will commence at the UN headquarters in New York. This year's main theme will be women's economic empowerment in a changing world of work. I have long believed that access to employment is the key to women's equality. To have your own money in your own pocket is a major step towards independence and dignity. Key to achieving this status is the role of education and while the impact of goal 4 of the sustainable development goals has been remarkable, 57 million children globally are still not in school, over 50% of whom are girls. Poor families are much more likely to keep girls at home, either to help run the home or because limited money is always prioritised for boys.

While major programmes such as the SDGs are essential, local work is key. I am currently working to link up a charity in which I am involved with the work of an NGO called the Book Bus, which operates in a couple of African countries. It tours villages with a book bus and helpers, providing books and teaching children to read. Breaking down nervousness at the role of outsiders and persuading parents and whole families that children's learning is key to all of their futures needs slow but respectful confidence building.

Equally, the local approach is essential in building the confidence of women and the support of men to encourage and enable women to participate in local life—generally an essential first step on the public activity ladder. It is a proven point that decisions made by both women and men generally lead to the most sustainable and effective outcomes. UN Resolution 1325, which requires the voices of women in peacebuilding processes, was not introduced as a sop but because we know solutions made by mixed communities produce better results.

This is a subject about which we could talk all day. Much is being done to help women to achieve their potential and much more continues to need to be done. I conclude with a small piece of information from 100 years ago. On 23 February 1917 a protest on International Women's Day led to 12 days of revolt in Petrograd, formerly St Petersburg. On 2 March, Tsar Nicholas II was forced to abdicate and the Russian revolution was on its way. As John Knox said back in the 16th century, beware "the Monstruous Regiment of Women".

2.59 pm

Baroness Barker (LD): My Lords, there is a country where one group of women are allowed to be recognised legally only if they can prove their identity to the satisfaction of a psychiatrist for at least two years. It sounds like Russia. There is a country where women can have their legal identity denied indefinitely by a spouse. It sounds like a theocracy, such as Saudi Arabia. There is a country where some women, in order to obtain legal recognition, have to make an application to a panel which meets in secret, whose composition is never revealed, and when a decision is made there is no right of appeal. That sounds like China—but no, in all three cases I am talking about the United Kingdom. That is how we treat trans women, and men, in our country today.

While England, Wales and Scotland have made significant progress on LGB rights, our trans citizens face discrimination in public services, a damaging lack of understanding in the media by people who should know better, and physical violence. Transphobic hate crime reports rose from 215 in 2011 to 582 in 2015, but prosecutions remained steady at 20 per annum.

In January 2016 in the other place, the Women and Equalities Committee produced a report which made 35 recommendations. On 7 July the Government replied; it was responded to on behalf of a Government in which Theresa May was Home Secretary. Today, I want to ask the Minister about some key points in the report and the response.

The Minister for Women and Equalities has a cross-government departmental role, because trans people face discrimination in a number of different aspects of government. In July, the Government said that they would agree an action plan—an update of the 2011 trans equality action plan, brought into government by my noble friend Lady Featherstone—and that they would monitor progress. We are still waiting, and I ask the Minister when that will happen.

The Women and Equalities Committee had evidence from all sorts of people, including legal and medical professionals, which stated that the inclusion of gender reassignment as a protected characteristic in the Equality Act was a huge step forward at the time, but it is now dated, and what we really need is an updating of that Act to make gender identity a protected characteristic. That could make a fundamental difference to the lives of these women. For example, it would enable political representation—we have no trans people in Parliament whatever. Some of us, in my political party, want to make sure that we give preference to some candidates from minority groups, which includes people from the trans community. In fact, we have adopted a candidate in a seat that we hope to win, but it would have been much easier to do if we had had that change in the law.

[Baroness Barker]

In the inquiry of the Women and Equalities Committee, people testified to the fact that the Gender Recognition Act was in its day pioneering legislation, but it too is dated. It has a medicalised approach and requires people to have a mental health diagnosis to confirm their identity. It runs contrary to the dignity and personal autonomy of applicants. The committee asked the Government within this Parliament to come up with proposals to change the Act in line with human rights legislation. The Minister for Equality said in 2016 that they would do that and make changes to demedicalise the gender recognition process. We are still waiting. When will it happen?

The gender recognition panel meets in secret. Is it monitored? How do the Government know that it is exercising its authority correctly? How do they know whether it is doing so efficiently or whether people's rights are being abused?

Finally, the noble Baroness, Lady Stowell, will not be surprised to hear me raise the matter of the spousal veto, as it was a matter that we talked about during the passage of the Marriage (Same Sex Couples) Act. It is still the case that a spouse can withhold their agreement to a gender recognition certificate being issued to their partner who has transitioned. I cannot think of any other circumstance in which we would allow a spouse indefinitely to punish somebody to whom they had been close to prevent them obtaining the legal identity to which they should be entitled. When we have asked about this before, we have had numbers given to us of how many spousal recognitions have gone through, but we have never had the numbers of people who have been refused. We really do need to stop those women being indefinitely trapped in that situation.

We have done a tremendous amount in this country to lead the world in equalities legislation, but in this one respect we are lagging far behind. It is really important that we begin to pick this issue up very soon. Next year, we will have the Commonwealth Heads of Government Meeting in this country. We left to the Commonwealth a terrible colonial legacy on LGBT rights, but we tell it that it should get better.

Trans women are bold and I think brave in doing everyday things, but they have waited far too long for change. The Government may have hoped that the report sank without trace and that some of us have not noticed, but we have, and we will continue to ask the question until these women get the equality and equal treatment that they deserve.

3.05 pm

Baroness Bottomley of Nettlestone (Con): My Lords, first, I declare my interests as set out in the register. Following the noble Baroness, I was involved in the appointment of the last two chief executives of Stonewall, and I have been involved in the appointment of a large number of women to lead philanthropic and charitable organisations. I know how seriously her words are taken. I say that, along with my good friend the noble Baroness, Lady Prosser, I am so proud to be part of the monstrous regiment of women—and I think that many of us in this House are. One of the joys and privileges of being here is that there are so many women who in their time have broken through barriers and have had a pretty tough and difficult time—but their tenacity, courage and resilience have seen them through.

I cannot help but have a sense of jubilation about some of the achievements in the United Kingdom. Whoever thought that we would have a woman commissioner of the Metropolitan Police, Cressida Dick. This is extraordinary. Whoever thought we would have a female head of the TUC, in Frances O'Grady, who is such an excellent woman. Welcoming the Minister is a particular joy, because her background is very different to that of many of us, who battled on along rather conventional paths. She is an example of the modern woman—a technology expert, an entrepreneur and part of a modern generation. I am also pleased about the noble Baroness who will be winding up because her particular contribution in education is very much at the heart of all that we are achieving.

How can I not mention that now in Britain we have our second female Prime Minister? When I was young, many centuries ago, I never thought that we would have a single female Prime Minister, far less two. Did I ever think that we would reach 30% female MPs? Of course not. When I was an MP, there were 23 female MPs out of 600. I wore a black suit, a blue suit or a grey suit—I have not changed much—on the basis that, if I looked like a man, people would not be too disagreeable to me. We are lagging in the Lords with about 26% of females—that is because we move more slowly—but we have certainly been great pioneers.

However, in being excited about much that has changed in the United Kingdom, I do not for a moment want to underestimate the real issue of global disadvantages faced by women: the lack of education, financial empowerment and human rights. That is why I so celebrate the work of our Prime Minister Theresa May in her former job, on modern slavery, and the seriousness and focus that she gave to that. Within our own country, we all know that there are many women who are disadvantaged and who lack opportunity, freedom and the ability to develop their skills and personality. In celebrating what can be and what has been achieved, I would not like noble Lords to think that I underestimate all that needs to happen in the rest of the world and throughout the United Kingdom.

Frequently, this debate has focused on women in business. I think that we have had a rather exhausting conversation about women on boards, because I do not think that they are the single most important group of females in the United Kingdom. But the transformation is extraordinary. When I was first on a board in about 2000, the board meetings started, "Gentlemen and Lady"—and that is how they continued. Now we have beaten the 25% figure of women on FTSE 100 boards, ahead of time. That was not done by quotas, legislation or other such techniques that many in this country revile, but by exhortation, good example and a healthy bit of naming and shaming. Cranfield University deserves a lot of credit for helping on the naming and shaming, and I celebrate that. Now the latest target is that 33% of the senior leadership positions in the FTSE 100 and 33% of the board positions in the FTSE 350 should be female by 2020, which we were told about yesterday by the noble Baroness, Lady Williams of Trafford.

Of course, it is right that the executive positions are much more difficult to develop and fill with females because of all the difficulties over career breaks—as well as unconscious discrimination, lack of aspiration or role models, and everything else that we understand. However, we now have seven FTSE 100 female chief executives. The first female chief executive of the FTSE 100 was appointed in 1997; we now have seven. The first FTSE 100 female chair came in 2002; we now have four. That is an extraordinary rate of progress compared with the context in which I was operating when I was in government. There is more to do, and I welcome all those who are supporting enlightened employment practices, such as Vodafone and many others who are helping people with their return to work.

I will move forward fast to say something about women and the arts. We all know that in history, "anonymous" meant a female author who did not like to declare her name. The appointment of Maria Balshaw to replace Sir Nicholas Serota at the Tate—our largest, more impressive and iconic arts organisation—is extraordinarily exciting. There is a whole cohort of women coming through: Diane Lees at the Imperial War Museum; Jennifer Scott at the Dulwich Picture Gallery; Perdita Hunt at the Watts Gallery; and many others.

I pay tribute to another woman, Dame Vivien Duffield, who founded the Clore Leadership Programme for the arts, which helped to develop and coach so many of those women. It is not possible to speak in the House without mentioning Hull, the city of culture. Only this weekend there is going to be the Women in the World festival, at which many female artists, such as Lucy Beaumont and Maureen Lipman, are appearing. Many of the new commissions, too, will be female.

Lastly, I will talk about one area where we must see more progress—universities. It is extraordinary that, when we started these debates, about 12% of vice chancellors were women; it is now up to about 20%, but there should be more. Minouche Shafik is taking over as the first female director of the London School of Economics—my alma mater—and the noble Baroness, Lady Amos, is doing the same at SOAS. But the figures are low both for female vice-chancellors and female chairs. I am pleased that there are many female chancellors in this House apart from myself: for instance, the noble Baroness, Lady Chakrabarti, and the noble and learned Baroness, Lady Scotland. We all enjoy it, but only one in three chancellors is female. I ask the Minister to give her own personal commitment to the Athena SWAN equality challenge programme, because it is through education that we are going to deliver the future. The Athena SWAN programme has so much to offer in universities, and with her support and encouragement I am sure that so much more can be done.

3.13 pm

Baroness Ford (CB): My Lords, it is always a great pleasure to participate in the debate which marks International Women's Day and I thank the Minister for her introduction. I always learn so much from my colleagues in your Lordships' House, who in different ways are supporting women in very different walks of life. My pleasure this year is tinged with sadness, in that we will miss hearing from the late Baroness Heyhoe Flint—a frequent and lively contributor on this topic, an inspirational role model as a world-class cricketer and, quite simply, a wonderful human being. I had the great pleasure to work with her in the run-up to the 2012 Olympics and her views on equality and sport were always challenging but always entirely authentic.

I am sorry to disappoint the noble Baroness, Lady Bottomley, because I am going to talk about women and boards—so she can go and have a cup of tea now, if she likes. Unlike her, I do not think we have done enough. It is now 24 years since I joined my first board as a non-executive director. For much of those intervening years, change was painfully slow. In the last six years, though, particularly since the publication of the Davies report, the atmosphere and composition of UK boards has been changing rapidly and very much for the better. By the end of 2016, we had achieved female board membership of over 26% in our largest companies, ahead of the target set in 2011, and approaching 20% for the FTSE 250.

This matters, not just because we need to harness the talents of all our workforce to be genuinely competitive in a global, and post-Brexit, economy, or because it is self-evidently the right thing to do to have leadership teams reflecting the kind of society they purport to serve. I would argue that, to make real progress, women must be deeply embedded at the highest level: in the key decisions around allocation of resources and in critical investment decisions, at a time when some of our hard-won rights have never been under more pressure, around determining culture and behaviours. Although that has always been a strong conviction of mine, I was heartened to see some empirical evidence to support this instinct. Among MSCI world index companies surveyed in 2015, two really interesting findings emerged.

First, companies that had strong female leadership reported a superior return on equity, a key business metric: 10% against 7.4% on an equal-weighted basis. That is pretty significant. Secondly, companies lacking board diversity tend to suffer more governance-related controversies—there is diplomatic language for you—than average. That absolutely chimes with my own observations over the years that women are far more inclined to speak up about what they regard as unacceptable remuneration proposals and far more inclined to take account of the consumer perspective. To me, return and reputation are two key drivers of value in a business and it was highly affirming to see that in those two areas the contribution of women appears to be making a real impact.

So, what has happened in the last six years that has made such a difference, and are we really at a tipping point rather than a plateau? I feel that four factors, as with most changes in public policy, have been at work here.

First, the Government have taken a clear philosophical lead about the changes they expect to see. The initial preference for key targets over explicit quotas was enough to incentivise most companies to wake up, smell the coffee and understand that this was, quite simply, their last chance to engage voluntarily.

[Baroness Ford]

Secondly, the time was simply right. There is a huge talent pool of able, experienced women, ready and willing—and, critically, expecting—to serve at the highest level in organisations. That has been one of the biggest single changes in my business life, together with the diversity of experience now on offer.

Thirdly, public opinion is aligned with this. In an era when our political leadership in the UK at many levels is female, where our academic leadership, our major not-for-profit organisations, our public bodies, our scientific and arts institutions—as the noble Baroness, Lady Bottomley, described—have all embraced diversity, big business simply looks right out of step.

Finally, there has been a range of key enablers supporting the change. For both companies and individual women, the wide range of support and practical help is impressive. That has come in the shape of campaigning groups such as the 300% Club, led by serious business players. I see the noble Baroness, Lady Goudie, who was a leading light in that, in her suffragette purple today. We see it in the kind of excellent programmes such as the FTSE Cross Company Mentoring programme or in the excellent training and networking work done by the great Women on Boards group. In Scotland, my own initiative, the Norton House Group, works with board-ready women, to prepare them for and support them through their first board appointment.

Of course, some firms in the search community have transformed their attitude to diversity. The very best consultants not only have extensive networks of able people from very diverse backgrounds, but are also increasingly challenging chairs and senior independent directors to reflect on the candidate briefs they develop, specifically to challenge unconscious bias. That is a great step forward.

The face of British business is therefore changing. I believe strongly that this is a tipping point and not a plateau. As with all major change, however, we need to keep up the pressure until the change is embedded and normalised, and that will take time, effort and vigilance. But the UK is already a leader now among those countries that do not impose quotas and, indeed, ahead of some countries that do so but do not back those with meaningful sanctions. It appears that the voluntary approach, so far, is working.

Two things will help further with this. I feel strongly that mature, well-resourced boards could easily create space for an additional non-executive director and reserve that place for someone for whom this is their first board role. This would at a stroke widen the pool enormously. Secondly, I think that all search firms operating in the FTSE should annually publish their candidate data to show how diverse their shortlists have been. This will give companies a real insight into which firms actually take this seriously and help inform their choice when appointing these firms in the future. I am very proud to have added my own footnote to all this change. I was very pleased to chair the first company in the FTSE with an all-female senior line-up. As chairman of Grainger plc, I appointed a female chief executive, a female finance director and a female senior independent director. I had a call from one of our major shareholders on his discovering this. He remarked, "All the top jobs are held by women, Margaret. How could this have happened?". I had a very clear answer for him. I explained that we had simply hired the best people.

3.20 pm

Baroness Howells of St Davids (Lab): My Lords, I thank the noble Baroness, Lady Shields, for initiating this debate and for her generous introduction to it. I think that we all enjoyed it and learned from it.

It seems only yesterday that I had the privilege to stand before your Lordships in this very Chamber to mark the 100th anniversary of the International Women's Day movement. Today, I begin with a quote from the esteemed American historian, Laurel Thatcher Ulrich, who once famously said:

"Well-behaved women seldom make history".

Her quote sits well with this year's International Women's Day theme, "Be Bold for Change", for millions of women across the globe will be coming together at this time in March for a common purpose—equality of opportunity. They all know a simple truth: that if we are mindful of our todays, then we are duty bound to make change to improve our tomorrows.

I will concentrate on women whose skin colour is black because they carry the burden of double discrimination. Over the years I have been fortunate enough to witness many advancements in the old world of race relations and the modern one of diversity and inclusion. Back in 1971, just 2% of the UK population were identified as not white. Today, that figure is 14%, and by 2030 it is expected to be nearer 20%. Despite this, ethnic minorities make up only 6.2% of the country's small and medium-sized enterprises, contributing £25 billion to £32 billion to the UK economy per year, whereas women-led enterprises add around £70 billion per year to the economy. Yet I remain mindful that if women of the world are to win the global change we seek, battles closer to home must be won. With women making up 51% of the population in the UK and being responsible for the majority of household expenditure, closing the gender pay gap provides us all with a clear opportunity to tackle one of the challenges closer to home that we must win to allow our daughters and our daughters' daughters to be seen as equal in the eyes of society.

They say that necessity is the mother of invention. After the Second World War, the colonies were invited to support the mother country yet there was no special service provision for them. One of the hardest issues was the need for hairdressers to look after their hair. One of the problems with coming to a cold country when you have African Caribbean hair is that you have a lot of work to do to get it right. African Caribbean women throughout our metropolitan cities faced financial exclusion and were told by bankers, "We do not on principle lend money to black people". They were forced to use the kitchen stove and the hair comb to straighten their hair so that they could cope in society. They needed to do that as the weather was bad. The fact that they needed help but did not get any did not stop them. Today, you can find hairdressers and beauty salons run by black women on the high streets of the towns of this country.

I know what those women suffered because I came here in 1951 and witnessed immigration. They had to help themselves. However, they received support from some people. Black women have set up groups such as Black Women Mean Business and the European Federation of Black Women Business Owners to facilitate progress. I have the honour to be the patron of the latter body. I hope that noble Lords will forgive me for talking about it because it comprises an amazing group of women. Never having been involved in business, I find it very difficult to know what that body is doing but, by God, it is good. Each year we hold several meetings with people who are trying to ensure that we take our place lawfully, but wilfully, in a nation that still carries double discrimination: skin colour—and noble Lords know the other one.

Young women from across the spectrum are taking science, technology, engineering and mathematics, otherwise known as STEM subjects, in far greater numbers than in the past. We, in Parliament, must continue to encourage young women to be fearless in resisting the "geek" label and continue this trend, ensuring that the engineering and science careers of the future do not remain solely male bastions. Noble Lords will know from the newspapers that young black women play a great part in that.

On 13 March 2013, 1 had the temerity to raise the question of black women on boards in this Chamber. I will not tell the House the response that I had from some Members of the House. Noble Lords may read it for themselves in *Hansard*. However, I am pleased to say that there are instances where the number of black women on boards has improved. Sir John Parker's recent review into ethnic diversity on UK boards, *Beyond One by '21*, recommends, among other things, a deeper trawl of talent and an improved pipeline to spot black and minority ethnic gifted individuals to be boardroom directors of the future. In addition, the report of the noble Lord, Lord Davies, *Women on Boards,* has been a huge success, helping the nation to exceed its targets in enabling more women to hold seats in FTSE 100 companies. When I first brought this question to the House, I was pooh-poohed, but it has happened. I am pleased to congratulate the people in this House who supported me at that time. However, we must continue to nurture black female talent, helping them to move beyond the "Imposter Syndrome" in the workplace, which is a novelty to the men of this world.

3.28 pm

Baroness Brady (Con): My Lords, it is an honour, as always, to speak in this House, particularly as it concerns International Women's Day, which took place yesterday.

The day is about celebrating women and their contribution to our societies, our communities, our Governments and our nations. But I hope that we do more than that. We are seeking action and we are seeking change. Indeed, as we have heard, the theme for the day this year is "Be Bold for Change", and we must.

EY, which should be commended for its support for the day, has a clock on its website counting down to the day we reach gender parity. At least there is a clock, one might think. Indeed, the *Spectator* wrote a leader recently, essentially saying that the problem was being solved and that the pay gap only really existed for women over 40. I hope it is right because at present, the clock stands at 170 years until we reach gender parity. That is surely why we must be "Be Bold for Change". Indeed, taking an international view, there is still much work to be done. The UN estimates that only 50% of working-age women are represented in the workforce, compared with a figure of 76% for men. And we know it is not because women are standing idle. It is because our economies simply do not recognise the work that many women do. If they are not in low-paid, low-skilled jobs, they are in the informal economy—in social care and domestic roles that, sadly, go unaccounted for. This is not choice; this is not gender parity. But what kind of change must be made and who is the change-maker?

The starting point for some is government and, indeed, there are things government can do. I welcome, for example, the UK's move to gender pay gap reporting for companies with more than 250 employees. There are limits to what the law can do, but there are no limits to what business can do to drive forward workplace equality and bring the 170-year clock down to meet the UN's Planet 50-50 goal by 2030. To those who ask, "What about profitability? Isn't that the only thing business leaders should be concerned with?", I ask them to read a report on harnessing disruption. Business leaders will be familiar with this challenge. Innovation is about profits, but it is also about survival. Anticipating change and incorporating it into your business is vital in a globalised economy. The report talks of such things as advances in digital and big data analytics—all important trends that, if missed, mean a business can find itself behind a curve it can never get ahead of again.

What do these trends have to do with International Women's Day? The full title of the report is actually *Navigating disruption without gender diversity? Think again!* It goes on to explain that, without incorporating what should be a mega-trend—gender diversity—into the workforce, businesses are far more likely to miss disruptive technology. Indeed, a recent report from the Peterson Institute found that 30% female participation on boards can add six points to a company's net margin—and 30% is not even gender equality.

Yet, the EY report says that 23% of business leaders expect no change to gender diversity in the next five years. So, despite debating it here, in this Chamber, at the heart of government, those who must do the most to "be bold for change" are not Ministers but CEOs and chairmen. They must do it, not because of government policy, not because of equality for equality's sake and not because of International Women's Day: they must do it if they want to survive and thrive. CEOs should look at whether they have done enough to attract and retain top female talent. That is the greatest hedge of all.

CEOs, business leaders and especially those like myself who sit in both political and corporate camps, need to ask themselves the same questions Emma Watson asked herself when she stood up in front of the UN and said:

"If not me, who? If not now, when?"

[Baroness Brady]

I nearly made it through a whole speech without mentioning Brexit but, alas, business leaders I speak to are rightly concerned about it. Actually, they should be just as concerned about whether they have a plan to attract the best talent to compete, without missing out on half the population. If they do not, the terms of market access, passporting, the single market and the customs union might not be what does for them after all. Top female talent might just be the best insurance they can buy.

3.33 pm

Lord Singh of Wimbledon (CB): My Lords, I thank the noble Baroness, Lady Shields, for securing this important debate. I believe our different faiths in the UK can do much to promote the full equality of women in this country and further afield.

Equality does not mean we are all the same; it means equality of opportunity and of respect. There are a few things that men can do better than women and, from my own experience of having a wife and two daughters, there are many things women and girls can do better—like dominating family conversation and not letting me get a word in edgeways. My wife and children, however, always turn to my expertise in choosing clothes. It goes like this: we enter the shop and I go for the nearest chair to sit down, while they spend ages looking at different dresses. When they have narrowed the choice down to one or two, they come to me. I smile smugly and say, "This one". They then look at each other, smile and say, "We'll take the other one".

In the past, the roles of men and women in the family were quite distinct, with the man being the major breadwinner and the woman the main carer. The welcome move to greater equality in society has resulted in wider acceptance that both roles are important and that there is nothing demeaning in men playing a greater role at home. While in our family I am still the hunter-gatherer—I frequently brave the charge of supermarket trolleys as I hunt for food—I also sometimes do the dishes and cleaning.

Sikh teachings place a strong emphasis on the equality of all human beings. Right from the start, Guru Nanak—the founder of the faith, born in 1469—made clear that this teaching of full equality and dignity included women. In a memorable line, the guru criticised prevailing negative attitudes to women, saying, "How can we call those who give birth to kings and rulers, lesser beings?". In 1699, when Guru Gobind Singh gave Sikh men the common name Singh—meaning "lion", to remind us of the need for courage—he gave the name or title "Kaur", meaning "princess", to women, to remind them and others of their elevated status in Sikh society. On reflection, that seems to be a bit more than equality. I would rather be a princess than a four-legged beast.

Incidentally, when the Punjab was taken over by the British and the son of the legendary ruler Maharaja Ranjit Singh, was exiled to Britain, his daughter became a prominent suffragette. In the Sikh marriage ceremony, the couple are reminded of their equality and their responsibility to work as a team in looking to the needs of the family and wider society.

The Sikh gurus were aware then—as is sadly still true today— that war is often used to justify brutal treatment of enemy women. Sikh teachings remind us that in times of conflict, women and girls should, as appropriate, be regarded as mother, sister or daughter and be treated as such.

Sikh teachings on the equality and dignity of women were way ahead not only of society at that time, but of much of society today. However, we cannot afford to be complacent. In some Sikh families, the still-negative culture of the sub-continent sometimes overrides religious teachings, with girls being treated less favourably than boys, promoting a false sense of male superiority. Today, Sikhs and non-Sikhs need to do much more to make the dignity and complete equality of women the norm, within our different faiths and in wider society.

3.38 pm

Baroness Jenkin of Kennington (Con): My Lords, it is a pleasure to speak in today's debate, introduced so ably by my noble friend Lady Shields. I made my maiden speech in the International Women's Day debate six years ago and I am glad to say that today I rise with a little less trepidation than I did on that occasion.

We all have our daily routines, do we not? My first is a cup of tea in bed with Bernard, trying to have a chat and distract him from reading the papers. My next is 120 squats while I clean my teeth. Then, as I cycle over Lambeth Bridge, I think about two things. The first is how lucky I am to have been born with the golden lottery ticket of life—to live in a largely generous, tolerant and fair society. The second, as the noble Baroness, Lady Prosser, said, is to remember those who do not.

Every day I remind myself of the women around the world who are born to abject, grinding poverty and live utterly miserable lives. Those lives are blighted from birth. Often they experience FGM, followed by early and forced marriage, usually to much older men. Millions experience gender-based violence. Many are effectively slaves or are trafficked across the world. There is no escape for them. They have little or no access to any form of birth control, very little knowledge of sexual or reproductive rights and no choice of when or how to have their families. I particularly welcome the Government's prioritisation of family planning and the forthcoming summit later this summer.

