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HOUSE OF LORDS

OFFICIAL REPORT

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

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House of Lords

Monday 3 April 2017

2.30 pm

Prayers—read by the Lord Bishop of Peterborough.

Death of a Former Member: Lord Prys-Davies

Announcement

2.36 pm

The Lord Speaker (Lord Fowler): My Lords, I regret to inform the House of the death of the noble Lord, Lord Prys-Davies, on 28 March. On behalf of the House, I extend our condolences to the noble Lord's family and his friends.

Retirement of Member: Lord Nicholls of Birkenhead

Announcement

2.37 pm

The Lord Speaker (Lord Fowler): I should like to notify the House of the retirement, with effect from today, of the noble and learned Lord, Lord Nicholls of Birkenhead, pursuant to Section 1 of the House of Lords Reform Act 2014. On behalf of the House, I thank the noble and learned Lord for his much-valued service to the House.

Type 31 Frigate

Question

2.37 pm

Asked by ***Lord West of Spithead***

To ask Her Majesty's Government when they will have to cut the first steel on the Type 31 frigate that will replace the last Type 23 when it pays off on its due date.

The Minister of State, Ministry of Defence (Earl Howe) (Con): My Lords, in the SDSR we committed to maintaining the Royal Navy's frigate and destroyer fleet of 19 warships and to increasing it by the 2030s. This included our commitment to the Type 26 and Type 31E general purpose frigate. We will provide further detail on the plans for the Type 31E in the national shipbuilding strategy, which will be published in spring 2017.

Lord West of Spithead (Lab): My Lords, I thank the noble Earl for his Answer, but I am rather disappointed. It seems extraordinary that the noble Earl, whose illustrious ancestor raised the siege of Gibraltar, had not told his noble friend Lord Howard about the parlous state of our Armed Forces before his comments on Sunday. The noble Earl quite rightly said that the Government are committed to there being more frigates. I cannot see how that can occur by 2035, by which time the oldest of the Type 23s will be 35 years old. Does he agree that a steady drumbeat of orders is absolutely necessary, because we will then have sufficient escorts to do what is required by this nation? It will drive down costs and make those ships easier to buy and to sell abroad; we will have much greater capability, innovation and growth of skills within our industries.

Earl Howe: My Lords, all the latter points made by the noble Lord are well made and I agree with him. The steady drumbeat was a point emphasised by Sir John Parker in his advice to the Government. I hope the noble Lord will not have long to wait for the national shipbuilding strategy. It will provide further detail on how and when the Type 31 will be procured and how this will align with the Type 23 frigate replacement programme and the Type 26 build programme.

Lord Spicer (Con): My Lords, how many Type 31s will be able to dock in Gibraltar at any one time?

Earl Howe: My Lords, as we do not have a Type 31 and do not know yet what tonnage it will be, I cannot answer my noble friend's question. However, I do not anticipate any problems with docking in Gibraltar.

Lord Dannatt (CB): My Lords, does this Question not get to the heart of the fact that our defence budget is woefully underfunded at present? We would not be discussing the number of frigates and destroyers if that were not the case. At the time of Brexit, and in the wider context of NATO, is there not a case for this country showing leadership in taking responsibility for security in Europe by increasing our defence spending, perhaps by rebalancing between the 2% of GDP spent on defence and the 0.7% spent on international development?

Earl Howe: My Lords, I am grateful to the noble Lord. That was indeed a point that came out loud and clear from the recent defence debate we had in your Lordships' House. However, the UK is leading the way in NATO. Our defence budget is considerably more than 2% at the moment, which is the NATO target. There are, however, other European members of NATO whose defence spending does not even reach 1%. Therefore, I agree that there is a lot of ground to make up with our allies. However, in our case I remind the House that we have a budget over the next 10 years of £178 billion to invest in equipment and support, which is no mean sum.

Baroness Jolly (LD): My Lords, the plans to build the Type 31 frigate are welcome and indeed interesting. However, that does not hide the fact that once the Type 23s are out of service, the size of the fleet will be at a historic low. Would the Minister tell the House what is now determined to be a minimum fleet size and, indeed, configuration, and whether there is any contingency for delays in the Type 31 construction?

Earl Howe: My Lords, there are a number of assumptions in the noble Baroness's question, which I will not be in a position to answer until we publish the national shipbuilding strategy. I do not accept her hypothesis that the size of the fleet in the 2030s will be smaller than it is today. Indeed, it is our ambition to make it larger.

Lord Davies of Stamford (Lab): When can we expect a clear, authoritative and detailed statement on what is wrong with the Type 45 and what is being done about it?

Earl Howe: My Lords, a study was done in 2011 substantially to rectify the propulsion problems in the Type 45. Those problems have largely been addressed, although not completely. We will initiate Project Napier, which will deal with the propulsion problems once and for all. However, my advice is that the Type 45 destroyers are not now encountering the difficulties that they were.

Lord Hamilton of Epsom (Con): Can my noble friend tell us how many frigates and destroyers will be needed to escort one of our aircraft carriers when it is finally deployed?

Earl Howe: It depends whose frigates and destroyers one is talking about, because we are in an alliance and no doubt we will depend on those frigates and destroyers of other allies as well as our own.

Lord Morris of Aberavon (Lab): My Lords, the Minister mentioned publication of the strategy in the spring of 2017. Is this not the spring? Are we not in April now?

Earl Howe: My Lords, if winter comes, can spring be far behind?

Baroness Redfern (Con): My Lords, a commitment was made to the Steel Council regarding the effectiveness of government purchasing guidelines. Sections that British Steel produces in Scunthorpe in my area and Teesside play a valuable part in the supply chain. By updating our procurement approach on major projects, we are now creating a level playing field for UK steel. Does the Minister agree that, despite the hard work of government, industry and trade unions, more work needs to be done to ensure that returns improve further in the coming months and years to compete with China and elsewhere in the world?

Earl Howe: My Lords, my noble friend makes some extremely important points about the steel industry in this country. It is worth reflecting that if one looks at the Queen Elizabeth carrier programme, 88% of the steel that went into that carrier programme was from British steel mills, which indicates that we are competitive in world terms.

Lord Touhig (Lab): My Lords,

> "Our national security and our economic security go hand-in-hand".

I am not quoting from the Prime Minister's letter to Donald Tusk—those were the opening words of the MoD's single departmental plan in 2015. Promoting defence exports was the clear objective. Sir John Parker, whom the Minister has already quoted, and who wrote the national shipbuilding strategy, said that not enough went into the export market for ships, and that the Type 31E would have export potential. He added that they should be built "urgently". Is it not therefore a no-brainer? Should we not follow Sir John's advice, build the ships our Navy needs now, and gain the export opportunities for British shipbuilders?

Earl Howe: My Lords, Sir John made some very compelling recommendations, which we are seriously addressing. Broadly, they were to inject greater grip and pace into procurement and construction of ships, to make the Government a better customer, to make industry a stronger and more efficient supplier, and to create scope for exports in warship building, thus feeding into the prosperity agenda. Those were all very sensible recommendations.

Balfour Declaration

Question

2.45 pm

Tabled by ***Baroness Tonge***

> To ask Her Majesty's Government what plans they have to commemorate the centenary of the Balfour Declaration.

Lord Warner (CB): My Lords, on behalf of the noble Baroness, Lady Tonge, and at her request, I beg leave to ask the Question standing in her name on the Order Paper.

The Minister of State, Foreign and Commonwealth Office (Baroness Anelay of St Johns) (Con): My Lords, we will mark the centenary of Balfour with pride. The Prime Minister has extended a guest of Government invitation to Prime Minister Netanyahu to visit the UK on the centenary. We are proud of our role in the creation of Israel. However, we recognise that the declaration should have called for the protection of political rights of non-Jewish communities in Palestine, particularly their right to self-determination. This is why we support a two-state solution.

Lord Warner: First, I am sure that the whole House wishes the noble Baroness, Lady Tonge, a speedy recovery, and recognises the huge contribution she has made on Palestinian matters. I thank the Minister for her reply. She recognises, I think, that there was a conditionality on granting in the terms of the Balfour Declaration the establishment in Palestine of a national home for the Jewish people. That conditionality was very clear, as the declaration states,

> "it being clearly understood that nothing shall be done which may prejudice the civil and religious rights of existing non-Jewish communities in Palestine".

Does the Minister agree that successive British Governments, both under the British mandate and subsequently, have failed to deliver that declaration protection to the Palestinian people? Furthermore, should we not mark the centenary with a gracious apology from the British Government and Parliament for the suffering that that failure has caused and try to make amends—

Noble Lords: Too long.

Lord Warner: We have waited a long time, my Lords—with a clear commitment to recognition of a viable independent Palestinian state?

Baroness Anelay of St Johns: First, my Lords, I send my good wishes to the noble Baroness, Lady Tonge, and wish her a strong and full recovery. The Balfour Declaration was an historic statement and one for which the United Kingdom has no intention to apologise. We are focused on encouraging the Israelis and Palestinians to take steps which bring them closer to peace. That is the whole thrust of government policy which has underwritten the work of this Government, the coalition Government, and the Labour Government before that. We continue to carry that work forward. With regard to recognition, perhaps in the future, of Palestine as an independent state, bilateral recognition does not deliver reality. We will make sure that we recognise a Palestinian state when we judge that it is in the best interests of peace and a lasting negotiated solution between Israel and the Palestinian Authorities to do so.

Lord Collins of Highbury (Lab): My Lords, I associate myself with the remarks of the Minister about the noble Baroness, Lady Tonge. I also welcome the commitment again to the two-state solution, which the Opposition have supported historically. The most important thing we can achieve, 100 years after the Balfour Declaration, is to ensure that peace talks commence. Can the Minister tell us how she can put direct pressure on both parties to start talking to each other rather than firing rockets at each other?

Baroness Anelay of St Johns: My Lords, that point is extremely well made. I assure the noble Lord and the House that we are making our best efforts to encourage both sides to come to the table for discussions. When my right honourable friend the Foreign Secretary visited Israel and the Occupied Palestinian Territories, he made just those points. When I had discussions last week in New York with Nikki Haley, who is a member of the President's Cabinet, I too made those points, and we agreed entirely that it is important that we all work together to get the interested parties to the table to talk, not fire weapons.

Lord Leigh of Hurley (Con): My Lords, at the 34th session of the Human Rights Council in Geneva on Friday last week regarding Israel, Her Majesty's Government expressed regret that neither terrorism nor incitement was a focus of that council's meeting. Syria's regime butchers and murders its people on a daily basis, but it is not Syria that is a permanent item on the council's agenda. Since 2007, it has been only Israel—the one country in the Middle East that protects human rights for women and gays, among others. Therefore, I welcome the Minister's statement that, if things do not change in the future, Her Majesty's Government will adopt a policy of voting against all resolutions concerning Israel in the Occupied Territories and Palestine. What steps have been taken to encourage our European partners to adopt the same principled and even-handed statements? I declare my interest.

Baroness Anelay of St Johns: My Lords, we are in active discussions with like-minded partners to support the council in addressing the fact that there appears to be a disproportionate focus on Israel in the council, which we believe hardens positions on both sides.

The Lord Bishop of Worcester: My Lords, will the Minister accept that there is grave concern about facts on the ground tending to suggest the impossibility of a two-state solution?

Baroness Anelay of St Johns: My Lords, the right reverend Prelate raises a vital issue. Announcements such as the one made last Friday by the Israeli Government about building a new settlement in the West Bank—the first such government decision there for over 25 years—make one worried that it is becoming more difficult for negotiations that could lead to a two-state solution, and it is necessary to ensure that they do not proceed with such settlements.

Lord Hughes of Woodside (Lab): My Lords—

Baroness Northover (LD): My Lords, the Minister referred to the Balfour Declaration, which says that nothing should be done,

"which may prejudice the civil and religious rights of existing non-Jewish communities in Palestine",

and I welcome that. However, with the tinderbox in the Middle East, is it not even more urgent than ever that the future of Israel and the Palestinians is taken forward, and does that not mean reversing rather than expanding the settlements?

Baroness Anelay of St Johns: Yes, my Lords.

Viscount Waverley (CB): My Lords, given the increasing vacuum from the United States and the concern expressed by Arab partners, is it now realised that Israel can become a strategic ally in the common cause of combating terrorism and Islamist extremism?

Baroness Anelay of St Johns: My Lords, I think it is incumbent on all those who believe in peace around the world to do exactly that, and I hope and expect that Israel would be part of that work.

Alcohol: Children's Health

Question

2.52 pm

Asked by ***Lord Brooke of Alverthorpe***

To ask Her Majesty's Government what assessment they have made of whether the way in which supermarkets and convenience stores display and promote alcohol can endanger the well-being and health of children.

The Parliamentary Under-Secretary of State, Department of Health (Lord O'Shaughnessy) (Con): My Lords, Public Health England's evidence review identified the negative impact that the advertising and marketing of alcohol can have on children and young adults. The Government are committed to working with industry to address concerns over any irresponsible alcohol promotions, advertising or marketing to make sure that children and young people are protected.

Lord Brooke of Alverthorpe (Lab): My Lords, I take it from that reply that no research has been undertaken on this. In those circumstances, I wonder whether the

[LORD BROOKE OF ALVERTHORPE]
Minister is prepared to commit himself to the Government undertaking such research. If they are not willing to do so on their own, will they enter into discussions with the drinks industry—probably the Portman Group, which represents the drinks industry—to see whether such research can be undertaken jointly?

Lord O'Shaughnessy: The noble Lord is not quite right on that. Public Health England's evidence review identified a negative impact, and that constitutes research. It looked at the evidence, which is that advertising and marketing to young people has a negative impact on their drinking behaviours. There are stringent rules, particularly around advertising, which is policed by the Advertising Standards Authority, to make sure that that does not happen.

Lord Robathan (Con): My Lords, while we all wish to see responsible supermarket advertising, is it not the case that law already exists to prevent the sale of alcohol to children? Surely this law should be enforced and parents held responsible if their children are drinking illegally.

Lord O'Shaughnessy: As my noble friend points out, there are very strict rules around the sale of alcohol to children under the age of 18, and tough punishments exist for anyone who is doing so.

Lord Rennard (LD): My Lords, does the Minister accept that we really need better labelling on alcohol products, particularly to assist those seeking to follow a healthier lifestyle and who might be seeking to purchase low-alcohol or no-alcohol products? We need to improve labels to show more clearly the level of alcohol, the number of calories in the product and the amount of sugar in the product to assist those consumers.

Lord O'Shaughnessy: The noble Lord makes a good point. I believe that something like 80% of alcohol for sale is now labelled in some way, whether that is in units or calories and so on. The issue is currently being looked at at a European level—

Noble Lords: Oh!

Lord O'Shaughnessy: Given what is going to happen in the next couple of years, we might want to look at it ourselves, too.

Baroness McIntosh of Pickering (Con): My Lords, is my noble friend aware that it is currently not an offence to sell alcohol to those under 18 at airports, airside, for the simple reason that the Licensing Act 2003 does not apply? Will my noble friend undertake to review this with a view to making it an offence in future and to bring the whole regime under the Licensing Act 2003 without delay?

Lord O'Shaughnessy: I thank my noble friend for that question; I was not aware of that issue. I understand that there is a voluntary code in place, but I shall write to her to outline in much greater detail what the situation is regarding the sale of alcohol to underage young people at airports.

Lord Hunt of Kings Heath (Lab): Now that we can see the end of the light-touch European regulations on alcohol labelling, can I take it that the Minister's department is looking to 2019 to produce a much tougher labelling regime, for which we have called for many years?

Lord O'Shaughnessy: We are obviously looking at all aspects of alcohol control, and this has nothing to do with Brexit per se. It is worth pointing out that successive Governments' alcohol policies have had a very positive impact on the activities of young people. Fewer young people than ever are drinking—it is fair to say that they set an example to older cohorts. However, there is more to do. Around 400 11 to 15 year-olds drink weekly. That is clearly not acceptable and we need to do more.

Baroness Royall of Blaisdon (Lab): Will the Minister remind the House of what the Government's attitude now is towards a minimum price for alcohol?

Lord O'Shaughnessy: The noble Baroness will know that on minimum unit pricing a court case is ongoing in Scotland, where the proposed introduction of minimum unit pricing has been challenged by the Scotch Whisky Association. We are awaiting the outcome of that court case before we move ahead.

Baroness Farrington of Ribbleton (Lab): Will the Minister give an undertaking that, in looking at this issue in the broad, the Government will have regard to the number of children who grow up in households where there is a severe alcohol problem among the parents or adults? Will he undertake to monitor carefully how much the public health authorities are providing and enhancing alcohol treatment centres, which appear to be diminishing in some parts of the country? Many children grow up suffering because of this sort of family problem.

Lord O'Shaughnessy: The noble Baroness highlights a difficult and, indeed, tragic area. The other day, my honourable friend the Public Health Minister met the APPG on Children of Alcoholics. In preparing for a debate last week organised by the noble Lord, Lord Brooke, I discovered that Alcohol Concern estimates that there are 95,000 children under the age of one who live in a family where the parent has an alcohol problem. That is a rather horrifying statistic. One way we are dealing with that is through the family nurse partnerships; indeed, more than 16,000 places are now available and one of the capacities they have is to provide help for families struggling with addiction, whether it is to alcohol, drugs or other things.

Lord Brooke of Alverthorpe: My Lords, I want to come back to the Public Health England report that the Minister mentioned, of which I am aware. Would he concede that many issues are raised in that report? For example, it recommends that minimum unit pricing should be introduced, but it is not being introduced. When I am in my local Co-op, I am surrounded by alcohol as I queue for the checkout. I am also surrounded by children. Why are the Government not taking action to stop that?

Lord O'Shaughnessy: Action is being taken. There are clear rules and mandatory guidelines around the promotion of alcohol. It is important to point out that alcohol is different from smoking, where there are extremely strict rules on promotion. Most people enjoy alcohol in moderation as part of their healthy, pleasurable, normal social life, so there is a difference. However, there are clear and strict rules around promoting, advertising or selling to children.

Lord McColl of Dulwich (Con): Does the Minister agree that whereas the commonest cause of cirrhosis of the liver used to be alcohol, it is now the obesity epidemic, which could be cured by eating less?

Lord O'Shaughnessy: My noble friend is right. Of all the things we should do in our lives, we should eat less and drink less—as I am sure every Member of this House does.

Diesel Vehicles

Question

3 pm

Asked by ***Lord Dubs***

To ask Her Majesty's Government what action they propose to take to reduce the number of diesel cars and other diesel vehicles.

The Parliamentary Under-Secretary of State, Department for Transport (Lord Ahmad of Wimbledon) (Con): My Lords, the Environment Secretary and the Transport Secretary will consult on a revised air quality plan later this month. Both departments are working across government and with local authorities to tackle air quality problems in our cities and towns. Since 2011, the Government have committed more than £2 billion to increase the uptake of ultra-low emissions vehicles and support greener transport schemes, with a further £290 million committed in 2016.

Lord Dubs (Lab): My Lords, will the Minister confirm that diesel emissions from vehicles contribute to the early death of 30,000 people in the UK and 9,000 people in London and seriously endanger the health of children? Do we have to leave it to the Mayor of London to show any leadership in this?

Lord Ahmad of Wimbledon: The noble Lord is right to point out the health issues which arise from emissions, particularly of nitrogen dioxide from diesel vehicles. The noble Lord mentioned the Mayor of London and I acknowledge the efforts that the mayor is making in this respect. However, I am sure that the noble Lord would agree that this requires a partnership across government, within London and with local authorities to ensure that we get the results we all desire.

Baroness Randerson (LD): My Lords, unless you are buying a purely electric car, from 1 April this year, if you buy a new car, you will end up paying more car tax for a low-emission car than under the old car tax system and less for a highly polluting car than under the old system. Can the Minister explain how that will incentivise people to buy low-emission vehicles?

Lord Ahmad of Wimbledon: The noble Baroness drives an electric car and is well placed to ask that question. The Government are focused on ensuring a sustainable revenue stream for English roads raised through vehicle excise duties. Under the new system, after the first year all new cars will pay the same but no existing cars will pay any more tax. Also under the new system there will be strong incentives in the first year, again, to buy the cleanest vehicles.

Baroness Gardner of Parkes (Con): My Lords, is the Minister aware that after the introduction of speed bumps in Hyde Park the rate of pollution went up tremendously because of the delays they caused to traffic? Is it not now incumbent on whoever is responsible for traffic lights in London to ensure that they are phased to use the best timing? I say this because a horrible bicycle lane has been introduced in Bayswater Road and although it has been hell while it was being constructed, traffic is now moving at least reasonably well; but when you get near to Marble Arch, all traffic is stuck and the huge pile-back is worse than the bike lane ever was because the phasing of the lights needs to be adjusted. Will the Minister ask the people responsible for traffic lights to consider adjusting the timing?

Lord Ahmad of Wimbledon: Given my noble friend's knowledge of London roads, she is well suited to be adviser to the Mayor of London. She makes the salient point that we need to ensure that any road schemes are integrated and that any changes that are implemented are sustainable for the long term in addressing the issues raised by the noble Lord, Lord Dubs, in his Question.

Baroness Jones of Moulsecoomb: My Lords, one of the problems I have with this Government is that they show no leadership on issues that are national scandals. Air pollution is not only killing thousands of people every year, it is reducing children's lung capacity so that in the future they will have endless respiratory problems. Why do the Government not see that the health of the people is their biggest concern?

Lord Ahmad of Wimbledon: I do not agree with the noble Baroness, and perhaps I may put this into context. I have already talked about a total of £2 billion spent since 2011, with £116 million invested in green bus technology. We have also talked about the £5 million investment by Transport for London in 900 buses, along with £14.1 million for the clean bus technology fund, £8 million for the clean vehicle technology fund and £100 million for Highways England. Those are some of the examples of how the Government are putting money towards schemes across the country for transport support. I accept that we are currently facing challenges on health, but at the same time we are pursuing sustainable transport solutions.

Lord Borwick (Con): My Lords, does the Minister agree that the modern diesel engines being produced at Dagenham among other places are so much better than the old ones that the very best thing the owner of an old diesel car can do to avoid poisoning our children is to buy a new car?

Lord Ahmad of Wimbledon: That is why the Government are incentivising new cars in our tax regime, in road tax. On diesel, what we need to consider carefully—and history is a source of great learning on this—is that although change might sound appropriate and the right thing to do at the time, we need to ensure that whatever changes and schemes the Government put money behind are sustainable over the long term.

Lord Rosser (Lab): The Minister has referred more than once to the fact that the Government are looking at the issue which has been raised by my noble friend Lord Dubs but he has not said what action they propose to take to reduce the number of diesel vehicles. I am still not entirely clear whether the Government envisage taking further action or not. The Minister has referred to what the Government have already done, but are they looking at taking further action? If so, by when will we know what that action is likely to be?

Lord Ahmad of Wimbledon: My Lords, to continue on the sustainable theme, I am inclined to say "shortly", but I will not do so. As the noble Lord is aware—I have already alluded to it—the Secretary of State for the Environment, Food and Rural Affairs, supported by the Secretary of State for Transport, will publish the new air quality plan later this month. That is to be a consultation and will provide the time and the opportunity to consider the issues. I encourage all noble Lords to contribute to the consultation to ensure that when the final plan is published in the summer, it reflects the concerns that have rightly been raised in your Lordships' House.

Lord Cormack (Con): If my noble friend accepts, as he did earlier, that gridlock can lead to extra pollution, does he not accept that the proliferation of cycle lanes has made an enormous contribution to gridlock, stagnation and therefore pollution?

Lord Ahmad of Wimbledon: My noble friend again makes a forceful point and I am sure that the Mayor of London, among others, will take note of it.

Gibraltar

Private Notice Question

3.07 pm

Asked by ***Baroness Northover***

To ask Her Majesty's Government if they will make a statement on the developments surrounding the future of Gibraltar.

Baroness Northover (LD): My Lords, I beg leave to ask a Question of which I have given private notice.

The Minister of State, Foreign and Commonwealth Office (Baroness Anelay of St Johns) (Con): My Lords, we are steadfast in our support of Gibraltar. We are firm in our commitment never to enter arrangements under which the people of Gibraltar would pass under the sovereignty of another state against their wishes, or to enter into a process of sovereignty negotiations with which Gibraltar is not content. We are clear that Gibraltar is covered by our exit negotiations and we have committed to involving Gibraltar fully in the work that we are doing.

3.08 pm

Baroness Northover: My Lords, I thank the noble Baroness for that reply. Can she explain why Gibraltar did not merit a mention in the Prime Minister's letter of last week, despite the EU Select Committee of this House reporting on the complexity of the matter? Will she also distance herself from the idea that we might go to war with our NATO ally Spain over Gibraltar? Moreover, does she not find it an extreme irony that this was suggested merely days after we triggered Article 50 to leave the EU, which in 2012 was awarded the Nobel peace prize for the,

"advancement of peace and reconciliation, democracy and human rights in Europe"?

Baroness Anelay of St Johns: My Lords, on the first part of the noble Baroness's Question, it is a matter of fact that Gibraltar and other overseas territories, and the Crown dependencies, were mentioned specifically in the White Paper, as they should be. The letter was not the occasion to convey that matter in addition, but I can assure the noble Baroness that we have engaged thoroughly with Gibraltar during all the processes so far. On other matters, I understand that the noble Baroness may be referring to a comment made by one of my noble friends. We still have free speech in this country; may that long continue.

Lord Collins of Highbury (Lab): My Lords, what the overwhelming number of people in Gibraltar recognised when they voted to remain was that, when Spain acceded to membership, this country negotiated an extremely good deal for very unique circumstances. The unhelpful remarks about gunboat diplomacy do not address the fundamental issue, which is not that the people of Gibraltar doubt Britain's commitment to them to maintain their sovereignty, but that they doubt Britain's ability to negotiate on their behalf the best deal economically. That is what they want to hear from this Government.

Baroness Anelay of St Johns: My Lords, they have heard that and they very much welcome it, as the Chief Minister has made clear. Since the referendum we have set up a system from the Department for Exiting the European Union and the FCO, whereby the overseas territories, including Gibraltar, can be best consulted. For Gibraltar there is a very special track that that particular negotiation follows, which is a joint negotiating committee set up by the Department for Exiting the European Union, chaired by Robin Walker, a Minister in that department, and attended by my right honourable friend Alan Duncan. We take extremely seriously the importance of negotiating the best outcome for the whole of the UK family. That includes Gibraltar.

