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PARLIAMENTARY DEBATES
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HOUSE OF LORDS

OFFICIAL REPORT

ORDER OF BUSINESS

Questions	
Equality and Human Rights Commission.....	393
Care Homes: Hospital Discharges.....	395
Slavery and Human Trafficking Statements	398
Yorkshire: Devolution	400
Space Industry Bill [HL]	
Order of Consideration Motion	403
Space Industry Bill [HL]	
Committee (1st Day)	403
Iran: Future of the Joint Comprehensive Plan of Action	
Statement	461
Northern Cyprus	
Question for Short Debate	464

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The first time a Member speaks to a new piece of parliamentary business, the following abbreviations are used to show their party affiliation:

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 16 October 2017

2.30 pm

Prayers—read by the Lord Bishop of Norwich.

Equality and Human Rights Commission *Question*

2.36 pm

Asked by Baroness Prosser

To ask Her Majesty's Government what assessment they have made of the process for recent appointments to the Equality and Human Rights Commission.

Baroness Vere of Norbiton (Con): My Lords, recent appointments to the Equality and Human Rights Commission have been carried out in accordance with the code of practice for public appointments administered by the Commissioner for Public Appointments. Successful applicants have been selected on merit through open and fair competition.

Baroness Prosser (Lab): I thank the noble Baroness for that reply. However, if it is correct, how is it that for the first of the recent appointments, despite not being recommended by the interview panel, a candidate was appointed who has subsequently refused to attend board meetings until certain of his demands have been met? In the second instance, a commissioner whose term of office ended in January 2017 was eventually advised in August 2017 that the term of office would not be renewed despite a recommendation that it should be. No reason was given, even though there is a requirement under the rules to do so and the termination letter highly praised the work and contribution of the commissioner in question.

Baroness Vere of Norbiton: I thank the noble Baroness for raising those two issues. On the first, I think she might be referring to my noble friend Lord Shinkwin. His recruitment process took far longer than originally intended and, yes, it has now reached a situation now where there are ongoing discussions between the chair of the EHRC and my noble friend. The Government value the role of the EHRC and believe that my noble friend has the knowledge, passion and personal background to make a significant contribution. That is why he was chosen by the Secretary of State for the role. In the second case raised by the noble Baroness—I apologise for the long answer but she raised two issues—40 commissioners have been appointed to the EHRC since 2006 and only seven have been reappointed. Individual appointments and reappointments are matters for the Secretary of State. I think the House will agree that there can be no automatic expectation of reappointments for members of any public boards.

Baroness Hussein-Ece (LD): My Lords, the Government's own website says that in 2015 the public bodies transformation programme, "successfully produced fewer, more accountable, more efficient public bodies", which were required "to be politically impartial" and were, "needed to act independently in order to establish facts".

Given the shambles the noble Baroness, Lady Prosser, has just outlined, does this apply also to the Equality and Human Rights Commission, which has a very important job to do?

Baroness Vere of Norbiton: I agree with the noble Baroness that the commission has an important job to do. Perhaps I may mention that when the coalition Government came in in 2010, it was concluded that the commission should be retained but substantially reformed. I would not use the word "shambles", but it was certainly in some disarray at that time. The commission has now undergone a distinct restructuring and the budget has been reduced so that it can focus on the issues most important to it. The Equality Act 2006 provides for its independence and the investigating commissioners are not employees of the state.

Baroness McIntosh of Hudnall (Lab): My Lords, can the noble Baroness confirm what my noble friend Lady Prosser said about the absence of a recommendation from the interview panel for her noble friend? If that is the case, what is the purpose of an interview process if its recommendations are not then observed?

Baroness Vere of Norbiton: I cannot speak any further about that individual case. If I can get any more information, I will do so. As we know, there was a clear and well-defined process with independent assessors on the panel.

Baroness Manzoor (Con): My Lords, now that the Equality and Human Rights Commission has been reorganised and restructured, looking at its remit, will it concentrate much more on looking at the equality issues across the country that were identified by the race audit recently carried out by the Government?

Baroness Vere of Norbiton: I thank my noble friend for her intervention and I pay tribute to those who were involved in the race audit. It has certainly given us a good basis on which to go forward. We share the views of the members of the Women and Equalities Committee who said in January this year that the EHRC should play to its unique strengths and powers as provided by legislation. That means making more selective legal interventions and perhaps leaving research to other bodies in order to focus on issues such as those raised by the race audit because they are the most important.

Lord Lester of Herne Hill (LD): My Lords, the Equality Act 2006 gave the commission important powers of investigation and enforcement. Leaving aside the fact that there is not much enforcement, which I have raised before, does the Minister agree that it is grossly improper for someone who is appointed to an independent law enforcement agency to put pressure on that body to agree with his particular hang-up on a particular issue as a condition of his taking part as a commissioner?