But the greatest injustice in these girls' lives is the lack of access to education. We all know that the world would be a much better place if all girls went to school and that the key to helping developing countries solve their problems is educating their female populations. There are still 61 million girls across the world between the ages of five and 14 who are deprived of an education. In countries such as Nigeria, Afghanistan and Pakistan there are millions of girls who never get the chance to enter a classroom.

If political leaders around the world would wake up to the benefits, and the essential justice, of educating the daughters of their countries just as surely as they educate their sons, their economic growth would be boosted, their population pressures would reduce, infant mortality would drop and child nutrition would improve.

We in this country should be proud that our Government are so committed to supporting the women and girls development agenda. For example, through DfID, we have helped 6 million girls attend schools in Punjab province in Pakistan, and I look forward to the day when every girl has the same chance.

I very much welcome the appointment by the Foreign Secretary of Joanna Roper, a senior diplomat, as a special gender equality envoy. I look forward to hearing more about how she plans to support this agenda. I am sure that she will hold these girls in her heart, as we all do.

In my remaining minutes, I move swiftly to another topic. Next year will obviously provide an opportunity to commemorate the centenary of some women's right to vote, but this year too marks a special milestone in that journey. Noble Lords may have visited the current exhibition in Portcullis House focusing on the anniversary of the Speaker's Conference in 1916-17. Speaker Lowther, the ancestor of my noble friend Lord Ullswater, said at the time:

"I cannot pretend that I look forward to it with enthusiasm. I fear that the number and complexity of the issues, which will be raised as we proceed, will overwhelm us and it will be almost impossible to obtain anything approaching unanimity upon the more important topics which will come up for discussion".

But after many meetings, and a number of votes, an agreement was finally reached that led to the Representation of the People Bill. One of the most dedicated women's suffrage supporters at the conference was Willoughby Dickinson MP. He was the only one of the conference members with a perfect record of both attending and voting in Parliament in all the Divisions on women's suffrage. Dickinson recorded that on 10 and 11 January 1917 the conference agreed to consider the question of women suffrage by 18 votes to four and that they agreed that there should be some measure of women's suffrage by 15 votes to six, but a Motion that it should be on the same terms as men was lost by 10 votes to 12. However, on 29 January he wrote:

"I made my proposition that vote should go to occupiers or wives of occupiers, and this carried 9 to 8. Thus by a majority of one, suffrage clause went forward!".

Sir Willoughby, I am proud to say, was my great-grandfather, and in the exhibition is a photograph of him with his daughter—my grandmother—as she took her seat in the House of Commons in 1937. I can only imagine how astonished she would be, as the only Conservative woman MP in 1945, to see, with the election of Trudy Harrison a couple of weeks ago, 70 Conservative women MPs and our country led by our second woman Prime Minister—something of which I am very proud. I think she would also be astonished to find me on these Benches.

3.43 pm

Baroness Donaghy (Lab): My Lords, I thank the noble Baroness, Lady Shields, for introducing the debate. I hope that I will not be considered a fraud by taking part in a topic which has a global dimension. My international involvement in women's campaigns took place in the 1980s and 1990s, and I will be concentrating today on the impact of government policies on women in the UK.

In all the globe-trotting that I did, whether it was to a women's conference in New York in the 1980s, with Gloria Steinem as the guest speaker and where I think I made a speech about the Greenham Common women, or to South Africa—I was in Soweto in the late 1980s to witness the founding of NEHAWU, a healthcare workers' union with a majority of women members—I learned three things: first, that it is inspiring to be among women who are dedicated and supportive of each other; secondly, that role models are important; and, thirdly and most importantly, that women globally need no lessons from us in the UK about how to improve their lot. I was humbled by their commitment and by the sacrifices they had made.

However, in my contribution I want to say more about the pay gap in the UK, the care economy and the gender impact of taxation and social security policies. I turn, first, to the pay gap in the UK. Tuesday was a significant day in more ways than one—not just because of the debate on Brexit, where women had to fight to be heard on both sides of the debate, but because it was the day when the average woman worker stopped working for free before they caught up with men. In the 66 days since the start of this year they have been working for free.

The reasons are the same as they were when the Equal Pay Act became law 45 years ago: the undervaluing of roles predominantly undertaken by women, unequal caring responsibilities and outright discrimination, and all the factors recently confirmed in a report by the Fawcett Society. One key way in which this discrimination could be tackled was by making a claim to an employment tribunal. However, the introduction of fees by the former coalition Government has seen the number of applications fall by 80%. From January to March 2014, just 1,222 sex discrimination claims were made compared with 6,017 in the same quarter in 2013. This is a denial of justice. The introduction of mandatory pay-gap reporting is welcome, but it will work only if there is a requirement to publish an action plan on how employers intend to deal with the problem, with penalties for those who take no action.

I turn to the care economy. A new report by the UK's Women's Budget Group for the International Trade Union Confederation shows that investing public funds in childcare and elder care services is more effective in reducing public deficits and debt than austerity policies. If 2% of GDP was invested in care industries in the UK, it could create up to 1.5 million jobs. The women's employment rate would rise by more than five points in the UK and the gender employment gap would be reduced by up to 25%. This is surely better than the Government's unimaginative and unnecessary austerity policies.

Not surprisingly, we even have gender bias in economic thinking. As the ITUC report states:

"Under the UN-mandated System of National Accounts, investment in physical infrastructure counts as capital stock, whereas investment in social infrastructure is considered as government annual current spending".

One is an investment, the other a cost. If the 2% of GDP on the care economy was applied in other countries, it would mean 24 million new jobs in China, 11 million in India, 2.8 million in Indonesia and just over 400,000 in South Africa.

[Baroness Donaghy]

The gender impact of taxation policies is one of the most insidious forms of sex discrimination. The Women's Budget Group has welcomed the Chancellor's promise to consult on ways to ensure that the taxation of different ways of working is fair between different individuals. It is to be hoped that those consultations will be meaningful. As the group has said:

"Income tax cuts benefit men disproportionately more than women because women earn less than men and rely more on public services that tax revenues fund".

It continues to say that,

"poorer local authorities can raise less money but need to fund greater use of vital services. Women stand to lose most from this inequality".

A year ago, my noble friend Lady Lister of Burtersett asked a question about the impact on women of the raising of personal tax allowances. Of those who will not benefit at all from any rises in such allowances in this Parliament, 66% are women and 41% have dependent children. Raising the higher rate threshold benefits men. According to Treasury figures, 68% of those taken out of the higher rate tax band last time were men. That proportion will rise as the threshold is raised further to 2020. Those extremely costly measures worsen gender equality in two ways. They raise the disposable income of most men and erode the tax base for those who rely on government funds for benefits and public services. By 2020, the lost revenue due to the changes to personal income tax thresholds since June 2010 will be approximately £19 billion. This will be paid for by freezing working benefits and by cutting work allowances and reducing income disregard under universal credit. The latter alone will cost £3.5 billion a year. Both of these affect women: we still have a long way to go.

3.51 pm

Lord Hussain (LD): My Lords, I too thank the noble Baroness, Lady Shields, for introducing this debate. International Women's Day was first observed over a century ago. Progress has been made around the world in the quest for equality. Today, women have gained the right to vote, to run for public office and to enjoy constitutional guarantees of equality in many countries. In many countries, women are active participants in the economy, are acquiring high-level education and are playing a crucial role in the political, economic, social and cultural life of their families, communities and countries. However, there are still situations in the world where the struggle for human rights, equality and the rule of law continues at a heavy price.

At a glance, countries in south-east Asia—namely, Sri Lanka, Bangladesh, India and Pakistan—have progressed well, and women there have held the highest ranks in politics and government. All these countries have seen female Prime Ministers. However, that is a superficial phenomenon limited to the ruling class of these countries, whereas the situation on the ground is very different. I draw noble Lords' attention to Indian-administered Kashmir, where rape has been constantly used by the Indian forces as a weapon of oppression. The high-profile cases of sexual violence in the Kashmir valley show a pattern of intimidation and threats being deployed by the Government, the police and the military so that the cases do not reach trial.

Many victims of the Kunan Poshpora gang rape by the security forces, which took place in February 1991, have died waiting for justice and the justice system has failed to conclude the process of justice during the last 26 years. The victims have been disowned by their families, for reasons of "honour" and "shame," and no support system is available for them in society.

According to the popular newspaper *The Hindu*, on 19 February 2015,

"Last year at a seminar in Srinagar, women from Kunan-Poshpora, twin villages in Kupwara district of Kashmir, publicly recounted the night of February 23, 1991, when soldiers of the Indian Army invaded their lives, privacy and dignity. Masquerading as a 'cordon and search operation to catch militants,' the soldiers of 4th Rajputana Rifles, of the Army's 68th Brigade, entered the villages and launched the most potent tool of repression used in theatres of political conflict — rape, sexual humiliation and sexual torture".

It goes on to say:

"Sexualised violence in wars and conflicts is neither incidental, nor is it a question of sex. When 125 soldiers lay down a siege over a village, separate the men from the women and sexually assault more than 50 women, from ages 13 to 60, it is indicative of a systemic military practice. The intent was not only to terrorise and traumatise the people under assault—they are often accused of harbouring militants—but also sending out a message of retribution to the Kashmir resistance movement".

The newspaper further adds:

"The survivors, who appeared in front of a large gathering in Srinagar, for the first time since the incident, were accompanied by Syed Mohammad Yasin, the Deputy Commissioner of Kupwara in 1991. Yasin broke down when he said: 'I was shocked to see the plight of the women … A woman told me that she was kept under jackboots by the soldiers while her daughter and daughter-in-law were being raped before her eyes. A pregnant woman was not spared either ….' The message of retaliation, humiliation and shame was palpable.

These victims offer suffer from double victimisation through neglect and isolation. The Kunan Poshpora incident is one of many thousands of such rape cases at the hands of the Indian security forces in Kashmir. There is simply no end to it.

In Kashmir, since 1989 the death of a male generation at the hands of security forces has left behind a population of widows and another group of women called half widows. The half widows find their husbands missing during the last 28 years and it is generally believed that they were taken out of circulation by the security services and the police. They are either in custody or have died during custody under torture. Unless there is a closure and a certainty about these missing people, these women cannot get married and are called half widows. Many of these women are unable to find work due to either lack of education, lack of opportunities, family commitments, cultural or religious barriers or fear of travelling alone. Hence they live under extreme agony, fear and poverty.

According to the Association of Parents of Disappeared Persons, a local NGO, more than 10,000 people were missing in Jammu and Kashmir. The Government has admitted that nearly 4,000 are missing. The Amnesty International report of 23 August 2011 identified 2,800 mass graves in Indian-held Kashmir, while no international human rights organisation is

allowed to investigate by the Indian authorities. In August 2016, the United Nations Human Rights Council was refused access by the Indian authorities to investigate these human rights violations.

While the world is celebrating India's economic growth, the world's largest democracy lacks respect for human rights and equity, while its security forces are committing some of the worst human rights abuses with complete impunity. Kashmiri women are crying out loud to the human rights campaigners of the free world to consider them equal and support them to get justice.

On that note, I ask the Minister whether Her Majesty's Government will raise the plight of Kashmiri women with the Government of India at the earliest possible opportunity.

3.58 pm

Baroness Hodgson of Abinger (Con): My Lords, International Women's Day gives us an opportunity to celebrate the progress that has been made for women, but also to identify the continuing challenges and consider ways to address them. I am grateful to my noble friend Lady Shields for her excellent introduction.

We should be proud of the UK's recent global record on gender equality. We led the way in establishing a stand-alone goal as part of the sustainable development goals in 2015; we launched the preventing sexual violence in conflict initiative, or PSVI as it is known; and were the first G7 country to hit the 0.7% GNI UN aid spending target and to enshrine it into law. We have put women and girls at the heart of international development, and protecting women from violence and supporting survivors is a priority for our Government. However, in spite of all these efforts, there is still no country in the world where women have social, political and economic equality—even the UK—so where should we be looking to do more?

In much of the developing world, women struggle against patriarchal systems with societal norms and values that disempower them. In some countries, it is very difficult for a woman to function without her husband and harmful traditional practices, such as forced marriage and FGM, coupled with lack of education and no birth control, mean that women's lives are severely limited. The reality is that equality is enshrined in many of these countries' constitutions, but too often there is not enough political will to implement and enforce such policies on the ground. The UK can help with this by working with those Governments and by funding projects to work with men, as well as women, at grass roots. When male community leaders understand why gender equality benefits the whole of society, they can often be the biggest supporters. I have seen this in countries such as Mali, where I visited a village project that had persuaded people to stop the terrible practice of FGM.

At next week's Commission on the Status of Women meeting at the UN in New York, the theme is women's economic empowerment. When women are given the opportunity to earn a living, they not only lift themselves out of poverty but help to transform their countries. Too often, however, women are confined to the home, unable to choose how many children they have, and are expected to carry out unpaid care work. Nowhere do women suffer more than in conflict countries, where they are disproportionately affected. All too often, they become the victims of the sexual violence that rages—as the noble Lord, Lord Hussain, has referred to in the case of Kashmir—which then becomes embedded into society, even after the fighting stops.

I am a member of the steering board of the PSVI and was also a member of the Select Committee on Sexual Violence in Conflict, which published its report last year. We visited the DRC, and in Goma and the surrounding area we saw, with glaring clarity, the terrible effects of sexual violence on survivors, so I hope that the UK will continue to give a clear lead on this and encourage other countries to take similar action against it.

In countries where women are already the poorest, war also creates millions of widows, who become the most neglected and vulnerable of all. This in turn affects the welfare of their children, denying them education and well-being, and has a negative impact upon the future health and prosperity of the country.

The year 2000 saw the adoption of the ground-breaking UN Security Council Resolution 1325 on women, peace and security. This resolution was established to specifically address the matter of women in conflict around its four pillars of protection, prevention, participation, and relief and recovery. But 17 years on we still struggle to ensure that women play a part in peace processes. This is in spite of evidence that when women are included, there is a 35% increase in the probability of an agreement lasting 15 years. This lack of inclusion is seen startlingly in the Syrian peace process, where a Syrian Women's Advisory Board has been set up in a consultative capacity and, once again, women have been excluded from having a full place at the peace table.

The UK was one of the first countries to adopt UNSCR 1325 and this year it is working on a new national action plan. Progress has been made in recent years, and I pay tribute to my noble friend Lady Anelay, who works tirelessly in her role as the Prime Minister's special representative on preventing sexual violence in conflict. I also mention Tom Woodroffe, who has so ably led the wonderful team at the Foreign Office.

I also congratulate the MoD gender champion, General Messenger, on his outstanding work, and the progress made at the MoD. All UK troops deploying on overseas missions now receive training on women, peace and security and PSVI; more military gender advisers are being trained; and all relevant military doctrine will be gender-sensitive. However, still more can be done. I very much hope that the UK Government will consider making a commitment to ensure that a significant number of participants at any UK-hosted peace, security and aid events are women and will speak out strongly against international peace processes that exclude them.

While I am delighted that the UK has contributed $1 million to the UN global acceleration instrument to address the funding deficit on the implementation of UNSCR 1325, as well as additional funding over two years to support research at the LSE Centre for Women, Peace and Security, I hope that a proportion of UK

[Baroness Hodgson of Abinger]
development aid for fragile and conflict-affected states can be spent on women, peace and security. Most importantly, I hope that there can be an increase in funding for women's rights organisations at the grass-roots level and more support for women human rights defenders.

I want also to draw attention to the Convention on the Elimination of All Forms of Discrimination Against Women, known as CEDAW, which is often described as the international Bill of Rights for women. The UK has never nominated anyone for a seat on the committee since the convention's inception in 1979. Although elected members of the committee sit independently of their nationality, it is clear that they bring their state's culture and outlook to the table and that they can have a profound effect on the committee's deliberations and conclusions. A number of vacancies on the committee are scheduled to come up for election in June next year. Given our long-standing commitment to women's rights and our proud position as a world leader on gender equality, surely we should be nominating a woman from the UK. We need to lead by example, so I ask my noble friend the Minister for an assurance that this will happen, and I trust that we will not be given more excuses.

In conclusion, while we have much to celebrate today, there is still more that we can do. Among other things, in May there will be a London-hosted conference on Somalia. I hope that the Government will be including the voices of women from Somalian civil society and once again showing the lead—by being bold for change.

4.05 pm

Baroness Cox (CB): My Lords, I also congratulate the noble Baroness, Lady Shields, on giving us this opportunity to celebrate the achievements of many women. I would like to introduce some examples of inspirational women and men who are working to promote the well-being of women and girls in some of the most challenging situations in our world: education in the conflict areas of Sudan and South Sudan; maternal and child health in areas of continuing conflict in Burma's Shan State; and gender equality in Pakistan and the UK. I shall conclude with a celebration of success in Canada.

First, please travel with me in imagination to Sudan's Nuba mountains this January and climb a rugged mountain for two hours to meet families hiding in caves for fear of aerial bombardment. There we meet people suffering snake bites and dying from malaria with no medicine. Yet their priority for help is education, especially for girls. Schools are deliberately targeted by Government of Sudan bombers, so education and exams have to take place out of doors, using the respected Kenya curriculum. When it is time for exams, 1,000 students converge and invigilation is undertaken on the mountainside. Our valiant partner, Nagwa, asks every student to bring a large stone. As they gather, she tells them, "When you hear the Antonov bombers approaching while you are doing your exam, you will place your exam papers neatly under your large stone. You will then run and hide in the caves. When the bombers have gone, you can return. Your exam papers will not have been blown away by the blast or the wind and you can continue your exams". That is exam pressure with a difference, and many of those students perform as well as their counterparts in Kenya.

Moving to the tragic situation in South Sudan, I have had the privilege of visiting South Sudan more than 30 times, many during the previous war when 2 million people perished, 4 million were displaced and tens of thousands of women and children were abducted into slavery. Many are still missing and their families continue to grieve. But the people there still yearn for education as a priority. The Anglican bishop, Moses Deng, of the diocese of Wau in Bahr El Ghazal, recognises the importance of education, especially for girls. He has supported the establishment of a school delightfully called "A Girls' School Which Boys May Attend". The girls do attend, and so do the boys, and their achievements are amazing. They attain some of the best results in the country.

Moving rapidly to Burma, the Burmese Government continue their military offensives and grave violations of human rights in ethnic national areas such as the predominantly Muslim Rakhine State, the predominantly Buddhist Shan State and the predominantly Christian Kachin State. Among many local NGOs doing magnificent work is the SWAN Shan Women's Action Network, which promotes maternal and child health in the conflict-affected areas of Shan State. But SWAN has great difficulty in obtaining funds, especially since DfID adopted a policy of using intermediary organisations to implement and monitor DfID support. SWAN claims that it cannot access these funds because of bureaucratic complexities and, as a consequence, it is in acute need of resources to continue its life-saving work.

We heard an identical concern being expressed by Bishop Moses Deng, who is desperately trying to obtain funds for life-saving food for thousands of internally displaced persons who have fled from conflicts to his diocese. He also says that he does not have the resources to meet the complexities of DfID's requirements. I therefore ask the Minister to request that DfID makes funds more readily available to smaller indigenous NGOs carrying out life-saving work in remote and high-risk areas not reached by big aid organisations. I am thinking of organisations such as SWAN in Burma and local churches in South Sudan.

I turn briefly to the suffering of women caused by religiously sanctioned gender discrimination abroad and in this country. Last year I went to Bangkok to meet people who had to flee for their lives from the application of sharia law in Pakistan and the failure of authorities to maintain justice for victims of allegations of breaches of sharia law. Time permits only one example. Esther escaped from Pakistan with her family after her eldest daughter was abducted, compelled to convert from Christianity to Islam and forced into marriage. She told me, weeping, "I was terrified. I went to our neighbour's house to find out who took my child. I fought them to regain my child. I still bear the scars on my arm". The authorities refused to intervene. The family fled to her brother's house, hiding in fear until they were able to escape to Thailand.

Now, sadly, I turn to causes for concern on our own doorstep here in the UK. Noble Lords may be aware of my Private Member's Bill seeking to address the suffering of women from religiously sanctioned gender discrimination, and I thank noble Lords present who support that Bill. Of course, gender discrimination may occur in different faith communities, but with the growth of sharia councils, many Muslim women suffer in ways that would make our suffragettes turn in their grave. Forms of gender discrimination include asymmetrical access to divorce. The husband can divorce his wife merely by saying "I divorce you" three times; she has no reciprocal right. If they have not had a legally registered marriage, women have no rights and are often left destitute and helpless. Also, many men indulge in polygamy with four wives, although bigamy is illegal. Polygamous marriages may be desperately unhappy, as recorded by the courageous Muslim woman Habiba Jaan. Muslim women share their anguish with me when they describe being married into polygamous marriages—and their divorce. One lady wept as she told me she received her divorce through the post, saying, "I never thought this could happen in a democracy. I feel betrayed by Britain".

Other disturbing examples relate to violence and killings in the name of so-called "honour". Time does not permit me to give examples now, but many are on the record in the Second Reading debate on the Bill. The women who have had the courage to come forward to tell their stories are doubtless the tip of a huge iceberg. I am very grateful to the Muslim Women's Advisory Council and to British Arabs Supporting Universal Women's Rights for speaking out with courage about what is happening here.

The Government are still refusing to consider any proposals to ameliorate the suffering of these women until their review has reported. But there are measures that could be implemented quickly and could bring some relief. I ask the Minister to pass on this request for some of these measures to be adopted by the Government as a matter of urgency.

I finish on a note of celebration—in Canada. Following a protracted grass-roots campaign, spearheaded by the renowned Muslim women's activist Raheel Raza, the Parliament of Canada passed a Bill in 2015 reinforcing Canada's commitment to tackle all forms of violence against women and girls, including so-called "honour killings", and helping to ensure that discriminatory practices, including polygamous marriages, do not occur on Canadian soil.

I hope that today's debate will highlight the urgent need to address utterly unacceptable practices of violence and discrimination against women and girls, wherever they occur, and, by providing examples of inspirational women who can serve as role models, will help to support initiatives to promote justice, equality and the rights of women everywhere.

4.13 pm

Lord Sheikh (Con): My Lords, I am grateful that your Lordships' House is again acknowledging this important day. I welcome that we pay tribute to the achievements of so many women and continue to push for full and proper gender equality across the world. Women are the pillars of our families and communities. They have played invaluable roles in our history, including during the two world wars, yet they struggle to gain equal treatment. Much progress has been made since the first International Women's Day more than a century ago. However, there is still much more to be done.

I shall address the situation of women in the Islamic world. I appreciate that there is a negative perception among some people relating to the role and status of women within the Muslim community. I believe that we all, in particular the Muslim community, must develop a greater appreciation of this perception and do more to tackle it. This means ensuring equal rights and opportunities in a social, educational and economic context. As is the case in all other religious and non-religious circles, we must always seek to achieve genuine parity between men and women. The Muslim community must also speak with a louder voice on gender equality and do more to mark occasions such as International Women's Day.

It is important to look at the facts in order to understand the challenges. In Islam it is believed that the most important person in one's life is the mother. We are taught the respect and dignity that should be provided to them. Muslims in fact believe that paradise lies at the feet of the mother. We should also remember that Prophet Muhammad, peace be upon him, worked for a lady whose name was Bibi Khadija. In fact, Prophet Muhammed, peace be upon him, married Bibi Khadija, who was the first person to become a Muslim. It is therefore important to realise that females are not secondary to males in Muslim life.

With regard to education, girls actually now comprise an encouraging 43% of full-time Muslim students. A study last year also found that more Muslim women than men are now obtaining degrees. The same study found that average scores in school tests at ages 11 and 14 were higher for Muslim girls than for Muslim boys. Every year I present awards to British Bangladeshi school leavers and I can say that girls always outnumber boys in relation to high achievement. However, there is a problem for young Muslim women more widely, particularly for those not in education. Only 29% of Muslim women aged between 16 and 24 are in employment, compared with 51% of women in the general population. We need to investigate this paradox of increased education but low economic activity.

There is a disturbing disparity between single and married Muslim women's career aspirations. Single women are one and a half times more likely to be in employment than married women. This unacceptable situation must be looked into as a matter of urgency. I would like to see dedicated programmes promoting the empowerment of Muslim women, perhaps most notably in workplaces. This could be in the form of providing practical training to assist with employment, or comprehensive childcare services. It is important that the Muslim community acknowledges these disparities and works with relevant organisations to help remedy the situation.

I must also mention that there has been criticism of sharia councils in some quarters, particularly among Muslim women. It should be noted that these are mediation services and do not claim to be making

[Lord Sheikh]
decisions that are legally binding. There is evidence that some decisions made are unfair to women. It is important that the deliberations and procedures of such a system are fair to men as well as women if the sharia councils are to have the confidence and respect of the people. Equality, equity and fairness must always be maintained at the heart of any system of dispute resolution. I would like to see the establishment of a national body, self-regulatory in its constitution, of which every sharia council should become an accountable member. Furthermore, I would like to see each sharia council have at least one female adjudicator.

Another social ill faced by some women is that of forced marriage. There are unfortunately no reliable statistics available on this in the UK. The hidden nature of such activity means that incidents often go unreported. However, I pay tribute to the work of the Forced Marriage Unit, the information it collects and the support it provides to victims.

I must emphasise the difference between arranged marriage and forced marriage. Arranged marriage requires the free consent of both parties. Forced marriage is where pressure or abuse is used to force one party into giving consent. I emphasise that Islam does not permit forced marriages. The bride and the groom must be asked by the imam in the presence of witnesses whether they both consent to the marriage before it can take place.

I emphasise that forced marriages unfortunately occur across a number of communities and religious groups. In 2014, forced marriage became a criminal offence. I believe it is as important that we educate all communities about the dangers of it. All communities must ensure that it is understood that forced marriages are forbidden and, more importantly, work towards changing cultural attitudes where it is a problem. I pay tribute to all the charities which work so hard in this area, such as the JAN Trust.

I have spoken many times of the pride I feel in living in a country where those of different cultures and faiths live alongside each other in relative peace. The United Kingdom is a symbol of tolerance and inclusivity to the rest of the world. It is therefore important that all communities work together to lead the way in promoting gender equality.

4.22 pm

Lord Loomba (Non-Afl): My Lords, for well over 20 years I have worked extensively on human rights, women's economic empowerment and education of children. I strongly believe that these are the important areas which will promote gender equality in an increasingly globalised world. I am always proud to stand in this House and speak on International Women's Day. I thank the noble Baroness, Lady Shields, for today's important debate.