Lord Garel-Jones (Con): Does my noble friend agree that this dreadful deadlock is unlikely to move forward? First, Spain simply has to recognise that no British Government will ever take any steps that do not have the support of the people of Gibraltar. Secondly, the

people of Gibraltar have to recognise that so long as Spain retains its territorial claim, it will from time to time seek to make life extremely uncomfortable for Gibraltar. Unless and until both sides wish to move forward, this deadlock will remain.

Baroness Anelay of St Johns: My noble friend has a long history of professionalism in this as a previous Minister. He is absolutely right.

Lord Foulkes of Cumnock (Lab): My Lords, the reply to the noble Baroness, Lady Northover, was entirely unsatisfactory. Does the Minister not realise that if Brexit goes ahead there will be not just one land border with the European Union, in Northern Ireland, but two, because Gibraltar will also have a land border with the European Union? Why was that not included in the six-page letter outlining our priorities? Surely, if we have an ex-leader of the Conservative Party pontificating on it, it must be a priority. Why was it not included in the letter?

Baroness Anelay of St Johns: My Lords, it is because we take it so seriously that we did not mention simply one aspect in that letter, which, as the noble Lord will be aware—I am sure he has read it in detail—set out general principles, all of which apply to Gibraltar. We are taking our negotiations very seriously and taking every step along the way the opportunity to consult and reflect with Gibraltar on how the discussions will go ahead. Border issues are of course key to our negotiations.

Lord Hannay of Chiswick (CB): My Lords, does the Minister not feel that the last people to give advice on this matter should be the people who caused the problem: those who incited the electorate of this country to leave the European Union, without which Gibraltar's situation would be perfectly and totally secure? Could they perhaps encourage their supporters to give them some ideas on how to persuade Spain, which is in a strong position now, unfortunately, to reach an agreed position with us that will preserve the situation of Gibraltar and its prosperity?

Baroness Anelay of St Johns: My Lords, Gibraltar's position is as secure today—and will be in two years' time, or whenever the negotiations are concluded thereafter—as it was on 23 June.

Lord Forsyth of Drumlean (Con): My Lords, is it not obvious that the reason for the sovereignty and status of Gibraltar not being included in the letter is that it has nothing whatever to do with the European Union, and that to include it in the letter would have implied that it had? Will my noble friend, on a scale of one to 10, rate the response on Gibraltar from the European Union for friendliness and constructive engagement?

Baroness Anelay of St Johns: My noble friend always tempts interesting answers. We have no doubt about the position of the sovereignty of Gibraltar, which is what it was before the referendum took place and so it shall continue to be.

Lord Campbell of Pittenweem (LD): I am relieved to hear that we are not sending a gunboat, but we are sending Mr David Davis, who of course was a member of a territorial unit of the SAS—perhaps that will have some impact on the Government of Spain. This matter was raised in the debate held in your Lordships' House on 20 October last year, as was the other issue of fishing, on which the Government of Spain no doubt have rather clear views when it comes to access. What assessment have the Government made of the likelihood of that being raised in the comprehensive negotiation which is necessary before we leave the European Union?

Baroness Anelay of St Johns: My Lords, I am pleased to say that my right honourable friend David Davis is in Madrid today, and he has made it clear to Spain that our position is entirely in line with the answer that I have given to the noble Baroness, Lady Northover. The noble Lord, as always, raises significant questions and is right that we have to be aware that, in any negotiation, other members of the European Union may raise issues which are of specific importance to them. That is what negotiations are about.

Lord Liddle (Lab): While I accept the noble Baroness's sincerity in saying that there is no change in Gibraltar's position, surely the fact that we are leaving the European Union disadvantages Gibraltar an awful lot. When Spain has interfered improperly with the border in the past, we have had the strong support of the European Commission because this was in breach of the freedom of movement rules of the treaty. Does the noble Baroness accept that, now that we can no longer rely on those rules, Gibraltar's position is bound to be considerably worse?

Baroness Anelay of St Johns: No, my Lords, because we intend to ensure that the rights of Gibraltar are maintained throughout the negotiations. The border is an important issue; it will continue to be so, and it is a matter that we will resolve. Of course, at this stage, I am not able to provide the exact details of what agreements will be reached. After all, the leaked document to which noble Lords referred is a draft document; it is not even a final document produced by the Commission.

Liaison Committee

Motion to Agree

3.18 pm

Moved by ***The Senior Deputy Speaker***

That the Report from the Committee *New Investigative Committees in the 2017–18 Session* (2nd Report, HL Paper 144) be agreed to.

The Senior Deputy Speaker (Lord McFall of Alcluith): My Lords, it is widely acknowledged that Select Committee activity is one of the greatest strengths of the House. The expansion of this activity in the 2010-15 Parliament with the growth in the number of ad hoc committees from one each Session to three, together with the introduction of post-legislative scrutiny, has been rightly popular. In the present Session, we have seen the establishment of the International Relations Committee, which is currently considering its second

[LORD MCFALL OF ALCLUITH]

report. In addition, it is probably true that there has been more committee activity generally in the House of Lords than ever before, in large part in response to the result of the EU referendum. The work of our committees has never been more important or had greater potential to inform debate on issues of national and international consequence and significance.

I am grateful to all the Members of the House who put forward proposals for ad hoc committees in the next Session. Once again, this has been a very popular exercise and the Liaison Committee has had an excellent range of topics to choose from, with many detailed proposals which were clearly a culmination of great preparatory work and which underline the range and breadth of expertise in your Lordships' House.

I am also most grateful to members of the Liaison Committee for the constructive and thoughtful way in which they approached the task of first shortlisting, and then selecting, the proposals recommended to the House. We all know only too well that it is never possible to please every Member of your Lordships' House, even some of the time, but I hope that noble Lords will agree that the committee's recommendations cover a wide range of subjects which will make excellent use of Members' talents and contribute to debate and policy-making in a range of topical and cross-cutting areas.

We agreed the following proposals: an ad hoc committee on artificial intelligence; an ad hoc committee on citizenship and civic engagement; and an ad hoc committee on political polling and digital media. We also agreed to recommend an ad hoc post-legislative scrutiny committee to consider the Natural Environment and Rural Communities Act 2006. Inevitably, there is disappointment that not everyone's proposal could be selected. We received proposals from 45 Members, individually or severally; therefore, 33 proposals have not been chosen.

We considered all the proposals against our published set of criteria, considering which inquiries would make best use of the knowledge and experience of Members of the House, complement the work of Commons departmental Select Committees, address areas of policy that cross departmental boundaries and be able to be confined to one Session. This was no easy task and it was a duty that the Liaison Committee took great care and time in fulfilling. I hope that the House will agree with me that our recommendations provide a timely and manageable set of inquiries for the coming Session.

I end on the note of thanks with which I began. Both the process which led to the committee's report and the process of agreeing it have confirmed to me the seriousness with which noble Lords approach their role in your Lordships' House and the range and depth of expertise. I am most grateful to all concerned. I beg to move.

Lord Campbell-Savours (Lab): My Lords, it is not my practice to question decisions of the Liaison Committee, having spent some years on the committee myself. I congratulate those who have been successful in their applications. I understand that not everyone can be pleased, but I am finding it difficult to understand the Liaison Committee's attitude to yet another failed application for an ad hoc inquiry into national identity cards.

The story I am hearing is that the committee felt that attitudes to the introduction of national identity cards are too polarised, with strong feelings on both sides of the argument. There was also a view that the Government were unlikely to respond positively. I was a member of the committee when additional resources were made available to increase the number of inquiries: the ability to deal with difficult issues, where further thinking was required, was one of the principal reasons for setting them up, and the potential response of the Government was not to be a consideration for the committee. Its remit was to carry out in-depth inquiries, enabling Parliament and the public access to information on what are sometimes the most difficult subjects.

This application was supported by four former Cabinet Ministers in both Labour and Conservative Governments, yet the application was rejected. The truth is that only we in this House can do this work in depth. Those of us who have been in the Commons know that Select Committee examinations of issues take place only over short periods: two months for a Select Committee inquiry in the Commons is a lengthy inquiry. The potential of ad hoc committees is for six- and 12-month inquiries, enabling us to carry them out in far greater depth.

I understand the position of the Liberal Democrats on the committee because historically they have been opposed to national identity cards, but I am having great difficulty understanding the position of the Government. A huge change is taking place in both Houses of Parliament in attitudes to national identity cards. There is strong support among Conservative supporters in the country. I say to Conservative Members of this House that they should check with their own associations because my Conservative friends—and there are quite a few of them—almost universally tell me that they support the introduction of national identity cards. Furthermore, there is no longer pressure on the Government from the Liberal Democrats, as there was when they were in coalition, when they blocked the Labour Government's initiative of introducing national identity cards. Moreover, we now have the Brexit debate, where the issue of identity is becoming more important. On my own Benches, there is overwhelming support for the reintroduction of national identity cards. Whereas originally they were voluntary, after a compromise arrangement was made, many of my colleagues now believe that they should be mandatory.

However, there are aspects of the Liaison Committee procedures that I believe need further thought. First, there is a member of the Government on the committee: the Leader of the House. I have no objections to the Leader of the House being on the committee but whether the Leader of the House should influence what is essentially a Back-Bench decision made by the committee is questionable. Then there is the question of who is actually making the decisions. We know that at least one member was called away on important business abroad when some of the applications were approved, although all members approve the final list on a write-round.

I believe we need an amendment to the way the committee deals with applications. As ad hoc committees make an important contribution to the House's work and reputation, they should be the subject of a special approval procedure. All committee members should be required to list their preferences and, after either a formal or an informal consultation with their own groups, then make the decisions. Decisions on ad hoc committees can influence the credibility of the House and they should reflect the widest possible consultation and consideration. A handful of members, dependent on their diaries, able to attend a committee only at a particular time, is a totally inadequate basis on which to make such important decisions, which command hundreds of thousands of pounds of the House's resources.

Finally, in light of what has happened, I have a suggestion—perhaps even a solution. Why can the House authorities not be tasked to find the additional resource in this year to fund an additional ad hoc committee? The Clerk of the Parliaments and officials responsible for financial control, through their diligence and sensitive understanding of our needs, have made huge savings on House expenditure over recent years. Why cannot a little of that saving find its way into an additional ad hoc committee on this important issue? The introduction of these cards is an extremely important issue in these times of both social and economic instability internationally. An ID card inquiry is now a must and Parliament needs to move with the public debate. I call upon the House authorities to seriously consider whether the additional resources can be found.

Lord Naseby (Con): My Lords, I should like to make a short additional point. It seems to me that your Lordships spend an enormous amount of time and use quality arguments, and we produce good reports. Unfortunately, those reports seem to get very little exposure in the nation and in the departments of state. This is somewhat in contrast to the Public Accounts Committee in another place, which I had the privilege to be on for some 12 years. Every one of its reports was covered in all the media that are worth talking about and by every department of state. Perhaps I may say to the Senior Deputy Speaker that he and his colleagues need to look at the distribution of these reports and what happens to them, and make sure that they reach the potential audience for which they were originally prescribed.

3.30 pm

Baroness Seccombe (Con): My Lords, I had the privilege of serving on this committee under the very able chairmanship of the Senior Deputy Speaker. I always feel that committee work is democracy in action. Even members of the committee do not necessarily get their first choice considered, because a lot of hard work goes into discussion. I hope that people who have been disappointed will accept that disappointment and approve this Motion.

Lord Hope of Craighead (CB): My Lords, I should like to follow what the noble Baroness has just said. I too am a member of the Liaison Committee. When we were told about the people who should be thanked, it occurred to me that among others they should be the clerk to the committee and those who worked for her. One thing which all of us shared was a substantial briefing, prepared by her and her assistants, on each of the topics before us. The decisions that we took were based not only on discussion among ourselves but on private reading, so that we had informed ourselves as to what the issues were and how the various contestants should be balanced against each other. As was pointed out, it was a two-stage process. First, there was the reduction of a wide number of cases to a shorter list. Secondly, when we looked at it again, that shorter list was supported by further research. It should be understood that these decisions are not taken lightly. I am not aware of any political influence. As a Cross-Bencher, I think that the decisions were taken on their merits and on the basis of the information which we were given.

Lord Foulkes of Cumnock (Lab): My Lords, as I am a member of the committee as well, I want to endorse what the noble and learned Lord, Lord Hope, has just said. The staff did a tremendous job. I hope that my noble friend Lord Campbell-Savours was not implying that a huge amount of work was not done by them, because it was—they did scoping reports on each of the subjects, right from the start. As my noble friend knows, I agree with him that his is an important topic but, with respect, he is not the only one who is disappointed by their topic not having been chosen.

One thing that the Senior Deputy Speaker said needs to be underlined. I agree on the importance of the work of committees of this House. I have recently been rather annoyed by some of the comments about the work of the House, which have detracted from the work done in committees. I was particularly disappointed that the documentary series "Meet the Lords", which otherwise had some quite good parts in it, did not cover the work of committees. The EU Select Committee and all its sub-committees, and all the other committees, were not there. When I suggested to one of the producers that they should cover them, they said, "Committees are boring—they don't make good television". But if you want to give a clear idea of what the House does, you should cover committees, where a huge amount of work is done.

I must declare an interest. Not only am I a member, but I was lucky enough this year that the only topic I suggested was elaborated on and ultimately included in the recommendations.

Noble Lords: Oh!

Lord Foulkes of Cumnock: The House is jumping to the wrong conclusion. If your Lordships look back to a year ago, you will see that I also spoke in that debate and, on that occasion, I had put forward six proposals. None of those was accepted and I still thought that the committee had done a damn good job.

Particularly with the noble Lord, Lord McFall, in the chair—like with his predecessor the noble Lord, Lord Laming—a huge amount of careful work is done. The noble Lord, Lord McFall, spent hours and hours going into this and discussing options with the staff. In the end, someone will always be disappointed—more than one on this occasion, although only one has raised it.

[LORD FOULKES OF CUMNOCK]
I would go along with what my noble friend Lord Campbell-Savours has said, and if further resources are available, the topic ought to be looked at carefully. But I hope that will not stop this report being endorsed, because as I understand it, the committees need to be up and running immediately after the Queen's Speech if they are to be effective. If we delay endorsing this report until after Easter, that will not be possible. I hope we will give a vote of confidence to the noble Lord, Lord McFall, and to the staff of the Liaison Committee, who have done a tremendous job.

Lord Harries of Pentregarth (CB): I would like, very briefly, to commend the committee for its work on a very wide and interesting range of subjects, but in particular for the way, at least in respect of one proposal, it has managed to put together three proposals. That seems to me to be a very satisfactory way of approaching this, if it is possible.

Lord Fox (LD): My Lords, I agree with the noble Lord opposite who spoke about how sometimes excellent and well-researched reports fall on fallow ground as far as publicity is concerned, but I disagree with his conclusion that it is up to the authorities to do something about these reports. It is very much up to those of us who sit on these committees to work hard to get these reports out into the public domain. We are the people who can talk these reports up and get them out among the different constituencies which we have direct lines into. I encourage all of your Lordships to work very hard in making sure that the great work of these committees actually gets out there.

Lord Higgins (Con): My Lords, the ad hoc committees are an excellent innovation, but as the noble Lord and the Liaison Committee know, the committee on which I happen to have the honour of serving, on personal service companies, did not receive co-operation from the Treasury Minister concerned, who did not allow his officials to appear and give evidence to us. I am sure that is completely wrong. Can I be assured that the House authorities will make it clear that we expect government officials to co-operate in our inquiries, not least because in this particular case the Government then adopted in a Budget many of the ideas we put forward but gave us absolutely no acknowledgement?

The Senior Deputy Speaker: My Lords, I thank all noble Lords for their comments, in particular the noble Baroness for her very positive ones.

The noble Lord, Lord Naseby, made the point about communication, but I have to disagree with him. If we had been looking at the press for the past three or four months, we would have seen the coverage that the many reports the House of Lords produced, not least on the EU, have had. I remember leaders in the *Financial Times*, the *Guardian* and the *Telegraph* on those reports. Is there more that we can do in this area? Yes, but we are looking at the communications strategy for getting this out, and a lot of hard work has been undertaken by staff in that area, which I would like to build on. I reassure the noble Lord that a lot of good work has been going on in that area.

The noble and right reverend Lord, Lord Harries, and the noble Lord, Lord Higgins, put recommendations in which were not accepted, but I recognise the point that the noble Lord, Lord Higgins, made about officials co-operating with the committee. The Liaison Committee will certainly look at that issue.

The noble Lord, Lord Campbell-Savours, mentioned the issue of a Member being abroad at the time of a meeting. That Member spoke to me before the meeting and I said to them that they should put their point of view into the committee. I incorporated that in the report I gave to the Liaison Committee.

To give your Lordships a bit more understanding of how we went about our business, there were 33 proposals, so we decided we would have two meetings. The first would look at all the proposals and condense them down to about 10 or 12. In that process, we combined a number of proposals. For example, the proposal of the noble Baroness, Lady Royall, whom I see in her place, was combined with the citizenship proposal, and the staff engaged with the individuals who had contributed these suggestions to get that number down. The result of those three weeks of intense negotiation was that we had nine proposals to consider at our second meeting.

I say very strongly that there was no political bias in the Liaison Committee report—no hint whatever. That must be a matter of public record. The Leader of the House was mentioned. It is not for me to decide whether the Leader of the House is on the committee or not, but I can say on reflection that the Leader of the House wanted one proposal to be considered for one of the ad hoc committees and it failed to be selected. So there was no influence from anyone, whether Liberal Democrats or the Leader of the House, and I can say today that, as long as I am chairing a committee of the House of Lords, I will not allow any political influence at all. That is a guarantee to noble Lords, and I hope that they take that on board.

Let us remind people that this is a very difficult exercise. The issue of staff capacity has to be taken into consideration. Noble Lords should remember that a review of committee staff is taking place in 2017-18, which I shall be chairing. I should like Members to contribute their points of view to the review, because with us exiting the EU and the EU committees eventually dissolving, there is an opportunity for us to consider that again. I will be taking that on board as we go along. So, yes, I want more engagement from Members.

When I got this job, I mentioned three themes: transparency, accountability and engagement. That applies with force to my chairmanship of the Liaison Committee and adopting any further enhancements of committee work, which I think we in the House of Lords should all be proud of. I commend the Motion.

Motion agreed.

Privileges and Conduct Committee

Motion to Agree

3.41 pm

Moved by ***The Senior Deputy Speaker***

That the report from the Select Committee *Declarations of Interests; People with Significant Control of a Company* (8th Report, HL Paper 147) be agreed to.

The Senior Deputy Speaker (Lord McFall of Alcluith): My Lords, in moving that the eighth report from the Committee for Privileges and Conduct be agreed, I will speak also to the third Motion in my name on the Order Paper amending the Code of Conduct. The eighth report covers three areas. First, it proposes minor changes to the Code of Conduct and the guide to the code to provide greater clarity for Members about what needs to be declared when speaking in the House. Secondly, it proposes an amendment to the guide to provide that when the commissioner upholds a complaint alleging non-declaration of a relevant interest, she should examine whether there were other possible instances of non-declaration of that interest in the four years preceding the complaint. Finally, it recommends that Members should register in the *Register of Lords' Interests* if they are on the central *Register of People with Significant Control* and should list the companies or organisations in question.

Lord Forsyth of Drumlean (Con): My Lords, I do not want to detain the House. First, I very much welcome this eighth report, but reading it made my brain hurt a little, and it is still hurting. The Senior Deputy Speaker said that there are minor changes to the code. Paragraph 7 of the report focuses on the word "might" in relation to where a declaration is required. Paragraph 11 of the Code of Conduct states:

> "The test of relevant interest is whether the interest might be thought by a reasonable member of the public to influence the way in which a Member of the House of Lords discharges his or her parliamentary duties".

I have always thought that "might" was a bit vague. Paragraph 7 of the report states:

> "'Might' implies speculation as to whether an interest is relevant. 'Would' implies more certainty".

I thought: excellent—that is absolutely right. But what is proposed is that the test of a relevant interest is therefore not whether a Member's actions in Parliament will be influenced by the interest but whether a reasonable member of the public might think that this would be the case. In other words, one "might" has been removed but another remains. I ask the Senior Deputy Speaker to explain why, if the committee felt that "might" implies speculation and "would" implies more certainty, we did not get rid of all the "mights" and replace them with "woulds".

The Senior Deputy Speaker: All I can say is that the challenge of the mighty noble Lord, Lord Forsyth, is too much for me here today. This was undertaken by the noble and learned Lord, Lord Brown of Eaton-under-Heywood, with the intention to make the code more consistent. In moving that, the committee accepted it at the time. I invite the House to agree the Motion, mindful of the comments of the noble Lord, Lord Forsyth. I will go back and ensure that his comments are taken on board when we finally produce the new code.

3.45 pm

Lord Brown of Eaton-under-Heywood (CB): I had the honour, as has already been mentioned, to chair the Sub-Committee on Conduct of the committee whose report this is. Part of our function is to keep the code under review. Declaration of interests is always a tricky area, but we were particularly concerned with the oddity of paragraphs 11 and 12 as they currently stand.

The House will know that under paragraph 10(b), set out in paragraph 1 of the report, there is an obligation to declare relevant interests when speaking in the House, and so forth. Paragraph 11 of the code, set out in paragraph 4 of this report, is the governing provision. It says:

> "The test of relevant interest is whether the interest might be thought by a reasonable member of the public to influence the way in which a Member … discharges his … parliamentary duties".

On the face of it, that has stood for some years and seems to me a perfectly sensible provision.

Paragraph 12 of the code, set out in paragraph 5 of this report, by way of elaboration, exegesis or explanation—call it what one will—seeks to assist in the interpretation or understanding of the previous paragraph. It states:

> "The test of relevant interest is therefore not whether a Member's actions in Parliament will be influenced by the interest, but whether a reasonable member of the public might think that this might be the case".

What troubled us, and still troubles me is that it is a rather curious formulation which, far from assisting in understanding paragraph 11 of the code, seems positively unhelpful. Paragraph 37 of the guide defines who a reasonable person is, and it is worth reading. It is very short, and states:

> "A reasonable member of the public is taken to mean an impartial and well-informed person who judges all the relevant facts in an objective manner".

One has to have such an approach, and it seems a perfectly sensible definition of a reasonable person. The trouble with paragraph 12, unless we change it as this report recommends, is that once you introduce two "mights" there is uncertainty beyond good sense. The noble Lord, Lord Forsyth, would redraft paragraph 11 by substituting for the word "might" in the first line the word "would". Think how that then reads:

> "The test of relevant interest is whether the interest"—

would—

> "be thought by a reasonable member of the public to influence the way in which a member of the House … discharges his … duties".

Surely that would weaken the obligation to a wholly unacceptable point. It raises the threshold at which you have to declare an interest, so that the only time you have to do so is if a reasonable person would think that what you are about to say is coloured by your interest. That is surely absurdly high. The governing test must remain as it is and in paragraph 12 we are just clearing things up by substituting for the second "might" the word "would".

Lord Forsyth of Drumlean: Paragraph 7 says:

"'Might' implies speculation as to whether an interest is relevant. 'Would' implies more certainty".

Surely in this area we need certainty, not speculation.

Lord Brown of Eaton-under-Heywood: We need certainty as to when the obligation arises and the interest has to be declared. Surely, the whole object of this is to allay the public's concern and allay a reasonable person's suspicion that your interest might influence what you are going to say. That is what paragraph 11 currently provides for. You cannot sit quietly and not declare an interest merely because a reasonable person might, rather than necessarily would, think that it is going to affect what you are going to say. That would be an absurdly low test and completely out of harmony with all other public bodies, with the code in the House of Commons and the rest of it. I respectfully urge your Lordships to consider that, if you crossed out "might" and put "would" in the governing paragraph 11, this House would be brought into disrepute because it would be said, "They don't have to declare an interest unless a reasonable person not might but would think that it would affect them". Is not that an absurdly high test for when this obligation is brought into being?

Lord Grabiner (CB): I respectfully agree with the noble and learned Lord, Lord Brown, and perhaps refer to the point made by the noble Lord, Lord Forsyth. "Might" is less likely than "would", but it is a realistic possibility, and it is not, with respect, speculative at all; it just means that it could happen in a realistic sense. In those circumstances, if a member of the public might take that view, surely it would be much more impressive if the obligation imposed on the Member of the House is to make a proper disclosure.

Lord Mackay of Clashfern (Con): I have the responsibility of having participated in the report now put before your Lordships by the Senior Deputy Speaker. What we are proposing is as good as you can get in this area. First, the member of the public is a hypothetical individual—and the more hypothetical you may think he is when you have heard the qualifications. But the relationship between the Member of the House and a particular interest is not in any sense speculative; it is something that he or she knows they are going to have. Whether that will influence what he or she is going to say in the House of Lords is a very definite matter, so it is perfectly appropriate that "would" should be used. When you are dealing with a hypothetical man or woman—"member of the public" is the phrase used to cover that difficulty—it is purely hypothetical. To say that a member of the public would if properly qualified do this is to set it at a very high level indeed. Having due regard to the difficulty expressed by my noble friend Lord Forsyth, because the paragraph does not say "would" every time, I think that it has made the distinction in a suitable and appropriate way where it has done so.

The Senior Deputy Speaker: My Lords, I am very much aware that I am speaking to a House full of reasonable people. In that regard, earlier I invited the House to agree the Motion and I shall go back and ensure a positive exchange between the noble Lord, Lord Forsyth, myself and the noble and learned Lord, Lord Brown. If the House is agreed on that, I beg to move.

Motion agreed.

Code of Conduct

Motion to Resolve

3.54 pm

Moved by ***The Senior Deputy Speaker***

To resolve that the Code of Conduct for Members of the House of Lords be amended as follows:

In paragraph 12, in the first sentence, leave out "this might be" and insert "this would be".

Motion agreed.

Criminal Finances Bill

Committee (2nd Day)

3.55 pm

Relevant documents: 22nd Report from the Delegated Powers Committee.

Clause 42: Failure to prevent facilitation of UK tax evasion offences

Amendment 161

Moved by ***Baroness Bowles of Berkhamsted***

161: Clause 42, page 107, line 27, at end insert—

"(9) The Secretary of State may by regulations made by statutory instrument create, amend or remove further facilitation offences in respect of economic crimes other than UK tax evasion.

(10) Regulations under subsection (9) may create offences conferring liability on a relevant body where a person commits an economic crime when acting in the capacity of a person associated with the relevant body.

(11) Regulations made under subsection (9) must contain the safeguards set out under subsections (2) to (8) and sections 44 to 47.

(12) For the purposes of subsections (9) and (10), "economic crimes" means any of the offences listed in Part 2 of Schedule 17 to the Crime and Courts Act 2013 (offences in relation to which a deferred prosecution agreement may be entered into) with the exception of an offence under section 1 of the Theft Act 1968.