The United Nations says that our planet should be 50:50 by 2030. In essence, we need to achieve gender parity. We have already achieved so much, but much more remains to be done. We now have our second female Prime Minister, which is another landmark for the United Kingdom. As more and more women are able to achieve their goals and the "glass ceiling" begins slowly to be eroded, it shows that women can reach the top if they work hard. It is this pursuit of more women being in powerful roles that we should celebrate and embrace.

If around 50% of the world's population does not have a voice of its own, we will not have the world we could and should have, with a more balanced and equal society in all its forms. As the sustainable development goals show, there is still a great need to help many women in the world today who do not have the kind of lives that they should have. They are not able to go about their daily lives without discrimination, which holds them back from their goals, desires and dreams, and from truly achieving their potential. This is why goal 5 is to achieve gender equality and empower all women and girls. It is to be commended that DfID's work in shaping the SDGs and its continued policy of promoting gender equality mean the UK is at the forefront of pursuing an equal world free from discrimination.

The UN's focus on the world of work and on economic empowerment helping women to become equal players on a level playing field will have benefits for all, but to achieve it we have to do more to ensure that women are engaged from an early age. We need to ensure that they not only have access to good quality education at an appropriate time, but are not discouraged from entering traditionally male-dominated professions, so that their influence can be felt in many more spheres of life. Some women in the developing world do not get access to even basic education. This is why goal 4 of the SDGs is to ensure inclusive and equitable quality education and to promote lifelong learning for all. Here I declare an interest as chairman and founder of the Loomba Foundation. It has recently embarked on a new project in partnership with Rotary India Literacy Mission to skill-train 30,000 impoverished widows—1,000 widows in each of the 30 states of India. They will receive literacy, numeracy and skills training to enable them to face the challenges in their lives.

Sadly, widows in many developing countries and countries of conflict are at the front line of discrimination, where they face unprecedented levels of human rights abuses, ostracisation and ill treatment. Their double discrimination is compounded by the lack of awareness many people have about the plight of widows and how they face many more hardships because of a cultural norm that deems it acceptable to treat them badly. More importantly, research published in 2016 in *World Widows Report*, which was commissioned by the Loomba Foundation, shows that the problems faced by widows are a formidable bar to achieving the SDGs and that it is crucial to the goals to help widows and to improve their situations dramatically. It is very reassuring to know that DfID, through the key policies of the Government under the leadership of the Secretary of State, puts women and girls at the heart of its agenda, which promotes gender equality globally.

Finally, I highlight the UN Women initiative HeForShe. Women will achieve equality faster if the British Government encourage men to recognise that women should be treated equally and with respect and dignity. It is strange that out of some 30 speakers today, only five are men.

4.30 pm

Baroness Manzoor (Con): My Lords, I also congratulate my noble friend Lady Shields on bringing this important debate to the Floor of the House to mark International Women's Day and on her excellent introduction.

As we have heard, the UN's theme this year is "Women in the changing world of work"—a title as fitting now as it would have been on the first International Women's Day more than 100 years ago. Since then, there have been huge steps towards gender equality in this country and in many places around the world, with women increasingly carving out a place in public life and obtaining vital civil and employment rights.

We should be proud of the progress made in this country. We have record numbers of women going to university. Girls are outperforming boys at school and staying in school longer. However, despite the Equal Pay Act 1970, as, I think, the noble Baroness, Lady Donaghy, said, women in the UK still earn 19.2% less than men. A large part of the discrepancy is due to higher numbers of women in part-time work or taking time out of work to have children—but this is not the full story. Women working full-time still earn 9.4% less than men. Equal pay for work of equal value does not ring true when women's work is still overwhelmingly undervalued and concentrated in lower-paid sectors. Women dominate the lowest end of the pay scale and hold 59% of minimum-wage jobs. This must change. As my noble friend Lady Brady said, businesses are key to this.

My father, who sadly died when I was in my early 20s, always said to me, "Getting a good education is a key. It unlocks doors and nobody can take this away from you". How right he was, but this is no less important for women and girls living in poverty around the world. As my noble friend Lady Jenkin said, 61 million girls between the ages of 5 and 14 are denied the opportunity to attend school; 15 million do not even get as far as primary school. This is a global disgrace that shows how far leaders are from achieving sustainable development goal 4: inclusive and equitable education for all by 2030.

There is a whole host of reasons for this, including gender roles in the home, violence against girls, forced marriage and early pregnancy. But one blindingly obvious reason remains: education is hugely underfunded globally. UNESCO estimates that an additional $39 billion in education funding will be needed each year to achieve SDG 4 by 2030. The UN theme of women and work focuses specifically on unlocking the potential of women in the workplace across the planet by 2030. We all know that this will never happen if we fail to increase girls' participation in education, as well as the quality of that education.

As I have already said, the impact of education on improving women's economic empowerment is unparalleled. This is aided by DfID's increased investment in family planning services, from £90 million in 2010 to an extra spend of £195 million per year since 2013. This UK aid has enabled 9.9 million more women to use modern methods of family planning—which is key.

UK aid via DfID is key, and I am delighted that the Conservative Government have promised to deliver a decent education to 11 million children, including 5.3 million girls. However, more still needs to be done. Despite UK aid to education, aid to global education has declined in recent years—and so has progress, particularly for the most marginalised girls in the most isolated communities. DfID must ensure that education remains a key priority. It has a great opportunity to demonstrate this commitment through greater support of the Global Partnership for Education later this year. The GPE does fantastic work to strengthen education systems and get girls in school and learning.

Lastly, I will touch on food. Food and good nutrition are the building blocks for further opportunity and educational attainment. Undernutrition can have a devastating impact on the physical, cognitive and mental development of women, girls and the unborn child. When I talk of undernutrition, I am not talking about starvation during famine or war but of often-hidden deficiencies of crucial nutrients, which lead to stunting, wasting and reduced immunity to diseases. In Pakistan, for instance, which I visited recently and to which the UK gives significant aid each year, 423,000 children die before their fifth birthday, and nearly half the children suffer from stunted growth and wasting. Many are young girls.

In addition, 500 million women are affected by anaemia worldwide. This disease, caused by iron deficiency, is responsible for a fifth of maternal deaths. In 2017, women should not be dying simply because they do not have the proper nutrients to sustain their bodies during pregnancy. DfID is undertaking some excellent work to empower women through better nutrition, and UK aid helped to save the lives of 103,000 women in pregnancy and childbirth between 2011 and 2015. But the pressure to improve nutrients in food must continue.

We are asked to be "Bold for Change". When it comes to improving the lives of women in this country and around the world, we need to be bold. We need to properly finance education and prioritise equity until every girl has the opportunity to succeed. We need to consign preventable mortality in childbirth to the past and give women the nutrition that they need to thrive. If the last 104 years have shown us anything, it is that none of these issues will simply disappear overnight. This year, we must think creatively and holistically about how we tackle the stubborn challenges that women still face both at home and overseas.

We need more concerted global action to meet the needs of women and girls in humanitarian situations. I entirely agree with the Secretary of State for International Development when she says that women must,

"have the opportunity to play a full and active role in business, politics, peacebuilding and shaping the future of their country",

in order to "achieve security and prosperity". To my mind, to do anything less is not to care for half of humanity.

4.38 pm

Baroness Goudie (Lab): My Lords, I thank the noble Baroness, Lady Shields, for initiating the debate today and for her introduction to it, but also for the

[Baroness Goudie]
work that she was doing long before she came to the House of Lords. I also declare my interests as in the register.

On this International Women's Day, never has there been a time when women's rights have been more challenged. What does Brexit mean for women? Britain leaving the European Union following the referendum will result in another threat to women in the UK. The vote casts a shadow of doubt on the stability of the human rights of women, maternal and paternal leave, equal access to employment and salaries, and many other issues that make the United Kingdom a recognised leader in this field. Other countries have followed us: many women around the world have united to ensure more balanced rights for women on topics ranging from equal access to education and medical services, 30% representation of women on corporate boards, and equal pay and parity. I hope we do not lose any of these over the next few years.

Since 1915, the question of women's rights in areas of conflict and post-conflict times has posed many obstacles. Many countries and people have worked very hard over the last 100 years to get some resolution on the issue of women being used as a tool of war. There has been a focus to involve women in the peace talks, and at every level. Five years ago, with the support of the then Secretary of State, Hillary Clinton, and the then Foreign Secretary, William Hague—now the noble Lord, Lord Hague—we saw more concrete developments at the UN and concords ratified by countries in the United Nations. Britain has made great commitments on PSVI and will not attend peace talks, if possible, without women at the peace table, including local women as they know the real requirements of their communities.

In times leading up to conflict, during conflict and post conflict, when families are trying to flee war-torn areas, the institution of education is often completely lost. Many times the schools become the headquarters for the peacekeepers. Furthermore, only 2% of development and humanitarian aid is spent on education. It is unbelievable. What does that say to all those families and individuals who have had their way of life disrupted? Millions of people are deprived of education but it is crucial wherever you are in the world. It is as crucial as other nutrition. Without education the future has negative consequences for these victims who we would love to see become survivors. It is difficult to make up lost education for these children.

Women and children suffer the most during global displacement. The numbers of displaced people have not been this high since 1945. The majority of displaced people—and there are more to come, unfortunately, as we know—are women and children who have no access to a home, food, clean water or education. Women assume the brunt of childcare and often become ill in the inadequate situations they find themselves in. There are no real hospitals in the refugee camps or real medical assistance. The children are most vulnerable with the lack of security, safety and nutrition. We know what this does to a child. Every day that a child misses proper education and nutrition their long-term life is marred. This is a heavy burden on mothers who are just trying to survive and who worry about the future of their children. Children may be stolen by traffickers or their parents may be prepared to let them go for a small sum of money, being told they are going to a better world. Girls may be married off because their parents feel that being a child bride might be a better way for them.

Three years ago, the noble Lord, Lord Hague, then Foreign Secretary, held a very successful convening of government leaders, INGOs, the international defence community and many others. As a result of this convention, a number of commitments were made that continue today around the world. I call on the Foreign Secretary, Boris Johnson, to hold another convening in the next six months to discuss the progress achieved and the future priorities for tracking sexual violence in conflict. Britain has been leading the world on this issue, including training, funding and our stance at the peace table. The noble Baroness, Lady Anelay, has been doing unbelievable work globally. She has taken to it and really held the mantle. It is important now that we consider where we stand and the future of this big issue. I mentioned earlier today the number of displaced people and the situation for all those living in camps and in war-torn areas. I hope that the Foreign Secretary will consider another convening in the next six months. It does not cost much money.

Women and children are a priority in peace talks. The United Kingdom has played a leading role, with Scandinavian countries and others, to ensure that peace talks include the rights of women and children. The focus is not just on peace. As we know, in one or two cases peace was done in a day but it lasted five minutes. Peace takes time and there have to be women there. When you have women at the peace table, peace lasts at least 15 years. The peace talks I know best—although I have read about Angola, Bosnia and Kosovo—are the Northern Ireland ones. Peace has held there because some women in this House, including the noble Baroness, Lady Blood, and others were there from the beginning, before people even realised that there was going to be peace. It is really important that local women are involved in peace talks because it is women who know when they have had enough of war.

We must work together globally to ensure that the rights that women have fought to gain over the years are not taken away, and we must continue to strive for equality. We have to build an equal future with men and women working equally around the globe.

4.44 pm

Baroness Flather (CB): I am sorry, but I have a little frog in my throat. I am sure it will go away. I thank the noble Baroness, Lady Shields, for introducing the debate. I am sorry that I am not with her on the technical side.

In 1990 I came to your Lordships' House and, at that time, I was the only Asian in the House, man or woman. I increased the number of non-white Members by 100%. The only other person here who was non-white was Lord Pitt. I bring this up to point out how much the House has changed. It is worth thinking how much we have changed—and how much more women are doing today than they were in the House when I first came. They are Ministers, they are leading and they are on the Front Bench. We did not get that sort

of thing from women when I first came, and I feel that it is a matter of pride that we have moved forward in ourselves. I have friends who have been here a longer time than me, and we have moved on—and that is a good sign.

I have picked up a couple of things from other speakers. The noble Lords, Lord Sheikh and Lord Singh, talked about their faiths. There is no doubt that what the founder of the Sikh religion said is probably the most wonderful statement for people to live by. The noble Lord, Lord Sheikh, said how women are respected in Islam. Maybe they are respected in their religion or faith, but they are not respected in practice, either in the Sikh religion or in Islam. I am sorry that neither noble Lord is here, but I really do think that we have to get away from what the faith says to what people are doing—because they are not doing what their faith says.

The next thing that I wanted to say refers to what the noble Lord, Lord Loomba, said about how few men are speaking in this debate. Without men's support, women cannot move forward. It is a fact—we all have to work together, and the men have to work with us. So I am very disappointed that there are so few men speaking.

I know that it is a little bitty, but I just want to point out that I always feel that living in this country is a little like living in heaven compared to most other countries, especially the developing countries. People who have not been to other countries, or have not stayed in them, do not know. If you go as a tourist it is not enough, but if you have lived in any other country or you have visited to learn about that country, you will know that living here is like living in heaven. It is such a pity that most British people do not realise what they have and what they have achieved, for everyone.

I know that there is a long way to go for women. Part of the reason for that, if I may say so—it may be an unpopular statement—is that women themselves are at fault in many ways. They do not support each other and they are not sisters; they are rivals rather than sisters. When women learn how to support each other and how to work together, it will help a great deal. Please can all the wonderful ladies who have been involved in all sorts of things tell other women to support each other, because I have seen that they do not? I myself have experienced not being supported by women in different areas that I have worked in. That is by the by, but it is an important thing for us to remember. We need to be supportive of each other and help each other to move on.

My interest is mainly in developing countries, because my origins are from India. The noble Lord, Lord Sheikh, said something about there being an enormous amount of money in India. There is—in very few hands, and they do not part with it, not a penny. There is a new law in India that 2% of net profits should go to corporate social responsibility. Very people do that, though, and most of the middle-level businesses do not even know that they are supposed to do so. That is bad, given that, according to the World Bank, Indian billionaires could wipe out India's poverty overnight. They will not do it because they do not spend any money; some people say that that is why they are rich, and perhaps that is so.

I have set up a charity called Women Matter. Our object is to find work for women that is paid—in developing countries, not in the UK. If a woman earns a little bit of money in Nigeria or India, for example—or anywhere—her life changes. She changes; her family changes; their health changes; everything changes. Education is essential, and the mother who earns a little money is very keen to send her children to school, much more so than the one who has nothing. There is no self-awareness in women in developing countries. They do not realise that they are worth anything because they have been told from birth that they are worth nothing. It is extremely important that we work on getting them access to economic empowerment, because with that comes self-awareness, self-respect and understanding of what their family needs.

I will give you an example of that. Bangladesh is not a remarkable country, as we know; it has not got a remarkable Government. We all know that, too. But do you know what has happened to Bangladesh? There are all those garment factories, and many girls and women working in them. It is better than India on every major tick-box: better education, better food, better family planning, and better in economic terms. There is an example for us. Women need not the Government but access to finance, because everything runs with money. Please, everyone, think about that, and see what you can do to get women some work.

4.52 pm

Baroness Redfern (Con): My Lords, it is a real pleasure and privilege to participate in this International Women's Day debate. I thank the noble Baroness, Lady Shields, for highlighting the importance of promoting gender equality here and across the world. It is a day to celebrate the social, economic, cultural and political achievements of women. Aspirations are to create a world where women and girls can find role models and mentors in the careers they are interested in and inspire others to become leaders regardless of their gender—and of course challenge male-dominated industries.

Last year leaders across the world pledged to take action as champions of gender parity, not only for International Women's Day but every day. The World Economic Forum predicts that the gender gap will not close until 2186, which is a very long time to wait. I am sure we all agree that bolder actions are required to accelerate gender parity, here and across the world. We may ask for parity, yes; but the real action is in making it happen and making real, tangible progress, where incremental milestones can be achieved.

It is pleasing to know that the FTSE 350 will see women occupying 33% of boards, but we still have to wait another three years for that to happen. It is interesting to note, though, that the disparity of women in executive, rather than non-executive, positions has seen a greater improvement. I feel that this is about supporting a voluntary approach to improving boardroom

[Baroness Redfern]
diversity, rather than a rigid, mandatory quota system; it works better and is more acceptable. In achieving a radical change in the number of women in executive positions, business leaders need to have a level of insight in their own organisations. Restrictions and lack of support inhibit female progression. Good practice would see regular reviews embedded in workplace policies and practices so that businesses can invest in their female workforce and promote leadership and management development. I congratulate those forward-thinking CEOs and business leaders who are the drivers of that change.

We have a devolution agenda in progress and we must ensure that we embed equally representation and commitment into this early process. The northern powerhouse is part of a wider drive to put more money, power and local decision-making into the hands of local authorities. Some 40% of local councillors in the northern powerhouse region are women, but women make up just 21% of council leaders and only one of the seven chairs of the established and proposed combined authorities in the northern powerhouse region is a woman. Of 134 senior leadership roles, 96, or 72%, are occupied by men. The northern powerhouse brings together clusters of authorities as part of that decision-making process. This is a unique opportunity to shape the future. As I alluded to earlier, women remain underrepresented in local government as councillors in political decision-making roles, particularly at the senior officer level. Therefore, the devolution deal offers a fantastic opportunity to get to grips with gender equality and women's representation in our politics. We must actively encourage this and make sure that we do not simply recreate old inequalities. We must make the most of the incredible pool of talent to be found in women.

International Women's Day is a fantastic opportunity to take stock, recognise the progress that has been made and celebrate the amazing women, past and present, who have fought battles, and who continue to fight every day in the name of equality all round the world in many difficult and dangerous situations and in very dangerous countries. The barriers in those countries are huge, particularly as regards overcoming poverty and a lack of access to education, and many suffer violence on a day-to-day basis.

As I said, today is an opportunity to remind ourselves how much further we have to go. It is a moment in time to remember that there is so much more to do to encourage women to be bold in the pursuit of change. The mission continues to raise aspirations, promote mentoring and champion role models through creating a network of aspiring, emerging, pioneering women and girls. We need to hold on to the saying, "You can be what you want to be". Whether at school, work or home and in public life, it is important for our children and grandchildren to see the principles of equality and fairness in action. We need to see a lasting change here in the UK and internationally.

4.57 pm

Baroness Healy of Primrose Hill (Lab): My Lords, I rise to speak in this debate to welcome the 10th anniversary of the report of my noble friend Lady Corston into women in the criminal justice system. Although International Women's Day should be a cause of celebration, there are still too many women incarcerated around the world, including in the UK. Therefore, the Corston report remains relevant.

The women's prison population in England and Wales more than doubled between 1995 and 2010, from under 2,000 women to over 4,000. The numbers have since declined by over 10%, from 4,279 women in April 2012 to 3,821 in April 2016 according to the Prison Reform Trust—whose briefing I acknowledge for this debate—but the UK has still one of the highest rates of women's imprisonment in western Europe.

The 43 recommendations of my noble friend Lady Corston provided a road map for women-specific criminal justice reform. The aim was that of systems change, of a,

"distinct, radically different, visibly-led, strategic, proportionate, holistic, woman-centred, integrated approach".

To achieve this change, five key areas are essential.

The first is the expansion of, and sustained funding for, women's centres in the community as one-stop shops to prevent women entering or returning to the criminal justice system. Secondly, liaison and diversion schemes should be extended and rolled out nationally to divert women away from custody and into support.

Thirdly, there should be specialist community support, including mental health support and accommodation for women affected by the criminal justice system. I very much welcome the Homelessness Reduction Bill currently before this House which obliges local authorities to take into account and advise women who need housing on leaving prison. Currently, women are systematically deemed "intentionally homeless" for going to prison and, in too many cases, they get no help on release. Only with more supportive accommodation can the cycle of repeat offending be halted.

Fourthly, there must be sentencing reform, with greater use of alternatives to custody and women's community support services. Finally, and crucially, there should be co-ordinated, joined-up working between all agencies involved in the lives of women affected by the criminal justice system.

I am grateful to the campaign group Women in Prison, which this week published a review of the Corston report 10 years on. It calls for a joined-up approach that takes into account the root causes of women's offending. Only by ensuring appropriate housing, mental health support and gender-specific women's community support services can real progress continue to be made.

It is now increasingly understood that prison is rarely a necessary, appropriate or proportionate response to women who get caught up in the criminal justice system. Over half of women in prison have been victims of domestic or sexual violence. Over half have experienced abuse or neglect as a child, and a third grew up in care. Serious mental health problems are endemic in women's prisons and are often a response to trauma. Some 84% of women's prison sentences are for non-violent offences such as theft, which are often related to poverty and addiction. These women do not pose a threat to the public.

Most women serving short prison sentences are back in prison within a year. A prison place costs £42,000 per year—over 10 times more than a community sentence of £3,000. So prison makes no sense on economic or rehabilitative grounds and, I would argue, makes the situation worse for women and their families. A few weeks in prison, on remand or sentenced, is enough time for a woman to lose her home, job and children. When women leave prison, six out of 10 have no home to go to and nine out of 10 have no employment. Nine out of 10 children with a mother in prison are forced to leave home to go into care or live with relatives.

In 2016, 22 women died in prison—12 took their own lives, which is the highest number on record. Currently, 21% of self-harm in prison is by women, although they account for only 5% of the total prison population. The last 10 years have seen progress in certain areas of the criminal justice sector in relation to women—notably through the network of one-stop-shop women's centres established following the Corston report. However, many of these centres are now at risk through lack of funding.

I look forward to the Government's promised strategy, to

"reduce the number of women offending and ending up in custody, including through early and targeted interventions",

as revealed in the recently published White Paper, *Prison Safety and Reform*. However, the Women in Prison group has expressed concern that the small custodial units recommended by the noble Baroness, Lady Corston, which were to be reserved for a very small number of high-risk women, have not materialised as she envisaged. There is concern that the planned community prisons will be built in addition to the existing estate and will, as such, serve to increase prison places for women.

More work needs to be done with sentencers. The Corston report said that,

"Defendants who are primary carers of young children should be remanded in custody only after consideration of a probation report on the probable impact on the children".

Guidelines now state that the best interests of the child are to be taken into account when sentencing parents. This is welcome, but still mothers are imprisoned.

Another area of great concern is the number of women still imprisoned with mental health conditions. The noble Baroness, Lady Corston, recommended that,

"Sentencers must be able to access timely psychiatric reports and fail to remand in custody/sentence if not available".

However, there is an issue in getting these reports as well as a lack of mental health referral places available, so judges or magistrates are likely to remand someone who is in the community and at risk of further offending due to their mental health issues rather than refer them for more appropriate treatment. It is therefore vital that community mental health and other such services are sufficiently secure, in terms of commissioning and funding, to ensure they remain a real sentencing alternative.

I thank the noble Baroness, Lady Shields, for securing this debate and conclude that, 10 years on, the need to encourage government to implement the excellent report of my noble friend Lady Corston remains essential. Let us "Be Bold for Change".

5.04 pm

Baroness Benjamin (LD): My Lords, I too thank the noble Baroness, Lady Shields, for securing this debate, and I would like to concentrate on a subject that I know she has worked hard on—the harmful effects of pornography on young girls and women, not just in the UK but across the world.

This country is leading the fight on safeguarding, and other countries are watching what we do to combat this invasion of every part of our global society. Some might say that porn has been around for a long time but the rise of the internet has turned it into a global industry with a multi-billion pound turnover each year, exploiting women in order to make profits.

Pornography is having a major impact on a large number of young girls here in the UK who say that it has a negative effect on their lives and on how they are perceived and treated in society. It encourages the use of derogatory language about girls and young women. Many believe that pornography influences how women are portrayed in the media and online, as it shows harmful views and far too often shows women as sex objects. However, it also affects mental health and causes depression, anxieties and self-harm. It contributes to women being treated less fairly and creates unrealistic expectations of women's bodies. It normalises aggressive or violent behaviour towards women and sends out confusing messages about sexual consent. It puts pressure on girls to have sex before they are ready and to perform sex acts, because boys copy what they see in pornography. Worst of all, as reported by the NSPCC, there have been more incidents of child-on-child sex abuse. The thought of all this pressure on girls makes me weep.

I recently received correspondence from Girlguiding on why we need less porn and more education in our schools. One girl said, "Imagine sitting happily in a lesson, concentrating on whatever subject is before you, only to be jolted into shock as you see an explicit image being passed around the classroom under the desks by boys". This sort of thing is happening to girls as young as 11 in classrooms, corridors and playgrounds all across the UK.

According to Girlguiding, 60% of girls aged 11 to 16 report having seen boys of their age viewing porn on their phones, and all too often boys are using it to make girls feel uncomfortable or pressured, passing it off as a "bit of banter". However, we need to identify this behaviour for what it is—sexual harassment, used as a weapon to bully, hurt and intimidate others. It gives boys the impression that it is normal to be violent or dominant and to act in a forceful way around girls, both during sex and in their wider relationships. But young people cannot escape these images.

One way to tackle this scourge is through legislation, and thankfully that will happen through the Digital Economy Bill, which will introduce age verification for access to online pornography. This will go some way to protect children and young people from the ability to easily access pornography. It will reduce the exposure to pornography and the harm it can cause on a global scale. I fully support this policy, which I have been advocating for several years. I have longed for

[Baroness Benjamin]
this to happen. I thank the noble Baroness, Lady Howe, for her relentless campaign, and I congratulate the noble Baroness, Lady Shields, for her sterling work in this area and in helping to make this legislation possible, especially as she has a global influence on this type of policy. She made a promise to me and to this House that it would happen, so I thank her for keeping that promise.

I also pay tribute to the lead that the Prime Minister, Theresa May, has taken in tackling violence against women, especially in the Digital Economy Bill. The Bill will provide a means of enforcing the strong standards in this country concerning violence towards women in an online as well as offline environment so that prohibited material, which includes extremely violent pornography, will be blocked. It would be good to hear the Minister confirm this. Any suggestion that we wanted to make space in an online environment for violence against women as entertainment would clearly send quite the wrong message, fostering a world in which this violence could become more and more normal and acceptable. That will not do.

I also strongly believe that social media and search engines should play a role in ensuring children are not exposed to pornographic content by blocking or closing down offending sites, as many of them come from outside the UK. There should be an expectation for all internet platforms to address violations and companies should take responsibility for how their platforms are used. A recent report about Facebook not taking down child pornography groups is an example of how this irresponsible attitude exists right now.

Alongside this responsibility comes quality personal, social and health education and age-appropriate sex and relationship education, which should be taught in all schools to teach young people about the benefits and risks of using the internet and how to stay safe online. The scale of pornography that children and young people are having to cope with is becoming an epidemic and needs to be counterbalanced with education. Girls have to understand how they can be in control in any situation they find themselves in; to have the courage to stand up and say no; to develop high self-esteem and to feel worthy. All this comes through education and inspirational role models.

It was wonderful to hear Justine Greening, Secretary of State for Education, at last announce that sex and relationship education will become compulsory in all schools. It should, of course, be age appropriate and I hope that the lessons that most young people attend will cover things like consent, sexting, sexual harassment, domestic violence, sexually-transmitted diseases, healthy relationships and gender equality. These are issues that can build a well-rounded attitude of how to cope with life.

Although the subject of today's debate is about women and girls, it is the effect of porn on boys and young men and their attitudes to women which is deeply concerning because it is women who bear the brunt of emotional, sexual and domestic violence. Unless we get a grip and wake up to the dangers facing society we will leave behind a terrible legacy which will echo across generations to come. Therefore, we must be bold global leaders in the field of helping to protect, inspire and motivate girls and women to have the courage to stand up for themselves and not be forced into doing things they are uncomfortable with—never. That should be our legacy to girls and women everywhere across the world.

5.13 pm

Lord Sherbourne of Didsbury (Con): My Lords, there cannot be many speeches in the House of Lords which begin with a mention of disposable nappies—this may be a first. I do so today because it helps to illustrate the theme of my speech.

I became aware of Valerie Hunter Gordon only when she died in October last year. She had been an army wife in suburban Surrey in the late 1940s. She had two babies and a third on the way—she went on to have six children—and was worn down by domestic drudgery. In those days, the old-fashioned towelling nappies had to be soaked in chlorine, washed, dried in a mangle and ironed. She did the maths: seven nappies a day, seven days a week, 52 weeks a year meant about 2,500 soiled nappies for every baby. Then she had her light-bulb moment. She created her own nappies: a disposal pad inside a waterproof garment. It was a success for her and her friends and created a great demand for these disposable nappies. She went to commercial companies to try to interest them, but they showed no interest at all. One has to ask how is it that these companies showed no interest and that in America, the land of inventiveness and enterprise, no one had thought of inventing disposable nappies. The answer is simple: in those days companies were run entirely by men who had never changed a soiled nappy before.

As I said, I only became aware of the name of Valerie Hunter Gordon when she died in October last year. Four days later, another remarkable woman died in Japan, Junko Tabei. She had wanted to be a climber, to conquer the highest mountains in every country in the world, but in Japan women were told they had to stay at home. However, she was not having it, and somehow managed to join an all-male climbing club. Many of the men refused to climb with her and so, in 1969, she set up a ladies climbing club and, six years later, she climbed Mount Everest.

This brings me to another lady who died recently, Margaret Pereira, another remarkable woman who conquered her own metaphorical Everest. She was a brilliant forensic scientist who joined the Metropolitan Police Forensic Science Laboratory. She became an expert in the analysis of blood—crucial in investigating criminal cases and vital before the introduction of DNA analysis—and was involved in many famous and notorious criminal cases. In those days women did not go to court because it was thought unsuitable for women to be involved in sordid cases. She said that she wanted to go to court and was told, "You cannot. Women do not do that kind of work". She dug her heels in and she did go to court—she was involved in many cases, including the Lord Lucan case—and she went on shatter glass ceilings. She became head of the Forensic Science Service and president of the British Academy of Forensic Sciences.

I wish to mention just two other extraordinary women who have died recently. One was the intrepid journalist Clare Hollingworth. It was her brilliant scoop in 1939, spotting German troop movements on the Polish border, which, in effect, announced to the world the start of the Second World War and gave a whole new meaning to the phrase "breaking news".

The other person, who was referred to earlier today by the noble Baroness, Lady Ford, is our former friend and colleague in this place, Rachael Heyhoe Flint. Let me read to you the opening paragraph of her obituary:

"When she was a young girl, Rachael Heyhoe was playing cricket in the middle of the road, with dustbins for wickets. Suddenly, the police rolled up and everyone scattered. 'They hauled my brother and all his friends out from behind various hedges and wrote down their names', she recalled. 'Then I came out and said, "Do you want my name, please, because I was playing cricket as well?"' And the policeman said, 'Oh, no, girls don't play cricket'".

In the end she took on the cricket establishment, hitting it for six. She was a pioneer of women's cricket, captained England and got the MCC to admit women.

All these women, in their own way, broke through the glass ceiling for others to follow. They show us how tenacity and determination can break down barriers of prejudice and discrimination, whether of gender, race, sex, religion or disability. They were and are great role models.

5.19 pm

Baroness Uddin (Non-Afl): My Lords, I begin by thanking the honourable Minister for initiating this debate and I also pay personal tribute to the noble Baroness, Lady Anelay, for so ably holding the fort on the issue of PSVI.

After 100 years of resistance, where have we come? We can take some pride and recognition, but not equality, for granted—there are miles to go. On every national and international platform, men continue to assert and define rights—rights to legislate and lead—while women continue to share responsibilities and bear sanctions without options on the division of their labour. The 2017 theme, Be Bold for Change, is a call for action for gender equality. Since January this year, we have seen the emergence of a new, bold resistance.

Yesterday, women across the world again demonstrated that they are prepared to challenge the status quo, stand in solidarity and oppose division and hate. New hope for activism has emerged in the guise of the movement to resist the new agenda of rising nationalism. Women are organising from every corner of the globe, standing shoulder to shoulder, knowing that changes may yet take more time but none the less prepared for the long battle ahead for sanity and justice. Those of us who marched against the attack on Iraq were plagued with a sense of defeat at not being able to stop our Government on their onward march to destroying world peace.

If there were any such doubts about the validity and impact before the women's march began on 21 January, such reservations were vociferously answered by all the women standing together in the world. On 21 January, women and men marched throughout the world. Millions reclaimed their towns and cities with over 600 marches, including one in London, in what was estimated to be the largest co-ordinated demonstration in history. This new phenomenon is extraordinary in its ambition and inspirational in its message of hope to stand together against hatred—so there is boldness in the air.

Despite the many barriers mentioned by my noble friend Lady Howells and the noble Baroness, Lady Jenkin, there are changes afloat across the world in many countries. I was truly inspired by the many women leaders I met this year, particularly in Morocco, UAE, Turkey, Sudan and the US, where remarkable women are visible and active, leading government departments, universities, businesses and NGOs in their country, just as many women are doing in the UK. Many among them are dealing with the current global refugee crisis.

Having previously visited a small refugee camp in Athens with a group of parliamentary colleagues, I cannot comprehend the condition of Syrian women and their families fleeing their war-torn conflict zone. Women and girls make up 50% of the refugee population. They face insurmountable challenges, particularly if they are fleeing alone with their children, or if they are pregnant, disabled or elderly, and many human rights defenders have become anonymous in the face of humanitarian catastrophe.

Although my family and I have experienced war, it is not possible for me to comprehend the level of desolation of modern warfare, so we will have to remain resolute. Alongside providing security, shelter and basic needs, we have to remain vigilant and continue to ensure that services are available to protect women against rape, early marriage, violence and abuse.

In regard to this work I would like to pay tribute to two organisations: the women-led organisation Global One, which works in Lebanon, and Islamic Relief, for its persistence in so many dangerous zones and in particular for supporting vulnerable women in refugee camps. I also pay tribute to Dr Shaikha Al Maskari, a much respected UAE businesswoman whom I have had the pleasure of getting to know and who has dedicated her time, energy and personal funding to numerous refugee camps. I salute them all.

Bringing matters home, women NGOs have suffered massively from government cuts this last year. Among the casualties were two iconic women's organisations in Tower Hamlets. They have been closed down, I believe, as a direct result of male leadership and local authorities not valuing or understanding the needs of BME women—discarded with disdain for women's empowerment. I also wish to reiterate that women's organisations in the vanguard, including Southall Black Sisters and the Newham Asian Women's Project, among many other women's empowerment projects, have seen drastic cuts in their programmes, rendering vulnerable women hopeless and helpless.

That brings me to my final few points. Muslim women have become a symbol of many of the ills of our society, including the inability to prevent radicalisation. Sadly, this is an oversimplification, if not a deliberate confusion of Islamic traditions within the constraints of a patriarchal society's proscription and practice. Discriminating against women is as evident among

[Baroness Uddin]
Muslim families as anywhere else in Britain and the world. Unfortunately, the triple whammy is that women often have to negotiate choices between emancipation and Islamophobia. I will resist detailing the teachings of Islam, for we know how a little knowledge is a dangerous thing, but I commend the ongoing scholarly work of the honourable Shaykh Abdullah Bin Bayyah in contextualising women's rights within Islam. He reminds us that Islam forbids injustice and makes an explicit distinction between Islamic teachings and societal traditions and practices.

Yet again, discussions around the lives of Muslim women have been mounted on the usual parody of forced marriages and sharia councils, with repressed, hapless women intellectually bankrupt of self-dignity. This happens at the hands of a small number of vociferous voices both within this Mother of Parliaments and outside in general, with two government inquiries into the impact of sharia councils not paying the required attention to a wide range of economic and educational concerns, in addition to the impact of Islamophobia. I would indeed welcome some attention being paid to equality of opportunity for the 49% of people in higher education and the dismal level of female BME representation in public office and on company boards.

Added to this onslaught, the Casey report piled on a timely attack, coming on the back of divisions and fear post Brexit—this was a case in point—offering the usual junket of references directly out of the pages of the previous misguided Cantle hyperbole on communities. It is as though the authors themselves are living in their blessed cocoons of a new nationalism based on veiled vitriol and lack any solutions for or comprehension of the danger of generalisation, portraying all women as living in repressive parallel alien community structures and whipped-up hysteria. It begs the question of whether the way the report portrayed Muslim women should bear any responsibility for the corresponding rise in hate crimes against Muslims, particularly women—or is it being suggested that the victims themselves should bear the responsibility for being attacked for living in an overprotected patriarchy? These generalisations reinforce division. They are dangerous and simply wrong. They keep Muslim women out of power and out of office. If the Casey report is to be implemented, I would ask the Minister what kind of programme is being proposed and what the Government are doing to involve Muslim women leaders in the delivery mechanism—not only those on its own list of approved mouthpieces but those with credibility on the ground.

Does the Minister accept that the Maria Miller report on employment needs more serious consideration by the Government? Surely, economic engagement is likely to lead to the greater empowerment of women. A staggering 30% of Muslim women are out of the economy, albeit that I quote the figure with caution because I do not accept that a full and credible assessment has been made of the true figure of BME women who are either out of or on the periphery of employment. What are the Government doing to utilise the Miller findings to help economic and employment integration?

Finally, I understand the frustrations of women around the world whose place in society is defined and judged—ill judged—not by their contribution to Britain, not by their intellectual capacity and skills, but by their clothing, culture and faith. To address these inequalities as lawmakers, we have to demonstrate that we are prepared to be bold in order to create the necessary change.

5.30 pm

Baroness Seccombe (Con): My Lords, I add my congratulations to my noble friend Lady Shields. This annual debate to celebrate International Women's Day gives us all an opportunity to applaud the successes of women around the world, while recognising the injustices in so many spheres that still prevail today. Every generation has its goals, some ending in failure and some in limited success, while some are a complete triumph.

One of our many achievements, after years of badgering, was the introduction of the independent taxation of women. Prior to this, the income of a woman was added to that of her husband, who then paid tax on the full amount. Obviously, there were problems ahead. Margaret Thatcher saw these problems which many families faced, so legislation followed under which men and women were taxed separately, having their own allowances. Some women had saved a little nest egg to cushion against the possibility of future difficult times. Usually this was unknown to their husbands—for fear of it being known that they were committing an offence—and held in a secret building society account. The change to double tax allowances for a family made for a much more open and healthier tax regime, as well as being a lifeline for some women.

A debate of this nature deserves a few minutes spent on struggles. In 1917, the First World War was in its third year. Men throughout the world were fighting in various operations, but the main battleground was in Europe. Strangely, this gave women worldwide a release from the constraints of the home and the freedom to serve their country and hold important roles in the community. The battle for universal suffrage continued worldwide.

In 1917, Canada passed the Wartime Elections Act, allowing the vote for the wives, widows, mothers and sisters of soldiers serving overseas. This was the first time that women had been allowed to vote at a federal level in Canada. That year also saw the foundation of the Women's Indian Association, which, two years later, went on to obtain partial suffrage. A god-daughter of Queen Victoria and daughter of the Maharaja of Punjab was a major suffragette, who majored on the idea of "no taxation without representation" to fight her battle. The same year, amidst the fall of the Romanovs, the Russian League for Women's Equality obtained suffrage for women from the provisional Government and, happily, it survived into the communist era.

British men were stuck in the hell-hole that the trenches had become. Women were not only keeping the home fires burning but developing into a mighty force locally and nationally. Emmeline Pankhurst and all the courageous women who fought the long and hard battle for universal suffrage were upping their

fight, and suffering hardship and derision in the process. The international theme for this year, as we have heard, is "Be bold for change". These women faced a barrage of abuse from those who were happy with the current situation and wanted no change; they were certainly bold women.

As an optimist, I always see a glass half full, and I marvel at successive generations who have continued the fight and gained progress—even if too slowly. But now the pressure is irrepressible, and in all aspects of life women hold positions of seniority. Today, it is difficult to open a newspaper without reading about a woman being appointed to a high-flying position. Last week, the Foreign Secretary appointed a senior envoy to fight sexual discrimination worldwide, and I was particularly pleased to note that the headline did not even refer to her as a woman. On Tuesday, an article predicted that the gender gap was closing and that women graduating from 2020 could be the first to close the gender gap. If this is so, it will indeed be a triumph, even if it has taken decades to achieve.

I believe that pressure must never stop, otherwise we will slip backwards, particularly in some communities where women are seen by men as chattels, treated without respect and, in some cases, with physical violence. There are many unacceptable behaviours that continue in this country that shame our society. Each year in the past Lady Rendell would speak of the horrors of female genital mutilation, bringing public attention to these appalling practices. I pay tribute to her not only for educating me but for campaigning whenever and wherever she could.

So we must be brave and bold and keep our goals at the forefront of our minds. I hope that the warriors of tomorrow have the same vigour as our forebears.

5.35 pm

Baroness Massey of Darwen (Lab): My Lords, it is always a great pleasure to celebrate the achievements of women and I thank the noble Baroness, Lady Shields, for her part in this. Today, I shall talk about sportswomen in the UK who, through their determination, skill and personality have blazed a trail of success and equality, nationally and internationally, and have empowered girls and women in doing so. Sport used to be a much more male-dominated activity. This has improved due to women themselves, to the encouragement of Governments and organisations set up to encourage women to do sport, and to specific initiatives. I shall discuss some of these today. Even some sports which were once dominated totally by men have become female orientated, such as rugby and boxing. We are not totally successful in providing examples of good practice but the drive is there.

Before I go on I want, like the noble Lord, Lord Sherbourne, to pay tribute to my friend and cricketing comrade Lady Heyhoe Flint. I had the honour of welcoming her into your Lordships' House after her maiden speech. We were on opposite sides, both in cricket and politically. We got on, we had jokes and we respected each other. Rachel was an example of providing global inspiration through her sports and also through her enterprising leadership in boardrooms. Her record was quite extraordinary: an England international in both cricket and hockey and honorary life member of the MCC, that male bastion. As captain of England between 1966 and 1976, she never lost a match. She had a magnificent test batting average.

She was not only a great sportswoman but a great charity fundraiser: president of the Lady Taverners, of which I am a member, and which raises funds to enable young disabled people to play sport. She was, remarkably, a director of Wolverhampton Wanderers Football Club and a board member of the England and Wales Cricket Board, one of the first two women to be so. In the House of Lords as a Conservative Peer, she was influential in regulating ticketing, among other things. She was very funny, a great after-dinner speaker and not always, I am glad to say, terribly well behaved. Rachel was a phenomenon whose legacy is not only her influence on girls in sport but in encouraging women to continue their careers working with sporting institutions. She would be sad to know that a recent report by Women in Sport shows that the FA, the RFU and the England and Wales Cricket Board are at risk of losing government support because they do not employ enough women in senior positions.

This is not just about statistics or meeting targets, it is about understanding that women contribute positively to boards in all fields—in industry, business, charities, sport and so on. I think that it is essential to have women on boards, as has been proved by research. More than 7.2 million women now play sport and do regular physical activity. The campaign by Sport England called This Girl Can has enabled the gender gap, which once stood at more than 2 million, to narrow to 1.55 million. Yet there is more work to do. When asked, 13 million women said they would like to participate more in sport, yet just over 6 million of them are not currently active. The organisation Women in Sport champions the right of women and girls to participate in sport from the field of play to the boardroom.

The Women's Sports Trust focuses on using the power of sport to accelerate gender equality and stimulate social change. The Muslim Women's Sports Foundation works with the Government, sports bodies and the sports industry to increase the involvement of Muslim women in sport, highlighting role models and increasing participation.

Many organisations encourage women in sport. The England Cricket Board's Chance to Shine is a hugely successful initiative to encourage children in inner-city schools to play cricket in a quick and interesting way. Since 2005, around 1.5 million girls in state schools have taken up cricket. Women's cricket has blossomed since England played their first test match in 1934, where they beat Australia 2-0. We are now ranked second in the world. The success of the England women's team has often been the envy of the men. This year, we hold the World Cup, where we will have such splendid teams as India and Australia.

The 2016 Olympic Games saw Team GB's best ever performance, with 67 medals. Women won more medals in total than men in the case of 29 countries. There were outstanding performances by women in many areas. In hockey, British women won the first ever gold, were unbeaten in all their games and beat the favourites, Holland, in the final. Did anyone see that

[Baroness Massey of Darwen]
marvellous game? It was splendid. I do not have time to go on to talk about athletics, rowing, sailing, equestrian events, gymnastics, boxing and other sports where women thrived. In the Paralympics, Team GB won 147 medals, 85 for women, including a remarkable 40 golds.

Magnificent sporting achievements in Britain and elsewhere have an impact globally on women. They are tokens of courage and persistence—of "I can do it"—for women all over the world. To overcome gender inequality, women need confidence, self-esteem and high goals. I think that success in sport, in physical activity, can help boost that confidence and self-esteem and develop ambition. Many girls and women will be proud of those women achievers and proud of their own achievements. Women's sport has developed and will continue to develop, helping girls and women to achieve the best they can in all aspects of life. I hope that this Government will continue to back sport for women and girls and back gender equality in senior positions to create a new generation of women who aspire and succeed.

5.42 pm

Baroness Tonge (Non-Afl): My Lords, I thank the noble Baroness for securing this debate, which has been very entertaining, particularly the speech from the noble Lord, Lord Sherbourne. I do not think that I have ever heard nappies mentioned in this Chamber before. I can still smell the nappy sand bucket. I am glad that the noble Lord appreciates the hard labour put in by our generation of women before disposable nappies.

We have heard a lot in this debate about the "empowerment of women"; it is a phrase that everyone loves—women must be empowered. On the encouragement of women into the workplace and to become socially and economically active we all agree, but women cannot be empowered until they have power over their own bodies and are in control of their own fertility. This is crucial. Some of my colleagues in the all-party parliamentary group are nodding, because they have heard me say it ad nauseam, but it is so important to recognise.

Women cannot be empowered if, as many girls in the world still are, they are subject to FGM, married far too young and then expected to go on bearing children until they die. Pregnant, breast-feeding or dead is sadly still the lot of millions of women all over the world, because more than 220 million of them still have no access to contraception or safe abortion, as the noble Baroness, Lady Manzoor, mentioned.

We know from the work of the late Professor Hans Rosling—I have to mention him in this debate—and others and from international bodies such as the World Bank that the simple intervention of making contraceptives available without coercion will enable women to have smaller families which then have better access to education, as mentioned by the noble Baroness, Lady Jenkin. It is crucial for the empowerment of women. Children who are educated contribute to their country's economy, and that country gets richer. It is good for it, and it is good for us. Ultimately, less aid is needed, there are fewer migrants and there are more and better trading partners. If we want to be really hard-headed about it, we could try telling the tabloids that.

I make no apology for repeating this message year after year, and I will continue to do so until I leave this House in my coffin, or before. I know that the Government have got the message, and I thank them for that and commend them for the work they have already done in this field, but will the Minister answer some questions when she sums up? It has not yet been mentioned, but following the imposition of the gag rule by President Trump, in a form even more draconian than before that will cut family planning services all over the world, what extra contribution will the Government make worldwide to make up the deficit? How will they ensure that safe abortion is still available, particularly after rape in conflict situations, which we heard about from the noble Lord, Lord Hussain, earlier? We must maintain this service for those dreadfully tragic cases. Will the Minister tell us about the conference planned for July this year and whether an announcement about extra funding will be made then?

The problems of women refugees concern me hugely. They and their daughters, often travelling without their men, are at risk of rape and trafficking—we have already heard that. In the Middle East, I visited the Zaatari camp in Jordan and heard how little girls are being married to total strangers because they will be safer with a husband to protect them in the camp. Sanitation facilities are poor, and women are frightened to use them. Healthcare, and maternal healthcare in particular, is scanty, although Zaatari camp is a pretty good camp. The women are in a constant struggle to feed their children and keep them safe.

Here I must put in a special plea for Palestinian refugees, some of whom have been displaced three times in their lifetime. Palestinians were treated well in Syria when they fled Iraq after the removal of Saddam Hussein. Noble Lords may remember that they went to Iraq in the first place because they fled their homeland. Since the civil war began in Syria and rebel groups started to hide in the camps, the Palestinians have been bombed and driven out. The health need of these women is enormous. UNRWA—the United Nations Relief and Works Agency, which provides for Palestinian refugees in particular—is grossly underfunded. It is a desperate situation for it now, and it is responsible for this group of refugees. Will the Minister tell us when the Government will give more funds to UNRWA?

Finally, I want to address problems much closer to home, those in this country. While we are working hard to help women in developing countries, our own women are beginning to be neglected. The Royal College of Midwives has already warned of an acute shortage of midwives, especially for older women who nowadays give birth having launched their careers, hopefully. They need much more attention and more staff. More midwives are needed. What are the Government's plans for increasing the number of midwives working in the National Health Service?

Last week, I was at a conference at the Royal College of Obstetricians and Gynaecologists on abortion services. The shortage of doctors who can perform

abortions, and the more tricky late abortions, in particular, is now very serious in this country. Only King's College Hospital and St Mary's Hospital can do abortion after 24 weeks, so women—desperate cases who need a very late abortion for the sake of their own health or for other reasons—have to travel a long way. It is desperate. This is because many commissioners now buy abortion services from the private and voluntary sector where no training takes place. This is really rather worrying, because it means that young doctors studying obstetrics and gynaecology cannot receive adequate training and experience because their hospitals are not providing the service, so they do not see it happening. What is going to be done about this problem and how will the Government ensure enough trained doctors to carry out this vital service in our own health service?

To conclude, I return to international development. I congratulate the Government on what they have done in the field of women's health and for not giving in to the siren voices in their own party led by the tabloid press, which thinks that overseas aid is a waste of money. I congratulate them, but urge them to go on doing more.

5.50 pm

Baroness Sheehan (LD): My Lords, I add my thanks to those already given to the noble Baroness, Lady Shields, for securing this very important debate. Noble Lords have spoken with such knowledge and passion on wide-ranging subjects and I pay tribute to them. I want to single out the noble Baroness, Lady Howells of St Davids, for reminding us, if we needed reminding, of the struggles that black women have faced. I also thank my noble friend Lady Barker for drawing our attention to the difficulties that transgender women face in the UK today.

Maybe I can encapsulate the debate thus far as one in which speakers have greeted progress to date with caution, because much remains to be done. The World Economic Forum's methodical approach in putting together the *Global Gender Gap Report* gives us an invaluable tool for keeping track of progress made across the globe. It shows us that across the four areas it tracks—economy, education, health and politics—in the 10 years from 2006 to 2016, the UK has slipped from ninth place to 20th place out of 144 for gender parity, only just ahead of Mozambique. I hope that these figures have set alarm bells ringing, illustrating as they do that much remains to be done at home.

However, this debate is about the UK's role in promoting gender equality globally. There, too, the progress we have made to date must be vigorously protected. I will concentrate the rest of my remarks on four issues: the global gag rule, FGM, the role of older women and DfID itself. On a recent visit to Sierra Leone with the All-Party Parliamentary Group on Population, Development and Reproductive Health, chaired by the noble Baroness, Lady Tonge, I saw for myself the essential work carried out by DfID working in partnership with organisations such as Marie Stopes to mitigate the effects of child marriage, gender-based violence and FGM. Gender-based violence was an issue that the noble Baroness, Lady Cox, and the noble Lord, Lord Hussain, who is not in his place, brought to our attention. Gender-based violence is practised as a weapon of war by those depraved enough to continue it.

We have heard a fair amount about the global gag rule already from the noble Baroness, Lady Tonge. I emphasise how different this global gag rule, which has been brought in by the Trump Administration, is to the one practised under the Bush era. The implications are devastating. Rather than impacting $600 million of foreign aid, the expanded Trump version will affect $9.5 billion of aid that currently goes to projects where organisations champion women's right to abortion. The Government in the Netherlands have already announced the creation of a fund to counter the global gag rule. When the noble Baroness responds to the debate, can she say whether DfID will join them in making a similar commitment? It has done so in the past.

I want to focus for a moment on FGM. According to recently published NHS figures, there were 5,484 newly recorded cases of female genital mutilation in the UK last year. Although we are making slow but sure progress in developing nations, I am certain that action here at home will send a strong message to developing countries that this practice has no place in the modern world. Will the noble Baroness also address in her response why we are failing to get the message across in health settings and schools and, secondly, why we have still seen no successful prosecutions to tackle this crime in the UK?

I will also say a few words about recognising the critical contribution made by older women to the economic well-being of their family and communities, as carers, shopkeepers, traders and entrepreneurs. Some time ago, I was an ambassador for a microfinance charity called Opportunity International and saw for myself the enormous trust that was placed in the hands of women, often older women, to multiply the money that was entrusted to them. Not only did they do that, but they were meticulous in keeping up with repayments, as it was a source of pride for them to be able to do so, thus ensuring that children and the vulnerable were beneficiaries. This point was made eloquently by the noble Baroness, Lady Hodgson of Abinger, as well as by the noble Baroness, Lady Flather. It is clear that in addition to moral and rights-based arguments for gender equality, there is a notable and substantial economic argument—study after study has shown that. In her concluding remarks, could the noble Baroness address what measures the Government are taking to ensure that the sustainable development goal to leave no one behind encompasses older women?