(13) A statutory instrument containing regulations under subsection (9) may not provide for more than one facilitation offence, but, for the avoidance of doubt, more than one statutory instrument may be made under subsection (9).

(14) A statutory instrument containing regulations under subsection (9) may not be made unless a draft of the instrument has been laid before, and approved by a resolution of, each House of Parliament."

Baroness Bowles of Berkhamsted (LD): My Lords, the Bill creates a second failure to prevent or facilitation offence for tax evasion, the first such offence being in the Bribery Act. It therefore makes sense to have an extended family of failure to prevent offences for other serious crimes for which the UK has spectacularly failed to prosecute large companies. The purpose of

this type of offence, along with a defence of due diligence, is to make companies have better prevention procedures as well as providing deterrent and punishment. These offences have a far-reaching effect on corporate governance and culture, encouraging own-up instead of cover-up, responsibility instead of denial. I do not know how many more times it is necessary to listen to the public outcry, but public trust in business is at an all-time low, as reported in the *International Business Times* in January. There is an urgent need to fix a problem we have known about for a long time.

Amendment 161 and Amendment 163—the alternative, narrower version—explore putting additional failure to prevent offences into the Bill and bringing them into effect later. I suggest creating an option in this way because it gives time to evaluate the recent call for evidence and because of the limited legislative opportunities due to Brexit. Amendment 161 is broader and more flexible and uses a statutory instrument to introduce further failure to prevent-type offences. I know that sounds a bit scary, so I encourage noble Lords to look at the whole of the amendment, because there are significant constraints on the SI's content. First, as specified in proposed new subsection (11), the new offences "must" have the same safeguards and procedures that the Bill introduces for tax avoidance. Importantly, this will include due diligence defence and provision of guidance concerning procedures for preventing the offence.

Secondly, the new offences are not plucked from thin air. Proposed new subsection (12) states that they have to be from the serious crimes listed in the Crime and Courts Act for which deferred prosecution agreements are possible. That list can be added to under that Act, but it will always be for serious crimes. Thirdly, to compensate for the flexibility, proposed new subsection (13) provides that each SI should introduce only one offence. The idea here is that each receives individual consideration and scrutiny.

Amendment 163 is the narrowest way I can see to pursue the same objective. It creates four specific additional offences and provides for separate commencement from the general commencement provisions in the Bill. There is also a sunset clause so that, if the decision is not to commence, there is no hanging about. The four offences are those named in the Government's call for evidence: common law fraud, statutory fraud, money laundering and Theft Act false accounting. These are the high-profile and costly areas where we have failed to prosecute large companies. As before, the defence guidelines and procedures follow the same pattern. That is important for businesses so that there is no additional complexity.

4 pm

In proposed new subsection (5) I put in an avoidance of doubt provision whereby the standard of proof for the due diligence defence is only to the civil standard. I believe this is how these defences are intended to operate—perhaps that is inevitably how the standards of evidence work—but I could not find it anywhere, so I would like to hear the Minister confirm that for the existing offences.

Those are the technical points, but why the urgency? First, we are not looking at unknown economic crimes—they are already criminal—but the modern large corporation escapes justice unless guilt is pinned on a specific senior individual who is considered the directing mind. As long ago as 2010, the Law Commission in its consultation paper No. 195 at paragraph 5.84 called the identification doctrine,

"an inappropriate and ineffective method of establishing criminal liability of corporations".

The Crown Prosecution Service legal guidance states under its evidential considerations in paragraph 21:

"The smaller the corporation, the more likely it will be that guilty knowledge can be attributed to the controlling officer and therefore to the company itself".

At paragraph 34, concerning exclusion from participation in public contracts, the guidance states:

"A prosecutor should take into account the commercial consequences of a relevant conviction".

No wonder it is only smaller companies that get pursued. I fear that we do not have equality before the law.

The Attorney-General, in identifying LIBOR as one of the cases the UK was not able to prosecute, noted the,

"clear implications for the reputation of our justice system".

The *Telegraph* chief business correspondent said of LIBOR and forex in 2016 that we outsource,

"corporate accountability for criminality in the City to US prosecutors".

It is not as if there is no financial incentive to fix it. In May 2016, the Annual Fraud Indicator put the cost of fraud to the UK economy at £193 billion, with the largest element being procurement fraud, estimated to be £127 billion a year, including from false invoicing.

Last week, in discussing Amendment 11, we debated money laundering, property, the role of banks and the sorry tale—far stronger action in the US, regulatory fines here, no culprits. Therefore, it seems particularly unfortunate that the crimes of fraud and money laundering, which feature in the high-profile failure to prosecute cases, have not yet been covered by failure to prevent offences. When will we truly be a failure to prevent jurisdiction, not a failure to prosecute jurisdiction? In replying on Second Reading, the Minister said that the call for evidence was part of a two-stage process, and that, should it justify changes, a consultation on a firm proposal would follow. However, I would say that the consultation was wider. There is plenty of evidence concerning failure to prevent offences. It is in use for bribery, is in this Bill for tax evasion, and is a Conservative manifesto promise. Why not give ourselves this option to get it done?

Fraud and money laundering cost billions, fund terror and misery and make us a low-justice country for big business—and could even be used against us in seeking trade agreements. There is urgency. I beg to move.

Lord Rosser (Lab): My Lords, I will speak to my Amendment 166, which is also in this group. It would require the Secretary of State to issue a public consultation on new criminal offences for corporate criminal liability and for economic crime within six months of the day on which the Bill becomes an Act, and for the Secretary of State then to bring forward legislative proposals in response to the consultation within 12 months of the day on which the Bill becomes an Act.

[LORD ROSSER]

The Bill makes it a corporate offence to fail to prevent tax evasion and adopts a similar approach to prosecution of bribery offences. However, as the noble Baroness, Lady Bowles of Berkhamsted, said, gaps remain in the law as regards the practical possibility of prosecuting companies for important economic crimes such as fraud, false accounting and money laundering, let alone the severe harms caused to individuals, including those overseas.

As the noble Baroness, Lady Bowles of Berkhamsted, again indicated, the issue was raised at Second Reading, when the Government said that,

"it would be wrong to rush into legislation in this area",

of corporate liability for economic crime, and that there was,

"a need to establish whether changes to the law are justified".

The Government said that they launched a public call for evidence—the closing date for which has now passed—and that if the responses,

"justify changes to the law, a consultation on a firm proposal would follow".

Accordingly, the Government declined to comment on a timetable for reform,

"should that be the way forward".—[*Official Report*, 9/3/17; col. 1518.]

The Business & Human Rights Resource Centre recorded just over 300 allegations of human rights abuses made against 127 UK-linked companies between 2004 and 2014. Although there is clear evidence that some companies were potentially serial offenders, it seems that there have been no corporate criminal prosecutions. Nearly half the allegations were made against extractive companies.

If there is a consultation following the call for evidence—and that may well be a big if—will the Government also consult on the need, or otherwise, to change the law on corporate criminal liability on human rights violations as well as economic crime? When an individual injures or kills another person, a criminal prosecution is initiated, but when a company is involved in causing similar harm—not least overseas—the ability to prosecute companies successfully is much reduced to the point of it being almost a deterrent to proceeding at all.

Overall, the corporate criminal law needs to provide that companies can be held liable for committing offences and not just for omitting to prevent them. No UK financial institution has faced criminal charges as a result of the 2008 financial crisis, and there appear to have been some recent serious issues which have resulted in no prosecution against companies as opposed to an ability to resolve the matter through financial payment.

There is also the issue that it appears from a relatively recent case that, under corporate liability laws, it is not illegal for companies to mislead their auditors. As has been said, current laws seriously disadvantage small and medium-sized businesses compared with larger businesses. SMEs, where directors are more involved, are much more easily prosecuted under the existing corporate liability regime, since current UK corporate liability laws rely on a "directing mind" test that requires prosecutors to prove that senior board-level executives intended the misconduct to occur. The Crown Prosecution Service, for example, stated that because of corporate liability laws it could not mount a successful prosecution against the companies involved in the phone-hacking scandal.

When do the Government intend to commit themselves to address this issue of the deficiencies within the current corporate criminal liability laws? They could do so today by accepting one of the amendments in this group. They could do so today by accepting my amendment, with its timetable for a public consultation and then legislation. If that is more than the Government are prepared to do, they could today at least announce that there will definitely be a public consultation on a firm proposal on the issue, following the call for evidence, and say when that public consultation is likely to commence.

Lord Leigh of Hurley (Con): My Lords, I declare my interests, principally as a member of the Chartered Institute of Taxation. I wish to speak particularly on Amendment 161. The noble Baroness, Lady Bowles of Berkhamsted, is right that the mood of the public has changed dramatically and significantly against those who practise tax evasion—and to some extent tax avoidance, which I think she mentioned, although we are focusing here on tax evasion—so having such a clause in the Bill is very welcome.

Turning my mind back to 20 or 30 years ago when I was a tax practitioner, in many respects it would have been remarkable to think that this clause might appear in a Bill. Indeed, many of your Lordships may have noticed in Sunday's and today's national papers a two-page advertisement by a large Swiss bank protesting that it does not in any way condone tax evasion. It is quite extraordinary to see that—and most welcome—and it has no doubt come about in part because of the pressure to change public opinion brought to bear by the Government and Members of this House.

However, in respect of Amendment 161, I agree that the damage caused by economic crime is very serious. I welcome the Government's consultation on corporate criminal liability for economic crime, but this is an extremely complex legal area that could significantly impact on the UK's financial sector, in which I work, and in particular on the UK's SME financial sector, which has a lot on its plate at the moment. Therefore, I hope that the Government will bring forward a consultation on possible options for reform following the conclusion of the call for evidence, which I think has just ended or will close shortly. We should wait until that is completed before a decision is made on introducing new legislation.

Lord Beith (LD): My Lords, my noble friend has explained with magnificent clarity the purpose and nature of her two amendments. However, in discussions that I have had with her, she has still not quite convinced me that the use of a statutory instrument to create further facilitation crimes is something that I ought to be enthusiastic about. I well understand the purpose that she is pursuing and the care with which Amendment 161 incorporates various safeguards both within its

own text and by reference to other legislative provisions. My concerns are not raised by Amendment 163, which she offers as an option.

As your Lordships look further at this matter, I just hope that we can focus a little attention on the fact that, if anything is created as a crime by a statutory instrument, it is done by a process which, although affirmative in terms of the amendment, is not capable of amendment. Therefore, any defect in the way it is worded or presented can only result in either it going through in a faulty way or the Government accepting that they should withdraw the amendment and come back with a better one. I wish that they would do that more often and quite quickly, because it would resolve some of the problems that we have with statutory instrument procedure. However, I listened to that part of the debate with still unresolved anxiety about the use of a statutory instrument without further qualification.

Lord Hodgson of Astley Abbotts (Con): My Lords, I think it is worth making two points. I understand the point that the noble Baroness, Lady Bowles, was making and the importance of the topic that she has raised. It is quite a serious matter to introduce a change of this nature by a statutory instrument—an issue that has concerned your Lordships' House in the past. I understand that the noble Baroness has drafted her amendment to try to avoid some of the worst excesses but it is something which—with Henry VIII powers and so on—we are very concerned about. Widening this provision through a statutory instrument could lead to some difficulties regarding the appropriate level of parliamentary scrutiny, given that statutory instruments are, by definition, not amendable.

My second point relates to Amendment 166 in the name of the noble Lord, Lord Rosser. I always support him when he wishes to do post-legislative scrutiny. I think that part of what he is getting at here is that we should look at whether all the holes have been blocked up. However, to do so within six months of the day on which the Act is passed will not give much time to see how the new legislative provisions are bedding down. Therefore, from my point of view, it would be more appropriate if a longer time was allowed during which the serious impact of the Act would, I hope, make itself felt.

4.15 pm

Baroness Kramer (LD): My Lords, I speak very much in support of my noble friend Lady Bowles on this occasion. The issue she is attempting to tackle is that of delay. There are serious gaps in the Bill—as they have just finished a consultation, I suspect that the Government recognise that. The "failure to prevent" focus which it has brought on a limited number of issues should have been applied to the broader range of very serious business and economic crimes. On these Benches, our great fear is that if occasion is not taken in this Bill to put in place the structure that will enable action to be taken on those issues, there will be a long delay, because bringing forward new legislation in the environment of Brexit will mean that everything is very seriously delayed. In that time, we will find ourselves in a situation where companies believe that they are potentially able to get away with it.

Lord Judge (CB): My Lords, I had intended to speak at a little length but the noble Lord, Lord Beith, has said everything that I wished to say about the dangers of creating criminal offences by secondary legislation.

The Minister of State, Home Office (Baroness Williams of Trafford) (Con): My Lords, I am very pleased to be able to return today to our debate in Committee, beginning with the very important issue of corporate criminal liability. Through this Bill the Government are building on the efforts of the last Labour Government, when they created the Bribery Act, by creating new corporate offences of failure to prevent the facilitation of tax evasion. These are significant proposals and I look forward to debating them further shortly. The amendments in this group relate to corporate criminal liability for other types of economic crime—that is, other than bribery and the facilitation of tax evasion. This issue has, of course, arisen a number of times in both Houses during the passage of the Bill, and these amendments have allowed us to have an insightful and constructive debate.

As noble Lords have said, 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. As this House will be aware, the Bribery Act is widely respected as both a sound enforcement tool and a measure that incentivises bribery prevention as part of good corporate governance. As I have said, this Bill makes similar provision in regard to the facilitation of tax evasion. That provision has followed a process of full and lengthy public consultation, as did the implementation of the Bribery Act. As my noble friend Lord Leigh alluded to, these are very complex legal and policy issues with the potential for significant impact on companies operating in the UK.

I hope noble Lords will agree that this level of detailed consideration of both the existing legal framework and any proposals to extend it was crucial. That is why the Government announced, at the time of last year's London Anti-Corruption Summit, that we would consult on the creation of new forms of criminal liability. The Government's public call for evidence on corporate criminal liability for economic crime was published on 13 January. It openly requested evidence for and against the case for reform, and sought views on a number of possible options, such as the Bribery Act's "failure to prevent" model, as an alternative to the current common law rules. The consultation closed only last week, on Friday 31 March. The Ministry of Justice is now assessing the responses received, but, as noble Lords will appreciate, it is too early to confirm the outcome. Should the responses received justify changes to the law, the Government would then consult on a firm proposal, as the noble Lord, Lord Rosser, articulated. I hope that reassures him that we are continuing to explore this issue as his amendment proposes. I trust noble Lords will agree that it would be wrong to rush into legislation, or to commit to doing so in the future, prior to giving the matter the appropriate consideration, as my noble friend Lord Hodgson said.

Amendment 161 provides for the novel approach that we could add additional offences to the legislation

[Baroness Williams of Trafford]
by regulations. I commend the noble Baroness on her ingenuity—I was promised she would show it—but, as I have said, these are complex issues with potentially significant implications for companies across the country. The Government do not, therefore, believe that it would be appropriate to extend the failure to prevent offences via secondary legislation, which would not allow for the appropriate level of parliamentary scrutiny of proposals such as this.

The noble Baroness, Lady Kramer, asked about the timing of the failure to prevent measures and why the Government do not act now. She said we cannot afford to delay and made a point about the upcoming Brexit legislation. I remind noble Lords that the Bribery Act offence has been on the statute book for a number of years, allowing us to assess its effectiveness. We are now legislating on tax evasion and already looking closely and openly at the question of extending it to wider economic crimes. The Government are not delaying, we are acting—and we are doing so in a sensible and considered way.

The noble Baroness, Lady Bowles of Berkhamsted, asked about the standard of proof for the failure to prevent economic crime. Her Amendment 163 allows for the defence of reasonable procedures to be satisfied by the civil standard—that is, the balance of probabilities. I can confirm, as she wanted, that it mirrors the approach in the Government's proposed offence of corporate failure to prevent the facilitation of tax evasion.

The noble Lord, Lord Rosser, asked whether HMG will legislate to create corporate liability for failure to prevent serious harm or human rights abuse. I wrote to the noble Lord about this—it is obviously seared in his brain or, probably, was passed straight to his outbox. All businesses are expected to comply with the legislation that comes under the jurisdiction of the UK, including that which relates to human rights. While the Government have no ability to regulate UK businesses operating in overseas jurisdictions, we encourage them to honour the principles of internationally recognised human rights wherever they operate. More broadly, in 2013, we were the first country in the world to produce a national action plan in response to the United Nations guiding principles on business and human rights.

Large UK-domiciled businesses must also comply with laws that require them to report certain human rights issues, including the Companies Act and our world-leading Modern Slavery Act, which requires them to produce annual statements on what they have done to ensure that such issues do not occur in their business and supply chains.

I hope I have fully answered noble Lords' questions and that the noble Baroness, Lady Bowles, will feel free to withdraw the amendment.

Lord Rosser: My Lords, I suspect I am on a mission that is not going to succeed, but it is unfortunate that a number of key decisions are likely not to be taken by the Government until this Bill becomes an Act. The Minister said that the closing date of the public call for evidence in relation to corporate criminal liability has just gone, but do the Government expect to give any indication before Report as to whether or not they will be moving to consultation on a firm proposal or, alternatively, are they likely to indicate before Third Reading whether they will be moving to consultation on a further proposal?

Baroness Williams of Trafford: Perhaps I may look into that and let the noble Lord know because I am reluctant to make sweeping promises at the Dispatch Box without knowing exactly what the timescales will be. I will let him know, certainly before Report, what the expected timescales are.

Baroness Hamwee (LD): Before my noble friend responds, the Minister referred to the Modern Slavery Act. I do not want to be overly pedantic but I do want to be a bit pedantic because this is an important point. She mentioned the requirement on certain companies to report on the steps that they are taking under Section 54 with regard to their supply chains. I think that she will agree that their statement as regards the steps they are taking can be a statement,

"that the organisation has taken no such steps".

That would be regrettable. However, there seems to be a feeling that every organisation has got to report the detail of the steps when that is not quite the case.

Baroness Williams of Trafford: My Lords, I would say that the statement a company makes reflects the company, and if a statement of no effort is made, it will be for others to judge the efficacy of that company.

Baroness Bowles of Berkhamsted: My Lords, I thank the Minister and other noble Lords for this debate and of course I appreciate that it is a little awkward that the call for evidence and consultation process are lagging behind the progress of the Bill. That is why I had my novel idea that we could put in place a framework here which is only an option. The circumstances are such that it would not be an outcry if the decision was that you had to do it in a different way, so as in my Amendment 163, the provision would just fall away. Of course, that provision would not be introduced by statutory instrument, it is just a delayed commencement. I still feel that there is some mileage in taking a further look at this kind of provision.

As a result of this debate, I think we have the answer to one of the questions in the call for evidence because of what the Government have said that they are thinking of introducing for the four criminal offences I have picked up on and that it may be by statutory instrument for the others. We have heard some good reasons as to why statutory instruments are not such a good idea, and indeed I think the Minister has conceded that. That may be the outcome of the ticks in the call for evidence. I would like to know how many ticks were made in that box; perhaps she could count them and let me know.

I reserve the right to have another go along the lines of Amendment 163, but at this stage I beg leave to withdraw the amendment.

Amendment 161 withdrawn.

Clause 42 agreed.

Clause 43 agreed.

Clause 44: Guidance about preventing facilitation of tax evasion offences

Amendment 162

Moved by ***Baroness Hamwee***

162: Clause 44, page 108, line 27, leave out "can put in place to" and insert "shall have regard to in order to"

Baroness Hamwee: My Lords, this is a probing amendment. Clause 44(1) provides that the Chancellor,

"must prepare and publish guidance about procedures that relevant bodies can put in place",

to deal with certain matters. My amendment suggests that organisations should "have regard to" such guidance, and is really intended to probe precisely what is meant here. The phrase "can put in place" strikes me as an interesting one to use in the middle of a piece of legislation. Does it mean "must put in place", or if they want to have guidance on procedures, it is only what the Chancellor prepares and there can be no other procedures? I wonder whether the Minister can explain what is actually required in subsection (1). I beg to move.

4.30 pm

Lord Leigh of Hurley: My Lords, I spent quite a lot of time reading the amendment and trying to understand it. I am grateful to the noble Baroness, Lady Hamwee, for explaining it to us. As I understand it, the clause does not require relevant bodies to put these procedures in place; it just mandates the Chancellor to produce some presumably helpful guidelines, which the amendment would then require those relevant bodies to adopt. I think that is the gist of it.

If the amendment is prompted by concerns raised about the guidance the Chancellor will have to offer as a result of the clause, I hope the Minister might consider returning to that issue at subsequent readings as no explanation is given in the clause as to what the guidance will be. It would be very helpful for corporations affected to understand how they can rely on the defence of "reasonable prevention procedures", so that they can put in place an appropriate strategy to ensure compliance with their new obligations if those are put on them through this amendment, or possibly—as is perhaps my great concern—at a later stage in the Bill or by statutory instrument.

It must be sensible to allow corporations to build on their current policies and procedures already in place under other legislative requirements to show that they have a defence to this offence. If not, the compliance costs would be significant. Even where current policies are acceptable there will still be costs involved in training staff, certification and reporting processes. There is, therefore, clearly a need to ensure that the measures can be implemented in a way that mitigates additional costs as far as possible.

Guidance can help corporations to identify how they can demonstrate that they have followed satisfactory due diligence procedures and have a "reasonable care" defence in the event that one of their associates is discovered to have criminally facilitated tax evasion. However, it must be recognised that every business is different. The importance of the guidance will be enhanced if the legislation explicitly states that the courts should "have regard to" it. This would provide a valuable extra—although not absolute—safeguard for corporations that have relied on the guidance when implementing their procedures, although, of course, it cannot be a safe harbour.

In short, the amendment will be onerous to apply to every relevant body. I therefore speak against it.

Lord Kennedy of Southwark (Lab): My Lords, I support Amendment 162, proposed by the noble Baroness, Lady Hamwee. It would strengthen Clause 44, which is in a part of the Bill concerned with corporate offences of failure to prevent tax evasion. Failure to pay the right levels of tax due as an individual or as a corporate body hurts everyone. Having robust procedures in place to combat these offences is important. Some corporate entities will employ lawyers and accountants to minimise their tax liability, but where that steps over the line into tax evasion we have to be prepared to take swift action.

The clause so far will place a requirement on the Chancellor of the Exchequer to publish and prepare guidance, using the word "must", which is not something we often see in government Bills—I have always thought parliamentary draftspersons preferred "shall"—but since it uses the word "must", noble Lords can draw from that that great importance is implied about this guidance on the procedures. The idea is to help relevant bodies. The Bill then moves on and says,

"can put in place to",

which negates the emphasis in the earlier part of the clause.

The amendment from the noble Baroness would place the right emphasis, saying that relevant bodies "shall have regard to" this important advice prepared by the Treasury and published by the Chancellor. The Government clearly thought it was important that companies should be aware of this advice. I hope they will tell us why they think their wording is sufficient and that that of the noble Baroness is not necessary in this case.

Baroness Vere of Norbiton (Con): My Lords, I am grateful to the noble Baroness, Lady Hamwee, for tabling this amendment, which allows us to discuss the Government's guidance on the new corporate offences in Part 3 of the Bill. Part 3 creates two new offences for relevant bodies that fail to prevent the criminal facilitation of tax evasion. It also provides a defence for a body to show that it has put in place reasonable prevention procedures designed to prevent such criminal facilitation.

The Government produced guidance on the offences, and the related defence, in 2015 and conducted a full public consultation on it. Much of the guidance focuses on the operation of the defence and helps to inform businesses' understanding of how to determine what prevention procedures are reasonable in their circumstances. The guidance has been discussed extensively with a wide range of businesses and organisations both within the UK and overseas. Following the consultation, the updated guidance was published last year.

In addition to the government guidance, officials have been working with a number of representative bodies to support them in producing their own sector-specific guidance, which can be endorsed by the Chancellor

[BARONESS VERE OF NORBITON]
if it is clearly in keeping with the overarching government guidance. The Chancellor's endorsement of external guidance will provide a hallmark of quality for individual businesses to identify good practice for their sector.

The government guidance makes it clear that it is just that: guidance. It does not set out a tick-box exercise of mandatory requirements for businesses but rather six principles to help each business decide what prevention procedures, if any, are reasonable for them in their individual circumstances.

The government guidance makes it clear that, for each business, there may be a number of appropriate approaches for them to take and that departure from suggested procedures will not mean that an organisation does not have reasonable prevention procedures. Likewise, different organisations may implement the same or similar procedures differently due to their individual circumstances. For example, what is reasonable for a large, multinational financial institution will be different from what is reasonable for a small, domestic retail business.

Conversely, while departing from the guidance will not mean that a relevant body does not have reasonable prevention procedures, nor does complying with the guidance necessarily guarantee that prevention procedures are reasonable. The guidance is not intended to be a safe harbour.

The new offences also provide a defence for a business where it was reasonable for it to have no procedures in place. A business can therefore avail itself of the defence without having followed the Government's guidance if it was reasonable for it to have no procedures in place; for example, because the risks it faced were so remote that it would be unduly burdensome for it to put in place prevention procedures.

I hope that noble Lords will therefore agree that it is not necessary, and may impose undue burden, to force businesses to have regard to the government guidance. Those businesses which need to put in place prevention procedures and which seek to be compliant will likely already have regard to the government guidance. This has been demonstrated by the excellent engagement from many sectors on the development of the guidance. Accordingly, I invite the noble Baroness to withdraw her amendment.

Baroness Hamwee: My Lords, the noble Lord, Lord Kennedy, understood my thinking exactly, although I wonder whether it would be helpful to this House to use a procedure which is often used in the Commons to explain that one is probing to try to understand whatever is proposed and the thrust of a particular amendment—I was probing, as I had indicated to the Bill team.

I had not expected that answer, but I now understand the range of things which can happen under this clause. One is accustomed to phrases such as "for different purposes and for different persons", which is what I think we are being asked to read into this provision. I note that the Minister said that guidance,

"can be endorsed by the Chancellor"—

I was not sure what route that was taking me down. I am grateful to noble Lords for indulging me. I, for one, now understand better what is proposed. I beg leave to withdraw the amendment.

Amendment 162 withdrawn.

Clause 44 agreed.

Clauses 45 to 47 agreed.

Amendment 163 not moved.

Amendment 164

Moved by ***Lord Kennedy of Southwark***

164: After Clause 47, insert the following new Clause—

"Exclusion of companies from public procurement

The Secretary of State must publish an annual report on the number of companies which have been excluded from tendering for public contracts under the Public Contracts Regulations 2015 or had an existing public contract terminated as a result of being charged with an offence under section 42 or 43 of this Act."

Lord Kennedy of Southwark: My Lords, Amendment 164, proposed by myself and my noble friend Lord Rosser, seeks to add a new clause to Part 3 of the Bill requiring the Secretary of State to publish a report on the number of companies that have been excluded from tendering for public sector contracts, or had an existing contract terminated as a result of being charged with the offence of failing to prevent the facilitation of UK or foreign tax evasion offences. The more light that is shone into the whole area of corporate failure in respect of tax evasion, the better, as this in itself would force companies that are sloppy or that do not follow procedures to take more notice of the provisions, take greater care and be clear that the Government and the tax authorities do not take such matters lightly.

Amendment 165, again in my name and that of my noble friend Lord Rosser, would be, in effect, a supervision order imposed by a court on a company convicted of a serious offence in these matters. The court could appoint a third party, such as an expert or body, to supervise the probation period of companies that co-operate with law enforcement bodies to the extent that they are offered a deferred prosecution agreement. Companies convicted under the Corporate Manslaughter and Corporate Homicide Act 2007 may have an order imposed on them to remedy the management system that allowed the manslaughter to occur. However, there are currently no powers available to a court to impose such an order on companies convicted of non-manslaughter offences which have not co-operated sufficiently with law enforcement agencies for a DPA. The perverse result is that companies that co-operate with law enforcement bodies have greater external scrutiny of their corporate governance programmes than companies that do not co-operate with enforcement agencies. This lack of scrutiny represents a missed opportunity to improve corporate governance among convicted companies, but also a powerful disincentive for companies to co-operate with enforcement authorities.

Corporate probation orders are used in other jurisdictions. The US Sentencing Commission, for instance, has given the courts the power to introduce any probationary condition relating to the nature and circumstances of the entire case when sentencing companies convicted of criminal offences. Introduction of such a power in the UK would add another significant tool to the armoury of courts and prosecutors in

dealing with financial crime and ensure that the discrepancy of treatment for companies that co-operate with law enforcement authorities and those that do not is evened out, creating a more level playing field for business.

Amendment 170, in the names of the noble Baronesses, Lady Bowles of Berkhamsted and Lady Kramer, and the right reverend Prelate the Bishop of Oxford, addresses the very real issue that senior executives rarely face any consequences when companies they run engage in criminal activity—a point made numerous times from all sides in Committee. The lack of senior executives being held to account properly is a serious matter of public concern. I look forward to the contribution of the noble Baroness, Lady Bowles, who will shortly be speaking to her amendment, and I beg to move.

Baroness Bowles of Berkhamsted: My Lords, I shall indeed speak to Amendment 170 and I thank the noble Lord for his comments on it. This concerns the procedure for disqualification of directors where there has been a criminal conviction of a company, or a deferred prosecution agreement. The amendment seeks to make it possible, following a criminal conviction of a company, for the court to consider whether any directors should be disqualified. This is not seeking to make a criminal conviction against directors—disqualification is a civil procedure—but to put company criminality procedures on a par with that which exists when there is a breach of competition law.

4.45 pm

Under Section 9A of the Company Directors Disqualification Act, the court must make a disqualification order against a person if a company of which they are a director commits a breach of competition law and the court considers that their conduct as a director makes them,

"unfit to be concerned in the management of a company".

This means that the Competition Commission can seek disqualification orders as part of its suite of enforcement powers. In contrast, after a corporate criminality finding, the matter would have to be brought to the attention of the Secretary of State, who is the only person entitled to make a disqualification application to the court. However, there does not seem to be a mechanism by which conduct reports or the like are sent to the Secretary of State in such a case, as they would have to be for insolvency; nor does the Secretary of State have the specialised knowledge to address the public interest issues arising out of the prosecution. It also prevents the prosecuting authority having the power to use disqualification as a direct tool to punish or deter criminal behaviour by companies.

When I raised disqualification at Second Reading, the Minister explained three things. First, she said:

"Where a director is convicted, they can be disqualified as part of their sentence".

I agree; it happens some of the time. Last year there were 47 disqualifications under Section 2 out of 483 referrals.

Secondly, the Minister said:

"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".

I do not understand why criminality differs from competition breach. The Minister will recognise that there is a sequence, as in the recent competition case, where the director disqualification was dealt with after the finding of competition breach. If there has been a "failure to prevent" conviction under the Bribery Act or under this Bill, or indeed if the company has been convicted of fraud, money laundering or some other serious crime and it appears that one or more of the directors has not exerted the right kind of responsibility and control, why is that treated less seriously than competition breach or various aspects of insolvency, where reports on director behaviour are required?

Thirdly, the Minister explained:

"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".—[*Official Report*, 9/3/17; col. 1521.]

With due respect to the Minister, I think this misses the point. The point at issue is not the criminality or near-criminality of the director—that is the identification doctrine hang-up—but their role in adequate governance. As I mentioned before, there are no comprehensive provisions for reports to be prepared beyond those in Section 432 of the Companies Act 1985, which relates to fraud or misfeasance towards members.

When disqualification was raised in the other place, the Minister of State, Mr Wallace, gave a similar answer to that given by the Minister, and also said:

"There is no evidence of which we are aware that the power is not being used in the appropriate cases. When not used, it is not used for appropriate reasons".—[*Official Report*, Commons, Criminal Finances Bill Committee, 22/11/16; col. 149.]

There are a lot of negatives there, which of course are hard to prove. After some investigation by me, aided by some QCs—it is still ongoing—I have a negative of my own: I can find no evidence that the general Section 8 powers are being used. I have discovered from BEIS that Section 8 was used five times last year. I understand this was on referral from the insolvency agency and with respect to Sections 447 and 432 of the Companies Act 1985. That takes us back to behaviour and reports that affect members—shareholders—not anything that is in the public interest. So who does the report on bribery or tax evasion? Is it ad hoc? If a prosecutor did it, could he be challenged as outside his remit in some way?

Of course one problem is that getting convictions against large companies is notoriously difficult but the point of principle, clearly brought out in a failure to prevent conviction, is: "What was the role of the directors in making sure that the appropriate procedures were in place?". This goes to the heart of governance. There is no other public accountability mechanism and if it is right for competition, why not for bribery, tax avoidance or other serious criminality? Why should the specialist prosecutor not have the full toolkit?

Baroness Butler-Sloss (CB): My Lords, I have some doubts about Amendment 165. I find a corporate probation order to be rather unusual and although I am not an expert on crime, it seems to me that there would be considerable difficulties with it. Also, if one

[BARONESS BUTLER-SLOSS]
looks at subsection (5) of the proposed new clause in Amendment 165, the liability is,

"on conviction on indictment, to a fine",

but it does not say how much. There would be a fine,

"on summary conviction in England and Wales",

but there are limits to fines in the magistrates' court. Whatever that figure is, it is not included. This seems an inadequately drafted amendment.

Lord Judge: My Lords, I add my voice to that. I support the general idea behind Amendment 165 but it proposes rather a bureaucratic new clause. Why cannot the court simply have power to make orders in accordance with its subsections (2)(a) and (2)(b), where it thinks it appropriate? Why do we need subsections (3) and (4) at all, as company B has already been convicted? It is a matter for the court to decide what sentence should be imposed; it does not need permission or an application by the prosecution. If I may say so, it seems that this would make a complex process to deal with something very straightforward. The court needs to be vested with the powers which are understood to be included on the basis of this amendment. Its compliance procedure would require an external body and, if we are doing that, can we perhaps add that there should be a report to the court about whether the appointed verifier is satisfied that verification has taken place?

As to Amendment 170, I am just a little troubled about subsection (2ZB) in its proposed new clause. It says:

"The court must not make any order under this section unless it is satisfied that the person bears responsibility".

Fine—I understand that—but this is a penal decision. Are we saying that the court must be satisfied to a criminal standard or to a civil standard?

Baroness Kramer: My Lords, perhaps I may add one phrase only to this debate. I want to speak to Amendment 170 and suggest to the Government that this is frankly a no-brainer. We cannot afford to have inappropriate directors continuing to run companies, particularly when their inappropriate or inadequate behaviour has been exposed in the kind of circumstances discussed under Amendment 170. It is really important that the courts have a full range of tools. We no longer live in a world where the old-school tie and friendships determine who the appropriate directors of companies are. They have to be held to professional and appropriate standards. This proposed new clause would enable that to happen and I frankly cannot see why it should present any difficulties to the Government.

Baroness Williams of Trafford: My Lords, I am pleased that the amendments in this group have allowed us to have an extended debate on the tax evasion offences in Part 3 of the Bill. I am pleased to say that the Government are supportive of the intentions of these amendments, although that is not to say that further legislation is necessarily required.

Amendment 164 seeks to require the Secretary of State to publish an annual report on the number of companies that have, under the Public Contracts Regulations 2015, been excluded from tendering for public contracts, or had existing contracts terminated after being charged under the new offences. I fully agree that contracting authorities should be able to exclude bidders that have been convicted under the new offence. The Public Contracts Regulations allow for this in appropriate cases. They grant contracting authorities discretion to refuse to award a public contract to an entity that has been involved in grave professional misconduct. Such misconduct may include committing the new offences of corporate failure to prevent the criminal facilitation of tax evasion. However, government does not collect information centrally on the number of organisations that have been excluded from public contracts under the 2015 regulations. This is because these decisions to exclude are taken by individual contracting authorities on a case-by-case basis, and this may include the new corporate offences.

Introducing a reporting requirement would create a burden on contracting authorities. Each contracting authority would have to make a return to central government, detailing the occasions that exclusion from a bidding process has occurred, and central government would then have to collate all these reports in order to compile national statistics to be published in the report. Such a reporting requirement would go against the Government's drive to simplify the public procurement process and to cut red tape.

Current efforts are focused on ensuring that contracting authorities have the necessary information to know whether those bidding for contracts have relevant convictions so that contracting authorities can make more informed decisions on whether to exclude them. This includes the introduction of a robust conviction-checking process to prevent bidders with convictions for relevant offences—including the new offences—winning public contracts. This was announced at last year's anti-corruption summit and is about to be piloted by the Crown Commercial Service.

Amendment 165 seeks to introduce a system of corporate probation orders. This would allow a court to require relevant bodies found guilty of the new corporate offences to amend their prevention procedures. I welcome the noble Lords' amendment. It is absolutely right that relevant bodies convicted of the new offences, and thus found to have inadequate prevention procedures, should be required to implement changes to those procedures. In response, I draw noble Lords' attention to Clause 48(2) of the Bill, which adds the corporate offences to the list of offences for which a serious crime prevention order can be imposed under the Serious Crime Act 2007. This enables a court passing sentence on a person, including a legal person such as a corporate body, to impose a serious crime prevention order to prevent, restrict or disrupt their involvement in serious crime by imposing prohibitions, restrictions or requirements on them. The terms of these orders may require the relevant body to allow a law enforcement agency to monitor how it provides services in the future.

Relevant bodies convicted of the new offences are criminals. They do not require special or different sentencing powers. They can be adequately sentenced under the existing criminal law, using a serious crime prevention order to enforce change to prevention procedures. Such an order can do anything that a

corporate probation order would. Alternatively, similar provision can be included within the terms of a deferred prosecution agreement. I trust therefore that noble Lords will see that their commendable objective can already be achieved within existing law.

I thank the noble Baroness, Lady Bowles, for Amendment 170. I share concerns about ensuring that those who are unfit to be directors are identified and disqualified from holding such posts. The amendment seeks to amend the Company Directors Disqualification Act 1986 in order to allow a company director to be disqualified by the court when a relevant body is found to have committed one of the new corporate offences, or a similar failure to prevent an offence under the Bribery Act 2010.

At present, under the Company Directors Disqualification Act 1986, a company director can be disqualified on conviction by the sentencing court. Alternatively, the Secretary of State for Business, Energy and Industrial Strategy can apply to the High Court for an order that a company director be disqualified. In either case, the company director would be a party to the proceedings, and thus given the opportunity to present their defence.

5 pm

However, under the amendment, a company director could be disqualified simply because the relevant body was found liable for failing to prevent the facilitation of tax evasion or bribery. This would be the case even where the company director was not a party to the proceedings. This could see a director disqualified without the opportunity to present their case or defend themselves. There may be cases where, despite the relevant body committing the offence, an individual director is not sufficiently culpable to warrant disqualification. That is why it is so important that the director can make representations in their own defence.

The orders have draconian consequences, and they must be made fairly—the noble Baroness mentioned fairness. The right to a fair hearing is protected by human rights legislation.

I can nevertheless assure noble Lords that, where a director has been personally complicit in tax evasion, it will be possible for the director to be prosecuted for tax evasion and tried alongside the relevant body charged with the new offences. Where the director is convicted, disqualification can be considered by the sentencing court under existing law.

I shall answer some other questions that the noble Baroness, Lady Bowles, asked. Who reports on bribery or tax evasion? A sentencing judge can invite the prosecuting agency—for example, the CPS—to refer the matter to BEIS on its own volition. On Amendment 170, she also asked: why not allow for a director to be disqualified? Conviction for the new offence does not necessarily mean that an individual director is at fault or necessarily involve director wrongdoing. The sentencing judge can recommend referral by the prosecutor in such cases.

Finally, I reassure noble Lords that, where a director has been personally complicit in tax evasion, it will be possible for the director to be prosecuted for tax evasion and tried alongside the relevant body. We therefore take the view that the existing powers are sufficient and that the approach taken under the amendment would be disproportionate and at risk of successful legal challenge.

I hope that, with those words, noble Lords are satisfied with my responses and feel able not to press their amendments.

Baroness Bowles of Berkhamsted: The point is that a procedure exists when there is a breach of competition law. That does not have to be referred back to the Secretary of State. There is a subsequent hearing as to whether the director was culpable by not having established the right procedures. It does not automatically say that, if the company is guilty, the directors are guilty. If the circumstance is such that the judge says, “I think we should look further at this”, why should it not then be in the prosecutor’s toolbox to say, “We want to continue smoothly on to the next stage”, which the prosecutor has probably already investigated? It is a civil procedure to disqualify a director, I remind the Minister, so the human rights implications are slightly different. If it works for competition, why can it not work for criminality? It seems to be saying that there is a stricter rule, where directors sit up and take notice of the fact that it looks a little bit more automatic even though the same defence is there. Therefore, it has a huge impact on corporate governance in making sure that the procedures are there. It may even be on a piece of paper on the boardroom table. I have personally heard, “Oh, this is something we can get disqualified for if we don’t get it right”. That is exactly how more boards should be thinking. This kind of procedure induces that. Maybe the Minister can write to me and explain why it is good for competition and not for criminality.

Baroness Williams of Trafford: The noble Baroness foxed me when she asked that question the first time and she is still foxing me. I shall write to her before Report because I really do not know the answer.

Lord Kennedy of Southwark: My Lords, I thank all noble Lords who have spoken in this short debate, and I am pleased that the Minister understands the spirit and intention behind our amendment. The comments of the noble and learned Baroness, Lady Butler-Sloss, and the noble and learned Lord, Lord Judge, are points well made. They have vast legal experience and if I bring the issue back at all on Report, I shall take on board their comments and wise legal advice and draft my amendment accordingly. I certainly thank all noble Lords for their contribution today, and beg leave to withdraw the amendment.

Amendment 164 withdrawn.

Amendments 165 and 166 not moved.

Clause 48 agreed.

Amendment 167

Moved by ***Baroness Stern***

167: After Clause 48, insert the following new Clause—

“Public registers of beneficial ownership of companies in the Overseas Territories

After section 2A of the Proceeds of Crime Act 2002, insert—

"2AA Duty of the Secretary of State: Public registers of the beneficial ownership of companies registered in Overseas Territories

(1) It shall be the duty of the Secretary of State, in the furtherance of the purposes of—

(a) this Act; and

(b) Part 3 of the Criminal Finances Act 2017,

to take the steps set out in this section.

(2) The first step is that, between the date on which this section comes into force and 31 December 2018, the Secretary of State must provide all reasonable assistance to the governments of—

(a) Anguilla;

(b) Bermuda;

(c) the British Virgin Islands;

(d) the Cayman Islands;

(e) Montserrat; and

(f) the Turks and Caicos Islands,

to enable each of those governments to establish a publicly accessible register of the beneficial ownership of companies registered in that government's jurisdiction.

(3) The second step is that, no later than 31 December 2019, the Secretary of State must prepare an Order in Council, and take all reasonable steps to ensure its implementation, in respect of any Overseas Territories listed in subsection (2) that have not by that date introduced a publicly accessible register of the beneficial ownership of companies within their jurisdiction, requiring them to adopt such a register.

(4) In this section a "publicly accessible register of beneficial ownership of companies" means a register which, in the opinion of the Secretary of State, provides information broadly equivalent to that available in accordance with the provisions of Part 21A of the Companies Act 2006 (information about people with significant control).""

Baroness Stern (CB): My Lords, I rise to speak to Amendment 167 in my name and those of the noble Baroness, Lady Kramer, and the noble Lords, Lord Kirkhope and Lord Rosser.

The amendment, as a proposed new clause, stems from our concern to fight grand corruption and tax evasion—two ills that damage the well-being of millions of people in a large number of countries, and increase insecurity, instability and violence worldwide. Specifically, the amendment addresses offshore banking and the secrecy that surrounds it. It is perhaps appropriate that we are discussing offshore banking and secrecy on 3 April—exactly to the day the first anniversary of the publication of the Panama papers.

The Panama papers revealed to the world very clearly the connection between offshore financial operators, shell companies and secrecy. One outcome of the publication which happened only two days later was that the Prime Minister of Iceland left his post because information about wealth he held in a company registered in the British Virgin Islands—information that had not been in the public domain—led to the Icelandic people losing confidence in him.

The amendment addresses those offshore financial centres that are British Overseas Territories. It excludes the Crown dependencies, where the constitutional issues are more complex. It calls for the Government to go further than they currently propose to do in ensuring that all the overseas territories that have financial centres—Anguilla, Bermuda, the British Virgin Islands, the Cayman Islands, Montserrat and the Turks and Caicos—allow public access to registers of beneficial ownership. I stress that the list does not include Gibraltar. I am grateful to all those who have spoken to me about Gibraltar and its special situation at this time of Brexit negotiations. We recognise the unique status of Gibraltar. I hope that the noble and learned Baroness, Lady Butler-Sloss, who is very active on matters to do with Gibraltar, accepts that position.

It must be said that the Government have already made great, admirable efforts to encourage the British Overseas Territories to put their operations within the framework of transparency which is slowly being developed across the globe. Four years ago, in 2013, the then Prime Minister David Cameron wrote to them asking them to consider public registers of beneficial ownership. In May 2014, he wrote again, saying that he was hoping that they would,

"consult on a public registry and look closely at what we are doing in the UK".

That encouragement has had some welcome results; registers are slowly being developed, and there is a commitment to producing them by June this year. I hope very much that when the Minister replies she can update us on that development. The registers will not be public but will be open to UK law enforcement officials; only Montserrat has so far committed to producing a public register. As noble Lords will know, the UK produced the world's first fully open register of beneficial ownership, which became available last year. Other countries have said that they will do the same as the UK has done.

The amendment requires, first, that the Government give help with the process of establishing the registers in the overseas territories, with the aim that they are all in place and fully operational by the end of next year, 2018—five years since the first David Cameron letter. Secondly, the amendment requires that if that help, support and encouragement is not successful in getting the registers into the public domain, the Government should secure compliance through an Order in Council by December 2019. That gives another two and a half years from now for the registers to be fully developed and made public.

The Government have not accepted that timetable—and I thank the Minister for arranging a very helpful discussion with me this morning on this subject. They are now arguing that moving in the direction suggested by the amendment is not the route that they wish to follow, which is very disappointing, as it comes rather suddenly after the Government showed, by their world-leading work on anti-corruption, money laundering and tax evasion, that they were determined to take the steps needed to curb these evils. It was very disappointing to many in the other place, where there was support from all parties for an amendment along these lines. I imagine that it is disappointing to many in your Lordships' House, too, and to the members of the House of Commons International Development Select Committee, who in their 2016 report, *Tackling Corruption Overseas*, concluded that,

"lack of transparency in the Overseas Territories and Crown Dependencies will significantly hinder efforts to curb global corruption and continue to damage the UK's reputation as a leader on anti-corruption".

It is well understood that there are difficulties. Clearly, it is not ideal for the Government to have to make threats of using Orders in Council. It would be infinitely preferable if the Orders in Council did not have to be used, but they are needed as a backstop if the Government are unsuccessful in persuading the overseas territories to publish their registers.

At Second Reading, the Minister told the House that the power to legislate for the overseas territories is almost always done with consent and that the Government legislate without consent only,

"on moral and human rights issues, such as homosexuality and the death penalty".—[*Official Report*, 9/3/17; col. 1516.]

It is hard not to see the moral and human rights issues that stem from money laundering and grand corruption. An Oxfam report quoted by the International Development Committee says:

"Almost a third (30%) of rich Africans' wealth—a total of $500bn—is held offshore in tax havens. It is estimated that this costs African countries $14bn a year in lost tax revenues. This is enough money to pay for healthcare that could save the lives of 4 million children and employ enough teachers to get every African child into school".

I have great respect for the Minister and hold her in high regard, but to me that is both a moral question and a human rights issue.

The Government have stressed the progress that has been made and the advantages that will come from the current plans, which help prosecutors here by giving our law enforcement agencies speedy access to the registers. That is indeed a step forward, but it is not far enough—transparency is essential. As Andrew Mitchell MP, former Secretary of State for International Development, said in the other place,

"The point is to enable civic society to hold the powerful to account".—[*Official Report*, Commons, 21/2/17; col. 934.]

That is what the Icelanders managed to do as a result of the transparency provided by the Panama papers.

Finally, when the Minister replies, will she explain the Government's new approach, set out in their response to the International Development Committee report, that the overseas territories will only be expected to introduce public registers when they become "a global standard"? How will "a global standard" be defined? How many countries will need to introduce a public register of beneficial ownership before they become "a global standard", and is any time limit envisaged in waiting for that standard to be reached? I beg to move.

5.15 pm

Baroness Meacher (CB): I support Amendment 167, so ably moved by my noble friend Lady Stern. I apologise to the House that I was not able to be present at Second Reading. I applaud the Government for bringing forward this important Bill, which will do much to improve our capability to recover the proceeds of crime and to tackle money laundering and corruption.

My particular interest in the amendment comes from my awareness, over the past decade in particular, of the devastation to many countries—particularly Colombia, Mexico, Guatemala and many others in central America and, increasingly, west African states—caused by the production of, and international trade in, narcotics. The Governments of the drug-producing countries have to spend billions of dollars dealing with the drug barons. These are scarce resources which need to be devoted to the development of their infrastructure and to social support for their people, who are, frankly, pretty poor. The secrecy surrounding bank accounts in our overseas territories enables huge wealth to accumulate untaxed, and to be used to control substantial tracts of these countries. For example, I understand that one-third of Guatemala is completely under the control of drug barons, not its Government. Perhaps the single most effective criminal justice response to the situation is through access to their bank accounts in tax havens.

The prevention of corruption and money laundering is therefore of the utmost importance to those countries and Britain, along with our European neighbours, is of course a major contributor to these problems. Britain is a substantial consumer of narcotic drugs: without the demand for these there would be no production or trade. We therefore have a particular responsibility to deal with corruption and money laundering by those involved in the drugs trade. The Minister did assure me that our overseas territories are making good progress towards producing registers of beneficial ownership of companies registered in their territories, albeit not public ones. Like my noble friend Lady Stern, I hope that the Minister will say more in her response about the progress made so far. For example, how many of the territories will actually have registers accessible to police services in place by the end of this year? When do the Government anticipate that all our overseas territories will have such registers in place?

The key element of Amendment 167 is that the registers must be publicly available. The potential for kidnap of innocent very rich people with large balances held in our overseas territories needs consideration. Clearly, none of us would want to create a system which would increase the risk of kidnap. However, rich people are very inclined to be easily recognised by their lifestyle—the size of their yacht or their private plane, for example. People who amass great riches generally do not want to hide them. They really do want the world to know what they have achieved. It is their own actions which appear to me to cause risk of kidnap. I therefore do not believe that we should reject the proposal in Amendment 167.

The important underlying point is that the UK, together with our tax havens, is still the biggest financial secrecy jurisdiction in the world. I have no doubt that much of the black money from the drugs trade in Central America and west Africa is lodged within the wider UK jurisdiction. Having led the world in legislating for a public register of beneficial ownership in 2015 for the UK, money will surely have been moved to our overseas territories. Is the Minister able to give the House any information about the transfer of funds to our overseas territories following the 2015 Act? Presumably, for the very reasons why we need Amendment 167, the Government may not be in a position to give us that information, which would be very helpful to know.

[Baroness Meacher]

According to Christian Aid, Save the Children and other leading charities, Ministers have for more than three years made it clear that they want public registers of beneficial ownership in the overseas territories, and that they are working to get them. Despite the Minister's comments to my noble friend Lady Stern a little earlier, I hope that she will therefore agree that the case remains as strong as ever to extend transparency to those territories and to bring them into line with the UK itself.

Lord Kirkhope of Harrogate (Con): My Lords, I rise as a signatory to Amendment 167, which I fully support.

As the noble Baroness, Lady Stern, highlighted, the recent "global laundromat" revelations make the need for our amendment rather pressing. As she said, it is exactly a year since the Panama papers were published and we have yet another leak. Must we wait for the next one before we follow through on the commitment made by our former Prime Minister David Cameron?

In general, of course, I add my support to the overall measures in the Bill. I know that they will go a long way to addressing corruption. I think that almost all Members of Parliament and Peers who have spoken have supported its measures, which should give the Government comfort. I also agree that the Government deserve enormous praise for the work they have done both here in the UK and internationally to tackle corruption, tax evasion and avoidance. Since David Cameron put the issue at the centre of his 2013 G8 summit, the Government have shown global leadership on an issue that blights so many countries. I very much support the progress made on this agenda, particularly at the anti-corruption summit in May last year, and the work taken forward by the OECD to tackle corporate tax avoidance. It is also worth noting that the former Prime Minister committed himself to seek to persuade the overseas territories to introduce transparency. That is the element I want to take forward today.