DfID has come under sustained attacks from elements in the media. It must do more to resist these and speak up for the millions of people across the globe who rely on it for the leadership it shows—often on pioneering projects that others shy away from, such as the girl group, Yegna, labelled "Ethiopia's Spice Girls" by the *Daily Mail*. This transformational, award-winning project, using popular culture, was thrown to the dogs in the face of attacks by the tabloids. Yet it is a prime example of where a bold stance by the Secretary of State would have enhanced her reputation. I am sorry she did not take that opportunity. The soft power

[Baroness Sheehan]
wielded by DfID throughout the world cannot be underestimated, and as a leading political and development player, the UK has a vested economic and moral interest in promoting gender equality.

5.59 pm

Baroness Gale (Lab): My Lords—and Ladies—first I thank the noble Baroness, Lady Shields, for bringing this really important debate to mark International Women's Day. We have had, as usual, a great debate over a wide range of subjects relating to women and girls from all around the world, and I thank all noble Baronesses, and all noble Lords, for their contributions.

The global theme for International Women's Day is "Be Bold for Change", as many of us today have mentioned. It is about encouraging ground-breaking action to drive the greatest change for women. The United Nations theme for International Women's Day is "Women in the Changing World of Work: Planet 50-50 by 2030". It aims at addressing women's economic empowerment in the context of globalisation and the ongoing technological revolution.

One of the key challenges for women is their low representation in leadership positions. The World Economic Forum produces an annual gender gap index, which ranks countries by the extent to which women and men have equal opportunities. It includes economic participation and opportunity, educational attainment, health and survival, and political empowerment. On this index, the UK is number 20; last year, we were number 18. On the IPU ranking, based on the percentage of women in the lower, elected House of Parliament, the UK is placed 47th; Rwanda is ranked first, with 61.3% women. Can the Minister explain why the UK has dropped down to 20th place? What measures would she suggest to improve our ranking? How we can move further up the IPU rankings?

Where there is good representation of women in elected legislatures, it is usually because special measures have been put in place, such as happened in the devolved institutions. In Wales, in the first elections in 1999, the Labour Party had special measures which meant that a good number of women were elected to good seats, and that has continued. We now have 41.7% of Members of the Welsh Assembly being women. In Scotland, 34.9% of the Members are women.

It is 99 years since women were first allowed to become Members of Parliament. In that time, only 456 women have been elected as MPs, compared with 4,738 men. That makes 8.8% women and 91.2% men. In the House of Commons today, there are 195 women, which is 30%, and 454 men, which is 70%. We are improving, but it is all very slow.

The Commons Women and Equalities Committee report published on 10 January recommends that the Government legislate for a minimum of 45% of candidates from all political parties to be women. If that target is not reached, sanctions should be imposed. Will the Minister do all she can to ensure that happens? It should be enacted if the number and proportion of women MPs fail to increase significantly in the next general election.

Next year, we will mark the centenary of the Representation of the People Act that gave women the right to become MPs. I am aware there are already plans in Parliament to mark the occasion. Does the Minister agree that, in the week of International Women's Day next year, we should have more than just our annual debate? Will the Minister agree to have discussions with me and others to see whether we can agree on a good programme of events to mark this occasion in your Lordships' House, without of course impinging on what is already being planned? I think we could have a great time next year, marking this great occasion. I have to say that 100 years is a long time to wait for women's equality. We owe it to future generations of women to take positive action now.

Another thing I want to talk about is gender-based violence. The UN recognises this as direct discrimination against women, perpetrated against them because they are women. Domestic abuse, as a form of violence against women and girls, is internationally recognised as a serious violation of the human rights of women and girls. Eliminating all forms of violence against women and girls is essential for the realisation of fundamental rights, equality and non-discrimination. The British Crime Survey for England and Wales reported that there were over 100,000 prosecutions for domestic abuse in 2015-16, the highest level ever recorded. Where gender was recorded, 92.1% of defendants were male, and 7.9% of defendants were female.

Specialist support services for women, such as refuges, are a lifeline for women and girls escaping domestic violence, but women's domestic violence services are in crisis. Women's services have seen their funding shrink rapidly since 2010, and one-third of local authority funding to domestic and sexual violence services was already cut by 2012 and even more since. Can the Minister explain why funding is being cut from these vital services which do so much to help and support women and children at a time when they need it most?

I look forward to the Minister's response, but before I sit down I would like to congratulate the noble Baroness, Lady Vere, on her recent marriage. I am sure that the whole House will join in giving her our best wishes. We wish her and her husband a happy and long life together.

6.06 pm

Baroness Vere of Norbiton (Con): My Lords, I thank all noble Lords who have spoken today. The contributions have been fresh and very thoughtful. International Women's Day is a time for coming together, and I really appreciate how many speakers have reached across social and political differences and recognised the work of other people. My noble friend Lady Seccombe mentioned this, and I pay tribute to her for her many contributions over the years in these annual debates.

The UK is an international leader in promoting gender equality, with many in this House and the other place working tirelessly to protect the absolute right of all young people, whether boys or girls, to follow the path and fulfil their potential, free from tired and outdated stereotypes and unnecessary barriers to progression. Achieving gender equality is by no

means straightforward, and there is no silver bullet. It is a complex and challenging issue; the breadth of subjects that we have heard today attests to that, from women in prisons to women on boards, and from women in their role in the economy to women and their role in peace, and also the impact of pornography on girls and young women.

In responding, I have tried to group some of these issues by subject. Noble Lords may occasionally feel that I am bouncing around somewhat, for which I apologise. If I do not respond today, I shall write.

First, on the role of women in the economy, I thank my noble friend Lady Bottomley for raising important issues so early on in the debate in so many areas in the economy and beyond, such as the arts, and her celebration of so many successes, so far at least. It was an uplifting contribution, as was that of my noble friend Lady Brady, who highlighted why business must attract female talent. It was my noble friend Lady Redfern who reminded us of the paucity of female council leaders and the impact that that will have and the consequences for the northern powerhouse initiative.

I am proud that Britain ranks as one of the best places in Europe for female entrepreneurs. There are around 1.2 million SMEs in the UK that are majority women-led. These businesses contribute an estimated £110 billion to our economy.

The noble Baroness, Lady Howells, who is understandably not in her place, raised the issue of the double discrimination of black women and their role in the economy. The Government take the matter of BME women's employment very seriously indeed, which is why we launched the Ruby McGregor-Smith review to look at this—that is, the review of my noble friend Lady McGregor-Smith. The review looked at race in the workplace and published its findings earlier this year. It found that the UK economy would benefit from a £24 billion-a-year boost if black and minority-ethnic people progressed in work at the same rate as their white counterparts. It revealed that people from BME backgrounds are still being held back in the workplace because of the colour of their skin, costing the UK economy the equivalent of 1.3% in GDP a year, which is completely unacceptable. We are therefore taking action on the report's recommendations and setting up the Business Diversity and Inclusion Group, chaired by Margot James, which will bring together business leaders and organisations to co-ordinate action to remove barriers in the workplace and monitor employees' progress.

Women on boards were mentioned by the noble Baronesses, Lady Ford, Lady Howells, Lady Goudie, Lady Massey and Lady Redfern—but, notably, definitely not mentioned by my noble friend Lady Bottomley. We know that companies with more diverse boards and senior executives can access a wider talent pool and better represent the society that they serve. That is why we as a Government are supporting and promoting the Hampton-Alexander review's targets for one-third of FTSE 100 senior executive leaders and one-third of FTSE 350 board directors to be women by 2020. Currently over 23% on the boards of FTSE 350 companies are women. That is more than double what we had in 2011, just a few years ago. We have exceeded the target set by the noble Lord, Lord Davies, of 25% women on FTSE 100 boards: there are now 26%. We are well on the road; I think we can all see that. The ultimate destination, though, is not yet in sight. I was interested to hear the ideas of the noble Baroness, Lady Ford, on how improvements might be made.

The noble Baroness, Lady Donaghy, specifically mentioned the gender pay gap. I am very proud that this Government have delivered on our manifesto commitment to require large organisations to publish their gender and bonus pay-gap data. What gets measured gets managed—and what gets measured publicly gets managed even better. She went on to say that there are no penalties if action is not taken. I beg to differ. We believe that the risk of brand and reputational damage will support compliance once gender pay gaps are made public. Furthermore, failure to comply would be an unlawful act and fall within the existing enforcement powers of the Equality and Human Rights Commission. The commission has, and will continue to receive, sufficient funds so that it can fulfil its role properly.

Turning from the economy to education, it is right that we talk about the education of girls across the world, as mentioned by my noble friends Lady Jenkin and Lady Manzoor. I am proud that the UK is a global leader in educating girls. Since 2010 the UK has supported 11.3 million children in primary and lower secondary school, which includes 5.3 million girls, and worked through global partners to train 380,000 teachers. In conflict-torn South Sudan, as mentioned by the noble Baroness, Lady Cox, we have helped 170,000 girls get an education. In Afghanistan we have given over 300,000 girls access to school. In Kenya our work has given disabled girls the chance to attend a mainstream school for the first time. The UK will continue to improve girls' access to education by helping 11 million children gain a decent education in 2015-20 and supporting 6.5 million girls in school.

My noble friend Lady Bottomley made comments about higher education. We as a Government are committed to achieving gender equality in all areas of life, including academia. That is the logic behind the Athena SWAN charter, which was established in 2005 to encourage and recognise commitment to advancing the careers of women in higher education and research. By being part of Athena SWAN, higher education institutions are committing to a progressive charter, adopting a commitment to gender equality within their policies, practices, action plans and culture. We encourage all higher education institutions to sign up to that. In schools and for girls and young women, this Government are leading the way—and, as the noble Baroness, Lady Benjamin, said, are ensuring that PSHE is mandatory in schools and in the provisions of the Digital Economy Bill.

The contribution from the noble Lord, Lord Sheikh, was most interesting about the paradox of the education level of Muslim women versus their involvement in the economy. I hope that he will take forward his obvious passion for the subject and collaborate with others in the Muslim community to come up with some specific recommendations. I encourage the noble Baroness, Lady Uddin, to contribute to any work that goes on. She also mentioned the Casey review. As we

[Baroness Vere of Norbiton]
know, that was only recently published. The Government are considering the Casey review's findings and recommendations very carefully, and will publish plans for tackling the issues raised very shortly.

On international matters, the noble Baroness, Lady Prosser, talked about the Government's commitment to overseas aid spending. I confirm that the Government remain fully committed to spending 0.7% of national income on overseas aid. This is enshrined in law. It is the goal of this Government, and specifically of the Secretary of State, Priti Patel, to make sure that they are completely focused on ensuring that, after detailed consideration, taxpayers' funds are spent in the most effective way. Therefore, it would be inappropriate for me to comment on any further funding commitments in the future.

I wish to talk briefly about something mentioned earlier today. The UK is a leader in anti-corruption measures. Corruption has a devastating impact on the lives of women, men and children, particularly in developing countries. Only today, we discussed the Criminal Finances Bill, which has cross-party support and will further our efforts and those of our allies internationally.

My noble friend Lady Hodgson spoke about sexual violence in conflict, as did the noble Lord, Lord Hussain. Sexual violence in conflict is something this Government are committed to ending. That is why DfID, the FCO and the MoD are working to expand the reach and implementation of the UK's Preventing Sexual Violence in Conflict Initiative, focusing on Iraq and Syria in particular. The UK is committed to ending all violence against women. That is why we were instrumental in securing dedicated targets within the sustainable development goals on ending all forms of violence against women and girls. DfID doubled its programmes on violence against women and girls from 64 to 127 in 2016. In 2013, the UK made the largest-ever donor commitment to tackling FGM, with £35 million to support the Africa-led movement to end FGM over five years.

The noble Lord, Lord Hussain, referred to Kashmir. We recognise that there are human rights concerns in Indian-administered Kashmir, including allegations of rape and sexual violence. Any allegations of human rights abuses should be investigated thoroughly, promptly and transparently. Perpetrators must be brought to justice.

My noble friend Lady Hodgson and the noble Baroness, Lady Goudie, talked about women's role in the peace process. The UK Government's ambition is to put women and girls at the centre of all our efforts to prevent and resolve conflict, promote peace and stability and prevent and respond to violence against women and girls. In doing this we can support UK interests in stability and security more effectively. We all know that women are a vital part of conflict resolution. Evidence shows that women's participation in peacebuilding increases the probability of violence ending within a year by 24%, and peace agreements are 35% more likely to last at least 15 years if women exert a strong influence. The UK's work on women, peace and security is outlined in the tri-departmental national action plan. It brings together the UK's diplomacy, development and defence efforts and provides a policy framework to ensure that the provisions of UNSCR 1325 are met.

My noble friend Lady Hodgson commented on CEDAW. I suspect that she will not be happy with my response. The UK has never put forward a candidate for the CEDAW committee. This is an issue that we keep under review and consider further each time there is an election for these positions. We are very committed to our responsibilities under CEDAW and will submit our periodic review to the UN this summer. This review will set out the progress we have made towards achieving gender equality since 2013, the year of our last review. I shall endeavour to press further, lest a more appropriate response be forthcoming.

The gag rule has been raised by the noble Baronesses, Lady Tonge and Lady Sheehan. The UK firmly believes that supporting comprehensive sexual and reproductive health and rights of women and girls, through proven, evidence-based public health interventions, saves lives and supports prosperity. We will continue to work with all our partners—including Governments, the UNFPA and civil service partners—to deliver this. On the issue of safe abortion, the US and the UK are not likeminded. Research shows that restricting access to abortion services does not make abortions less common; it only makes them less safe. The UK will continue to show global health leadership by promoting and supporting comprehensive, evidence-based sexual and reproductive health and rights. We will keep our contribution to these services under review as the landscape changes.

The noble Baroness, Lady Tonge, mentioned funding for Palestinian refugees specifically. The UK is one of the largest donors to the UN Relief and Works Agency for Palestinian refugees, which provides services to some 5 million Palestinian refugees, including 70% of the population of Gaza. This ongoing UK assistance supports the provision of basic services to refugees across the region, including in the Occupied Palestinian Territories. The assistance is focused on support for the most vulnerable, including women and children.

On more domestic matters, the noble Baroness, Lady Gale, talked about the report from the Women and Equalities Select Committee on how we will be able to improve the proportion of women elected to the House of Commons. The Government welcome the report from the WESC and are committed to improving opportunities for women in every workplace, including in the House of Commons. Parliament should be representative of the population we serve. We should take the opportunity to celebrate the progress that has been made. We have more women than ever in the House of Commons and, indeed, in your Lordships' House. However, it is clear that more must be done. Tackling this issue will require a concerted effort from all political parties, as well as from the Government. The Government are therefore considering the committee's recommendations carefully and will respond as soon as they can.

The noble Baroness, Lady Barker, talked about the Women and Equalities Select Committee report on trans people. Ensuring that transgender people are protected from discrimination and able to achieve their full potential is a priority for the Government.

We are grateful to the committee for looking at this important issue and we responded to its recommendations in July 2016. Furthermore, we shall publish an update to the trans action plan in due course.

To further support transgender people in the UK, we have also committed to review the Gender Recognition Act 2004 with a view to demedicalising it, streamlining the process and improving gender identity services. NHS England is increasing spending from £26 million to £32 million this year and will run a national procurement of adult gender identity services in order to award new contracts in 2017. The NHS and others are developing a national workforce and training plan to reduce waiting times.

I turn to a contribution from the noble Lord, Lord Sheikh, who talked about forced marriage. We believe that everyone should have the right to choose whom they marry—particularly me, clearly—as well as when they marry or if they marry at all. Stripping people of their choices and their choice to marry cannot be tolerated. That is why the Government are committed to ending the practice of forced marriage in the UK and overseas. We have established a dedicated Forced Marriage Unit, which supports people at risk of forced marriage. In 2015 alone, it provided advice in 1,000 unique cases. We will continue to give victims and potential victims of forced marriage and domestic violence the best possible support and protection.

Turning briefly to an area raised by the noble Baroness, Lady Tonge, we are aware that there is a need to increase the number of doctors who are trained to provide abortion treatment and care. The president of the Royal College of Obstetricians and Gynaecologists is leading a programme of work to address this issue, working with the Department of Health.

I turn, finally, to women in sport, a subject raised by the noble Baronesses, Lady Ford and Lady Massey, and my noble friend Lord Sherbourne. Sport can play a fantastic role in physical health and well-being, as well as bringing people together. There should be no barriers to participation, whether as a result of gender or disability. That is why Sport England has developed the This Girl Can campaign, which works to eliminate fear of judgment, to normalise women taking part in sport and physical activity, and to change perceptions of what sport is.

Baroness Heyhoe Flint was a fantastic athlete but also a champion of female participation in cricket and sport more generally, paving the way for many women who came after her. That is why I was very pleased to hear that the International Cricket Council had created an award in her honour to celebrate the best female cricketer each year.

I express my heartfelt thanks to all noble Lords who contributed today but, in particular, I thank the four noble Lords—five; I apologise—Lord Singh, Lord Hussain, Lord Sheikh, Lord Loomba and Lord Sherbourne, for participating, and I commend them on their bravery. I am, however, disappointed that more noble Lords of the male type were not able to join us today. I very much hope that, if I stand here in a year's time, we will achieve 50:50 participation in the debate, if not in the numbers in your Lordships' House. Women must not be excluded—but we cannot do it on our own.

This debate has demonstrated that progress has at times been hard won. It has also reminded us, as the noble Baroness, Lady Prosser, my noble friend Lady Hodgson, the noble Baroness, Lady Flather, and my noble friend Lady Jenkin noted, how fortunate we in our country are relative to so many women in the world.

The theme for this International Women's Day, as my noble friend Lady Shields and other noble Lords noted, is "Be Bold for Change". I finish by imploring Members of this House to use those words as a beacon to guide their extraordinary efforts in the future.

Motion agreed.

House adjourned at 6.28 pm.

Grand Committee

Thursday 9 March 2017

Automatic Enrolment (Earnings Trigger and Qualifying Earnings Band) Order 2017

Motion to Consider

2 pm

Moved by ***Lord Henley***

That the Grand Committee do consider the Automatic Enrolment (Earnings Trigger and Qualifying Earnings Band) Order 2017.

The Parliamentary Under-Secretary of State, Department for Work and Pensions (Lord Henley) (Con): My Lords, this order was laid before the House on 2 February 2017. I give the Committee the usual assurance that the draft statutory instrument is compatible with the European Convention on Human Rights.

The order reflects the conclusions of this year's annual review of the automatic enrolment thresholds required by the Pensions Act 2008. The review considered both the automatic enrolment trigger, which determines the point at which someone becomes eligible to be automatically enrolled into a qualifying workplace pension, and the qualifying earnings band, which determines those earnings of which the enrolled employee and their employer must pay a proportion into a workplace pension.

The order sets a new lower and upper limit for the qualifying earnings band and is effective from 6 April 2017. The earnings trigger is not changed and so no further provision is required in this order. The earnings trigger remains at the level set in the automatic enrolment threshold review order of 2014-15. Automatic enrolment continues to be a programme that works; nearly 7.3 million people have been enrolled, more than 400,000 employers have met their duties and the opt-out rate remains low at around 9%. We are now in the final year of rollout and the most challenging phase of automatic enrolment, with small and micro employers staging in peak volumes throughout 2017. Against this backdrop, it is more important than ever to maintain simplicity and consistency for employers. This year's order will provide this through to the end of rollout in February 2018.

I am sure the Committee will share my enthusiasm about the very exciting juncture of automatic enrolment at which we find ourselves, with the review of the policy and its operation being undertaken by my department this year. With that review, it is time to reflect on the successes we have achieved so far, take stock of the current position and consider how to build on this so that automatic enrolment continues its success in helping to rebuild a culture of saving. As such, it is important that this year's thresholds decision avoids pre-empting the outcome of the 2017 review but still delivers on the established principles of increasing the opportunity for people to make meaningful savings into a workplace pension while balancing costs for employers.

To describe the impact of the order, I turn first to the qualifying earnings band. As signalled by my honourable friend the Minister for Pensions on 12 December 2016, the order will, as previously, align both the lower and the upper limits of the qualifying earnings band with the national insurance lower and upper earnings limits of £5,876 and £45,000 respectively. By maintaining the alignment with the national insurance thresholds, both at the point where contributions start for low earners and are capped for higher earners, the overall changes to existing payroll systems are kept to a minimum. This decision therefore both ensures simplicity and minimises the administrative burden of compliance for employers in 2017-18, while maintaining consistency for hundreds of thousands of small and micro employers implementing automatic enrolment over the coming year. As I said, the order does not change the earnings trigger, which remains at £10,000, as set in the 2014-15 order.

Automatic enrolment continues to bring into its eligible target group those least likely to save for retirement. Low-paid workers and women, who are often likely to be low earners, have traditionally been underrepresented in workplace pension savings. Between 2012 and 2015 the private sector saw a 30 percentage point increase in eligible female participation in workplace pensions, and in 2014 there was no gender gap at all in participation. In fact, 2015 has seen more eligible women in the private sector participating in a workplace pension, exceeding the participation of men with 70% to 69% respectively.

Due to anticipated wage growth and with the maintenance of the existing trigger, we expect that an additional 70,000 individuals will meet the earnings criteria and be brought into the automatic enrolment population, of whom around 75% are women. Individuals earning below the £10,000 earnings trigger but above the lower earnings threshold will still be able to opt into a workplace pension and benefit from their employer contributions, should they so wish.

In conclusion, the decision to maintain the earnings trigger at £10,000 will increase the number of low earners who meet the earnings criteria and are therefore automatically enrolled in a workplace pension. The decision will increase the total number of people saving into a pension and the total savings. In addition, the decision to maintain the alignment of the lower and upper earnings qualifying bands with those for national insurance contributions maintains simplicity and consistency and minimises the burdens on employers at a crucial stage of the programme's wider rollout. Taken together, that means that the total pensions saving is expected to increase by some £71 million. The order therefore ensures that automatic enrolment will continue to provide greater access and opportunity for individuals to save into a workplace pension and build up meaningful pension savings. I commend the order to the Committee.

Baroness Bakewell of Hardington Mandeville (LD): My Lords, I thank the noble Lord the Minister for his instructive introduction to the order and for the fact that the number of women who are now enrolling has increased considerably. That is very good news.

[Baroness Bakewell of Hardington Mandeville]

I welcome the fact that the earnings trigger above which people will be automatically enrolled will remain at £10,000, which seems very reasonable. A lower threshold would bring more people into pensions, but, as the Minister indicated, with a state pension currently providing over £8,000 in retirement, there is obviously a limit to how far the Government want to be enrolling people who earn approximately £9,000, taking into account the cost to employers of setting up schemes, making payroll changes and so on. As has been indicated, the earnings trigger will undergo a fundamental review as part of the automatic enrolment review later this year. It would perhaps be better to wait for that and to look then at altering the trigger threshold.

The lower and upper limits for the band of qualifying earnings, on which contributions are due, are currently linked to the lower and upper limits for national insurance contributions. The order maintains that connection. However, I note that the Chancellor of the Exchequer raised the upper limit for national insurance contributions from £43,000 to £45,000. The order does the same and means that higher earners will be putting pension contributions in over a slightly wider band. That is welcome, but they can of course opt out if they wish to.

Although I welcome the regulations, I flag up my concern about people who have multiple jobs whose individual incomes will be below the threshold but cumulatively above it. They might earn £6,000 in one job and £5,000 in another. Such people are excluded from automatic enrolment; perhaps that can be considered on another occasion.

The *Review of the Automatic Enrolment Earnings Trigger and Qualifying Earnings Band for 2017/18: Supporting Analysis* report, which was published in December 2016, refers to an important point about the 280,000 people who earn between £10,000, the automatic enrolment trigger, and £11,500, the current tax threshold, who get tax relief. However, they get their tax relief only if it is administered according to the relief-at-source tax system, but not if their tax relief is administered according to another system, the net pay arrangement. That arrangement is somewhat obscure and the Government have failed to address the issue in the order. Those are minor points, however, and I generally welcome the order.

Baroness Drake (Lab): My Lords, I remain concerned that the earnings trigger of £10,000 for auto-enrolment still excludes too many people, particularly women, from the benefit of a pot of savings supported by an employer contribution. I am also a little disappointed that the Secretary of State has not taken the opportunity of the annual review to reduce the trigger. Although it has been held at £10,000 for three years, it is still too high, although this approach is preferable to aligning it with the personal income tax threshold, as happened between 2011 and 2015, which excluded ever more women every year.

Of the 11 million workers in the eligible target population for automatic enrolment, only 36% are female, and 3.5 million workers are ineligible because they earn less than £10,000 in any one job. The impact assessment confirms the disproportionate impact on women, because it shows that simply freezing the trigger at £10,000 will bring an additional 70,000 workers into auto-enrolment, over 52,000 of whom will be women.

The impact assessment reasons that auto-enrolment is in a challenging phase with the rollout to small and micro employers, so the earnings trigger should be held at £10,000. That is an understandable argument but not one that can fairly hold over time as a reason for not lowering the trigger. DWP figures reveal that of those working for smaller employers with 10 or fewer employees, 61% meet the eligibility criteria for auto-enrolment, compared to 90% of workers for large employers with 500 or more employees, and 55% of people employed in the service sector—where there is a concentration of women workers—meet the criteria, compared to between 70% and 90% of workers in other sectors.

The DWP analysis suggests that these discrepancies between small and large employers are largely driven by workers not meeting the earnings threshold. That is a pretty predictable observation. There are nearly 15 million women in work, 42% of whom work part-time. The ONS figures show that the smaller the company, the lower the level of earnings for part-time workers. Sweepingly, anyone working 25 hours or less on the national minimum wage of £7.50 is ineligible for auto-enrolment. The DWP's analysis also shows that reducing the trigger to the national insurance primary threshold of £8,164 would bring more than 500,000 women—and nearly 750,000 workers overall—into auto-enrolment.

An argument deployed by the Secretary of State in 2011 for excluding lower earners was that the state system itself delivered an adequate replacement rate of income. Indeed, that argument is deployed again in the current impact assessment, which states that the earnings trigger,

"should be set at a level that ensures as many people as possible are eligible for AE without disproportionately capturing those lowest earners for whom it makes little sense to save for retirement".