We all welcome the progress that has been made by the overseas territories. I am pleased that they have now agreed on the importance of having registers of beneficial ownership and I look forward to them being in place very soon. However, we must also recognise that the UK's Crown dependencies have made real progress on this in recent years. My understanding is that they will all have central registers of beneficial ownership. While these will not be publicly accessible yet, central registers are much easier to interrogate, and crucially they will be much easier to make public in due course. This contrasts with some of the overseas territories that have not yet put in place central registers. The British Virgin Islands and Cayman Islands are, as I understand it, instead implementing—or wishing to implement—a complex system of linked registers. Is my noble friend the Minister content with this? Exactly how would linked registers work in such places? If, for instance, the UK Government made a request, would the Government in the jurisdiction concerned then make a separate request to whoever administers that bit of the register? Is the Minister satisfied that these linked registers will give the UK Government the ability to request information quickly, and does she have any concerns about how they will work, and whether they will make making requests for information easier or harder for the UK Government?

Also, to what extent and with what vigour are the UK Government making representations to the overseas territories about introducing central registers, so that they will be easier to make public when public registers become the new global standard? Naturally, such registers are a good first step for law enforcement agencies to be able to access information quickly. But the Government have already accepted that in order to properly tackle corruption, this information must be open to public scrutiny. Journalists, NGOs and the public must be able to examine the information, not just for us in the UK but also for those developing countries which suffer most from corruption and need access to the information the most. People in developing countries cannot currently benefit from the huge plethora of information-sharing agreements that we have around the world.

I admit that I am a bit confused by the Government's recent comments on this issue. I was of the impression that it was our strong desire to see public registers of beneficial ownership. I need hardly remind noble Lords again of David Cameron calling them the "gold standard" at last year's very welcome anti-corruption summit in London. Yet, I noted the Minister's comments in the other place that we do not expect our overseas territories to have public registers until and unless they become a global standard. My concern is that if we wait for this to happen, it could be an excuse for no progress to be made for many years. Can the Minister assure me that this will not be the case and say how we can guarantee faster movement? I understand that in some cases, there has even been a failure to respond positively to UK inquiries on the subject.

We should remember that the historic relationship with the overseas territories has benefits for all of us. It is fair to ask those jurisdictions that while their economy and defence depend on the stability and integrity of the UK, they should also be expected to follow the same rules of business and investment that we follow here. This is not about destroying a country's economic business model or anything like that. That is why this amendment has given an extra two years to make registers public. It is about working with them and making sure that they are following the rules in taking clean money and not gaining from illicit finance. The UK's global reputation is also very much at stake.

I know that there are concerns in this House about interfering in the affairs of overseas territories, but I remind noble Lords that we have done this before, as the noble Baroness, Lady Stern, said, on issues of equivalent moral importance. I confess that if the Government now think that we should not insist on these registers being made public, why on earth did they suggest it in the first place, and why did Ministers expend so much energy over such a period of time on it? Surely we should not give up at this point. David Cameron was right. We should keep trying as hard as we can and should give all the assistance we possibly can to the overseas territory Governments to achieve this.

Finally, can the Minister give an assurance that all overseas territories will at least have central registers of beneficial ownership by that June deadline? If not, when will all of them have them? The complex arrangements for linked registers seem overly problematic and will make publishing registers more difficult in future. What specific progress has been made in persuading the overseas territories to adopt those public registers? Simply saying that they will adopt them if other countries do it is not enough, and neither is not mentioning transparency while the private registers are being put in place.

As we look towards the UK's role in a post-Brexit world, we must continue to lead in this important area of anti-corruption and transparency.

Lord Rosser: My Lords, my name is attached to Amendment 167, and I will also bring my Amendments 168 and 169 into play, not least because, unless I have misunderstood the situation, my noble friend Lord Eatwell will certainly wish to speak about one of my amendments in this group, if not all three of them.

I fully support Amendment 167 and will touch on some of the arguments in support of it when referring to Amendments 168 and 169. Amendment 169 would provide a duty on the Secretary of State to hold a consultation on the establishment of a publicly accessible register of the beneficial ownership of UK property by companies registered outside the United Kingdom within six months of the commencement of Section 1 of this legislation. It would also require the Secretary of State to bring forward legislative proposals to set up such a register within 12 months of the commencement of the section.

5.30 pm

We had a discussion last week in Committee about the state of the London property market in particular. What became evident from the Panama papers was that just fewer than 3,000 less-than-transparent companies set up by Mossack Fonseca held 6,000 Land Registry titles in this country, with combined historical costs of £7 billion, and that more than 40,000 properties—10% in the London borough of Westminster—are owned by offshore companies with unknown beneficiaries. Not only has that had an impact on housing costs, to the detriment of those on lower and middle incomes, including first-time buyers, both within and beyond London, but it has also given rise to strong suspicions about property being used for money laundering and for keeping finance hidden. If offshore companies holding property titles in this country were required to declare their beneficiaries, it would be in line with the requirement on UK companies to disclose ownership. Having a public register as provided for in this amendment in relation to UK property would help to lift offshore secrecy and eradicate money laundering in the United Kingdom.

In Committee in the Commons, the Government said that they planned to create a beneficial ownership register of overseas companies that owned or wished to purchase property in the United Kingdom. They said that they were developing the detail of how the register would work before issuing a call for evidence "in the coming months". They said that their intention was,

"to bring forward legislation to provide a statutory basis for the register in due course and as soon as possible".—[*Official Report*, Commons, Criminal Finances Bill Committee, 22/11/16; col. 182.]

During discussion on this issue in the Commons, the Government said that the register would apply throughout the United Kingdom but that Scotland and Northern Ireland had different land registration requirements from those of England and Wales, which made the drafting more complex. Can the Minister confirm that this register will be publicly available and accessible? I do not doubt the point about the complex nature of the drafting; nevertheless, for the Government to say simply—if they are not prepared to accept this amendment—that they will bring forward legislation,

"in due course and as soon as possible",

is being, to put it mildly, just a trifle vague.

As the call for evidence will be on how the register would work, and therefore the Government appear to have accepted that it should be created, surely they can be a little more precise about how long it will be before legislation is brought forward, and indeed when the call for evidence will he made. Will the legislation appear in time for it to be properly debated, passed by both Houses and implemented before, say, the end of this Parliament, bearing in mind the concerns that have been raised about the potential lack of legislative time for anything other than matters related to the triggering of Article 50? That would hardly be an ambitious timescale, but it would at least provide an assurance that the register of beneficial ownership of UK property would not just be talked about but would actually happen.

My Amendment 169 provides a duty on the Secretary of State to provide all reasonable assistance to the Crown dependencies to create public registers of beneficial ownership of companies before the end of 2018. It also provides for the Secretary of State to lay a report before Parliament on progress.

As I think has already been said, in 2014 the then Prime Minister made it clear that beneficial ownership and public access to a central register were key to improving the transparency of company ownership and vital to meeting the urgent challenges of illicit finance and tax evasion. He said also that it would,

"give businesses and individuals a clearer picture of who ultimately owns and controls the companies they are dealing with and make it easier for banks, lawyers and others to conduct due diligence on their customers. It will shed light on those who have provided false information, helping to tackle crime where it occurs and deterring people from providing this false information in the first place".

He said it would help,

"reduce the cost of investigations for tax and law enforcement authorities … particularly in developing countries, by making information more easily available to them at the very start of an investigation".

He said he hoped that the overseas territories would,

"consult on a public registry and look closely at what we are doing in the UK".

Perhaps the Minister will say what the responses were to that 2014 letter from the then Prime Minister to the overseas territories on consultation on a public registry.

In a letter of 6 March this year sent to Members of this House, the Government confirmed that they had significantly changed—and in my view weakened—their

[Lord Rosser]

previous stance to which I have just referred. This letter says that the Government's stance is as follows:

"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".

In other words, we will no longer take a lead where we can in seeking to ensure that public registers become a global standard, since it is now only an "ambition" and not, presumably,

"vital to meeting the urgent challenges of illicit finance and tax evasion".

So we will not be making it clear to the overseas territories and Crown dependencies that they should take a lead, since we would expect them only to "follow suit" if and when public registers become a global standard.

In essence, our amendment in respect of the Crown dependencies, where there are central registers and exchanges between tax and law enforcement authorities but where there is no movement towards public registers, provides for the Secretary of State to provide a progress report on the creation of public registers to Parliament before the end of 2018. It requires the Government to report by the end of next year on the progress being made, in the light of the recent letter, towards the Government's declared "ambition" of public registers becoming a global standard in relation to the Crown dependencies.

When the Minister comes to respond to my amendment, perhaps through her the Government will clarify, as the noble Baroness, Lady Stern, requested, what the letter of 6 March means. Since the Government will require the overseas territories and Crown dependencies to "follow suit" once public registers become a global standard, will the Minister confirm that this means that until public registers of beneficial ownership of companies have been adopted globally—as we have done in this country—there will be no pressure from this Government on the overseas territories and Crown dependencies to follow suit and do likewise?

Will the Minister confirm that what the letter also means is that if overseas territories do not move to a public register, the Government would not expect the Crown dependencies to go down that road, and that if the Crown dependencies did not go down the road of public registers, the Government would not expect the overseas territories to do so either, as public registers would not be a global standard with the omission of the overseas territories or Crown dependencies? Perhaps the Minister could clarify that point one way or the other.

If the wording in the letter does not mean what I have just suggested, what does it mean? What are the criteria against which the Government will determine whether public registers have become a global standard and that, therefore, the overseas territories and Crown dependencies would then be expected to follow suit? Does this mean that we will no longer be encouraging or expecting the overseas territories and Crown dependencies to take a lead with public registers, as opposed to following suit?

At the moment it very much appears that the Government under the previous Prime Minister gave the impression that they would act on public registers and then adopted rather different and much more limited policy goals and objectives on public registers of beneficial ownership beyond the UK without any real explanation of why the tenor of the Government's commitment changed.

I await the Government's response to my questions and to the amendments in this group.

The Lord Bishop of Peterborough: My Lords, I support the amendment. I also support the Bill and I am grateful for it.

I particularly support and follow a point made by the noble Baroness, Lady Stern, about this being a moral issue. I refer to Amendment 167. This time last year, shortly after the publication of the Panama papers, there was a Question in the House about this issue. I asked a supplementary and was assured by the then Minister that this was seen by the Government as a moral issue. It is important that we hold to that.

It is particularly a moral issue because of the effect of tax havens on people in developing countries. According to the United Nations conference on trade and development, tax havens cost developing countries at least $100 billion a year. That means three times the global aid budget is lost to developing countries in this way. It is a huge amount, which would be able to do a great deal in terms of health, education and so on in those countries which so badly need it.

My right reverend friend the Bishop of Oxford spoke on this issue in the Second Reading debate. He is sorry that he cannot be here in your Lordships' House today but, on his behalf and that of others, I gladly ally these Benches with the four signatories to Amendment 167, who come from four different parts of the House.

Lord Beith: My Lords, I wish to refer to Amendment 169, to which the noble Lord, Lord Rosser, has spoken. In doing so, I declare an interest as having been chairman of the Justice Committee of the House of Commons, which produced two reports about the constitutional relationship between the United Kingdom and the Crown dependencies. It made recommendations which were accepted by the United Kingdom Government and the Governments of the dependencies and appear to be working successfully. That relationship involves respect for the democratic nature of the dependencies and their jurisdiction as legislatures and sets clear limits on what it is appropriate for the United Kingdom Government to do.

An amendment was considered and voted on in the House of Commons which ignored the constitutional relationship. This Parliament does not legislate for Crown dependencies, the Channel Islands and the Isle of Man except by consent, and rarely does so even by consent. I am grateful that the noble Lord, Lord Rosser, has given some thought to this. We had a brief discussion about it and the amendment he has included in this group is a much more ingenious and respectful one towards those provisions but it is still somewhat in breach of the spirit, although not the letter, of them.

There are obviously real benefits to be had from public, open registers of beneficial ownership. In those areas and parts of the world where public authorities are taking no action in the kind of circumstances

noble Lords have described, exposure and publicity can lead to action being taken. In circumstances where what was being done may not have been criminal but did not seem consistent with being the Prime Minister of Iceland, say, public reaction can play a real part.

There are also problems with public registers, particularly if you are in a jurisdiction that is competing with others which have no intention of going in that direction for legitimate financial business properly conducted—the position which, to some extent, the Crown dependencies find themselves in. The place to pursue the argument for public registers of beneficial ownership in the dependencies is of course in the legislatures of those dependencies, and that discussion ought to be taking place. However, there is another route, which the Government refer to rather negatively but is in fact quite positive. We should seek international agreement imposing similar conditions across the world, accepted by a whole range of nations which are engaged in the kind of trade that can legitimately be carried out but can also be grossly abused by those with wealth ill-got by criminal means. The importance of a global standard is that it would create a level playing field for the various jurisdictions involved, and that is why it is seen as significant in the dependencies. If agreement was reached internationally, the Crown dependencies would have to revise their current view; not only that, the UK Government would then acquire responsibility because the United Kingdom has a responsibility for international treaties to which the Crown dependencies are committed. The Government would have to represent their interests in any discussion about the achievement of a global standard when such a standard takes the form of a treaty. They would have a responsibility to make sure that the Crown dependencies abided by it, but that is not the situation we are in.

Nor is that the priority in this legislation, because here the priority is to achieve effective action by law enforcement and the tax authorities, and what they most need is accurate and up-to-date registers which can be accessed quickly in real time. By June there will be no Crown dependency which does not have exactly that: a central register which can be accessed in all cases within 24 hours, or significantly less in urgent circumstances such as a terrorist case. That is the main thrust of this legislation and we should not ignore the fact that that has been achieved. It is partly a result of the Cameron exchanges by letter which have been referred to, but also of developments that were already taking place in the dependencies. I mention these points simply to underline that the way to approach this issue in the Crown dependencies is different.

5.45 pm

Lord Eatwell (Non-Afl): My Lords, I regret that I did not have the opportunity to participate in the Second Reading debate on this Bill as I was abroad. I have, however, read with care the record in *Hansard*, in particular those speeches by noble Lords who referred to the matters under consideration in this group of amendments. I wish to speak to Amendment 169 and do so because I have a particular interest to declare. I am the chairman of the Jersey Financial Services Commission. The company register in Jersey, which maintains the register of beneficial ownership, is a division of the Financial Services Commission and hence Amendment 169 refers to matters which are my direct personal responsibility.

I should say at the outset that I will not comment on the main issue of this debate, which is whether a register should be publicly available, other than to comment on the claims by Her Majesty's Government that link public availability to effective verification. The issue of public availability is a political matter. The JFSC is an independent regulator; that is, it is independent of the political authorities in Jersey and hence the question of public availability is not a matter for me. What is a matter for me is subsection (4) of the proposed new clause in this amendment which states that,

"'a publicly accessible register of the beneficial ownership of companies' means a register which, in the opinion of the Secretary of State, provides information broadly equivalent to that available in accordance with the provisions of Part 21A of the Companies Act 2006".

It is of course this information that forms the basis of the register at Companies House. I regret that this subsection reflects a serious lack of relevant understanding of the issue of reliability both of the Jersey register of beneficial ownership and of the Companies House register of *People with Significant Control*. Reliability depends upon verification, whether the information is true or false. The Panama papers were so successful in revealing ill-doing because they happened to contain information that was broadly true. I am afraid that this is not the case in the Companies House register.

Jersey has maintained a register of beneficial ownership since 1989. Initially, the legal requirement was for a statement of beneficial ownership when a company was first registered. That statement had to be updated when there was a change in circumstances amounting to a 25% change in ownership. Today, the requirement is for regular updating. At this very moment a detailed survey of beneficial ownership is under way to provide a complete picture of the state of affairs on 30 June this year. Thereafter, it will become a requirement to update information in Jersey on a 21-day limit when information is available.

This information is subject to detailed supervision and verification. For example, trust companies are required under the money laundering order to obtain and maintain beneficial ownership information. Client files are checked on supervisory visits to ensure that they have done so. Record-keeping failures are subject to enforcement action with failures resulting in individuals being banned from the industry and firms being subject to significant remediation. As was noted earlier, the Jersey register is available to all relevant authorities, including the National Crime Agency's financial intelligence unit, and in the next year or so will be available in real time. In addition to current procedures, an annual validation process on beneficial ownership and control is to be introduced in 2019 to replace annual company returns.

Jersey not only maintains a detailed register of beneficial ownership, but subjects that register to detailed supervision and verification. Compare this state of affairs with the UK's register of *People with Significant Control*. Almost all UK companies are required to maintain registers of people with significant control,

[LORD EATWELL]
known as PSCs. This information is maintained on the Companies House register and is available publicly through the Companies House website. But note: Companies House carries out no noticeable verification of the information provided. It certainly does not in terms of annual returns or regular confirmation. Companies House has always seen itself as a repository of information—a library, if you like, but not a regulator. Of course, company formation agents are often used in the UK and they are subject to anti-money laundering supervision by Her Majesty's Revenue & Customs. However, I understand it is standard practice for such agents to argue that setting up a company is a one-off transaction and thus exempt from anti-money laundering requirements. So HMRC does not verify either.

Just as in Jersey, it is of course an offence to submit false information to Companies House and a company will commit an offence if it does not declare its beneficial ownership information accurately. But I am afraid that enforcement of this offence is akin to the enforcement of the offence of not putting the ball in straight at a rugby scrum. The consequences for the UK register are well known. For example, an investigation in November last year by the organisation Global Witness noted that with respect to the UK register there were,

"2,160 beneficial owners born in 2016. Now either these are a very precocious bunch of toddlers or the data has been entered incorrectly"—

there is no verification. It continued:

"We also had people who listed 9988 as their year of birth—clearly a visitor from the future".

It will not surprise noble Lords that the UK register has been the subject of some criticism, notably in the recent consultation on the fourth money laundering directive. Referring to such criticism in the consultation, Her Majesty's Treasury argued:

"Some responses argued that consideration should be given to the accuracy of data on the PSC register, and the benefit of introducing verification measures in the incorporation process conducted by Companies House. The government is confident that maintaining one of the most open and extensively accessed registers in the world is a powerful tool in identifying false, inaccurate, or possibly fraudulent information. With many eyes viewing the data, errors, omissions or worse can be identified and reported. This means that the information held on the register can be policed on a significant scale by a variety of users. Ongoing consideration is being given as to whether this could be complemented by any additional measures".

With all due respect, this is just wishful thinking. It amounts to saying that it is the responsibility of civil society to find out for itself what the structure of beneficial ownership might be, because our register is unreliable. Unearthing the reality of beneficial ownership requires the advanced skills of a financial services supervisor or, as I have learned, a forensic accountant. The deliberate provision of false, inaccurate or possibly fraudulent information is to deceive the authorities and civil society. We are not talking about simple mis-registration of a date of birth; it is false information which is the key. It is fanciful to suppose that many untutored eyes will identify clever fraud. I regret to say that, as a regulator, it is my personal opinion that Her Majesty's Government's unwillingness to verify the register of PSCs is a dereliction of regulatory duty.

Indeed, it is evident that, in reality, Her Majesty's Treasury has no confidence in the Companies House register. In the draft regulations published by Her Majesty's Treasury for the implementation of the fourth money laundering directive, Regulation 28 sets out the requirements for a firm to carry out due diligence on its customers. In doing so, Regulation 28(9) states that firms,

"do not satisfy their requirements … by relying only on the information … contained in … the register of people with significant control kept by a company under section 790M of the Companies Act 2006".

In other words, Her Majesty's Treasury will not accept information taken from the register at Companies House as fulfilling any due diligence responsibility. It does not believe the register.

Given that Her Majesty's Treasury clearly regards the Companies House register as inadequate, I would be grateful if the Minister would tell the House what are the current conclusions of Her Majesty's Government's "considerations" as to whether the Companies House register will be verified. When will the UK produce a register that can be believed in?

To return to the main point, I hope that it is now clear that proposed new subsection (4) in Amendment 169, which calls for information in Crown dependency registers to be "broadly equivalent" to the Companies House register, would result in a major deterioration in the quality of the Jersey register. The amendment calls for the replacement of information that is subject to detailed and regular supervisory scrutiny with information that is not verified at all. I hope that, on this basis, noble Lords will not press their amendment, having been made aware of the damage that it would do to the cause of the availability of accurate and verified information on beneficial ownership.

Lord Naseby (Con): My Lords, it is always a pleasure to follow the noble Lord, Lord Eatwell. I apologise to the noble Baroness for not hearing the totality of her speech.

I shall not repeat what the noble Lord has just said. He cited in particular Jersey. I declare an interest as vice-chairman of the All-Party Group for the Cayman Islands, and I necessarily had some discussions about this Bill. I also have a member of my family working in the Cayman Islands. As to verifying beneficial ownership, which is what we are primarily talking about here, the situation in the Cayman Islands is that it has been a legal requirement there for 10 years now, and the authorities do verify the accuracy of the information that is given, in contrast to what the noble Lord rightly says about UK Companies House, which is basically a self-registration system. That is clearly nowhere near comparable to the norm in the best of the overseas territories.

6 pm

However, it goes further than that, certainly in the case of Cayman: that register is constantly updated, and therefore more accurate. That is much more useful to the law enforcement agencies and the regulatory authorities. It will be of interest to noble Lords that in June—only a couple of months away—there will be a new Cayman beneficial ownership platform which will give the UK authorities access to accurate, real-time

and verified beneficial ownership information within 24 hours, seven days a week. In dealing with the rogues in the world, time is often of the essence. For the interest of noble Lords, including my colleague who spoke earlier, I asked how often Her Majesty's authorities had sought information. Over the past 13 years, UK law enforcement has made an average of only five requests a year. On the other side, beneficial ownership information for Cayman companies has been collected and verified, as I have said, for 15 years.

I do not need to say any more on that, but there are two other dimensions. As far as all the overseas territories are concerned, they should obviously be brought up to the best standard that is available among the overseas territories. But we have to realise that this is happening in the real world: there remain four states of the United States, the largest and richest economy in the world, which do not have any register of any sort and refuse to co-operate with the central government. So it would be lunacy, certainly for the West Indies overseas territories, to go out on a limb and lose all their business to Delaware, Utah, et cetera, with the resulting adverse effects on the UK, which would be quite significant. Of course, if there is a global agreement, that is a different kettle of fish, but it must be global and include the United States.

Finally, in 2009, at the meeting at Lancaster House, the Cayman Islands entered into a new constitution. That is not very long ago. That constitution contained measures on the rule of law and human rights that meet the most stringent international and European standards, including a bill of rights which includes a right to privacy and laws on data protection. That was entered into after much discussion and is working and successful. I submit to your Lordships that the amendments before us are certainly extremely premature in terms of the world situation, and not needed in relation to the Bill. This Bill is a good Bill and needs to be supported.

Baroness Butler-Sloss: My Lords, as vice-chairman of the All-Party Parliamentary Group on Gibraltar I am grateful to the noble Baroness, Lady Stern, for having noticed that I was here and expressly excluded Gibraltar from Amendment 167. It is possible, however, that the omission of Gibraltar might be misunderstood; consequently I want to put on record Gibraltar's position on its financial affairs. It is compliant with all the financial requirements. The OECD, in its phase 2 review of Gibraltar, ranks it equal with the United Kingdom and the United States on transparency, effectiveness and exchange of information.

Gibraltar, as we know from earlier discussions in this House, is the only overseas territory within the European Union at the moment. It continues to be bound by EU law for at least the next two years and is transposing the fourth anti-money laundering directive by June of this year. That includes the creation of a central register of beneficial ownership, which points out that Gibraltar is doing well as a financial centre and is compliant.

Lord Hodgson of Astley Abbotts: My Lords, the theme of corruption and the damage it does to society has been the thread running through all our debates this afternoon and, indeed, on our first day in Committee last week. When you have powerful speeches from the noble Baronesses, Lady Stern and Lady Meacher, the right reverend Prelate the Bishop of Peterborough and my noble friend Lord Kirkhope, you have to be influenced by what they are telling you. When they link it to the idea of a gold standard of a publicly available register—although after the noble Lord, Lord Eatwell, had finished with Companies House, gold was no longer the metal that I would associate with that institution—you feel that there may be an exceptionally strong case. Equally, as you reflect on it, you begin to wonder whether the best may not become the enemy of the good.

In trying to clarify my thinking on this very difficult issue, I ask my noble friend on the Front Bench to focus in her reply on three points that are important to me. They relate to the big three of the overseas territories mentioned in the amendment: Bermuda, the British Virgin Islands and the Cayman Islands. The others are much smaller; they may be important in the future but the major difficulties will arise with the first three.

First, can my noble friend confirm what the noble Lord, Lord Beith, said—that those three territories are going to have an up-to-date register of company ownership—and the date by which it is going to be in place? If it is going to be in place, are the Government satisfied that each register operates effectively and accurately?

Secondly, I come to the verification point raised by the noble Lords, Lord Eatwell and Lord Naseby. Since information is put into these registers by third parties, which have titles such as corporate service providers—CSPs—trust or company service providers, and so forth, are the UK Government satisfied that the regulatory regime in each of these territories ensures that the CSPs operate to timely and accurate standards? Are there adequate checks on their performance? For example, are there, as we have in the City of London, fit and proper person tests to make sure that those who are providing the information have decent standards of behaviour imposed on them?

Thirdly and finally, as my noble friend Lord Kirkhope said, are UK law enforcement agencies satisfied with the level of co-operation and assistance provided by these regulatory authorities? Do they get prompt and helpful responses or are the responses dilatory and evasive? If my noble friend was to say that she could give the Committee assurances on those points, my concerns about the best being the enemy of the good would rise in significance. Of course we are seeking a gold standard but surely in the short term what is vital is not that I or other Members of your Lordships' House should be able to interrogate the register but that the relevant law enforcement agencies should be able to do so, and should be able to do so promptly and to get information promptly. Then, I hope, as enforcement standards rise and, as my noble friend Lord Naseby said, the United States begins to bring all parts of its dominion into proper behaviour, the gold standard of full public disclosure may well be appropriate.

I quite understand why the noble Baroness wishes to do this but my concern is that if we go too far, too fast now, the malfeasant—and it will be those who go first—will drift away to still murkier regimes. We may

[LORD HODGSON OF ASTLEY ABBOTTS]
have only half a loaf and the noble Baroness would like the full loaf, but at least we have half a loaf. If we go to murkier regimes, there will be no way of getting any sort of collaboration, co-operation or help at all to tackle what I think everybody in your Lordships' House agrees is a really important problem and is imposing terrific damage and harm on our fellow citizens, particularly in the developing world.

I hope my noble friend can answer my questions. Are there going to be prompt and accurate registers in the major territories—and, if so, by when—or are they there now? Are those who upload information into the registers properly checked, verified and regulated? Do our law enforcement agencies really get wholehearted collaboration and assistance from their opposite numbers in those three territories?

Baroness Kramer: My Lords, I am a signatory to Amendment 167, which was moved so eloquently by the noble Baroness, Lady Stern. I have signed that amendment because I struggle to see any effective way forward other than a route that essentially follows the lines that she outlined.