Lowering the £10,000 trigger, however, would not disproportionately capture lower earners. Very often, low earners are not low-paid throughout their working lifetime. Earnings are dynamic, but persistency of savings throughout working life is very important. Many women who earn less than £10,000 will, during their lives, have periods of full-time employment on higher earnings and periods of part-time employment on lower earnings, when they are caring. Persistency of saving throughout both periods and retaining the employer contribution improves their financial outcomes in retirement. Many, or most, very low earners are women who live in households with others with higher earnings and/or receiving working tax credits. They may well be workers who should be automatically enrolled.

As to excluding lower earners because the state system delivers an adequate replacement rate of income, "freedom and choice" means that individuals are no longer required to secure even a minimum income stream, and are free to spend all their money as they wish from the age of 55. Securing a replacement income is no longer a requirement of private pensions policy. Excluding so many lower earners from a pot of long-term

savings supported by an employer contribution and the tax credits system is not fair because it simply denies them the opportunity to accrue a savings pot and build financial resilience in later life.

2.15 pm

As to the equality implications, there is no impact assessment of whether a design feature of the second-tier pension system—the £10,000 earnings trigger—is working well for the life pattern of many women, contributes to the lifetime gender pay gap or unfairly fails to assist lower earners to accrue assets. The arguments for extending the coverage of auto-enrolment by lowering the trigger are strong. The number excluded is significant and risks an unfair distribution of long-term savings.

The review of auto-enrolment this year provides an opportunity for the Government to indicate the future direction of policy. They have confirmed that the scope of the review will look at existing coverage and consider the needs of those not benefiting from auto-enrolment, and examine the thresholds for the earnings trigger and the qualifying earnings bands. I ask the Minister: as part of that review will the Government explicitly consider the benefit to a large number of workers of reducing the earnings trigger below £10,000?

Lord McKenzie of Luton (Lab): My Lords, automatic enrolment has been a hugely successful example of public policy and once again I pay tribute to the role of my noble friend Lady Drake in helping to formulate its development and implementation.

The success of auto-enrolment has been built on rigorous research and assessment of the data, engagement with the industry and the building of a political consensus—legislated for by a Labour Government, implemented by the coalition Government and now sustained by the Conservative Government. Of course, that does not mean that we share an identity of view on every aspect of its implementation, as this discussion has already indicated. I will say more on this later. But it has undoubtedly been successful because it addresses a fundamental issue of chronic undersaving for pensions.

To date we are told—we have new figures today, I think—that some 7.3 million workers have been automatically enrolled by nearly 400,000 employers. The DWP review suggests, and we agree, that with all large and medium-sized firms having reached their staging times, the rollout for small and micro-sized employers is the most challenging phase. Of course, we are still in the 1%/1% contribution phase. DWP analysis suggests that by 2019-20 there will be an extra £17 billion of workplace saving per year as a result of automatic enrolment—a considerable achievement.

Of course, the success of auto-enrolment has run ahead of the necessary regulatory framework as it spawned the growth of master trusts. But this is being addressed in part by the Pensions Schemes Act, as I think it now is. Perhaps the Minister can give us an update on implementation plans for this legislation and its multitude of regulation-making powers.

The Minister will be aware that there are obligations on employers not only to automatically enrol workers but periodically—every three years—to re-enrol those who have not taken up the opportunity thus far. It is understood that there is a six-month window in which to do this. Given an October 2012 start date for automatic enrolment, employers will increasingly face this obligation. Can the Minister give us some data on how this is all going? How many workers have been re-enrolled and how many have opted out?

The order addresses the earnings trigger, which determines who is eligible to be automatically enrolled, and the qualifying earnings band, which determines the minimum level of contributions. The particular bone of contention with this order, as the Committee heard from my noble friend Lady Drake, is the earnings trigger, which is retained at this year's level of £10,000. While it represents a modest lowering of the threshold in real terms, it does not go far enough, as my noble friend asserted. Bringing within scope a further 70,000 individuals, 75% of whom are women, is to be welcomed. But if the trigger rate were just set at the national insurance primary threshold, as the papers before us show, a further 750,000 would be in scope and 70% or more of those would be women.

My noble friend has highlighted research, some of which came from Scottish Widows. Although it shows improvement in the number of women saving for retirement, there is still a gender gap. That reflects the fact that women are more likely to be in part-time work and lower-paid jobs—it is they who bear the brunt of having an earnings trigger that is too high.

In making the judgment as to the appropriate level of the earnings trigger for 2017-18, the Government assert that the overriding factor should be ensuring that people have sufficient retirement income savings. We agree with this. However, they then use the broader upcoming 2017 review to settle for the status quo on the basis of stability and affordability, without, I suggest, any detailed analysis, at least on the latter. Perhaps the Minister will take the opportunity to expand on this justification for the record.

So far as the qualifying earnings band is concerned, we note the continued alignment of the starting point with the LEL and the retention of an overall cap on employer contributions. The Government acknowledge that using a trigger below income tax personal allowance level does not preclude the benefit of effective tax relief if net pay schemes are used. Reliance on those below the income threshold opting in ignores the key principle of inertia on which auto-enrolment is built. Can the Minister give us any data on the numbers who opt in to schemes voluntarily and obtain the benefit of the employer contribution? Nevertheless, as my noble friend said, we look forward to the upcoming review and trust that it will include a focus on such matters as mini-jobs—mentioned by the noble Baroness, Lady Bakewell—and the self-employed.

The self-employed have of course caught the attention of the Chancellor this week. So, too, have those who operate through their own companies. When the legislation was introduced, excluded from its scope were sole-director companies, generally on the basis that such individuals were officeholders rather than workers. Given the growth of such arrangements, are there any plans to review this situation?

The order represents a modest advance in expanding the reach of auto-enrolment and we will obviously not oppose it. The 2017 review is an opportunity to take

[Lord McKenzie of Luton]
stock of matters more widely to ensure that the full benefits of this policy are obtained and that there are better outcomes, in particular for women and the low-paid.

Lord Henley: I am very grateful to the noble Lord for his offer not to oppose the order. I am even more grateful for the generally constructive approach that all noble Lords have taken to it. As we know, it is very simple and deals merely with automatic enrolment and raising the lower qualifying limit and higher qualifying limit in line with the lower earnings limit and the upper earnings limit of NICs, at the same time leaving the £10,000 figure where it was.

As I made clear in my opening remarks, we are conducting the 2017 review, so I have to be fairly circumspect in what I say in response to noble Lords because I do not want to prejudge that. However, many of the speeches, in particular that of the noble Baroness, Lady Drake, will be taken into account in that review, and we will consider in due course any further comments that she wishes to put forward. I will answer one or two of the more detailed questions put to me in the course of this short debate.

Perhaps I may deal first with the question of multiple jobholders, which was raised by the noble Baroness, Lady Bakewell, by making it clear that for some multiple jobholders, one of their jobs will earn in excess of £10,000. They will therefore be automatically enrolled on that job. But it is the case that they can choose to opt into schemes if they earn under £10,000 but more than the lower earnings limit so if they have a number of jobs, one of which is paying at least £5,876 a year, they can obviously do that. We think that around 500,000 multiple jobholders meet the age criteria for automatic enrolment and that of these, some 330,000 earn more than £10,000 in at least one job, so they would be automatically enrolled in it.

This may deal with the point raised by the noble Lord, Lord McKenzie, when he asked about the numbers of those seeking to voluntarily opt in who are below the £10,000 trigger and above the upper earnings limit. I understand that the survey we conducted in 2015 suggested that some 5% of those ineligible workers had chosen to opt in, which probably shows the benefit of the whole idea behind automatic enrolment—that you are automatically opted in and have to opt out. If we compare a 9% dropout rate there with a 5% enrolment rate for those who can, we see that leaving these things to a voluntary process would have led to a very different take-up from what we have seen so far with the automatic enrolment introduced by the 2008 Act. As I think I made clear in my opening remarks, we have seen a dropout rate among those who were automatically enrolled of only 9%. That rate might go up as the contributions go up but, at the moment, it is way below what was originally estimated by the then Government who introduced this measure and in other measures by us.

The noble Baroness, Lady Drake, expressed some concern about the £10,000 limit. She would like to reduce it still further. She certainly agreed that it was preferable to keep it at £10,000, though, rather than linking it to the personal income tax threshold. I think she would also agree that the arguments are finely balanced on both sides as to whether to increase or decrease the limit. I can see the case for a degree of simplicity by aligning it with the personal income tax threshold, but that would obviously exclude many more people. There is also the argument on the other side: if one lowers it—below £10,000—yet more people who are not paying income tax will be eligible for automatic enrolment. Having listened to the noble Baroness and said that the arguments are finely balanced, these matters can be looked at in the 2017 review, which I stress will look at the overall operation of the policy in the round, including the balance between catching the lower earners and other factors that determine the overall numbers who will be subject to automatic enrolment. Again, the concerns that she has put forward will be taken into account.

The noble Lord, Lord McKenzie, also asked about the Pension Schemes Bill, which is close to my heart. It was just disappearing from this House with all its detail as I arrived back in DWP and is awaiting its Report and Third Reading in another place.

2.30 pm

I can tell the noble Lord that the department expects to consult later this year on regulations that will set out all the detail of the new authorisation regime. Obviously, that will be introduced once the Bill is on the statute book. He also asked for a number of other detailed figures, which I would prefer to deal with in writing, to the extent that we have them or estimates of them.

I repeat my gratitude for the generally positive contributions to today's discussion and stress that all comments will be taken into account in the review.

Lord McKenzie of Luton: Before the Minister sits down, may I comment on his comment on the opt-in rate, which is 5%? That means that 95% of people who could take advantage of an employer contribution, for example, are missing out. A 5% opt-in rate is not great, and reflects the fundamental architecture of the scheme. Causing people to do something generally does not work with pay and pensions: you need to do something. Inertia keeps them in. On the issue of mini-jobs and whether any of them reaches a £10,000 threshold, even if one of them did, it would not give relief or benefit on the full aggregate of a number of mini-jobs that people may have, so it is not equivalent. It is difficult: we have debated and agonised over the issue of how effectively to aggregate these disparate jobs and get the same result as if it were one job. If that came out of the review, it would be a real success.

Lord Henley: What it reflects—to use a fashionable modern word—is the power of nudge. By means of automatic enrolment, we are achieving those high rates, whereas if one asks individuals whether they wish to join, one gets the relatively low rate of 5%. That 5% compares very interestingly with what I think is a rather low rate of opt-outs: 9%, which is far lower than we originally expected.

Having said which, I would still say that one has to get the right balance between administrative simplicity and ensuring that people will ultimately benefit. It is

important to remember administrative simplicity for the employer, particularly the very small and micro-employer. That said, all those factors can be taken into account in the annual review. We all have the same desire: to increase enrolment in pensions as far as possible, but in the best way. This has been working very well since the 2008 Act. There are just questions such as whether to bring the trigger lower. They are best looked at in the review, where they will be taken into account.

I think I have dealt with most matters, other than those on which I promised to write to the noble Lord, Lord McKenzie. I commend the Motion.

Motion agreed.

Reporting on Payment Practices and Performance Regulations 2017

Motion to Consider

2.34 pm

Moved by ***Lord Prior of Brampton***

That the Grand Committee do consider the Reporting on Payment Practices and Performance Regulations 2017.

The Parliamentary Under-Secretary of State, Department for Business, Energy and Industrial Strategy (Lord Prior of Brampton) (Con): My Lords, the purpose of these regulations is to implement a requirement on large businesses to report on their practices and performance in paying suppliers. The first instrument on payment practices applies the requirement to large companies, while the second applies the requirement to large limited liability partnerships.

Late payment can be a significant issue for businesses, especially smaller suppliers. It is estimated that small and medium-sized businesses are owed £26 billion in late payments. This Government have several measures in place to tackle late payment. As well as the reporting requirement, which I will talk about in more detail, the Government are also currently recruiting the small business commissioner, which noble Lords discussed in this House in the last Session.

Alongside other measures, there is also the Government's support for the Prompt Payment Code, which is an industry-led code of conduct. The code sets standards for payment practice, and the Government are committed to signing up strategic suppliers to the code. Small and medium-sized businesses often lack information about the larger businesses they supply. They have no choice but to take it on faith that they will be paid in line with the agreed terms and conditions. There are sometimes calls in the House for more prescriptive measures to support suppliers. However, in response to the 2013 discussion paper on options for tackling late payment, businesses said that they did not want to see government constraining their freedom of contract. Instead, the reporting requirement focuses on transparency.

We are not therefore banning business practices, or unduly interfering in customer- supplier relationships, but we want suppliers to have the information they need to make good business decisions, and to encourage a culture change in payment practices. When we consider new obligations such as these, we have to be careful to balance the burden on large business with the benefit to small business. That is why we have taken longer to implement this requirement than we estimated at the time of the debates on the Small Business, Enterprise and Employment Act 2015. This is the legislation enabling us to make the regulations before us today. We have taken time to ensure the requirement works in practice for large businesses, so that we can be confident that the resulting data will be robust and helpful for small businesses.

In our recently published impact assessment, we estimated the annual net cost to business at £17.7 million. That sounds like a large number—indeed, it is—but it has to be considered against the potential benefits to businesses that a reduction in late payment could bring. Even a small reduction in late payment could have a significant impact, especially for small suppliers, and especially for those for whom cash flow is of the essence. We have continued to engage with stakeholders following the public consultation on the policy. My officials have had an ongoing dialogue with stakeholders across different sectors on a wide variety of topics related to the reporting requirement. They have been listening to businesses, representative bodies and other stakeholders to make sure we get the balance right between the burden on large business and the benefits to small businesses. This has also included independent research commissioned to provide additional evidence for the impact assessment and user research to inform the development of the web service.

I now turn to the detail of the regulations. They implement an obligation on large businesses to publish information about a number of metrics relating to their payment practices. Businesses will need to report on these metrics for their first financial year, starting once the regulations come into force on 6 April 2017. Each reporting business will need to publish information twice each financial year. To ensure the information is up to date and relevant, it must be published within 30 days of the end of the reporting period. The metrics include three types of information. They require businesses to publish statistics about their payment performance, including the average time taken to pay and the percentage of invoices paid in 30 days or fewer, between 31 and 60 days, and later than 60 days. They require businesses to give narrative statements about the business's standard payment terms and dispute resolution processes. They also require businesses to state whether the business's payment practices and policies provide for supply-chain finance, e-invoicing and deductions for being on a supplier's list.

These metrics were the subject of the 2014-15 consultation. We received diverse feedback about certain points and have sought to find a balance between the needs of small and large business. Specifically, we cannot require businesses to report on all pay-to-stay practices. The House was notified of this in a Written Ministerial Statement in December 2016. The metrics of interest owed and paid are not included in these regulations, but we will learn from the public sector's introduction of a similar metric of interest owed from later this month.

[Lord Prior of Brampton]

The regulations require businesses to report on any deductions from payments to suppliers as a charge to remain on a supplier's list. A broader metric to cover more types of pay-to-stay practices will be kept under review. Businesses will be required to publish their reports on a government web service and, as soon as the business publishes it, the information will be available to suppliers. The web service is being developed with input from users of the service and will be available from April 2017. To ensure that it is accurate, the information published must be approved by a named director. This will help late payment become a reputational issue. The public nature of the reporting will motivate businesses to comply. However, it is a criminal offence if a business fails to publish a report, or publishes false or misleading information.

On conviction, the business, directors or, in the case of false statement, the individual will be liable for a fine. The reporting requirement will increase transparency, making it easier for suppliers to find information about large businesses' payment practices and performance. The improved transparency will help suppliers make better-informed business decisions and encourage large purchasers to make prompt payment. The public nature of the data will highlight good payment practice, while also shining a light on poor practice that is potentially damaging and unfair to suppliers. This measure is an important step towards a change in business culture to one where late payment is considered a reputational issue and prompt payment is valued by all sizes of business. I commend these regulations to the Committee.

Lord Foster of Bath (LD): My Lords, I begin by saying how welcome these proposals are, as developed from the Small Business, Enterprise and Employment Act 2015. The duty to report, as the Minister said, is one in a package of measures that begins to address a problem that has existed for far too long around late payment to small businesses. As the Minister said, we have 5.5 million small businesses in this country and it is estimated that, between them, they are owed over £26 billion. The impact this has on them is incalculable. It has been estimated by a number of people that implementation of these measures—and further measures, which I will touch on in a second—could prevent the death of about 50,000 businesses per year.

The other measures that I welcome include the Prompt Payment Code, to which we have already heard reference, and there are further measures that I hope will be adopted, which are referred to within the corporate governance Green Paper. Reference is made, for example, to one board member having responsibility for representing the views of small businesses within the supply chain. I welcome, too, the increased transparency about payment in other regards, as also referred to in that Green Paper, but that is probably not directly relevant to today's debate.

Having said that I support these proposals, I will confine my remarks to asking a few short questions. First, in reference to the duty to report, it remains unclear who is responsible for verifying the statistics contained in the report. The Minister has said—and it is clearly explained in the Explanatory Memorandum—that the figures must be approved by a named director of the company. However, as I suspect the Minister might accept, that looks rather like the company is marking its own homework. Will the Minister explain what opportunities there would be for people concerned about the statistics to draw attention to that, and to whom would they do so? Given that failure to report is a criminal offence, it is not at all clear whether failure to report accurately would be deemed a criminal offence and what the penalties would be. Again, I would be grateful for clarification on that matter.

2.45 pm

A particular point about what companies are in scope has been drawn to my attention. The Explanatory Memorandum and, indeed, the regulations are fairly clear about that, but I want to tease out some more information from the Minister on the specific reference to a parent company. What happens if a relatively small UK company that does not fall within scope, but is nevertheless a subsidiary of a very large US company—the parent company—has unacceptable payment practices? For instance, US companies often have a 120-day payment period, so would that fall in the scope of the regulations?

My final question relates to another aspect of the support being given to small businesses. The appointment of the commissioner, or the late payment tsar, as it has been dubbed, will take place shortly. Will the Minister explain the interrelationship between the late payment tsar and the regulations, in terms of late payment and the duty to report? Would people who have concerns about the reports go to the commissioner?

While I am on the issue of the commissioner, given that there have been developments since that was last debated, will the Minister take a second or two to update us on the progress on appointing that person? Has further consideration been given to the number of concerns that were expressed about whether the commission's role is rather too limited and that it could be a toothless tiger without further powers being given? Has attention been given to concerns that in the very early stages of the commissioner's work, one suspects that he or she and their team will be inundated? Will sufficient extra resources be available in the short term?

Those are a few brief questions, but I am very supportive of the regulations as part of a package of measures, which, broadly speaking, we also support.

Lord Stevenson of Balmacara (Lab): My Lords, I will follow closely the words of the noble Lord, Lord Foster. Like him, we accept that these are good regulations. They stem from a Bill that we spent a lot of time on in 2015, talking about small businesses and their problems. It is good to see the output in terms of large companies and large limited liability partnerships, and to see the detail. I support that.

Like the noble Lord, Lord Foster, I have a number of questions, which I am sure the Minister will be able to respond to. Where the noble Lord finished is where I would like to start. There is no mention in either set of regulations about the role of the Small Business Commissioner, and I find that very surprising. From the reports that are circulating about the appointment

of the Small Business Commissioner, it is clear that the department sees that as being one of a package of measures that will implement the small business Bill. However, there seems to be no mention of it and no role for the commissioner in the regulations. Perhaps the Minister has an explanation for that.

Having said that, the second question that comes to mind is: what is the role of the Small Business Commissioner? The Minister was not in post when we discussed this in 2015, but I think he will have been briefed about the general feeling there was in Committee and on Report that the move to introduce the Small Business Commissioner—it was a major change by the Government, who had previously set their mind against it—was a good thing, but that the powers were lamentable given the case that had been made by the Federation of Small Businesses in particular, which, after all, might be expected to know a bit about the problems that small businesses face.

It is brave of the department to bring the chair of the FSB on to the appointments panel—that is a good sign. However, as far as I can understand from the press comments he has made, he is still worried that even though he is on the panel, the post is not going to be sufficiently empowered or resourced to do the job it has to. He does not think that it begins to tackle the problem referred to by the noble Lord, Lord Foster, of 50,000 small businesses going broke each year because they cannot get the money they are owed out of the larger companies. There is also the question of whether or not the will is there in the department to try to help shape the culture, rather than simply shine a light on current practices.

The Explanatory Memorandum to both instruments before us gives a little context about where all this has come from. The noble Lord, Lord Foster, mentioned one of those issues, the Prompt Payment Code, which has been heavily trailed by the Government and used as their only fig-leaf when we talked about this in Committee and on Report. However, it has proved to be a completely hopeless way of trying to achieve culture change. At the time that the Prompt Payment Code was being lauded, we had examples within this very House of major companies that were not even signed up to it, and many of those that had signed up had operating practices that would have made it impossible to stay in the code, and yet there was no apparent sanction as it is a voluntary organisation. The pay-to-stay scandal and the unilateral changing of payment arrangements from 30 days to 60 days to 90 days and all sorts of other things were going on in companies that should have been adhering to much higher standards. That is a clear example that the process does not work in practice. At least we now have a transparency arrangement, and I like a lot of the things that are included.

Delays always happen but I suspect that there is a bit of a story behind the way in which this has come out and around the engagement with both the major and the smaller companies in trying to find a way to make this work. Extraordinarily, but rightly in my view, the department has decided that the only way to get this to work in practice is to run its own website. It cannot rely on companies coming forward with material because it feels that that would be too difficult to interpret. Again, that is brave. I cannot say any more than that—I think it is terrific and I am sure that it is the right thing to do. Perhaps it opens up a new, aggressive policy chapter in BEIS, and it is actually going to do things that help businesses instead of just standing back and watching as they go under. However, I may be making the point a little too strongly.

The third thing I have to say is a compliment, which I rarely pay to BEIS and its officials because they are always in default on this. However, they have at last hit a common commencement date for these arrangements, and I am so pleased by that. However, it is extraordinary, is it not, and perhaps shines a different light on this area, when you discover that, uniquely, these are time-limited regulations, which is something I have never seen before. It is not so much a sunset clause but a total eclipse. We have the situation where these will come into force on 6 April 2017, which is great, and will then close on 6 April 2024 unless they are extended. There are substantial consultation arrangements around that, but it does not exactly send the message to small businesses that the Government are here to help and are on their side. The regulations are, at the very best, a pale imitation of where they want to get to, and are time-limited and will be withdrawn unless some future act of consultation comes through.

We welcome these instruments in so far as they go—it is exactly what the Government said they would do. They are late, but at least they are here. They will start very quickly and will be accompanied by an as yet unknown, but potentially powerful, person to take up some of the issues that are left undealt with here. With that, we support the instruments as they appear before us.

Lord Prior of Brampton: I thank both noble Lords for their broad support for the general thrust of this statutory instrument.

Potentially misleading or inaccurate information is a criminal offence punishable with a fine. Who is responsible for verifying the data? Our view is that the public nature of the data will ensure their accuracy. Businesses can raise their concerns directly with BEIS or the Small Business Commissioner. The whole thrust of this instrument is culture change. It is the reputational damage that firms will suffer, rather than the prospect of a criminal conviction, that will have the biggest impact on changing behaviour.

In terms of the scope and the companies caught by this, the definition of a large business for the purpose of having to make the disclosures is two of the following three: an annual turnover of £36 million; a balance sheet total of £18 million—I assume that that means net assets; and 250 employees. The noble Lord asked about a subsidiary of an overseas company—it could be a subsidiary of a domestic company, for that matter. As I understand it, this applies to companies or LLPs that are incorporated in this country. So I do not think that a small company over here that is a subsidiary in the US is captured by the instrument, but I will double-check that.

The noble Lord said that payment terms in the US were more typically 120 days rather than net monthly or 30 days but I am not sure that that is necessarily right. Also, we should be clear that in some big contracting

[Lord Prior of Brampton]
industries, where there is delayed payment and that is negotiated upfront by suppliers, that is entirely legitimate. In their disclosures, big companies are perfectly entitled to say in their narrative that in their industry, a different payment schedule is typical. Where you have a long-term contract, which requires a different kind of financing, again, that can be disclosed and explained, and it will be perfectly legitimate. We are not saying that a longer period is necessarily worse than a short one; it very much depends on the industry. What is important is the transparency and a narrative around it.

Both noble Lords spoke about the appointment of the Small Business Commissioner. I understand that we will be appointing that individual during 2017. We launched the recruitment campaign on 12 February, with the intention of appointing later on in the year.

Lord Foster of Bath: Since it has been made public that the commissioner will start work in October this year, I hope that it will be some time in the course of this year, or there will be a difficulty.

Lord Prior of Brampton: I just wanted to reassure the noble Lord that the process has started. As it started in February, that appointment will follow in due course.

I thank noble Lords for their contribution to the debate. The importance of transparency is clear. One economic reason that makes this statutory instrument so important is that for many small, particularly growing, companies, cash flow, rather than profit, is critical. Delayed payment terms can seriously undermine the ability of small companies to grow. I think that all parties in the Committee are apprised of that.

Lord Stevenson of Balmacara: It is true that the terms are important, but both the noble Lord, Lord Foster, and I were at pains to make the point that it is the reliance on the contract with a large company that causes the difficulty. It is difficult for individual small companies to challenge the payment terms they are first offered—particularly if, once they are in contract with the large company, it decides unilaterally to change them—because they need the business. The Minister said that he has worked in business before, and I have run small businesses. When you are waiting for that cheque to come and it does not and you cannot pay yourself, you cannot rip up the contract because you are so dependent on it. It is that defect—for which no powers are being given explicitly to the Small Business Commissioner—that lies at the heart of where we disagree with the Government's approach. I am sure that this issue will be addressed, because the figures are now so open and clear that it has to be sorted: £26 billion is a stonkingly large figure. If we could sort that out and speed it up—although the Explanatory Memorandum does not go into this—a 0.25% reduction of the costs of organising small businesses raises something like £22 million. A small calculation of what that cash flow change would be changes the dynamics of the whole arrangement.

3 pm

Lord Prior of Brampton: The noble Lord makes a very good point. There is a big distinction between overdue payments where you are supplying on, say, net monthly terms and not receiving the money—and sometimes having to wait for months for it—and the situation where you knowingly enter into a contract where the terms are 60 days or 90 days. I do not know what the breakdown of the £26 billion is—how much of that is overdue against the agreed terms and how much is just longer than 30 days. When I go back to the department I might just get an analysis of that £26 billion and share it with noble Lords. On that basis, I hope that we can all agree to go forward with this statutory instrument.