In this House, I think that every Member is utterly dismayed by the level of corruption in many countries across the globe, particularly those with some of the poorest and weakest populations. But there are also kleptocracies with sophisticated developed populations which do huge damage to their countries and to international affairs. If we look at the strife that drives people to become refugees and migrate across borders, on a scale that we have hardly seen in the past, there are criminal groups which manage themselves so effectively. All of those groups are enabled—indeed, can survive—only because they can find a portal with which to interface with the legitimate financial services community.

The work we are trying to do with these amendments is to close down those portals because the impact of that would be phenomenal, and not just for developing countries. It would have a great impact on the developing world and potentially on us. There is almost nothing we could do that would have more impact in bringing peace, opportunity and prosperity across the globe. This takes great courage, but it is also a great prize.

On the argument being made today, first, I congratulate many of the countries which have moved forward, for example to establish central registers. Work is being done in the overseas territories—I know it is true in the Crown dependencies as well but I understand their different constitutional position, which is why they are not included in Amendment 167—to establish a powerful relationship with UK enforcement authorities. If that were sufficient to close down those portals to the people who we know should not be able to use them, I would be happy to stop at that point. But I have found no one who believes it is true that enforcement authorities would be able to act through those central registries in ways sufficient to close down the routes and effectively shut out so many of the people who we think should be shut out from the legitimate financial world.

The only route I can see to make this reasonably or wholly effective is transparency. I fully accept that transparency at the global level is the obvious ideal, but I am a realist. I do not think anybody in this House believes that a global standard of transparency, with public access to central registers, will be available in my lifetime—and probably not in my children's lifetime. Achieving that global standard is near impossible, so how do we move forward and at least create the reality that more and more portals will be closed down to those who try to use them? I was proud of this country when it took a very strong and difficult position to lead not only on central registers, for example, but on transparency. It said that if nobody takes the lead and moves out in advance, the rest will never follow. There is no basis if one waits for everybody to move together. We still face that situation.

I have met with representatives of the BVI and Bermuda and I hear the case presented for the Cayman Islands, and others such as Jersey and Gibraltar. I fully understand that every country on our list, even those that think they are touched by the underlying principle of the amendment, are quite offended. They feel that they are reputable places which have done a great deal to make progress on the elimination of corrupt practices. I understand their sensitivity on that issue, but the problem with which we are dealing is so much bigger.

6.15 pm

Do the Government truly believe that central registers, well linked into our enforcement agencies, will shut down access to those portals for the corrupt kleptocracies and criminals, or do the Government believe only that they will somewhat reduce the ability of those groups to access the legitimate financial services industry? I would be very interested to hear the number of enforcement actions that have been carried out through those growing linkages that are in place for many of the overseas territories. I fear that not very many enforcement actions have been taken—there certainly do not seem to have been any that have managed to make their way into the public arena. If this is not an effective tool, it surely is not a satisfactory point at which to stop.

I very much take the point that the noble Lord, Lord Rosser, is making with his Amendment 168 on the failure of the UK to establish a proper register of beneficial interests in UK property. That has to be tackled. It really is an appalling scandal and a great weakness, and I can understand why many of the overseas territories point to that when they argue their own case. I join very much with the noble Lord, Lord Eatwell, in pointing out the inadequacies of Companies House and the regime that we have there. We have to fix those, but we surely do not stop at that point in time. It is for that reason that I support Amendment 167.

Lord Leigh of Hurley: My Lords, it may come as a surprise to some, but having carefully researched the matter, I find I have no interests or conflicts to declare in respect of this matter—perhaps sadly.

The financial services sectors of the overseas territories and the Crown dependencies are crucial as global hubs. Our close connections with them contribute to the UK's position as a global financial centre—which is of course close to all our hearts—and, now more than ever, it is important we maintain and strengthen our ties with key economic partners.

At the same time, as with all financial services, there must be appropriate transparency to prevent abuse by those who would seek to exploit them for criminal purposes, as the noble Baroness, Lady Kramer, has just so eloquently said. It is quite clear to me that the UK is leading the way in this, which is in no small part due to the foundation stones set down by the former Prime Minister, David Cameron, who ensured that the issue of transparency was prominent in the coalition Government, from the time he chaired the G8 summit in Lough Erne and it was at the top of the agenda of that meeting.

That led to the PSC clauses in the Small Business, Enterprise and Employment Bill, on which I spoke quite extensively. Those applied only in the UK, but I recall that the noble Lord, Lord Watson of Invergowrie, commented in Committee that the overseas territories and Crown dependencies were next. Accordingly, I welcome the subsequent commitments made by the overseas territories and Crown dependencies to establish central registers of beneficial ownership—clearly, those territories are listening very carefully to Labour Peers in Committee. Once these have been implemented in June 2017, UK law enforcement will gain access to previously inaccessible information on entities registered in those jurisdictions. That will enable it to investigate corruption and money laundering through BOSS—beneficial ownership secure search systems. These are significant benefits for UK law enforcement, and I am pleased to see the overseas territories and Crown dependencies make strides towards improved financial transparency and integrity. It is an approach that will reap dividends for our law enforcement agencies and their ability to investigate financial crime, while maintaining the positive relations that we enjoy with these territories.

It is right that we should aspire to public registers of beneficial ownership, not just for the overseas territories and Crown dependencies but for all jurisdictions. I welcome the continued government commitment for public registers to be the global standard, as an aspiration. But it is clear we will achieve more by working in partnership and collaboration than by forcing legislation—to the extent we can—on independent jurisdictions with their own elected legislatures. If we threaten that, I foresee that those territories might not continue to co-operate gladly with the UK on issues such as this. We may even take backward steps.

My heart skipped a beat when the noble Baroness, Lady Stern, said that 3 April was an auspicious day: had someone told her that it was my birthday? No, it was because of the Panama papers. Panama is very different. To make the comparison with Panama is a false parallel. Part of Panama's very different business proposition is a far lower level of financial regulation. The Financial Action Task Force gave Panama the worst rating—non-compliant—for 14 of its 40 recommendations in its most recent evaluation of Panama, one of the worst records for any country in the world.

Law enforcement agencies do not support public registers, as they do not improve their capabilities. David Lewis, formerly of the NCA and now heading the global anti-money laundering standard-setter, the Financial Action Task Force, told the Commonwealth anti-corruption summit last year:

> "Incomplete, unverified, out of date information in a public register is not as useful as law enforcement agencies being able to access the right information at the point they need it".

Tax authorities also do not support public registers, as they encourage people to report less fully and accurately. The OECD stated that for taxpayers to abide by their obligations, they,

> "need to have confidence that the often sensitive financial information is not disclosed inappropriately".

Those multilateral organisations, and the efforts to raise standards globally, are undermined by unilaterally adopting different standards, such as public registers. That is why OECD Secretary-General Angel Gurría said:

> "A proliferation of different standards is in nobody's interests".

Indeed, much of the United States' aversion to implementing international standards, as explained by my noble friend Lord Naseby, is the belief that it will lead to pressure to make personal information public. I cannot imagine that that situation will improve much with President Trump in the White House.

The UK rightly wants to raise implemented standards globally, but it cannot do so by undermining multilateral efforts to create a level playing field. We should not impose legislation on independent jurisdictions when financial services are matters for their internal affairs and their citizens have no representation in this House or the other place. Instead, I ask the Government to increase their efforts to raise global standards and make public registers the norm. The overseas territories and Crown dependencies have said that, should that happen, they will comply.

Equally, I am not convinced that we should unduly disadvantage the overseas territories' economies. Indeed, an amendment such as that of the noble Baroness, Lady Stern, which excludes Gibraltar and the Crown dependencies, may give them an unfair advantage when competing for new investment with the Caribbean overseas territories. There should be a level playing field, but that means the vast majority of major financial centres moving in that direction, with encouragement from international bodies such as the Financial Action Task Force.

However, I encourage the Government to keep this matter under review and Parliament updated. That way, we can return to this issue in due course and assess the effectiveness of the central registers. That is the right thing to do, rather than hypothetically committing to legislation in two years' time.

Lord Thomas of Gresford (LD): My Lords, the right reverend Prelate the Bishop of Peterborough reminded us that corruption in the modern world is a moral issue—and so it is; perhaps one of the greatest moral issues that we face. I was reminded by the speech of the noble Lord, Lord Naseby, that the great moral issue of the late 18th century and the beginning of the 19th century was slavery. It was the judgment of Lord Mansfield in the 1780s that put an end to slavery in this country.

The anti-slavery movement then began to campaign on the basis that if slavery is abolished in this country, how can it be that we permit it in our colonies, so that when a slave from the colonies comes to this country, the shackles fall away? It took until 1833 for William

[Lord Thomas of Gresford]
Wilberforce to lead a movement to pass the anti-slavery Act. Even then, it did not abolish slavery in the East India Company territories or in Ceylon.

However, at that time slavery continued in the United States; it took a civil war to put an end to slavery in the United States. The arguments advanced then were that if we abolished slavery in the colonies and the West Indies, it would undermine the economies of those territories. The same argument again was used: how will those colonies in the West Indies be able to compete with the United States in the production of sugar and cotton if slavery is abolished there?

The important point is that this country laid down the standard. We did not wait for global standards to be brought about; we took the lead. I urge the Government to take the lead, along the lines that have been advanced today by the noble Baroness, Lady Stern, who sees not only the importance of having registers in the overseas territories but that there should be something behind it—the possibility of an Order in Council to deal with that moral issue if they do not take up the cudgels in the way that they should.

Lord Faulks (Con): I have a very short and slightly less theatrical point than the noble Lord's—although the point he made was good. It relates to Amendment 169, which concerns the Crown dependencies. As at Second Reading, I declare an interest as the former Minister with responsibility for the constitutional relationship between the Crown and the Crown dependencies. It is a relationship of considerable importance to all parties involved, and of particular importance now with the prospect of Brexit. It is important that we maintain the competence of the Crown dependencies and it is also important that we do not exceed our constitutional role, as the noble Lord, Lord Beith, said, in seeking to make laws that in my view are not consistent with the specific constitutional relationship that we have with the Crown dependencies.

I notice that the noble Baroness, Lady Stern, eschewed any reference to the Crown dependencies. Amendment 169 does not, however. Quite apart from the point made by the noble Lord, Lord Eatwell, in relation to subsection (4), I invite the Minister to accept that there is a real problem legally with this amendment and to endorse what I said at Second Reading: that all the Crown dependencies have made very real progress in co-operating to produce a register which is available to all law enforcement agencies.

Lord Borwick (Con): My Lords, I became alarmed when I saw Amendment 167, and I then received a joint briefing on this specific amendment from groups such as Christian Aid, Oxfam and Save the Children—all great charities doing tremendously important work around the world.

What is clear is that this group of NGOs believes that countries like Bermuda cannot be trusted to run their own affairs and need orders from legislators in Britain. Noble Lords will know that Bermuda started its central register of beneficial ownership some 70 years ago—long before it was started in Britain. It is therefore offensive to believe that it is only the great parties here, and a bunch of patronising charities, that can help them. In fact, according to the IFC Forum, information on beneficial ownership of companies will be centrally held by all overseas territories from next year.

Data can be provided to the relevant authorities on the same day that it is requested. So Bermuda is actually ahead of other jurisdictions in this area. Targeting them, as has been done in this amendment, is especially misguided. In fact, the UK is the outlier. International standards do not require that we adopt a public register—and, unsurprisingly, most other countries are not adopting public registers. Our competitors in the US, Hong Kong and elsewhere will not be doing so.

We should consider what we risk losing. Reinsurance provision from Bermuda covered over 20% of flooding losses from the 2015 winter. It supports around 70,000 jobs in the UK and has provided our economy with £10 billion of capital since 2008. Forcing the overseas territories to go beyond what is required will simply mean that business moves elsewhere. It will move to financial centres that are less well regulated than ours—centres that will not co-operate with UK authorities—which is surely the opposite of what noble Lords are trying to achieve with this amendment.

Most politicians and civil servants simply do not understand the rule of unintended consequences. They think in straight lines, but the real world works differently. There are a large number of urgent problems in the world to be solved, and the efforts of these NGOs to create the ability for self-selecting, worldwide tax collectors to examine registers is unwise. Have these charities really decided that they have not got anything better to do?

6.30 pm

Baroness Williams of Trafford: My Lords, I thank all noble Lords who have taken part in an excellent debate. I pay particular tribute to the noble Baroness, Lady Stern, along with others who have spoken with passion and given considered contributions on a crucial issue.

I have addressed much of what has been raised in correspondence with noble Lords, but I hope that the House will allow me to put certain points on the record. As David Cameron said last year, international corruption,

"is the cancer at the heart of so many of the world's problems".

The Panama papers revealed the extent to which anonymous shell companies are used to hide large sums of wealth and circumvent sanctions. The UK is a global leader in the fight against corruption, and we are proud to be at the forefront of international efforts to increase corporate transparency. This includes working with all UK overseas territories with financial centres, and with the Crown dependencies, to tackle money laundering, terrorist financing, corruption and fraud. The territories and dependencies are, in turn, committed to fully meeting international standards, and in some respects are going beyond them, and to working with us to ensure that they do not act as a hiding place for illicit financial flows.

Last year, the UK signed an exchange of notes with all overseas territories with significant financial centres and with the Crown dependencies, setting out

new arrangements on law enforcement access to beneficial ownership data. The exchange of notes provides that, when they have not already done so, overseas territories and Crown dependencies must all set up central registers or similarly effective systems of beneficial ownership information. It also provides that UK law enforcement authorities should have the automatic right to access this information, which means that beneficial ownership information will be available within 24 hours, or within one hour in urgent cases. Ensuring that law enforcement authorities are able to establish who is the ultimate owner of companies registered in the overseas territories and Crown dependencies is a crucial part of tackling the complex criminal networks that can exploit the system.

These arrangements are due to be implemented no later than June this year and will put them well ahead of most jurisdictions in terms of transparency, including many of our G20 partners and other major corporate and financial centres, including some states in the United States. Once in place, these arrangements will bring significant law enforcement benefits. They will prevent criminals hiding behind anonymous shell companies and mark a significant increase in UK law enforcement authorities' ability to investigate bribery and corruption, money laundering and tax evasion.

The noble Baroness and other noble Lords started off by asking for a global standard definition, and I thought that I might address that up front. There is no single definition of a global standard for reach and coverage, but organisations such as the OECD and the Financial Action Task Force are key to the development of international standards in this area. As the noble Lord, Lord Eatwell, said, the UK believes that a public register is a powerful tool, and we will continue to make that point in international fora. However, the OECD has focused on accurate, independently verifiable data as an important standard, which all the overseas territories are looking to implement.

The EU has also played an important role in advocating transparency, but the fourth anti-money laundering directive does not require EU states to make their registers public. In this context, I reiterate that the overseas territories and Crown dependencies are actually ahead of the current standard in implementing the exchange of notes. I will come back to this when I address the point made by the noble and learned Baroness, Lady Butler-Sloss. We are not saying that the global standard means that every country must have a public register, but we would certainly expect it to reflect the recommendations of groups like the OECD and FATF. The UK is leading the way in this area and we are, of course, working on transparency issues with international partners through these groups. I make it clear that the UK firmly believes that public registers are the gold standard. Our position has not changed, but putting a timeline on this work simply does not reflect the scale and complexity of these issues. The OTs and Crown dependencies will be significantly ahead of the global standard as it stands. They have their existing commitments and this, in itself, is moving the standard in the right direction.

Many noble Lords have asked about progress to date and I am pleased to be able to talk about that. We have been working closely with both the overseas territories and the Crown dependencies on implementation by the deadline. I can confirm that significant progress has been made and I will briefly share some highlights with noble Lords. The British Virgin Islands, one of the overseas territories, has already completed the technical construction and testing of its new cloud-based platform. It is now taking forward engagement with corporate service providers to ensure that data formatting is fully standardised in order to enable beneficial ownership data to be uploaded on to the system in advance of the deadline.

In December, the Cayman Islands Government passed an amendment to the Police Law, which is necessary for law enforcement co-operation, and have recently successfully amended three key pieces of legislation to underpin the functioning of their new system: the Companies Management Law, the Companies Law and the Limited Liability Companies Law. Bermuda has a long-standing central registry of beneficial ownership data. It is currently moving legislation through its legislature to enhance the register, including a requirement on legal entities in Bermuda to maintain registers of up-to-date information on their beneficial owners, and to file updated beneficial ownership information with the Bermuda Monetary Authority. Gibraltar is already committed to implementing the EU fourth anti-money laundering directive and has prepared legislation to take forward these commitments and the exchange of notes. The technical construction of its system is well advanced and it is now considering steps to populate the registry with data.

All these jurisdictions have also committed to the automatic exchange of beneficial ownership information, along with 50 other countries. This is important progress, but there is more to be done and we are not resting on our laurels. We are committed to following up on these arrangements to ensure that they deliver in practice. The exchanges of notes with all overseas territories and Crown dependencies make explicit provision for the Secretary of State and the Premier or Chief Minister to undertake a review of the arrangements six months after they come into force—that is, on 31 December 2017—and for further reviews to take place annually thereafter. The arrangements also provide for continuous monitoring by both parties. I hope this provides clear assurance that the effectiveness of the arrangements will be kept under careful scrutiny to ensure that they are meeting our law enforcement objectives.

The NCA has confirmed that it is already seeing enhanced co-operation from some overseas territories, and much shorter turnaround times for processing requests for information. We expect to see this further improved to meet the agreed standards by June this year. This progress demonstrates what can be achieved by working consensually with the overseas territories and Crown dependencies. It is reaping benefits and I believe it will continue to do so.

I turn to the amendments. Amendment 167 is similar to one tabled on Report in the Commons, in that it envisages a timetable for the adoption of public registers of beneficial ownership by the overseas territories. If they have not done so by the end of 2019, it would require the Government to force them to do so. The key difference with this amendment is that it does not cover Gibraltar.

[Baroness Williams of Trafford]

Amendment 169 also requires the Government to support the Crown dependencies to establish public registers of beneficial ownership by the end of 2019, and to report to Parliament on the progress made. However, it does not require the Government to impose public registers on them.

A key feature of the Government's approach is that it creates a level playing field between all of the overseas territories with financial centres and the Crown dependencies. By taking a different approach to the Crown dependencies and territories, these amendments risk disrupting this level playing field, creating weaknesses in certain jurisdictions that could be exploited and damaging the spirit of co-operation we have been able to create between them.

The noble and learned Baroness, Lady Butler-Sloss, made the point that Gibraltar need not be covered by Amendment 167 as it is committed to implementing the EU's fourth anti-money laundering directive. However, it is important to note, as I said earlier, that the fourth anti-money laundering directive does not require member states to establish publicly accessible registers of beneficial ownership information, so to impose such a requirement on the overseas territories and Crown dependencies would go beyond what has been agreed with our neighbours in Europe. The provisions in the exchange of notes also go beyond the fourth anti-money laundering directive in providing UK law enforcement with access to information within 24 hours, and within one hour in certain cases.

Rather than imposing new requirements on the overseas territories, the Government feel strongly that we should continue to work with them and focus our efforts on the implementation of the existing arrangements, including the passage of new primary legislation in the territories and complex technological improvements. I recognise that it is the wish of some noble Lords that a timetable be set for public registers. However, the UK Government respect the constitutional relationship with the overseas territories and the Crown dependencies. My noble friend Lord Faulks queried whether there might be a legal issue. I suspect that he is right but I shall look into that before Report.

As I noted earlier, legislating for the overseas territories is something we have done only very rarely. It is done on issues such as the abolition of the death penalty, which raised issues of compliance with human rights obligations for which the UK retains responsibility. While tackling this kind of complex criminality and its consequences is extremely serious, there is a clear constitutional difference in the fact that financial services is an area that is devolved to territory Governments and, in the case of the Crown dependencies, the UK has never legislated for them without their consent. That may be the point to which my noble friend Lord Faulks referred.

Lord Faulks: I confirm that that is precisely the point I was making.

Baroness Williams of Trafford: I am so glad that I read it right. The UK is directly responsible for the OTs' and the CDs' compliance with international obligations, including the European Convention on Human Rights. It is our responsibility in international law, as the overseas territories have no legal personality under international law. That was a key factor in the UK taking the rare step to legislate for the OTs on the issue of, for example, the decriminalisation of homosexuality. While I acknowledge the moral dimension of tackling criminal finances, the same responsibility does not exist for financial services policy, which is OT government responsibility.

6.45 pm

I am sorry that I have taken up so much of noble Lords' time, but this debate has created a lot of interest in the Chamber. I will talk now about the long-term ambition. The UK is the only G20 country to have established a public register, which has been in operation for less than a year. The Government have made it very clear that it is the Government's long-term ambition that publicly accessible registers of beneficial ownership will in time become the global standard. Should this happen, we would expect the overseas territories and Crown dependencies to implement this standard. Given that so many jurisdictions fail even to reach the standards set by the Financial Action Task Force for beneficial ownership transparency, it is right to focus our efforts on persuading others to up their game, while ensuring that the overseas territories, as well as the Crown dependencies, deliver on what they have promised.

Finally, on the Opposition's Amendment 168, as noble Lords will be aware, the Government announced at the London Anti-Corruption Summit in May last year their intention to create a register of overseas company beneficial ownership information where the company owns UK property. The register will be an important tool in law enforcement investigations and will bring transparency to the ownership and control of overseas companies that own UK property. I welcome the Opposition's support for this proposal and hope that it will go some way to addressing the concerns raised by my noble friend Lord Faulks last week. Since the summit, the Department for Business, Energy and Industrial Strategy has been working closely with experts in many disciplines to develop the proposals and ensure that the register will work effectively across the whole UK.

The policy is unusually multifaceted, bringing together complex legal areas of international company law and land law across the UK. It is therefore taking time to develop effective proposals to ensure that we deliver full transparency without creating undue burdens on business or adversely impacting commercial property transactions. We intend to publish a call for evidence, which will set out the policy proposals in full, in the coming weeks. We will also introduce legislation to implement the register as soon as parliamentary time allows.

I will mop up some other questions that were asked. My noble friend Lord Kirkhope asked whether all the overseas territories will have central registers by June. I think he probably knows the answer by now, given the debate that we have had, which is that all the territories are working towards implementation by June 2017. I should make noble Lords aware that in the cases of Anguilla and the Turks and Caicos Islands, specific challenges have arisen.

Anguilla is a very small jurisdiction of just 15,000 people, and has faced in the last year the significant challenge of the resolution of its two national banks, which has placed certain constraints on its public finances. It has therefore requested support to fund the upgrade of its electronic register, which UK officials are currently considering. While it is important that Anguilla is held to the same standard as other overseas territories, I am sure that noble Lords will appreciate the need to follow all proper processes to ensure value for money and the use of any UK public funds.

In the Turks and Caicos Islands, general elections were held in December 2016 and a new Government were elected. In February my noble friend Lady Anelay met the newly elected Premier, who confirmed her intention to stand by the agreement signed by her predecessor. The Premier has also recently instructed that the drafting of the necessary legislation to give effect to the arrangements should begin and that a project should be prepared on IT infrastructure and related issues.

The noble Lord, Lord Eatwell, asked about the verification of—oh, he has gone; I think I might have bored him to death, but I will get my reply on the record. The UK register of PSCs is public, which means that many people view the information and check its accuracy. The UK does not directly verify the information on the register; instead, it relies on others to check it in the course of using the register.

The noble Lord, Lord Rosser, asked about the timing of legislation on the public register of beneficial ownership. He will understand that I cannot say what legislation might be announced in this House in the coming months. However, I can assure him that it is my strong expectation that legislation to introduce a public register of beneficial ownership of UK property will be introduced before the end of the Parliament.

My noble friend Lord Kirkhope asked about similarly effective systems and electronic search platforms. As he explained, under the bilateral arrangements concluded with the UK, some jurisdictions have opted to establish an electronic search platform allowing them to access beneficial ownership information. The exchange of notes permits similarly effective arrangements provided that the following criteria are met: law enforcement authorities can obtain beneficial ownership information without restriction, and this information is available for both civil and criminal proceedings; law enforcement authorities can quickly identify all corporate and legal entities connected to a beneficial owner without needing to submit multiple and repeated requests; and corporate and legal entities or those to whom the beneficial ownership information relates are not to be alerted to the fact that a request has been made or that an investigation is under way. We will be monitoring this arrangement to ensure that it does indeed provide the same results.

My noble friend Lord Hodgson asked whether TCSPs are regulated. They are regulated in the OTs by their financial service commission or monetary authorities. Law enforcement authorities have reported enhanced co-operation since the signing of the exchange of notes, and we expect to see co-operation improve further once the deadline for full implementation is reached.

I am sorry that I have taken so long. I hope that I have given as fulsome an explanation as noble Lords expected.

Lord Rosser: Perhaps I may ask the Minister to clarify a couple of points. First, in the light of what she has said and what has been said in this debate about competitive disadvantage, are the Government arguing that accepting Amendment 167 would place the overseas territories at a competitive disadvantage and that that is a key reason for the Government opposing the amendment? Secondly, in view of what the Government have said about wanting to work with the overseas territories in particular, is the reality that if either the overseas territories or the Crown dependencies do not agree to public registers of beneficial ownership, then that will not happen in relation to the overseas territories and Crown dependencies?

Baroness Williams of Trafford: Can the noble Lord repeat his last point?

Lord Rosser: Certainly. My question relates to what the Government have said about working with the overseas territories. Does that mean that if either the overseas territories or the Crown dependencies decline to agree to public registers of beneficial ownership, then that will not happen in relation to the overseas territories and Crown dependencies? Is that the Government's position?

Baroness Williams of Trafford: My Lords, they are all committed to working towards the same end. It would be perverse if, having signed up to this arrangement, they then decided that they were not going to work with the Government. If they suddenly stalled on working with the Government, the Government would encourage them to do so in strong terms.

Lord Rosser: I did not realise they had signed up to public registers. Since the Government say they want to work with the overseas territories in particular, I am simply asking what would happen if either the overseas territories or Crown dependencies declined to agree to have public registers of beneficial ownership. Is the Government's position that it would therefore not happen as far as the overseas territories and Crown dependencies are concerned?

Baroness Williams of Trafford: My Lords, the Government are fully committed to working with the Crown dependencies and overseas territories to achieve the ultimate end of public registers. I have now forgotten what the noble Lord asked me on Amendment 167.

Lord Rosser: I was simply saying that, in the light of what has been said in this debate by a number of noble Lords about the overseas territories being placed at a competitive disadvantage if the amendment was accepted, are the Government arguing that to accept Amendment 167 would place the overseas territories at a competitive disadvantage and that that is a key reason for them opposing the amendment? Or is the reason for the Government's opposition to the amendment

[Lord Rosser]
a dislike of what they would describe as imposing something on the overseas territories rather than working with them?