Motion agreed.

Limited Liability Partnerships (Reporting on Payment Practices and Performance) Regulations 2017

Motion to Consider

3.01 pm

Moved by ***Lord Prior of Brampton***

That the Grand Committee do consider the Limited Liability Partnerships (Reporting on Payment Practices and Performance) Regulations 2017.

Motion agreed.

Air Weapons and Licensing (Scotland) Act 2015 (Consequential Provisions) Order 2017

Motion to Consider

3.02 pm

Moved by ***Lord Dunlop***

That the Grand Committee do consider the Air Weapons and Licensing (Scotland) Act 2015 (Consequential Provisions) Order 2017.

The Parliamentary Under-Secretary of State, Northern Ireland Office and Scotland Office (Lord Dunlop): My Lords, it may be helpful at the outset to remind the Committee of the context of this order. Its origins can be found in the tragic death in 2005 of two year-old Andrew Morton after he was shot in the head with an air rifle. His parents campaigned for "Andrew's law" to ban air weapons in Scotland.

Such deaths are mercifully rare but attacks continue to happen. Air weapons accounted for almost half—158—of all offences allegedly involving a firearm in Scotland in 2015-16. The all-party Calman commission examined the regulation of bearing weapons as part of its wide-ranging review of the Scotland Act 1998. When the commission reported in 2009, one of its recommendations was that the regulation of certain air weapons be devolved to the Scottish Parliament. This recommendation was included in the Scotland Act 2012, which made amendments to the Scotland Act 1998. Provision to devolve the regulation of certain air weapons was set out in Section 10 of the 2012 Act.

In addition to the scrutiny that the 2012 Act had in the House, the Committee may recall that a number of noble Lords were members of the Calman commission: my noble friends Lord Selkirk and Lord Lindsay, the noble and learned Lords, Lord Boyd of Duncansby and Lord Wallace of Tankerness, and the noble Lord, Lord Elder.

The Scottish Parliament used its new powers in this area to enact the Air Weapons and Licensing (Scotland) Act 2015, which I shall refer to as the 2015 Act. It received Royal Assent on 4 August 2015, having been passed by the Scottish Parliament on 25 June 2015. Andrew Morton's parents welcomed this new legislation. The 2015 Act introduces a new licensing regime for air weapons to maintain controls over the use, possession, purchase and acquisition of such weapons in Scotland. It broadly follows the principles and practices of existing firearms legislation that apply across Great Britain by setting out the air weapons which need to be licensed; allowing a fit person to obtain and use an air weapon in a regulated way, without compromising public safety; and setting out appropriate and proportionate enforcement powers and penalties to deal with any person who contravenes the new regime.

It is notable that, in advance of the new regime coming into force on 31 December 2016, almost 19,000 unwanted air weapons were surrendered to Police Scotland for secure destruction.

The order I present to your Lordships today is made under Section 104 of the Scotland Act 1998, which allows for necessary or expedient legislative provision in consequence of an Act of the Scottish Parliament. The order will enable Part 1 of the 2015 Act to be implemented in full by making the following consequential amendments to reserved legislation which extends across Great Britain, namely the Firearms Act 1968. It will make it an offence for a pawnbroker in Scotland to take an air weapon in pawn and it will impose penalties for this offence. It will allow a court in England and Wales to cancel, in certain circumstances, any air weapon certificate granted to a person under the 2015 Act. This extends the court's existing powers to cancel a firearm certificate or shotgun certificate held by a person appearing before it. It will also allow a court in Scotland to order the forfeiture or disposal of any firearm—other than an air weapon—or ammunition found in the possession of a person convicted of an air weapon offence.

The UK and Scottish Governments, Ministers and officials have worked together to ensure that this order makes the necessary amendments to the Firearms Act 1968 in consequence of Part 1 of the 2015 Act. It represents the final step in the implementation of the new Scottish licensing regime for air weapons that will tighten controls over the use, possession, purchase and acquisition of such weapons in Scotland. I commend the order to the Committee.

The Earl of Kinnoull (CB): My Lords, I thank the Minister for his customary logic and clarity in telling us about the proposed statutory instrument. I declare an interest: I have a firearm certificate from Police Scotland and I own an air gun. It is relevant to later in my short remarks that I bought it second-hand for £25. Living as I do in rural Scotland, I can tell the Committee that probably most homes in my area either own an air gun or have done so at some point.

I should make clear that everything I shall say in no way challenges the fact of the devolution of powers, or the fact that the licensing regime has been introduced. However, some people have expressed to me the opinion that the licensing regime is disproportionate, badly cast and impractical, and, having looked into, it I have some concerns.

The British Association for Shooting and Conservation has 144,000 members; I am not one of them. Around 12,000 members are Scottish. The BASC has given a briefing paper to all its members, from which I will read the concluding paragraph. I preface that by saying that at the start of this process there were an estimated 500,000 air guns in Scotland: that puts the figure of 19,000 into context. The report, *Air Gun Licensing in Scotland a Costly and Bureaucratic Mistake*, states:

> "Currently, 60,000 people in Scotland already hold firearms licences. Increasing the licensing requirement to cover hundreds of thousands of people in Scotland plus visitors will place existing Police Scotland licensing staff under a massive administrative burden when offences have fallen significantly and the police are subject to pressure on both budgets and staffing".

As the Minister pointed out, version 1.0 of the *Guide to Air Weapon Licensing in Scotland* of June 2016 states that the whole thing will broadly follow the principles and practices of existing firearms legislation. That is pretty onerous. There are seven different forms that you can fill out but the main form is number one; it is 12 pages long and includes lots of questions about health and about security in the home.

There is a warning that if you answer a health question with a problem, your GP will be contacted. The security questions at home are, of course, very similar to those in the firearms questionnaires that I fill out, which result quite rightly in visits to homes. With hundreds of thousands of people needing to apply for these licences, with warnings that GPs may be contacted and security may need to be checked in homes, and with a 12-page form that needs to be processed, my concerns reach not just to the BASC's worries about the pressure on Police Scotland but to needless pressures on the National Health Service. GPs will not know everything and will have look in their files, as they will—I presume—have to write a report to say that a person is suitable for a licence. The cost of the licence is also quite a lot; it is £72 for someone aged over 18. Admittedly it is only £50 for a 14 year-old, but I put that against my original purchase of a £25 air gun.

The function of this House is scrutiny and the weapon we have is to ask the Government to think again. Of course, in recent days we have seen ourselves do that in a very public way. My question is: where we see something like this in the underlying legislation—something that I feel to be impractical and, in the round, bad news for the people of Scotland and disproportionate—should we just wave through a statutory instrument or should we ask the devolved Administration to think again? I have carefully reviewed the underlying Act—I have it here on my iPad—and I think it would be possible with the Act to have a much simpler system, which would be cheaper and would not use up

[The Earl of Kinnoull]
the resources of Police Scotland or of the National Health Service in Scotland, and yet would give some element of comfort to make sure that the horrible crimes that can occur with these things are lessons. I would be very grateful for the Minister's comments on this underlying constitutional issue.

Lord Hope of Craighead (CB): My Lords, I have never owned an air weapon, although when I was younger I did fire one once or twice, but it was a very long time ago. I have come along to welcome this measure—not in any way to take away from the points that the noble Earl has raised—but I do so against a background for which I should declare an interest as a member of the Scottish Ornithologists' Club.

I have been concerned for many years about the misuse of air weapons by young people, particularly in the countryside, who are tempted when they see, for example, a swan on a pond or a loch to shoot at it. I dare say it is a very tempting target for a young boy with an air gun. Of course, the injury that can be caused to these wild animals can be very disabling—not fatal, but it can considerably disable the individual bird and, if it is nesting, affect the lives of the cygnets or young birds that are being looked after.

Anything that can be done to restrict the availability of air weapons—excepting those such as the noble Earl and his family, who can no doubt be trusted to use them properly—should be done. I must confess that it never occurred to me as a little boy, or even today, to go to a pawnshop to buy one. I am quite interested as to why pawnshops have been singled out, but it may be that an example has been found of a pawnshop that had air weapons available which were of course not subject to the usual scrutiny that one would get from the reputable dealers. Closing off a loophole of that kind is welcome and I therefore applaud the instrument in that respect.

However, one question puzzles me—purely because the Explanatory Memorandum does not explain enough—which is the exclusion from new subsection (1ZB) of an air weapon. This is in the forfeiture clause, which provides for the forfeiture or disposal of any firearm, other than an air weapon, in Section 1 of the Act. I am not quite sure why that should be. If an air weapon is found, for example, in a pawnshop and the owner of the pawnshop is convicted of the offence, I would have thought that the sensible thing would be to take the air weapon into possession because the only person who has a claim to its ownership is the pawnshop owner; it has not yet been disposed of. It may be that I am missing bits of legislation elsewhere which would cover that but it would be helpful if the Minister was able to explain why air weapons are being excluded. I would be comforted if there was some other provision which enabled that forfeiture to be resorted to. But subject to that, and with very grateful thanks to the Minister for his helpful explanation of the tragic background to all these measures, I support the order.

3.15 pm

Lord McAvoy (Lab): My Lords, I, too, thank the Minister for his usual clear and, as has been said, logical exposition of what is entailed in this SI. It allows the Scottish Government to more effectively regulate the possession, purchase and acquisition of air weapons in Scotland, as set out in Part 1 of the Air Weapons and Licensing (Scotland) Act 2015. The tragic background to this initiative—how it all started—is well known in Scotland. Government as a whole must take credit for responding to public concern and campaigns, because when we stop reflecting public opinion, we end up in trouble.

I do not have an interest to declare now but my first job when I left school was in a pawnshop. Pawnshops were a necessary part of the economic life and survival of the working class in the west of Scotland. I enjoyed my time there but unfortunately it entailed working all day Saturday. As the pawnshop was within three-quarters of a mile of Celtic Park, I could hear every goal getting cheered while I was working away in the shop, unable to witness them. After a year and a half I left the pawnshop and went to work in a place where I could get Saturday afternoons off to go and see my favourite football team.

The order makes it an offence,
"for a pawnbroker to take in pawn an air weapon",
and will ensure that pawnbrokers are held accountable to the law by imposing penalties of up to three months' imprisonment, or a level 3 fine, on those who break it. When I worked in the pawnshop, we had regular visits from the police checking up on jewellery and other items that might not have been honestly acquired before being pawned. There was pressure on the manager of the pawnshop to comply with this. The noble Earl, Lord Kinnoull, mentioned administrative burdens, but my question is: has any work been done with the National Pawnbrokers Association to ensure that the new offence is widely communicated to those who will be affected? There are still pawnbrokers around and it will mean administration for them.

The provisions also allow for courts in Scotland,
"to order the forfeiture or disposal of any firearm or ammunition found in the possession",
of a person convicted of an air weapon offence. Again, this is very welcome as it will ensure that persons convicted of air weapon offences will be covered by further measures protecting public safety. I know that the noble Earl has specific concerns about rural areas. My experience and my concerns relate to some of the abuses that were mentioned by the noble and learned Lord, Lord Hope of Craighead. I witnessed many of these when I was a boy and I always wondered why air weapons were allowed to be so easily acquired.

We commend the consequential provisions that will allow for the smooth further operation of the Scottish air weapon-licensing regime and contribute to a safer, more consistent firearms policy in Scotland. We welcome this measure.

Lord Dunlop: I thank all noble Lords who have taken part in this short debate for their general support for the order. Perhaps I could take some time to address specifically the substantive points that the noble Earl, Lord Kinnoull, has raised. He essentially raised two main points: the first relates to whether the regime is proportionate and the second to whether the Section 104 process could be used to ask the Scottish Parliament to think again about this or any other measure.

On the first point, we need to accept that responsibility for the regulation of certain air weapons in Scotland is now a matter for the Scottish Parliament and Scottish Ministers. The Scottish Government carried out detailed consultation on the main air weapon licensing proposals before the Air Weapons and Licensing (Scotland) Bill was introduced. The issue of air weapons licensing has been fully debated in the Scottish Parliament, and it is absolutely right that Scottish Ministers are held to account for the decisions they take by the elected representatives in that Parliament. Of course, UK government departments with responsibility for the relevant reserved legislation, notably the Home Office, which this order affects, were consulted during its drafting and it was approved by them.

The appropriateness of the new regime is an important issue. I understand that the Scottish Government worked closely with the Police Service of Scotland and, notwithstanding what the noble Earl said, with representatives of the main shooting organisations to ensure that the new licensing processes are as familiar as possible and appropriate to the lethality of the weapons affected. For example, there are currently more than 51,000 firearm or shotgun certificate holders in Scotland and it is expected that the majority of them, like the noble Earl, will also hold air weapons. So checks on existing firearm or shotgun certificate holders are not duplicated if they also apply for an air weapons certificate. Existing certificate holders can apply for a coterminous air weapons certificate to align with their existing licence.

The noble Earl mentioned the £72 fee for the full five-year air weapons certificate. There is also a reduced fee of £5 for firearm or shotgun holders who want to align their certificates to expire at the same time. Home visits to applicants will be required in only a small number of cases. Similarly, there will not be an automatic requirement for background medical reports on air weapons applicants; these will be required only in a small number of cases. As a result, the impact on NHS resources should be minimal. While the licensing regime is founded on the pre-existing firearms legislation, I hope that the examples I have given demonstrate the efforts that have been made to ensure the provisions are appropriate.

Turning to the noble Earl's second point, it would not be an appropriate use of the Section 104 process to force the Scottish Parliament to think again about legislation it has passed in an area of its own competence, and which is now in force. We are today merely looking at consequential amendments to reserved legislation and were we to decline to pass this order, it would lead to gaps in the law. It would also set a very unhelpful precedent for managing intergovernmental relations—a subject in which I know the noble Earl takes a close interest—where mutual co-operation is so important, not least when it comes to reserved legislation that impacts on the devolved settlements or the devolved competence of Scottish Ministers.

The issue of pawnshops was raised. The licensing regime regulates trade in air weapons and to trade in those weapons, you must be a registered firearms dealer. Pawnshops are not registered firearms dealers, so this matches the existing Firearms Act 1968 position.

I was interested to hear the history of the noble Lord, Lord McAvoy, in relation to pawnshops. Consultation and making pawnshops aware of this legislation and their duties under it are obviously a matter for the Scottish Government. I do not have at my fingertips what work has been done to make them aware of it, but I am happy to follow up on that.

The noble and learned Lord, Lord Hope of Craighead, mentioned an exclusion. I am not sure I have the detail on this, but if I do not have it to hand I will be happy to write to him. I think it mirrors the position of other firearms in the 1968 Act, but I am happy to clarify that further.

Lord Hope of Craighead: If I may return to the point I raised earlier, if the offence is committed by the owner of the pawnshop, it seems odd that the authorities have no means of taking possession of the weapon. I would have thought it would be very sensible if they could. However, I quite understand that I am asking a question that may not be capable of being answered immediately. If the Minister could write to me later, I would be very happy with that.

Lord Dunlop: I think that issue came up when this order was debated in the House of Commons. If I have got this wrong, I will clarify it, but if the courts find that the weapon is wrongly in someone's possession then clearly it is a matter for them to confiscate that weapon. It would be normal practice for the court to order the forfeiture or confiscation of a weapon, which would be securely destroyed by the authorities in a way that would put the weapon out of use. However, I am not sure that that is the circumstance the noble and learned Lord is referring to, so I will be happy to write to him to clarify the point.

Motion agreed.

Water Supply Licence and Sewerage Licence (Modification of Standard Conditions) Order 2017

Motion to Consider

3.27 pm

Moved by ***Lord Gardiner of Kimble***

That the Grand Committee do consider the Water Supply Licence and Sewerage Licence (Modification of Standard Conditions) Order 2017.

The Parliamentary Under-Secretary of State, Department for Environment, Food and Rural Affairs (Lord Gardiner of Kimble) (Con): My Lords, these regulations will enable the implementation of important reforms arising from the Water Act 2014 to extend competition in the retail market for water services. The three statutory instruments form part of a larger package of measures that will deliver the regulatory framework required to deliver choice in water services for non-household customers. Last year we considered affirmative regulations required to allow incumbent water companies to exit the non-household market. Last week the Government laid three negative procedure statutory instruments that include a number of protections for customers.

[Lord Gardiner of Kimble]

This new market in water and wastewater services, which opens on 1 April this year, will be the largest of its kind in the world and will allow all businesses, charities and public sector customers in England to choose a new water supply and wastewater supplier. We know that non-household customers are keen to have this choice, and the Government's decision to expand retail competition was made in response to clear demand from business customers. Our reforms will mean that they are free to negotiate for the package that best suits their needs. They will continue to receive the same water through the same pipes but will be able to benefit from more efficient customer service, water efficiency advice and, I hope, a better deal on price.

The water codes appeals regulations will allow water companies that are materially affected by an Ofwat decision to take forward proposals to amend statutory codes designated under the regulations to apply to the Competition and Markets Authority for that decision to be reconsidered. These companies may also launch an appeal if Ofwat decides not to take forward such amendments following a consultation.

Codes form an important part of the regulatory framework because they contain the terms and conditions that must be included in agreements between incumbent water companies and new entrant companies operating within the retail market. They also include the processes that must be followed for customer switching and settlement between incumbents and new entrants. The code appeal regulations incentivise Ofwat to propose amendments that benefit the retail market and provide a transparent and predictable fast-track appeal mechanism for water companies to challenge Ofwat's decisions.

3.30 pm

The water supply and sewerage licence modification order sets the percentage of water supply or sewerage licensees by market share that must agree proposals made by Ofwat to change standard conditions in their licences before such changes may be imposed on all licensees. These regulations provide a means for Ofwat to modify standard licence conditions when at least 80% of licensees by market share agree to those changes. This prevents a minority of licensees blocking or delaying the implementation of important changes to licences. Where more than 20% do not agree to an Ofwat proposal, the matter may be referred to the Competition and Markets Authority for a determination. The regulations will contribute to the smooth running of the retail market by ensuring that Ofwat can make important changes to licences without negotiating individually with each licensee.

The consequential amendments order includes amendments to primary and secondary legislation that are required because of changes introduced by the Water Act 2014. The amendments are mainly related to the opening of the retail market in April this year and are minor and technical in nature. Among other things, the order makes changes to legislation relating to the existing water supply licensing regime and provides for the introduction of sewerage licences for the first time.

These three statutory instruments form a small but important part of the overall regulatory framework, which also includes primary and secondary legislation, licences and statutory codes. I beg to move.

Lord Deben (Con): My Lords, I rise merely to pursue a continuing degree of pressure on the Government not for what is in these statutory instruments but for what ought to be in them. We in Britain have a system that enables us to regulate the charges for connection—I notice that in effect it is referred to here under "Connection charges"—but connection itself is statutory. That means that even though a water company is not a statutory consultee, it can be required to provide connections when such a connection significantly overloads the provision of sewerage or allows the building of homes in places where such building should never take place.

It is some time—two years, I think—since the Committee on Climate Change sub-committee that is dealing with preparing ourselves for the immediate effects of climate change pointed out that it is an unacceptable situation that, first, the water company is not a statutory consultee and, secondly, it has to do something that is clearly contrary to our interests when it comes to flood prevention and dealing with adaptation to climate change. I know that my noble friend the Minister will say this is neither the place nor the time to do this, but if I do not go on reminding the Government that there has to be such a place and a time then it will not be done—and it needs to be done. It is a pity to take up parliamentary time for what is, frankly, a pretty unnecessary series of crossing "t"s and dotting "i"s when there is so much more to be done if we are to make the changes that the whole world, irrespective of party, religion or any other device, believes to be necessary. I am very sorry that the department has still not come forward with proposals in this area.

Baroness Parminter (LD): I shall come to the aid of the noble Lord and say that it is an absolutely appropriate time for this to be raised. He will be aware that Defra is undertaking a review of sustainable urban drainage, so if we cannot raise this issue now in advance of the review, when can we raise it?

We have raised this issue frequently: in the Housing and Planning Act last year, when discussing automatic connection rights; and noble Lords will know that we have been addressing this issue rather more recently in the Neighbourhood Planning Bill. It is an absolutely fundamental issue that underpins not only the building of houses that are sustainable in the future but addressing the water shortages that we will face, given the challenges of climate change and population growth in the foreseeable future.

Will the Minister say a few more words about the likely timing of the department's review to ensure that it is in advance of the Adaptation Sub-Committee's forthcoming review in May? If it is not, that will be a seriously detrimental step. While, as the Minister said, these are small measures pertaining to delivering better solutions for our water industry, we must look at the bigger issues around automatic connection and sustainable urban drainage and, in the future—I hope this will be in the White Paper—a Bill on abstraction.

If those things are not addressed, the Government are seriously failing in looking at the water challenges of the future.

Baroness Jones of Whitchurch (Lab): My Lords, first, I am very pleased to associate myself with the comments of both the noble Lord, Lord Deben, and the noble Baroness, Lady Parminter. They have raised a very important issue, which I know we have debated on other occasions. I would be very happy to continue to add to any pressure we can bring to get the Government to take this issue seriously. The noble Lord set out the case extremely well as to why it was such a huge urban and rural challenge in terms of planning, flood prevention, and so on. Both noble Lords made the case extremely well.

I guess it now falls to me to make some comments about the actual regulations before us, which I fear will not be as interesting. I am grateful to the Minister for setting out the purpose of the three regulations. As he made clear, they are all consequent on the Water Act 2014, which received very detailed scrutiny in your Lordships' House. The opening up of the new non-household retail market in April 2017, and the ongoing challenges of delivering greater competition in retail water and sewerage systems, will inevitably need modification and refinement. In this context, we accept that these new regulations are both technical and necessary.

However, I have a couple of questions for the Minister. First, the water supply licence and sewerage licence orders are mainly concerned with the percentage of licensees that must agree Ofwat's decision to amend licence conditions, as the Minister spelled out. We agree that a 20% level of objection is a reasonable requirement to trigger a referral to the CMA. However, the consultation on that regulation also flagged up some concerns about the way in which sewerage licences were to be calculated, given that there is very little metering of wastewater output from premises. I do not disagree with the rather pragmatic conclusion that in the absence of metering of sewerage, it is best to base the calculation on the clean water supply to the premises. Given that there is an overarching environmental need to encourage businesses to manage and limit wastewater, the department could do more to encourage people to manage water supply—I am talking about both clean and dirty water—and put in place more effective processes for charging for wastewater disposal in the future. There are good initiatives out there but many businesses are happy to pour very highly polluted water down the drain in large quantities.

Secondly, the water industry designated codes regulations set out the arrangements for appeals to the Competition and Markets Authority. Again, I do not disagree with the rather pragmatic approach taken in these regulations, which suggests that we need to establish a fast-track appeals process, similar to the energy code appeals. However, these are short-term pragmatic solutions that are necessary to get the new system up and running in time for the April start.

However, we need to see how the codes and appeals bed down and whether—as is often the case—their application has unforeseen consequences. I would be grateful, therefore, if the Minister indicated how the operation of these regulations, and the others to which he has referred, will be kept under review as the retail market matures. In response to the consultation on the codes, the Government said:

> "It is to be expected that the regulatory structure around a healthy, well-functioning market may need to evolve when competition has become long-established".

We agree with that, but it would be helpful if the Minister set out the process by which this evolution will be monitored and how Parliament can best be enabled to play a full role in that review. I look forward to the Minister's response.

Lord Gardiner of Kimble: My Lords, this has turned out to be a rather more interesting debate than the one I thought I was embarking upon. As I said, however, the Government are committed to opening up the retail water market on 1 April, giving business, charity and public sector customers choice over their water company. The regulations debated today are an essential part of the framework, including primary and secondary legislation codes and licences, which will allow the market to function, evolve effectively and provide safeguards for customers.

I am most grateful to the noble Baroness, Lady Jones of Whitchurch, for her endorsement of what are pragmatic measures. She asked what steps are in hand to charge more effectively for wastewater disposal. More than 90% of non-household premises are metered for the purpose of calculating water use, but a much smaller number are metered for measuring the discharges of wastewater to which she referred. While there are currently no plans to push for more wastewater metering, we believe that the introduction of the sewerage licensing regime could lead to the development of the market for wastewater meters, with the purpose of reducing charges.

We also expect that sewerage licensees will work with their customers to provide advice on the recycling of wastewater, the collection and re-use of rainwater and surface water, and other water efficiency measures. This is primarily to reduce the demand for water and provide savings on water charges, but it would also automatically lead to lower wastewater charges for unmetered sewerage customers. I was very taken, therefore, by what the noble Baroness said, and by the essential belief that we all share in the importance of using water wisely.

The noble Baroness also asked about how the water code appeal regulations and the retail market will be kept under review. Ofwat will be implementing a market monitoring framework that will closely scrutinise the performance of the market on a range of measures. No new market will be perfect on day one—that is the human condition—but benefits will consolidate over time. Customer switching levels will be an important measure but clearly not the only one. It will be important to see that customers are able to negotiate the right deal for them and that competitive markets are fair, transparent and efficient. My department will look in particular at how these regulations contribute to supporting an effective and transparent market. We will also review the effectiveness of the CMA code appeal regulations, as new codes are added to the appeals regime.

[Lord Gardiner of Kimble]

I must applaud my noble friend Lord Deben for his customary tenacity in raising an issue that I know is close to his and many other hearts. The noble Baroness, Lady Jones of Whitchurch, assisted me slightly by saying that the measures before your Lordships relate entirely to the non-household sector, but my noble friend and the noble Baroness, Lady Parminter, have given me a sharp reminder, which I take on board. The Water Industry Act 1991 sets out the circumstances in which a water company is required to make a connection. It is a qualified duty. I could set out the circumstances in which a water company is required to make a connection, but the most important thing for today's purposes is that I shall write to those of your Lordships who have attended and contributed to this debate.

I am confident that these regulations represent another marker in the Government's journey to reform the water market and provide more choice to non-household customers. For those reasons, I commend the regulations to your Lordships.

Motion agreed.

Water Act 2014 (Consequential Amendments etc.) Order 2017

Motion to Consider

3.45 pm

Moved by ***Lord Gardiner of Kimble***

That the Grand Committee do consider the Water Act 2014 (Consequential Amendments etc.) Order 2017.

Motion agreed.

Water Industry Designated Codes (Appeals to the Competition and Markets Authority) Regulations 2017

Motion to Consider

3.45 pm

Moved by ***Lord Gardiner of Kimble***

That the Grand Committee do consider the Water Industry Designated Codes (Appeals to the Competition and Markets Authority) Regulations 2017.