Baroness Williams of Trafford: The noble Lord's latter suggestion is correct: we do not want to impose on the overseas territories but want to work consensually with them to achieve the aims that we seek. The overseas territories may face competitive disadvantage in the short term, but in the long term, the transparent and open way in which the territories intend to work, and we with them, will be to their advantage.

Baroness Stern: I thank all noble Lords who have spoken in this debate, which has been a cornucopia of oratory, wisdom and detailed, reliable knowledge. I am very grateful to my co-signatories for their strong support. I appreciate the words of the right reverend Prelate the Bishop of Peterborough that this is a moral issue, and the contribution of the noble Lord, Lord Thomas of Gresford, about the United States and the abolition of slavery. I am most grateful for the detailed information from the Minister on progress; it was a bit much to digest in one go, but I will read it with interest. There is much that has been said in this debate to reflect on and consider before Report.

I would also like to say that today is the birthday of the noble Lord, Lord Leigh, and I wish him many happy returns. On that note, I beg leave to withdraw the amendment.

Amendment 167 withdrawn.

Amendments 168 and 169 not moved.

Clause 49 agreed.

Amendment 170 not moved.

Clause 50 agreed.

Schedule 5: Minor and consequential amendments

Amendments 171 to 176

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

171: Schedule 5, page 152, line 27, leave out from beginning to "in" in line 28 and insert—

" _(1) Section 18 of the Civil Jurisdiction and Judgments Act 1982 (enforcement of UK judgments in other parts of UK) is amended as follows.

(2) In subsection (2)(f), at the end insert "or an unexplained wealth order made under that Part (see sections 362A and 396A of that Act)".

(3) "

172: Schedule 5, page 152, line 31, at end insert—

" _( ) In subsection (3) for "and (4ZA)" substitute ", (4ZA) and (4ZB)".

( ) After subsection (4ZA) insert—

"(4ZB) This section applies to the following orders made by a magistrates' court in England and Wales or Northern Ireland—

(a) an account freezing order made under section 303Z3 of the Proceeds of Crime Act 2002;

(b) an order for the forfeiture of money made under section 303Z14 of that Act;

(c) an account freezing order made under paragraph 10S of Schedule 1 to the Anti-terrorism, Crime and Security Act 2001;

(d) an order for the forfeiture of money made under paragraph 10Z2 of that Schedule."

( ) In subsection (5)(d), for the words after "measure" substitute "other than an order of any of the following kinds—

(i) a freezing order of the kind mentioned in paragraph (a) or (c) of subsection (4ZB) made (in Scotland) by the sheriff (in addition to such orders made by a magistrates' court in England and Wales or Northern Ireland);

(ii) an order for the making of an interim payment;

(iii) an interim order made in connection with the civil recovery of proceeds of unlawful conduct;

(iv) an interim freezing order under section 362I of the Proceeds of Crime Act 2002;

(v) an interim freezing order under section 396I of that Act.""

173: Schedule 5, page 160, leave out lines 19 and 20

174: Schedule 5, page 169, line 30, at end insert—

"74A_ In section 414 (property), in subsection (3) before paragraph (a) insert—

"(za) property is held by a person if he holds an interest in it;"."

175: Schedule 5, page 170, line 3, at end insert—

"( ) After subsection (7) insert—

"(7ZA) "Settlement" has the meaning given by section 620 of the Income Tax (Trading and Other Income) Act 2005.""

176: Schedule 5, page 170, line 3, at end insert—

"75A_ In section 438 (disclosure of information by certain Directors), in subsection (1)(e) at end insert "or 8".

75B_ In section 439 (disclosure of information to Lord Advocate and to Scottish Ministers), in subsection (1) at end insert "or 8".

75C_ In section 441 (disclosure of information by Lord Advocate and by Scottish Ministers), in subsection (2)—

(a) in the words before paragraph (a), after "5" insert "or 8";

(b) in paragraph (d), after "5" insert "or 8"."

Amendments 171 to 176 agreed.

Schedule 5, as amended, agreed.

Clauses 51 to 53 agreed.

Clause 54: Extent

Amendments 177 to 179

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

177: Clause 54, page 113, line 42, at end insert—

"( ) section (Reconsideration of discharged orders)(2) and (3);"

178: Clause 54, page 114, line 20, at end insert—

"( ) section (Reconsideration of discharged orders)(4);"

179: Clause 54, page 114, line 27, at end insert—

"( ) section (Reconsideration of discharged orders)(5) and (6);"

Amendments 177 to 179 agreed.

Clause 54, as amended, agreed.

Clause 55: Commencement

Amendments 180 and 181

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

180: Clause 55, page 114, line 38, at end insert—

"( ) section (Reconsideration of discharged orders)(4);"

181: Clause 55, page 114, line 44, at end insert—

"( ) section (Reconsideration of discharged orders)(5) and (6);"

Amendments 180 and 181 agreed.

Amendment 182 not moved.

Amendment 183

Moved by ***Baroness Vere of Norbiton***

183: Clause 55, page 115, line 18, at end insert "or areas"

Baroness Vere of Norbiton: My Lords, as my noble friend Lord Dunlop set out to your Lordships' House last week when repeating a Statement from my right honourable friend the Secretary of State for Northern Ireland, the current political situation in Northern Ireland is highly unusual. The Government are, none the less, committed to the central principles of the Sewel convention. Noble Lords will recall that the Government have made a commitment to not commence provisions relating to matters devolved in Northern Ireland without the appropriate consents having been obtained. Although it should already be possible to commence provisions at different times in different parts of the UK, Amendment 183 puts this beyond doubt, helping to ensure that we can fulfil this commitment. I beg to move.

7 pm

Baroness Hamwee: My Lords, if the Minister needs to answer my question after today, that will be fine. I well understand what the noble Baroness has said but some of the provisions to which this amendment will apply deal only with one area—mostly with Northern Ireland but one or two with Scotland. If there is a provision that regulations may apply to areas, how does that work when you have only got one area, as I understand it, being one of the four nations? They are not sub-divisible after that.

Lord Kennedy of Southwark: I am happy with the amendment. It is, unfortunately, necessary in this situation. I hope the parties can get round the table and get the Administration back and up and running again.

Baroness Vere of Norbiton: I thank the noble Baroness for her comments and, of course, I will write with further clarification.

Amendment 183 agreed.

Clause 55, as amended, agreed.

Clause 56 agreed.

House resumed.

Bill reported with amendments.

Neglected Tropical Diseases

Question for Short Debate

7.03 pm

Asked by ***Baroness Hayman***

To ask Her Majesty's Government what is their assessment of progress made in combating neglected tropical diseases since the London Declaration made in January 2012.

Baroness Hayman (CB): My Lords, tonight's debate has been an extremely movable feast in terms of dates, times and length of speeches. However, at last, we are here and I am delighted to introduce a debate which has become, over the past five years, a standing item in the parliamentary calendar. I am extremely grateful to colleagues here tonight for their commitment to a subject which, before the London declaration of 2012, was very much a minority interest even among those who focused on health in the developing world.

Tonight I hope that we can do two things: first, that we can look back and record achievements in combating the 18 bacterial, viral and parasitic diseases brigaded in the WHO's category of neglected tropical diseases affecting more than 1 billion people in 149 countries across the world, and that we can also look forward and recognise the major challenges that remain if we are to meet the targets set in 2012 in the WHO's 2020 NTD road map and in the London declaration of the same year.

I know that colleagues are well aware of the toll that these diseases take on individuals and on human and economic development in the countries in which they live. These diseases result not only in half a million deaths each year; they also cause chronic disability, stigma and long-term ill health. They affect children's development and pregnancy outcomes. They are the diseases of poverty and in themselves they perpetuate that poverty. As Margaret Chan, the director of the WHO, put it in that organisation's latest report:

> "NTDs thrive under conditions of poverty and filth. They tend to cluster together in places where housing is sub-standard, drinking water is unsafe, sanitation is poor, access to healthcare is limited or non-existent, and insect vectors are constant household and agricultural companions".

Unsurprisingly, we think of NTDs primarily as diseases of the developing world, and that of course is where they take their highest toll. But poverty is not confined to those who live in poor countries, and cases of NTDs are found among the poor of even the wealthiest countries. In North America, there has been the emergence of Chagas disease in several southern states. In Europe, between 2007 and 2015 we saw outbreaks of chikungunya in Italy, France and Spain, of dengue in Portugal, of leishmaniasis in Greece and of schistosomiasis in Corsica.

The causes of these cases of emergence and re-emergence are not only poverty, but climate change and mass human migrations linked to the hundreds and thousands of people fleeing conflicts in Libya, Syria and Iraq. In Syria cutaneous leishmaniasis has reached hyper-epidemic proportions due to breakdowns in health systems and a lack of access to essential medicine, with tens of thousands of new cases annually. There is a real danger of introducing

[Baroness Hayman]
or reintroducing NTDs endemic to the Middle East and north Africa to Europe and beyond. All this highlights the global challenge of NTDs and emphasises the need to make progress in tackling these diseases of poverty in our interconnected world if we are to achieve the "ensuring healthy lives for all" sustainable development goal.

In the five years since the London declaration, we have made considerable progress. The bringing together of Governments, pharmaceutical companies, NGOs and researchers, scientists and doctors, has had profound results. Increased donations of essential medicines, targeted funding by international development agencies, private foundations and the domestic financing of NTD programmes by endemic countries are drastically improving the quality of life of millions worldwide. Almost 1 billion people were treated in 2015 alone. Thanks to the donations of several major pharmaceutical companies, billions of doses of drugs have been donated in the past five years so that by last year around 50 treatments were being delivered by mass drug administration programmes every second of the day. UK aid and the work of British institutions, NGOs and partnerships like the Liverpool School of Tropical Medicine, the Schistosomiasis Control Initiative, Sightsavers and the London Centre for Neglected Tropical Disease Research are all playing a critical role in implementing prevention and treatment strategies, and in generating evidence from operational and scientific research to inform efforts to achieve the 2020 WHO targets. Since 2013, four countries in central America have all eliminated river blindness and the misery that the disease brings, and last year both the Maldives and Sri Lanka were certified free of lymphatic filariasis. Great progress has been made and I am happy to pay tribute to the role that the UK Government have played both in their original support for the London declaration and through their ongoing leadership and financial contributions.

But we have to recognise that there are significant challenges ahead and "steady as she goes" will not deliver the targets set, particularly for soil-transmitted helminths. Mass drug administrations will need supporting infrastructure such as water and sanitation projects, additional interventions, including new medicines, and in particular, as I raised in the debate last year, new vaccines. We were then all anxious about Zika and focused on the need for prevention rather than cure. One of my questions for the Minister is whether DfID is considering broadening the R&D focus on NTDs to explore potential vaccines, given the research evidence that suggests several diseases such as schistosomiasis and soil-transmitted helminths will not be eliminated by mass drug administration alone.

In addition to vaccines, we need to continue searching for better tools across the board. We have new mapping tools and we understand better the burden of disease, but we will have to continue improving diagnostics, such as the new rapid diagnostic test, funded by DfID, for sleeping sickness. We will need to improve our strategies on vector control and, as in most areas of combating poverty, to do more on the education and empowerment of women and girls, which has a demonstrable effect on sustained access to clean water, sanitation and hygiene. Sufficient and safe access to water in turn helps to combat NTDs such as trachoma, schistosomiasis and soil-transmitted helminths.

While most of the targets of both the WHO and the London declaration understandably focus on interrupting transmission and infection cycles, we have to be aware that NTDs cause severe morbidity and lifelong disabling conditions such as blindness and disfigurement, which in turn lead to stigma and exclusion. So resources should also be directed towards improving the quality of life for people suffering from the consequences of these diseases and integrating services into existing health systems and ongoing NTD programmes. I hope the Minister can give us some information about the Government's plans for NTD spending and how the NTD portion of the Ross fund will be managed and allocated, as this portfolio will be key to the delivery of UK aid to NTDs.

Next month, the WHO, Uniting to Combat NTDs and the NTD community will host a summit in Geneva to mark the fifth anniversary of the road map and declaration, and to plan for the future control, elimination and eradication of NTDs. I hope the Minister will make clear the Government's commitment to that summit; that we will have high-level political representation at that meeting; and that we will have a commitment to further funding and continuing the task set five years ago. That meeting is an opportunity for us to continue our leadership with other donors in the philanthropic world and other national donors, and to work with the Governments of endemic countries to come together and once again commit to consigning these diseases of poverty to history.

Baroness Buscombe (Con): My Lords, all noble Lords may speak for five minutes.

7.13 pm

Lord Stone of Blackheath (Lab): My Lords, I declare an interest as a member of the advisory board of the Schistosomiasis Control Initiative at Imperial College. I am on the board only because I am one of the few people who can say schistosomiasis. No wonder it is neglected. I have asked them to rebrand it. I am also on the board because I am a businessman and retailer. I will focus on the enormous cost/benefit of SCI's work and the huge return on capital employed. It effectively controls schistosomiasis across 11 countries in Africa at a cost for each child treated of 30p a year.

This is one of the most cost-effective public health programmes ever. Let us look at the scale: more than 91 million treatments have already been delivered, with funding largely from DfID. More than 200 million treatments will be delivered by 2019, half of them to girls and women. The worms are killed in children by just one safe and effective treatment; anaemia and malnutrition are reduced; the healthier children will then go on to attend school, and in the longer term, free from serious organ damage, they can contribute to their society for life.

So let us look at the maths. Disability-adjusted life years, or DALYs, due to schistosomiasis cost Africa hugely. Treated youths will be able to work for years to come. For every million who can work, even at just $1 a day, it is like $400 million of aid for Africa every

year for ever. Other business people see this immediately as a must. Merck and GlaxoSmithKline donate tens of millions of praziquantel and albendazole tablets every year. The "effective altruism" movement has highly recommended our project. Philanthropists such as Luke Ding are there year after year donating large sums through Prism the Gift Fund—where I declare a trusteeship. The Bill & Melinda Gates Foundation has supported us hugely over the long term. Just recently, Dustin Moskovitz and Cari Tuna, through their charity, Good Ventures, have made one of the largest gifts ever received to Imperial College for this cause.

In addition to controlling schistosomiasis, we could eliminate it in most countries across Africa by 2030. Elimination would pay back enormously in increased prosperity across Africa and the world. To this end, and to break down the silos, SCI is part of a global network which, together with DfID investments, is working to strengthen local health systems. It is working with the World Health Organization; with Oxfam's water, sanitation and hygiene programme—or WASH; with the Natural History Museum in a partnership studying the larvae, worms and snails that cause schistosomiasis; and with the noble Lord, Lord Trees, and the Royal College of Veterinary Surgeons.

Schistosomiasis elimination is not only the right thing to do but would be massively cost effective. Perhaps the Minister would like to meet those expert practitioners at the Schistosomiasis Control Initiative at Imperial College to discuss the cost effectiveness of all this and a brighter future for all.

7.17 pm

Baroness Northover (LD): My Lords, I thank the noble Baroness, Lady Hayman, for securing this debate and, as ever, for opening it so effectively. I declare an interest: I am a trustee of the Malaria Consortium, a position that I took over from the noble Baroness.

Baroness Hayman: I shall not take up more time, but I did not declare my interests at the beginning of my speech, which I should have done. I therefore do so now: they are as recorded in the register.

Baroness Northover: I remember the huge excitement of the London meeting in 2012, when the UK, by that stage moving towards spending 0.7% of GNI on aid, as so long promised, was able to increase its commitment on neglected tropical diseases so substantially, by an additional £195 million. I was proud to be part of DfID's ministerial team at the time and recall the amazing briefings that I was given by committed experts not only from the department but from the London School of Hygiene & Tropical Medicine—including on how you pronounce the names of all these various diseases.

As the noble Baroness has pointed out, NTDs affect more than 1.3 billion people worldwide and cause half a million deaths each year. They cause chronic disability, disfigurement, stigma and ill health. They disproportionately affect the poor and marginalised.

It is vital for delivering the SDGs that we address the NTDs. Of course, there is goal 3 on healthy lives, but it is much more than that. The SDGs aim to eliminate extreme poverty while leaving no one behind. It is the poorest and those with disabilities who are so often left behind. Tackling these diseases is part of the overall strategy of all the SDGs. In doing so, we need to focus on research, and here the London School of Hygiene & Tropical Medicine and the Liverpool School of Tropical Medicine have been so important, and the UK has had such strengths.

We need to make sure that treatments and preventive measures, such as vaccines, are coming forward and that we get them where they are needed. We need also to ensure that we have adequate surveillance. This is, of course, vital for understanding a country's true burden of disease, as well as for securing and achieving intervention, detecting the last cases and, when and if we are in that fortunate position, making sure that there is no resurgence. I urge the Government to use their position as a leader in this area to encourage others to increase their own support. The noble Baroness, Lady Hayman, mentioned the upcoming summit in Geneva towards the end of April as a key opportunity for this. I, too, ask whether the Secretary of State will attend.

Like the noble Baroness, Lady Hayman, I want to ask about the Government's Ross fund, announced by the former Chancellor in the autumn of 2015. It seems an absolute age ago, but it included £200 million to tackle NTDs. As far as I know, there have been no announcements yet relating to NTDs. Can the Minster clarify what is happening? It has also been flagged to those of us speaking today that leprosy remains a neglected disease, where others are no longer so neglected. Will the Minister comment on this?

I come now to the eradication of certain NTDs: it is fantastic that we have reached that point. We had the wonderful visit from President Carter last year—in 1986, Guinea worm disease affected 3.5 million people; now, it is almost eradicated. President Carter said that he hoped to outlast the last Guinea worm. I am delighted that the former President is still with us and I want to ask about those last Guinea worms. Have we almost reached that point and do we have any information on other NTDs which are on their way out?

Finally and most importantly, what assessment has DfID made of the effect of Brexit in this area? We know that scientists working in the United Kingdom come from many different parts of the world, but especially from the EU. What are we doing to encourage them to stay? How can we make sure that they know that the UK's leadership in this area, as in many others, depends so much on them and that we are very grateful to them? I look forward to the Minister's responses in this vital area, which is so important for the health of the poorest around the world, and where the United Kingdom has such a proud record.

7.23 pm

Baroness Chalker of Wallasey (Con): My Lords, I congratulate my noble friend Lady Hayman on what she said at the commencement of this special debate. I endorse everything she said 100%. We have had many battles in the past but on this issue we agree completely. I have many interests in this field but I want to focus mainly, as a long-term supporter and as a patron of WaterAid, on the critical role of water and sanitation in helping to defeat NTDs.

[Baroness Chalker of Wallasey]

First, I pay tribute to Barbara Frost, the chief executive of WaterAid, who is to retire in the coming months after more than 10 notable years as its head. Much of what has come into the WASH programme and into other considerations, could not have occurred but for her leadership and her team's work and we should put on record our thanks to her. She has been totally relentless in what she has done to get increased action to supply clean water and basic sanitation, not just through our own department's programme, which has been notable, but also in other countries' programmes which were not as well led as the water and sanitation programmes led by DfID in this country.

One question I want to ask my noble friend is whether the Ross fund can be extended to some of the further work that needs to be done to get better water engineering, which is essential to the supply of clean water. It seems to me that we know what needs to be done, but the resources are very often at the end of the pipe, rather than at the beginning of the process. I believe that we should be paying more attention to this.

There is one further area of work that I hope DfID will undertake. We are doing very well indeed, with the help of the London School of Hygiene & Tropical Medicine, where I was proud to be the chairman for eight years, and the Liverpool School of Tropical Medicine, where I was on the council. But we are not doing enough on basic health training for doctors in countries where the NTDs are still thriving. We need to focus, with the royal colleges, on better training in-country for the doctors of the countries that suffer the NTDs. We are doing insufficient work in that field. Much as we try, it is certainly not reaching many of the doctors who are practising, when it is accepted knowledge in this country and many other developed countries.

I do not wish to repeat what the noble Baroness, Lady Northover, or anyone else in the debate said, but I believe that we should have not just an annual repeat of our efforts but more frequent debates on these vital subjects. Healthy societies in the developing world help the education of the young in the developing world. They cannot have those healthy societies if they continue to have the amount of illness caused by NTDs and, indeed, dirty water. I hope my noble friend will be able to give us some hope of more activity.

7.26 pm

The Lord Bishop of St Albans: My Lords, I, too, thank the noble Baroness, Lady Hayman, for introducing the debate. It is good to pause and reflect on the extraordinary progress that has been made, as well as the salutary thought of just how much more needs to be done. I am not a medic and do not want to engage in the medical aspect of this, but I want to make one, very brief point: the need to adopt clear protocols and joined-up approaches if we are going to be really effective in combating neglected tropical diseases.

I will illustrate this with the Ebola crisis in Sierra Leone, which broke out in 2014. At that point, medical teams were deployed from various parts of the world in the most extraordinary way. They adopted various measures for containment and treatment that were not always understood or appreciated by many local people. Indeed, it was very frightening, and the first-hand accounts of these teams by local people showed that it was quite shocking for many of them. In some areas there was actually hostility to what appeared to be draconian measures—made for the very best medical reasons—some of which were confronting local customs or traditions that the local population held dear.

Of course, community leaders have a role in education and communication, yet it took quite a long time to realise the role that faith leaders could play in mobilising and educating local people. Faith communities were to be found in virtually every community. They had regular meetings. They had resources, networks and communication. In Sierra Leone, respected Christian and Muslim leaders were eventually recognised as allies in challenging some of the myths and misinformation that were around. It was as important as the medical interventions that people had to want to collaborate. It was about local empowerment as well as medicine. That provided an important avenue by which to get life-saving advice about protection and prevention out to the community. Then there was the question of preventing and confronting the stigmatisation of the survivors, which was a profound problem.

This sort of engagement is an excellent example of what, at their best, worldwide religious networks such as the Anglican communion can do so effectively. Of course we are involved in raising money for water projects. A number of my churches proudly have signs up saying they have adopted toilets in other countries, and so on. These are the sorts of things that are happening because of the links right across the world. This is where we can act as a bridge between local people and outside agencies, often in hard-to-reach areas.

This is especially important for countries or areas which are in conflict or at war. At such times, NGOs can find it very difficult to deploy anybody and if war breaks out they have to withdraw their staff, rightly, to protect them—there is not much choice if you employ people from elsewhere. But unlike the NGOs, the churches will be there before, during and after the conflict or disaster and their clergy tend to be local community leaders, rather than outsiders. Very often it is local parishes or the diocese which run the schools, clinics and hospitals.

My simple plea to DfID, NGOs and all parties involved in this area is to bear in mind the vital need to get everybody round the table at the earliest stage to think about the cultural traditions and local faith issues if we are really to mobilise all people in delivering good health advice, some of which is preventive. This is so that we do not just look at the medical challenges but work with all the networks on the ground to address the social and religious contexts of those communities which are suffering so from these terrible diseases.

7.31 pm

Lord Rea (Lab): My Lords, the noble Baroness, Lady Hayman, deserves our thanks for asking this Question and for her persistence with NTDs. She makes sure that these debilitating diseases are not neglected, at least in your Lordships' House. Because

these diseases are now mostly treatable, the accent up to now has been on medication, with less emphasis on prevention. But the underlying causal factors will allow the diseases to return, requiring repeated medication if they are not addressed. An example of this is onchocerciasis, or river blindness, where it is extremely difficult to eliminate the insect vector—a tiny blackfly. Repeated courses to treat river blindness are often necessary.

Tackling the causes, as at least two if not three previous speakers have said, requires the introduction of clean water, sanitation, improved hygiene and vector control where possible. As my noble friend Lord Stone said, this is encapsulated in the acronym WASH, which is now very much part of the NTD programmes of the WHO, DfID and other agencies. Of course, WASH plays a big part in the control of other diseases and the elimination of extreme poverty. We should remember that the provision of clean water and sanitation was and still is a basic part of all public health, dating from the time of our great-grandfathers in the 19th and early 20th centuries. Much earlier, water-borne sanitation was used by the ancient Romans, but with the decline and fall sanitation was also lost. Can the noble Lord, Lord Bates, give us a report on international progress with WASH programmes across the board and DfID's part in them?

I also repeat the request of the noble Baroness, Lady Hayman, for information about the development of new vaccines for NTDs. In particular, I wonder whether we are having success in developing new point-of-care rapid diagnostic tests. These can greatly increase the cost-effectiveness of treatment programmes because it is possible to identify people who are not carrying the disease.

As a further point, the Leprosy Mission is concerned that not enough is being done to control and eradicate that stigmatising neglected disease. There are still pockets around the world where it is not eliminated. Can the Minister say whether DfID's role in this will continue—it already plays a certain part—and, I hope, be stepped up?

Finally, I follow other speakers in hoping the Minister can assure us that the UK's contribution to the international collaboration on NTDs will continue to be adequately funded, Brexit or not, and help to achieve the UN's sustainable development goals.

7.35 pm

Baroness Barker (LD): My Lords, I thank the noble Baroness, Lady Hayman, not just for today's debate but for the succession of world-leading scientists who she and Jeremy Lefroy bring into Parliament week after week so that some of us can begin to understand the complex science about which we are speaking tonight. Having listened to those scientists for over a year, I now understand that we are talking about three main types of disease when we talk about neglected tropical diseases. Those caused by worms and flukes are largely treated by very simple population management methods. Those which are vector-borne are much more complicated and need treatment in hospital; malaria is the classic example. The third group is made up of the very highly contagious epidemics which hit a population with a much more profound effect than they would do here when that population is, as noble Lords have said, living in poverty and without access to basic medicine.

The approaches to all three of these disease groups are quite distinct, and the hazards that they pose are quite different. They are also all happening, worryingly, against the background of multidrug resistance, for example for TB and malaria, which is probably the equivalent of climate change in medicine and something that we should be very focused on and frightened of. But a very important point is that the same institutions and scientists that work on drug resistance mechanisms are the same scientists who work on the mechanism behind NTDs. So the science is interconnected, and I want to talk about maintaining that science base.

Other noble Lords have spoken about the heritage that we have from our colonial past in the schools of tropical medicine in London and Liverpool, and it is time that we repaid what we took from the world, by ensuring that those institutions continue to work to provide the basic science to support pharmaceutical companies to take forward new compounds into development and clinical trials and on towards new medicines. In that, international funding from Governments, including for example from DfID, is really important. It does two different things: humanitarian aid, which is very important, but also funding for long-term scientific and medical development. That is the stuff which the public do not really see and which is therefore much more vulnerable to cuts. I hope the Minister might be able to assure the House that DfID will continue to play its leading role in humanitarian funding but will also not take its foot off the pedal in terms of funding the scientific research.