Motion agreed.

Social Security (Contributions) (Rates, Limits and Thresholds Amendments and National Insurance Funds Payments) Regulations 2017

Motion to Consider

3.46 pm

Moved by ***Lord Young of Cookham***

That the Grand Committee do consider the Social Security (Contributions) (Rates, Limits and Thresholds Amendments and National Insurance Funds Payments) Regulations 2017.

Lord Young of Cookham (Con): My Lords, these two Motions relate, first, to the disability elements of tax credits, as well as the guardian's allowance; and, secondly, to the rates, limits and thresholds that govern national insurance contributions. Many of these changes are made simply to bring rates into line with inflation, as measured by the consumer prices index, which put inflation at 1% in the year to September 2016.

I speak first to the draft regulations for the uprating of disability-related tax credits and the guardian's allowance. In short, the regulations provide for an increase in line with inflation to the disability elements of tax credits. This means that we are maintaining the value of support for both the disabled children whose parents or carers are in receipt of child tax credits and the disabled workers in receipt of working tax credits. The rise in rates also covers the new element for disabled children who were born on or after 6 April this year, regardless of the two-child limit for claims of child tax credit. The regulations also increase the guardian's allowance in line with inflation, to sustain the level of support for children whose parents are absent or deceased. The two things I just outlined—the disability elements of tax credits and the guardian's allowance—are exempt from the benefits freeze. This is so that we can provide support to those who face the additional cost of disability and care.

Let me turn to the other set of draft regulations we are debating: those that make changes to the rates, limits and thresholds for national insurance contributions, and make provision for a Treasury grant to be paid into the national insurance funds if required. These changes will take effect from 6 April this year. Starting with Class 1 national insurance contributions, the level of earnings at which employees start to gain access to contributory benefits, known as the lower earnings limit, will rise in line with inflation. The primary threshold, which is the level at which employees begin to pay Class 1 national insurance at 12%, will also rise with inflation. The upper earnings limit, which is the level at which employees start to pay Class 1 contributions at 2%, is being raised from £827 to £866 a week. This reflects the Government's commitment to align this limit with the higher rate income tax threshold, which is being raised from £43,000 to £45,000 for the 2017-18 tax year.

As the Chancellor announced at the Autumn Statement, the levels at which employers and employees start to pay Class 1 national insurance are being aligned. To do this, the secondary threshold, where employers start to pay, is being increased from £156 to £157 per week. This will be the same as the primary threshold for employees from 6 April this year, and will make it easier for employers, as they will no longer have to operate two similar thresholds at slightly different rates.

Finally, for the employed, the level at which employers of people under 21 and of apprentices under 25 start to pay employer contributions will keep pace with the upper earnings limit and rise from £827 to £866 per week. This maintains our commitment to reduce the costs of employing young apprentices and young people. This is an above-inflation increase and maintains alignment with the upper earnings limit, meaning that employers pay national insurance only for the highest earning young apprentices and those under 21.

Moving on to the self-employed, the level at which they have to pay class 2 contributions will rise with inflation to £6,025 a year, and the weekly rate of class 2 contributions will also rise in line with inflation to £2.85. Self-employed people who earn above the lower profits limit, currently £8,060, also pay class 4 national insurance contributions at 9%. This threshold will rise with inflation. Above the upper profits limit, the self-employed instead pay 2%. Like the upper earnings limit for the employed, this limit for the self-employed will rise from £43,000 to £45,000 per year.

Finally, for those making voluntary class 3 contributions, the rate will increase in line with inflation from £14.10 to £14.25 a week.

I note that these regulations make provision for a Treasury grant of up to 5% of forecast annual benefit expenditure to be paid into the National Insurance Fund, if needed, during 2017-18. This is a routine measure which does not impact the Government's overall fiscal position. A similar provision will also be made in respect of the Northern Ireland National Insurance Fund.

I hope that has been a helpful overview of the changes the Government are making to increase rates of support and contributions to the Exchequer in line with inflation. Noble Lords will of course be aware that the Chancellor announced yesterday that the main rate of class 4 national insurance will be increased to 10% in 2018-19 and 11% in 2019-20. This, alongside the abolition of class 2 NICs, is a progressive change to the self-employed NICs system. Over 60% of self-employed people who have to pay national insurance will be better off as a result of these changes. However, the rate of class 4 is not affected by these regulations and there will be an opportunity for noble Lords to discuss this measure in the Budget debate next week. I commend to the Committee the draft regulations on tax credits and the guardian's allowance, as well as on social security contributions. I beg to move.

Baroness Wheeler (Lab): My Lords, I thank the Minister for introducing these two instruments. The first on the agenda, the Social Security (Contributions) (Rates, Limits and Thresholds Amendments and National Insurance Funds Payments) Regulations, would enact the annual re-rating of national insurance contribution rates, limits and thresholds and allow for the payment of Treasury grant not exceeding 5% of the estimated benefit expenditure for the coming tax year to be paid into the National Insurance Fund. These come into effect in April this year. Given that we are dealing with national insurance contribution rates, I am sure the noble Lord will not be surprised by my first question, to which he has already referred. In view of the surprise announcement in yesterday's Budget, which is attracting some controversy, is he able to clarify or provide further information on the proposed changes?

The second SI is on tax credits and guardian's allowance upratings for the increase in working tax credits and child tax credits for individuals who are disabled or severely disabled. It would also increase the weekly rate of the guardian allowance, again with both changes taking effect in April 2017. Since 2011, the inflation measure used to determine the uprating of social security benefits is the CPI. The uprating is based on the change in level of the CPI from September 2015 to September, recorded at 1%.

A rise in support for working families, however small, is welcome, and we have no intention of opposing either of the orders this afternoon. However, although I do not want to rehearse the arguments that will be had during the Budget debate next week, it is important to consider on the record this 1% uprating in context. Inflation is rising, and indeed is expected to increase further still over the course of this Parliament. As the Resolution Foundation has recently reported, the result of that could mean that average earnings in 2020 will be only just higher in real terms than they were 15 years ago and, crucially, we could see a fall in real pay at the end of this calendar year as price increases outstrip pay rises.

The same report from the Resolution Foundation found that the Government's benefit freeze will raise an extra £1 billion a year by 2020, or £3.6 billion over the Parliament, compared with what was expected in the 2016 Budget. My noble friend Lady Sherlock asked a question about this figure last week in Committee but was unable to get an answer, so I hope the Minister will be able to respond today. Is the figure accurate? If not, will the Minister tell the Committee the value of savings that the Chancellor expects to make?

The Resolution Foundation analysis has been supported by the Institute for Fiscal Studies, which has underlined that the Government's approach represents,

"a shifting of risk from the Government to benefit recipients".

The institute has also stressed that this risk is borne by low-income households and that, unless this policy changes, higher inflation will reduce their real incomes.

I have one final question regarding the Treasury grant. In what circumstances do the Government anticipate such a grant would be made; when was a grant of this nature last paid into the National Insurance Fund; and what does 5% represent in real terms? The economic outlook for working people is one of less disposable income. Although we do not oppose these instruments, it is clear from the Government's overall approach that their priorities are not compatible with a society that truly wants to support the most vulnerable. I look forward to the Minister's response.

Lord Young of Cookham: My Lords, I am grateful to the noble Baroness for her support for these measures. I will try to answer the three or four questions that she put to me, starting with the easiest on the provision of a Treasury grant. The provision in the estimates does not mean that it will be drawn down. Indeed, this year the provision is being made only as a precaution. The 5% provision is equivalent to £5 billion in the case of the GB National Insurance Fund, and £134 million in the case of the Northern Ireland fund. A Treasury grant was last paid into the National Insurance Fund in 2015-16. We do not anticipate a payment being made in the current year because the reserves in the fund seem at the moment to be adequate.

I turn to the question posed by the noble Baroness, Lady Sherlock, about the savings from the uprating freeze. I hope I can provide some helpful information. When we legislated for the four-year uprating freeze in

[Lord Young of Cookham]
the Welfare Reform and Work Act, we published an impact assessment of those rates included in the four-year uprating freeze. Both Houses debated the clauses and passed the Bill, which received Royal Assent in March last year. At Budget 2016, which was the last fiscal event before the change came into effect, the freeze was expected to save £3.5 billion in 2020-21 to help to deal with the underlying deficit. However, neither the Government nor the OBR has re-costed the freeze. The uprating freeze has already been implemented and is subsumed within the welfare spending forecast. I hope that gives the noble Baroness the information that she asked for.

On the report by the Resolution Foundation and the impact on household incomes and distribution, we considered the impact of the four-year uprating freeze when we announced the policy in the July 2015 Budget. The background was that we found that the majority of working-age benefits and tax credits had grown faster than earnings since 2008. As part of our commitment to make work pay, we introduced the four-year uprating freeze to reverse that trend of benefits rising faster than earnings. We introduced the uprating freeze alongside other measures to support work incentives such as the national living wage, and we exempted elements of benefits and tax credits that related to the additional cost of disability and care, in recognition of the additional costs that these claimants face. Indeed, the regulations today increase those elements of tax credits in line with prices.

With regard to the legitimate question the noble Baroness posed about inequality, income inequality is now lower than it was in 2010 and the share of total income tax paid by the top 1% is 27%. According to the latest data from the Office for National Statistics, income inequality in the UK is at its lowest level since 1986.

Finally, as I have said, there will of course be an opportunity to discuss yesterday's Budget announcement in the Budget debate and when the necessary legislation comes before the House. I am not sure that I can add to what the Chancellor has said, not just in his Budget but in his many interviews during the day. The background is basically that, at the moment, self-employed people pay less in national insurance contributions than people in employment and, historically, this was because the self-employed received much less in state pension and contributory benefits. Since last year, because of the changes that we have made, self-employed workers now build up the same entitlement to the state pension as employees, which is an £1,800 a year pension boost for the self-employed. At the moment, someone who is employed and earning £32,000 will incur, with their employer, over £6,000 in national insurance contributions, while a self-employed person earning a similar amount will pay £2,300. That is why we needed to address the point of fairness in the national insurance contributions, which fund the NHS and pensions. That is the background which has given the noble Baroness, Lady Wheeler, the ammunition she needs to come back next week with her colleagues in the debate on the Budget. I welcome what she has said about these regulations and I beg to move.

Motion agreed.

Tax Credits and Guardian's Allowance Up-rating etc. Regulations 2017

Motion to Consider

4.01 pm

Moved by ***Lord Young of Cookham***

That the Grand Committee do consider the Tax Credits and Guardian's Allowance Up-rating etc. Regulations 2017.

Motion agreed.

Legislative Reform (Private Fund Limited Partnerships) Order 2017

Motion to Consider

4.02 pm

Moved by ***Lord Young of Cookham***

That the Grand Committee do consider the Legislative Reform (Private Fund Limited Partnerships) Order 2017.

Relevant document: 17th Report from the Regulatory Reform Committee

Lord Young of Cookham (Con): My Lords, the venture capital and private equity industries are important parts of the UK financial services cluster, and the limited partnership structure provided by the Limited Partnerships Act 1907 is a popular vehicle for establishing investment funds in these industries. Currently, approximately 250 fund managers operate some 780 venture capital and private equity schemes in the UK under this structure. This equates to around £142 billion in assets under management, and 20 to 30 new schemes are launched each year. These businesses are important contributors to the UK economy, providing high-wage direct employment and indirect employment through the use of professional services firms, as well as contributing tax take to the Exchequer. The venture capital and private equity industries play an important role in providing funding to start-ups and small businesses and in improving the UK's productivity.

In 2013, the Government launched their investment management strategy—their comprehensive strategy to make the UK one of the best places globally for asset managers to do business. As part of the investment management strategy, the Government committed to consulting on amendments to the Limited Partnerships Act. While limited partnerships are a popular vehicle for private equity and venture capital schemes, the legislation was not originally drafted with its use primarily as an investment vehicle in mind. Rather, it was originally drawn up to apply to trading entities. The result is that some provisions in the Act are not suitable for the needs of investment funds.

The investment management strategy came at a time when the competing jurisdiction of Luxembourg was updating its own limited partnership regime. Further to this, since 2013, France and Cyprus have also introduced structures to compete with the UK regime. With the UK's imminent withdrawal from the EU,

there is even more pressure to maintain our status as a leading global financial services hub. Therefore, it is timely and urgent that the UK looks to update its structures for the private funds sector.

The Government propose by way of this order to create a new category of limited partnership, the private fund limited partnership, which will differ from the existing structure in areas that currently create unnecessary administrative burden and legal uncertainty for partners. The existing 1890 and 1907 partnership Acts were originally designed to apply to trading businesses rather than investment funds. When an investment fund is established as a partnership, extensive legal work is necessary, using powers of variation under the legislation, to clarify the respective roles of: the general partners, who are in practice the fund management entities who have wide powers to manage the affairs of a partnership but face unlimited liability in respect of its activities; and limited partners, in practice the investors who have no general powers of management over the affairs of the partnership but have limited liability in respect of its activities, up to an amount specified in the partnership agreement.

The proposed order will introduce a list of activities that limited partners are permitted to carry out without taking part in management, to increase legal clarity for partners on the current state of the law. It will also make some other minor changes to the Act to remove unnecessary administrative burdens for private funds structured as partnerships.

Limited partners in a private fund limited partnership vehicle will not be required to contribute paid-in capital to the partnership. This will make the administration of investments simpler. All capital requirements set out in Financial Conduct Authority regulations will continue to apply. Statutory duties which are inappropriate to the role of a passive investor will be disapplied in a private fund limited partnership. These statutory duties are already generally disapplied through the partnership agreement. The partnership will not be required to advertise changes in the *London Gazette*, *Edinburgh Gazette* or *Belfast Gazette*, with the exception of the requirement to advertise when a general partner becomes a limited partner. Limited partners will be able to make a decision about whether to wind up the partnership where there are no general partners, and to nominate a third party to wind up the partnership on their behalf.

These reforms will reduce administrative and legal costs associated with the establishment of a fund. The updated structure will increase investor confidence in the UK as a jurisdiction for fund domicile. This order will reduce the burden for businesses and make the UK a more attractive jurisdiction for funds. I beg to move.

Baroness Wheeler (Lab): My Lords, I thank the Minister for introducing this order. As he has outlined, this instrument would enable a limited partnership which is an investment firm to be designated as a private fund limited partnership. It also amends some of the provisions of the Limited Partnerships Act 1907 as they apply to PFLPs and to partners in PFLPs. This change has been in the pipeline for over a decade, since the Law Commission and the Scottish Law Commission published proposals in 2003. In 2008, the then Labour Government published a consultation on limited partnerships. However, in response to the stakeholder responses, the decision was taken that it was not possible to continue with those reforms.

We will not be opposing this order. However, I wish to put a number of questions to the Minister, and perhaps the most sensible place to start is with the Labour Government's objections. The consultation response in 2009 stated that concerns were raised about particular issues in Scotland, as well as how the order was drafted. I appreciate that the order has undergone revision since then, but have stakeholders raised objections on the instrument in front of us today? Furthermore, has the draft been altered to reflect the concerns raised by funds with client interests in Scotland?

One of the changes made following the latest consultation was the removal of the strike-off procedure. The original proposal would have removed dissolved PFLPs from the partnership register. However, concerns were raised that limited partners would lose their limited liability status. We therefore now have a two-tier system for limited partnerships and PFLPs. What consideration was given to delaying introduction of this instrument until all the cracks surrounding the strike-off procedure are ironed out? The explanatory document promises that the Government will look into further steps that could be taken in relation to this issue "in due course". Can the Minister say what further steps are being taken and when we can expect to be informed about them? There have been strong concerns raised about the burden that this two-tier system will create.

The Government's stated aim is to,

"reduce the administrative and financial burdens that impact these funds under the current limited partnership structure".

However, as the BLP law firm identifies, there is a chance that the reduction in the compliance and administrative burden under the new PFLP regime may be short-lived and may well be replaced by other initiatives to increase accountability for limited partnerships more generally. What measures are included in the instrument to ensure that the Government's stated aim is achieved?

The introduction of a white list brings with it much-needed clarity on the activities of a limited partner, but there is real concern around whether the Government have achieved the right balance in the role of limited partners in the new PFLPs. The proposed changes allow a limited partner to take part in the committee and to vote on proposals by the general partner, while at the same time maintaining limited liability status. Do not the Government consider that this is an inappropriate power for a limited partner? I would certainly be interested to hear what criteria the Government have used to determine the content of the white list. Getting the balance right is vital, so do they intend to conduct a review of the white list and, if so, to what timescale?

Page 8 of the explanatory document—which I found very helpful as someone coming new to this issue—makes a forceful defence for the reforms, stating that:

"Without such changes to current legislation, the UK risks becoming a less attractive domicile for funds when compared to other jurisdictions".

[Baroness Wheeler]
That is a strong claim, but I could not see any evidence in the document to support that contention, so I would be grateful if the Minister would address that issue. I would certainly be keen to hear his explanation of the role that PFLPs will be playing in making this a more "attractive domicile".

Finally, I have two minor technical points. First, the impact assessment states on page 2 that 600 private equity and venture capital fund managers will be affected by this change. However, it states on page 8 that as many as 1,030 could be affected. Which of these figures is correct and what percentage of the current limited partnership landscape does that represent? Secondly, what discussions have the Government had with Companies House, which will be responsible for processing applications by firms wishing to become PFLPs, about the changes being made? Has it requested additional resources to deal with the increased administration costs of these charges? I look forward to the Minister's response.

Lord Young of Cookham: My Lords, I am grateful to the noble Baroness for the welcome. To deal first with the typing error on page 2, it should read 250 fund managers, not 600. As I said in my opening remarks, we estimate that there are 250 fund managers managing 780 funds. I shall address some of the other issues that she raised. If I do not cover them all—some of them were quite technical—perhaps I may write to her to fill in the gaps.

She mentioned the concerns of stakeholders and Scottish funds. She is quite right: a range of stakeholders raised concerns which the Government listened to, and we amended the order in several areas in response to their feedback. We took into account the views of Scottish stakeholders, including the Law Society of Scotland, while developing the order. On the broader concern expressed about Scottish limited partnerships being used for fraud, the Government have listened to stakeholders' concerns and the Department for Business, Energy and Industrial Strategy recently launched a call for evidence on the issue, covering all forms of limited partnerships, including these. The Government are committed to implementing any consequent reforms in respect of private fund limited partnerships, as well as other partnerships.

The noble Baroness asks why we did not postpone the order until we had the results of that survey. Strike-off procedure is an issue for wider limited partnership policy, and any process for removing partnerships from the register would need to apply to both private fund limited partnerships and other forms of partnerships. BEIS recently launched a call for evidence looking at the possibility of limited partnerships being used for criminal activity—a subject I mentioned a moment ago. The call for evidence closes on Friday 17 March, and BEIS will consider what further action is necessary. In answer to her direct question—why did we not wait?—the Government's view was that it was important to press ahead with this package of amendments now because competing jurisdictions are acting quickly. Luxembourg updated legislation in 2013; France and Cyprus are introducing measures now; and UK withdrawal from the EU makes this reform timely. That is why we decided to go ahead now.

4.15 pm

The noble Baroness asked about the white list. It clarifies the existing position for limited partners. It does not extend the activities that partners can undertake. In answer to the noble Baroness's question, we do not expect to undertake a further review of the white list at this stage, as it is both clarificatory and illustrative. We used the proposals from the Law Commission report of 2003 as a basis for the policy. We consulted the stakeholders on that list and some adjustments have been made—for example, clarification that limited partners cannot wind up the partnerships themselves in any circumstances.

The noble Baroness asked some other questions, and I hope it is acceptable to her and noble Lords if I write to her about them. In the meantime, I commend the order to the Committee.

Motion agreed.

Transport Levying Bodies (Amendment) Regulations 2017

Motion to Consider

4.16 pm

Moved by ***Lord Ahmad of Wimbledon***

That the Grand Committee do consider the Transport Levying Bodies (Amendment) Regulations 2017.

The Parliamentary Under-Secretary of State, Department for Transport (Lord Ahmad of Wimbledon) (Con): My Lords, the draft regulations that we are considering today, if approved, would enable the combined authorities for Tees Valley and the West Midlands to collect appropriate levies from their constituent councils to meet the costs of carrying out their transport functions.

The five constituent councils of the Tees Valley Combined Authority—Darlington, Hartlepool, Middlesbrough, Redcar and Cleveland, and Stockton-on-Tees—and the seven constituent councils of the West Midlands Combined Authority—Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall and Wolverhampton—have led a local process to improve their governance arrangements, which culminated in this House and the other place agreeing orders that saw the establishment of the Tees Valley Combined Authority on 1 April 2016 and the West Midlands Combined Authority on 17 June 2016.

These orders gave effect to the desire of the local authorities in these areas to improve their joint working, including on transport matters. Orders have since been made to provide for mayors to be elected on 4 May for both the Tees Valley Combined Authority and the West Midlands Combined Authority, and once elected the mayor will be the chair of the combined authority. Combined authorities are designated as levying bodies under the Local Government Finance Act 1988. Under that Act, the Secretary of State is able to make regulations in relation to the expenses of combined authorities that are reasonably attributable to the exercise of its functions, including those relating to transport.

The draft regulations before the Committee today would amend the Transport Levying Bodies Regulations 1992 to take account of the creation of the two combined authorities in the Tees Valley and the West Midlands. They have been drafted to reflect the proposed approach of the local areas and have been agreed by the two combined authorities. The levy could fund any of the transport functions that sit with the combined authority in question. The functions of each combined authority are set out in its establishment order, and any subsequent order that confers functions and transport functions are clearly identified. Transport functions of the two combined authorities include developing a local transport plan, as well as a range of passenger transport related functions. It will be for the combined authority to decide how to fund these transport functions in accordance with the establishment order and any subsequent orders.

The constituent councils will need to consider how they fund any levy issued by the combined authority as part of their budget process, whether by council tax, government grants or other sources of revenue. They will need to take into account the impact of council tax levels in their area, including when determining whether any council tax increase is excessive.

In the case of the West Midlands, the regulations effectively constitute a name change. On the creation of the West Midlands Combined Authority, the West Midlands Integrated Transport Authority was dissolved and its functions were transferred to the combined authority. Like the ITA before it, the West Midlands Combined Authority will continue to levy its constituent authorities for transport purposes. It will also continue to apportion this levy by agreement, or on the basis of the population of the constituent councils.

The Tees Valley Combined Authority is different because there was no integrated transport authority in place in that area. Therefore, these draft regulations have to establish how any transport levy would be apportioned between the constituent councils if the combined authority could not reach agreement. In the event that they cannot agree, the combined authority will apportion the levy by taking into account previous levels of transport expenditure by the constituent councils.

These draft regulations help to facilitate the provision of transport arrangements as part of the wider governance changes across the two areas. I commend them to the Committee.

Lord Adonis (Non-Afl): My Lords, I strongly congratulate the Government on their move towards combined authorities and the development of the mayoral model, which will lead to the election of mayors in two months' time. That will bring to fruition the extension of the very successful mayoral model in London to the other major conurbations. Just as it has led to a positive revolution in transport for London, I hope that it will bring about the same for the other conurbations. I know that the Minister has played a significant part in encouraging these developments.

There is, however, one issue on which I would like to hear more from the Minister: the relationship of this order, and the ability of the combined authority and mayors to raise money themselves, with the designated grant that the Government are giving to enhance spending on transport connections in some of the areas he mentioned. Yesterday, the Chancellor announced almost £400 million of funding for the Midlands engine. When I read the release, I was struck by how detailed and prescriptive the list of specific projects was that the Chancellor was seeking to fund—right down to specific sums of money for the Pershore relief road, smart ticketing technology and so on. Given that when he is elected in two months' time the new mayor will come in with a big mandate and, one hopes, a significant plan for improving transport in the West Midlands, I wonder how far it will be open to him to decide his priorities and what he intends to do, or whether he is in fact bound by yesterday's announcement by the Chancellor and the department to be simply the clerk who processes the list of projects. If he is not in a position to give me a specific answer, I would be very happy for the Minister to write to me on that.

Lord Kennedy of Southwark (Lab): My Lords, I declare my usual interests as listed in the register: I am an elected councillor, although not in these areas, and a vice-president of the Local Government Association. We are happy to support the regulations before us today. I do not have a huge amount to say and so do not intend to detain the Grand Committee. I am very happy to talk when I have something to say, but there is no point in doing so when I have only one or two points to make.

By way of background, I am conscious of where these regulations originated. Back in 2012, the Greater Manchester Combined Authority was able to issue levies to meet the cost of carrying out its transport functions. In 2015, a number of other integrated transport authorities were established and, again, they were able to issue levies through the measures in regulations. Therefore, we support these regulations for the new combined authorities of Tees Valley and the West Midlands. As we have heard, they will be electing their mayors in a matter of weeks. It is certainly correct that the authorities can levy their constituent councils to raise funds so that they can go ahead with their proposals. I understand that all the councils have been consulted and are very happy with what is before us today.

I am interested in the question my noble friend raised in respect of yesterday's Budget announcement of what are very prescriptive projects in the West Midlands. What powers will the elected mayor have to vary those or do something different? Again, if the Minister cannot answer that today, I am happy to receive a letter in due course. With that, I am content to support the order before us.

Lord Ahmad of Wimbledon: I thank the noble Lords, Lord Adonis and Lord Kennedy, for their support. In the general move towards devolution, I know that the model on transport, in particular, is close to the heart of the noble Lord, Lord Adonis.

We broadly agree that it is important for local areas to decide on priorities. To answer the noble Lord's question generally, mayors come forward with their transport plans, and combined authority mayors will also be required to submit a draft budget to the

[Lord Ahmad of Wimbledon]
combined authority for consideration. It is then for the combined authority to recommend any amendments to that budget. As he may be aware, specific criteria are set for each of the two authorities that I mentioned. In the West Midlands, for example, a majority of two-thirds is required, whereas three-fifths is required in Tees Valley. Combined authority mayors in both areas will also be able to set a precept to fund particular functions. The level of the precept is subject to the same combined authority challenge and amendment process as the mayor's draft budget.

Turning to allocations, the noble Lord, Lord Adonis, mentioned the Midlands engine and the Chancellor's announcement today. Those are identified, existing priorities on specific transport functions. I will review the detail of the announcement and write to the noble Lord, Lord Adonis, as he suggested, and advise other noble Lords, including the noble Lord, Lord Kennedy. I thank noble Lords again for their broad support.

Motion agreed.

Committee adjourned at 4.27 pm.