Other noble Lords have spoken about the fact that it is always the marginalised people in these countries who suffer the most, but I want to raise one other issue with the Minister. The disengagement from global health by the USA under the Trump Administration will have a huge impact on in-country programmes, particularly in Africa, where many institutions such as hospitals and universities are very dependent on American support for funding both their staff and the equipment and buildings. In Ethiopia, for example, the whole of the medical school expansion programme is funded from the USA via the World Bank. It remains to be seen whether organisations such as the Bill & Melinda Gates Foundation, the Carter Center and the Clinton Foundation can step up and fill that gap. US government institutions such as the CDC and American universities such as Johns Hopkins, we think, may also be forced to stand back.

It is really important when we are trying to deal with outbreaks of these diseases around the world that there is a standing body of people in countries who have the scientific expertise to bring about a response. Will DfID perhaps switch its funding, in light of the Americans' withdrawal of funding from certain sexual and reproductive health programmes, to ensure that funding for those programmes continues? Will the Government also press the Trump Administration, who have less objection to work on NTDs, to place some of the money that they have withdrawn from the other programmes into programmes supporting the science and treatment of neglected tropical diseases?

7.39 pm

Lord Alton of Liverpool (CB): My Lords, it is a great pleasure to support my noble friend Lady Hayman and salute her dogged persistence in raising the issue of rare and neglected tropical diseases. In doing so, I should mention that I am a vice-president of the Liverpool School of Tropical Medicine and have been associated with the school in one way or another for the best part of 40 years. I particularly pay tribute to Professor Janet Hemingway, whose brilliant leadership has ensured that the school has maintained its world-class status, and the remarkable Professor David Molyneux, who ranks as one of the foremost global authorities on neglected tropical diseases.

The Liverpool school has been involved with NTDs since its creation in 1898, and has been responsible for many of the ground-breaking discoveries in the field. A school staff member was among the small group who coined the term "NTDs" with the World Health Organization in 2004-05. I should like to use my brief contribution to this evening's debate to shine a light on the school's amazing work and to encourage the noble Lord, Lord Bates, to consider what extra assistance might be given.

Let me give the House just some examples of the ground-breaking work in which the Liverpool school has been involved in the past decade. With DfID support, the lymphatic filariasis programme continues to make a real impact on poor people in 12 countries, having assisted ministries of health to deliver 200 million drug doses since 2009. As a result, in Malawi, for instance, transmission of filariasis has stopped. The Liverpool school and the London Centre for Neglected Tropical Diseases have expanded their commitment to those who remain disabled through the disease, recognising the tandem aims of stopping transmission and, as my noble friend Lady Hayman said, reducing chronic disablement. The school has been identifying patients, training surgeons to alleviate this stigmatising male genital disease, and demonstrating the benefits of surgery to those who are disabled.

Secondly, LSTM researchers are at the forefront of new and exciting approaches to mapping neglected tropical diseases using remote sensing technologies, mobile smartphone technologies for detecting NTD cases, patient identification and mapping diseases. I should be grateful if the Minister could tell us what study DfID has made of the use of such technologies.

Thirdly, with support from the Bill and Melinda Gates Foundation, the school has developed the use of the antibiotic doxycycline and, with industrial partners, has developed a new drug ready for clinical trials to treat river blindness and elephantiasis.

Fourthly, the school's staff are at the forefront of research on insecticide resistance—a major and increasing problem in the fight against malaria, but now also against Zika. This work has major policy impacts in all insect-transmitted diseases. The LSTM is a key policy adviser to the World Health Organization and is working on Zika projects to assist control. Perhaps the Minister could say a word about that too.

Fifthly, the school leads the way in snake-bite research. Snake-bite is a massively underestimated problem globally. I was amazed to be told that at least 100,000 deaths per year are attributable to a condition that often leads to amputation. Africa is in dire need of anti-venoms, as the major manufacturer has ceased production. The LTSM is seeking to develop new products which are multivalent, do not need to be in cold storage and are therefore affordable to those in urgent need. Perhaps the Minister will also comment on that.

Sixthly, researchers are undertaking critical work to improve the use and monitoring of insecticide in India to assist visceral leishmaniasis elimination programmes. VL is a fatal disease if untreated, as we have heard, but effective control of the sand-fly is vital to reduce transmission to some of the poorest people of India, Nepal, Bangladesh and elsewhere.

Seventhly, LSTM researchers are involved in reducing the burden of sleeping sickness in several countries, with cases now at the lowest reported level ever—fewer than 3,000 per year. Perhaps the Minister can tell us how and when we expect to see this reach zero.

To conclude, around 1 billion neglected tropical diseases are treated each year via donated quality drugs to the poorest people most in need at lowest per capita cost of any health intervention. This is often called, "the best buy in public health", addressing equity, human rights, disability alleviation, and based on effective partnerships and alliances from community to global level. It is crucial work and my noble friend is right to press the Government to build on the progress made since the 2012 London declaration.

7.45 pm

The Lord Bishop of Peterborough: My Lords, I am grateful to the noble Baroness, Lady Hayman, for raising this short debate. I rise to highlight the issue of leprosy, and I am also grateful to the noble Baroness, Lady Northover, for mentioning that briefly in her contribution.

I also express surprise that the Government seem to be less committed to supporting research into leprosy or the eradication of this terrible scourge than they might be. I suspect that many people think of leprosy purely as a disease of Bible times, but, according to the World Health Organization's 2016 figures, more than 200,000 people are diagnosed with leprosy every year—10% of them children. There is an effective cure, but many people go untreated, and around 3 million people live with leprosy-related disability.

Leprosy is endemic in 14 countries today, in South Asia, Africa, the Pacific and South America. The complications when it is untreated include severe disfigurement and blindness. But discrimination against leprosy sufferers—some of it by statute in places where leprosy is grounds for divorce, confinement or confiscation of property—makes it a major social problem and a factor in mental illness. Leprosy was listed in the London declaration of 2012 and targeted for eradication by 2020. The Government have made some limited investment in the social aspects of the disease, but none that I can find in the scientific research necessary for eradication. I urge the Minister to include leprosy in the funding priorities for the NTD programme.

There are, of course, other bodies committed to working in this area—I support and commend the work of the Leprosy Mission, for example—but, without government funding, the targets for 2020 are most unlikely to be met.

7.47 pm

Viscount Simon (Lab): My Lords, I congratulate the noble Baroness, Lady Hayman, on getting this debate before us after a number of tries. I have a particular interest in this debate as, in east Africa in 1958, I contracted a nasty form of malaria, which left me for about 10 days totally unaware of what was happening and with the officer cadet on duty having to observe my state of health every 15 minutes.

Neglected tropical diseases comprise a diverse group of 17 communicable diseases which prevail in certain conditions in 149 countries and affect more than 1.3 billion people, most of whom are living in poverty, without sanitation and in contact with infected animals and livestock, as has already been mentioned by other noble Lords. Evidence recently published indicates that there is a heavy geographical overlap between malaria and the neglected tropical disease known as lymphatic filariasis, or LF. Both diseases are transmitted by the same mosquito species in sub-Saharan Africa. LF, also known as elephantiasis, is treatable and curable, but unfortunately the treatment does not reverse the effects of the parasitic infection, which damages the lymph nodes and causes the swelling of limbs. This can often result in lifelong disability, which again has already been mentioned.

To date, synergy between malaria and LF control programmes has been mostly in the form of accidental side-effects of malaria control. There are worries about insecticide resistance, showing the need for an efficient, sustainable and well thought-out approach to controlling multiple diseases. The benefits from attacking two diseases with the same interventions should be exploited to a greater extent in elimination programmes. Like others, I would be interested to learn what measures DfID will take to ensure integration between malaria and NTD control programmes that use similar interventions. This needs clarification.

7.50 pm

Baroness Masham of Ilton (CB): My Lords, I thank my noble friend Lady Hayman for all she does on this subject. One aim of the declaration is to enhance collaboration and co-ordination on neglected tropical diseases at national and international levels, through public and private multilateral organisations, in order to work more efficiently and effectively together. If so many countries were not ravaged by wars, which produces so many refugees and poverty, there might not be so many health problems.

In 2015 alone, pharmaceutical companies donated an estimated 2.4 billion tablets—enough for 1.5 billion treatments—to prevent and treat NTDs. There is now a global problem with the growing resistance to antibiotics, especially in poor countries, which need more education. I had a very good friend, a Holy Rosary nun, who was a health visitor; she worked in Ethiopia and the Cameroons and told me that it is no good bringing babies into this world if they are to die from disease from contaminated water. She became an expert in sinking wells and providing sanitation.

It is encouraging to hear that South Sudan is soon to be certified free of Guinea worm disease, which thrives in poor areas where there is little sanitation and people bathe in and drink stagnant water. I have visited a leprosy colony on one of the islands, and two babies died in half an hour from malaria when I visited a ward in Mombasa where a friend worked. These people working with NTDs are the unsung heroes. There is much to do, and they need concerted support from Governments and anyone involved.

A neglected disease that is a global danger is tuberculosis, which has not had new drugs for a long time. In 2013-15, there were an estimated 480,000 new cases of multidrug resistant TB in the world. There are substantial differences in the frequency of MDR-TB among countries. In some cases, more severe drug resistance can develop; extensively drug-resistant TB is a more serious form of MDR-TB, caused by bacteria that do not respond to the most effective second line anti-TB drugs, often leaving patients without any further treatment options. Worldwide, only 52% of MDR-TB patients and 28% of XDR-TB patients are successfully treated. Infections that are resistant are much more expensive and take much longer to treat. It is vital that global leadership be provided on matters critical to TB. Ending the TB epidemic by 2030 is among the health targets of the newly adopted sustainable development goals but, unless there is less poverty in the world, that will be difficult to achieve. Also, resistance to a form of HIV treatment, antiretroviral therapy, is increasing around the world. The co-infection of HIV and TB, which are resistant to treatment, is very serious. So many people have been working on vaccines. Like my noble friend Lord Rea, I ask the Minister what hope there is of vaccines for TB, HIV and other diseases.

7.55 pm

Baroness Warwick of Undercliffe (Lab): My Lords, I am grateful to the noble Baroness, Lady Hayman, for her tenacity in keeping this issue high on the agenda and for giving the House this opportunity to consider the progress being made in combating neglected tropical diseases. It is certainly worth celebrating. In January, the WHO published an impressive catalogue of progress made in the prevention, control and elimination of NTDs such as Guinea worm disease, sleeping sickness, river blindness and trachoma. The collaboration between the WHO and the global NTD community has clearly had a tremendous impact, but the task remains enormous and we have only four years to meet the WHO's road map targets. Although we are reaching more people than ever, we need to accelerate to stay on track. Last year's progress report on the London declaration points out that the road map's drug donation programme alone is not enough. The coverage and reach of programmes must increase for all these diseases.

I have two questions for the Minister. First, the UK Coalition against Neglected Tropical Diseases said that there must be national government leadership to integrate programmes with other health, water, sanitation

[Baroness Warwick of Undercliffe]

and education initiatives. DfID has promised to help countries build "resilient, responsive health systems". What priority are the Government giving to supporting health systems in the countries dealing with NTDs? What practical steps are we taking in the UK to ensure that donated treatments, surgical interventions and hygiene promotions are delivered to where they are so desperately needed?

My second point is about research. Even as some NTDs are eliminated, others will take their place. Mycetoma joined the list of poverty-related diseases last year. It is just one of the many tropical, poverty-related diseases affecting the same populations and sharing many features with NTDs. Advancing research and development is essential in tackling the next bend in the road map. Priorities must be debated, but the need for more research and funding remains constant. Globally, in recent years, 60% of clinical research on poverty-related diseases, including NTDs, has been conducted in collaboration with European member countries of the European and Developing Countries Clinical Trials Partnership. Historically, the UK and France have been part of these collaborations, due to our former colonial ties. Several other European countries are now increasing their research interests in PRDs and collaborating both with each other and sub-Saharan African countries. Programmes such as EDCTP, promoting cross-national research, make this possible.

To make progress against these hideous diseases and future threats to global health, existing and new scientific partnerships must be able to flourish. It is so important that the UK collaborates with our European counterparts. Among the many uncertainties that lie ahead for UK involvement in European research programmes, has this area been highlighted in the Prime Minister's agenda for Brexit discussions? Can the Minister reassure us that the UK's research expertise and commitment to the London declaration goals will continue to play their part as we reach 2020?

7.58 pm

Baroness Sheehan (LD): My Lords, I add my thanks to those of other noble Lords to the noble Baroness, Lady Hayman, for finally securing this debate. It comes at an opportune moment for me as just last week I visited the headquarters of global health institutions working in the fight against malaria, HIV/AIDS and TB. While none of those is, technically, neglected tropical diseases, there are nevertheless many lessons that we can learn from the global fight against these big three killer diseases. I will pick out just three from among the many challenges.

The first is communicating key messages to affected communities, a point made by the right reverend Prelate the Bishop of St Albans. The other two points were picked up by other noble Lords. The second issue concerns the in-country training of medical practitioners to administer drugs effectively. The noble Baronesses, Lady Chalker and Lady Barker, spoke forcefully on that. Thirdly, we need to recognise that prevention and long-term sustainable control are key to success in tackling NTDs. My noble friend Lady Northover made the point that no resurgence is a key goal if we are to be successful.

I focus on TB as an example. That disease was the scourge of Victorian times in the UK. However, with improved public health, less overcrowding and better nutrition we were able to control it effectively—crucially, without the use of drugs, although, of course, antibiotics helped with the final push. That is the key message I want to get across.

Prevention has to be the first line of defence. Effective prevention needs an integrated holistic approach, starting with disease surveillance to identify hotspots, to enable an effective targeted response. In hotspots, to be effective, the mass administration of drugs must be followed by WASH initiatives—again, the noble Baroness, Lady Chalker, spoke about this—that is, water, sanitation and hygiene initiatives, coupled with vector control and education about local factors that perpetuate the disease. Overarching all this is the need to tackle gender and child inequalities, ensuring that women and children are not left behind, because all too often they are left untreated. They are inadvertently most active in infecting others—women through their role as primary carers and children as they play together.

Why have these diseases been neglected and why are they called neglected tropical diseases? The reason lies in the fact that in general they tend not to be direct killers but instead leave people with disfiguring disabilities, which impact on their schooling, work and economic independence. In 2010, the Global Burden of Disease Study, the precursor to the 2012 London declaration, confirmed that collectively they rank as the most common affliction of the world's poor, blighting the lives and livelihoods of more than a billion people. If developing countries are to pull themselves out of poverty, these diseases must be eradicated. Eradication, however, will need increased focus on research and development. The Ebola outbreaks in 2014 and the 2015-16 Zika epidemics in the western hemisphere highlighted an almost empty pipeline of new NTD products. I would be very interested to hear the Minister's response to the Ross fund's work with respect to NTDs.

The 2012 London declaration will come to an end in 2020. Given that NTDs are an indicator for a number of SDGs, in particular SDGs 1, 3, 6, 10 and 11—I might say what they are later if I have time—what commitment or strategy is planned for post-2020? Could international diplomatic pressure be brought to bear to expand commitment to the London declaration? Lastly, could the Minister and his colleagues in government give some thought to placing NTDs on the G20 agenda given that most NTDs and other poverty-related diseases are also found among the poor in developed countries?

8.04 pm

Lord Collins of Highbury (Lab): My Lords, the first time that I participated in a debate on this subject was on 30 January 2013. Like today, that first anniversary debate of the London declaration was initiated by the noble Baroness, Lady Hayman. I, too, thank her for once again ensuring that this vitally important subject is brought to public attention.

NTDs remain the most common infections among the world's poorest communities and affect, as we have heard, close to one in six of the global population. As the WHO NTD head put it,

"the combination of the NTD Roadmap and the London Declaration has been a game-changer".

However, he reminded us:

"The next four years will be crucial in achieving the 2020 targets as we continue to work to integrate interventions into the broader health system and development agenda so that no one is left behind".

As the Minister pointed out, while NTDs are not always fatal, their effect on individuals and communities can be devastating. The brunt is often felt by women and children, which acts as a serious impediment to economic development in many countries. On that point, what progress has the department made in measuring the impact of its NTD funding on women and girls, who disproportionally suffer from NTDs and the stigma attached to them?

As the noble Baroness, Lady Masham, pointed out, nor must we forget that individuals with NTDs are at higher risk of contracting, or not recovering from, HIV/AIDS, malaria and TB, because they weaken the immune system. On that point, I welcome the UK replenishment of the Global Fund, but can the Minister tell us what assessment has been made of the value of strengthening AIDS, TB and malaria investments, with the collaboration of national NTD programmes?

Reference has been made in the debate to the recognition given in the SDGs. Goal 3—healthy lives—has given the fight against NTDs new momentum, which is a positive thing. The noble Baroness, Lady Northover, referred to the £1 billion Ross fund and the Gates Foundation, from which £200 million has been specifically allocated to NTDs. Like the noble Baroness, I would like to understand what progress has been made since that announcement in distributing work such as funding new research areas, vaccines and drugs.

One of the things every noble Lord mentioned is that the EU is one of the top global funders of NTD research, and the UK has an exceptionally strong track record in leading joint European research initiatives. Will the Minister say what assessment DfID has made of the impact of losing access to this vital source of research income following Brexit?

To meet the 2020 targets, 75% coverage would have had to be reached by the end of 2015. Although data for 2015 are not yet fully available, the target is unlikely to have been met. What does the Minister identify as the key barriers to progress and finding solutions?

At the beginning of the debate the noble Baroness mentioned the forthcoming WHO NTD summit. I declare an interest here; I am a member of the APPG on NTDs, and I signed a letter specifically to the Secretary of State asking her to attend the summit, not only to demonstrate the UK's role in the fight against NTDs but to use the opportunity to encourage others to meet our level of commitment.

8.08 pm

The Minister of State, Department for International Development (Lord Bates) (Con): My Lords, this has been an excellent debate, with 14 contributions. At the last minute, those were allowed to increase from two to five minutes; I am reliably informed by the Whips that my contribution cannot increase in the same proportion, and therefore I am limited to 12 minutes. There are a number of important issues to cover, but if I can, I will go through this at some pace.

Like the noble Lord, Lord Collins, I can trace the antecedents of raising these issues back a number of years—not quite back to 2013, but to 6 February 2014, when I responded from the Front Bench to the debate in the name of the noble Baroness, Lady Hayman, on this issue. The noble Lord, Rea, is right to say that the noble Baroness, Lady Hayman, deserves a great tribute for ensuring that neglected tropical diseases are not neglected in your Lordships' House. We thank her for that and commend the work of the very active APPG on Malaria and NTDs, of which she is vice-chair.

NTDs affect 1.6 billion of the world's poorest people, as the noble Baronesses, Lady Hayman and Lady Northover, reminded us, and they result in disability and have a tremendous impact on people. They cause a great economic burden for people, as the noble Baroness, Lady Sheehan, reminded us, as well as creating stigma and hardship, which were also mentioned.

Reference was made by the noble Baronesses, Lady Hayman and Lady Warwick, and the right reverend Prelate the Bishop of St Albans to the progress that has been made. The number of people at risk from NTDs fell from 2 billion in 2010 to 1.6 billion in 2015. In the 1950s, before programmes started, one in four people over the age of 40 went blind from river blindness in some of the highest endemic areas. Blindness caused in this way has now been virtually eradicated.

The noble Baroness, Lady Northover, who served as a Minister in the department during the coalition Government, reminded us of the visit to the House of Lords by President Carter, who spoke in the Robing Room—an event that I, too, attended. He spoke about Guinea worm eradication. Only three countries reported a total of 25 cases of guinea worm disease in 2016—down from 3 million cases a year when the programme started in 1986. This is well on the way towards the target that has been set and shows what can be achieved in this area.

A number of noble Lords referred to the high-profile London declaration event in 2012, when the UK committed an additional £195 million to tackle these diseases. The UK, along with the US, is a world leader on NTDs. We are meeting our commitments. The UK supports high-performing programmes tackling a range of NTDs, and these programmes are delivering results. DfID programmes delivered more than 136 million treatments for NTDs in 2016. We have supported over 60,000 surgeries to prevent blindness due to trachoma, and over half a million people have been screened for kala-azar, a disease that is invariably fatal if not treated.

Much of our support for the implementation of NTD programmes is through our world-class British institutions. The noble Lords, Lord Stone and Lord Alton, referred to many of these, particularly the Liverpool School of Tropical Medicine, and I pay tribute to the expertise that is to be found there. I am delighted to accept the invitation from the noble Lord, Lord Stone, to meet the SCI group at Imperial and would be very interested to find out more about its work.

Many noble Lords, including the noble Baronesses, Lady Warwick and Lady Barker, referred to the importance of research. This is at the heart of what we

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do. DfID is committed to spending approximately 3% of its annual budget on research, and of course that also impacts on the NTD process. We also support research into new drugs, diagnostics and better vector control, as well as operational research into the best ways to implement programmes. I very much recognise the point made on vectors by the noble Baroness, Lady Barker, as I do the very important point about prevention made by the noble Baroness, Lady Sheehan. The UK Government have a strong track record of supporting successful product development research through public-private product development partnerships, such as the Drugs for Neglected Diseases initiative and the Foundation for Innovative New Diagnostics.

Tackling NTDs is highly cost effective, as the noble Lord, Lord Stone, reminded us. The average cost of treating one person for a range of commonly occurring NTDs is about 50 US cents. The noble Lord, Lord Alton, described it as a "best buy", which it very much is. NTDs are an excellent example of a unique public-private partnership: most of the medicines are donated by pharmaceutical companies, which have pledged drugs valued at $17 billion between 2014 and 2020—a point made by the noble Baroness, Lady Masham. Without this very generous support there would be far less progress and considerably higher costs.

A number of noble Lords referred to the London declaration. I am pleased to report that there will be a very high level of representation at the event taking place on 19 April. I do not in any way want to undermine the importance of NTDs, but when we discussed this as a ministerial team, we realised that so many important meetings are taking place this very month: this week on Syria, and in a couple of weeks' time on Yemen and the wider humanitarian crisis in Africa. However, I will certainly convey to the department and the Secretary of State the importance that your Lordships attach to this initiative and the gathering that will occur on 19 April.

The noble Baroness, Lady Barker, referred to the interconnectivity of scientific research with the attempts we are making. That is a point I recall being made by David Nabarro, who is a very strong candidate to be the next director-general of the World Health Organization.

The noble Lord, Lord Rea, the noble Baroness, Lady Sheehan, and my noble friend Lady Chalker raised the importance of WASH. This very much links to what the noble Baroness, Lady Sheehan, said about prevention. WASH is the best form of prevention that we know for NTDs. There is strong cross-sectoral working on this, in particular on increasing access to water and sanitation. My noble friend asked what commitment we have made in this area. We have a very strong manifesto commitment to increase clean water access to 60 million people during the lifetime of this Parliament, which is sustainable development goal 6. That is a major programme which we are working on.

My noble friend also raised the importance of engineers. I am delighted that through the Commonwealth Scholarship Commission we are giving access to many students from sub-Saharan Africa to come and study at our world-class universities and take that expertise back with them.

The noble Viscount, Lord Simon, raised the importance of co-infections. He particularly focused on malaria. The noble Baroness, Lady Masham, referred to TB, and the noble Lord, Lord Collins, referred to collaboration on HIV-TB. We fully understand and stress that these are all very important areas.

A key element is the availability of good quality data and the disaggregation of those data in connection with the SDGs. We want to ensure that programmes collect and analyse data on how we are making progress against targets and disaggregate those data to ensure that we are reaching girls, women and other vulnerable groups—an issue that the noble Lord, Lord Collins, asked us to work on.

The right reverend Prelate the Bishop of St Albans raised the strong partnerships that we have with faith groups. Through our faith partnerships we work very closely with those groups in a number of parts of the world. He talked about Sierra Leone and, in the past week, I have been looking at what the Anglican community is doing in the terrible situation in South Sudan, where the conflict is making the treatment of neglected tropical diseases and the effects of famine incredibly difficult. That is a real manmade tragedy.

We are making efforts to work with other donors, in particular USAID. I take the important points that were made about the USA, with which we are working very closely. The draft budget was prepared by the President and will be turned into a formal budget to be announced in May. It then, of course, has to work its way through Congress. We are looking very closely at his nominee for USAID. The United States, through its private foundations and as a Government, has played a critical role in this and I very much hope we will be able to work with it in the future in delivering this absolute best-buy for development investment.

Our efforts to map the NTDs have helped to determine the geographical distribution of diseases, a point made by the noble Lord, Lord Alton, so that we can target resources where they are most needed. We are now expanding access to treatment. As countries are now able to stop mass drug administration for some diseases, it will be critical to carry out the surveillance necessary to ascertain progress and to ensure that low infection levels are sustained. However, we must not forget that while some countries are reaching that stage, others are only just starting in their efforts to tackle NTDs.

On this point I echo the urging of the noble Baroness, Lady Hayman, in introducing the debate, that there is no question of us regarding this as "steady as she goes" or, in the phrase of the noble Baroness, Lady Barker, taking our foot off the pedal. This is absolutely essential to the sustainable development goals. It is a treatment programme that works and we want it to continue.

The noble Lord, Lord Rea, the right reverend Prelate the Bishop of Peterborough, and the noble Baronesses, Lady Northover and Lady Masham, asked what progress was being made on leprosy. According to the World Health Organization, there were over 210,000 new cases of leprosy reported in 2015. We need to increase progress. In 2016, the World Health Organization launched a global leprosy strategy for 2016-20 and

UK aid match is supporting work to improve the lives of people affected by leprosy and other NTDs in Mozambique and other countries.

At the conclusion of my remarks I come back to that very important summit. While the UK across a number of levels—from our great research base to the work that many people have been doing through medical science in this area—is advancing the cause and has made great progress, it is vitally important that we use the occasion and the platform of the World Health Organization joint summit on NTDs on 19 April to ensure that other donors come forward and meet their responsibilities towards eradicating these diseases and meeting the sustainable development goals in these areas.

As to the consequential nature of the SDGs, I have been ticking them off and I think we have covered all 17 of the goals, from partnerships, to conflict in number 16, to eradicating poverty in number 1, to education in number 4, to gender equality in number 5. It is a real point of endorsement as to how the SDGs are rightly a lens through which we judge our progress on this.

I again thank all noble Lords who have contributed to the debate. I shall reflect further on it and feed the messages back to my colleagues at the department as we move forward.

House adjourned at 8.22 pm.