Baroness Vere of Norbiton: The chair of the EHRC has reached what I think we can say is a compromise with my noble friend Lord Shinkwin on the issue to

[BARONESS VERE OF NORBITON]

which the noble Lord refers. On enforcement, obviously law enforcement is a matter for the police while investigation is certainly a matter for the commission.

Lord Rosser (Lab): My Lords, I am reluctant to pursue from the Front Bench a case that apparently involves an individual Member of this House, but certain statements were made by my noble friend Lady Prosser in her question. It would be helpful to the House if the Minister was able to investigate what has been said and, perhaps in a letter to Members of the House, indicate which of the statements made by my noble friend Lady Prosser are correct and which the Minister does not believe are correct.

Baroness Vere of Norbiton: Of course I will be happy to do that and I will place a copy of the letter in the Library.

Care Homes: Hospital Discharges Question

2.44 pm

Tabled by Lord Dubs

To ask Her Majesty's Government what is their estimate of the number of people currently in hospital waiting to be discharged to care homes when places become available.

Lord Hunt of Kings Heath (Lab): My Lords, on behalf of my noble friend Lord Dubs, and with his permission, I beg leave to ask the Question standing in his name on the Order Paper.

The Parliamentary Under-Secretary of State, Department of Health (Lord O'Shaughnessy) (Con): My Lords, information is collected on the number of bed days occupied by patients waiting to be discharged from hospital. The latest available information estimates that on an average day in August this year, 1,574 beds were occupied by patients waiting to be discharged to nursing or residential care homes.

Lord Hunt of Kings Heath: My Lords, that is a big number. I understand that over the last financial year, about 2.3 million days were essentially lost because of transfer delays. We know the number of nursing home places has been reduced by 4,000 over the last two years; we know social services are under pressure; we know the health service is not using housing services sufficiently. Why does the health service seem determined, in its STP plans for each area, to rush into yet further plans to cut acute capacity when hospitals are under so much pressure at the moment?

Lord O'Shaughnessy: I am glad the noble Lord mentioned the number within a year. He will be interested to know, as other noble Lords will, that the number of delayed transfers of care went down year on year between August 2016 and August 2017. That is good news. That reduction has been caused by greater funding in that period and a greater focus on accountability, particularly for local authorities and trusts together. In terms of acute capacity, the number of beds has

been relatively stable recently and NHS England has introduced a new test for any reconfigurations that adds a fifth category, looking at the number of beds available in any given area.

Lord Laming (CB): Does the Minister agree that the position is likely to get more difficult as more care homes are saying that they cannot function on the level of fees being offered by local authorities? They are therefore withdrawing beds that are supported by public funds from this facility. Will the Minister look into that?

Lord O'Shaughnessy: I know of the issue that the noble Lord raises about withdrawing beds. As we discussed last week, there has been a small reduction in the number of nursing and residential care home beds. However, there has also been an increase in the number of domiciliary care packages. The noble Lord may also be interested to know that we are creating 6,000 new supported homes through the Care and Support Specialised Housing Fund. It is a changing market. I understand the funding pressures on local authorities, which is why we are putting in more funding.

Lord Naseby (Con): In the broader context, would it not help my noble friend if we looked at the role and number of district nurses who, in the past, kept people out of hospital and ensured that GPs were relieved of some of their work?

Lord O'Shaughnessy: The noble Lord is right to highlight the issue of community nurses, where in particular there has been a reduction in numbers even though the total pool of nurses has increased in recent years. He will hopefully have noticed an announcement at the Conservative Party conference from my right honourable friend the Secretary of State about more nurse training places—25% more—to address the kind of issues he is talking about.

Baroness Pitkeathley (Lab): My Lords, with the pressure on hospitals to discharge people and the lack of nursing and residential care beds, does the Minister agree that undue and unfair pressure is sometimes put on families and carers to accept discharge in an unsuitable situation? Last week, I spoke to an 87 year-old carer, herself frail and with severe angina, who was induced—I use the word advisedly—to accept discharge of her 91 year-old husband, still immobile after a fall, with a promise of visits from a community nurse twice daily. Of course, those visits have not yet materialised.

Lord O'Shaughnessy: I am sorry to hear about that particular issue. I obviously have not seen the details; perhaps the noble Lady might write to me about it. Clearly, nobody should be induced or otherwise forced to accept the care of somebody for whom they are not capable of caring. Looking at our growing and aging population, I think we all accept that the number of operations and admissions going through the NHS is increasing. We need much more capacity in the system, whether in nursing and residential homes or, increasingly, in domiciliary care.

The Lord Bishop of Norwich: My Lords, since the difficulties of hospital patients awaiting discharge to care homes is but one of a number of bottlenecks in the present system, does that not suggest that we need a fully integrated national health and social care service and that, until we achieve such integration, these problems are bound to recur—as the National Audit Office report in February this year so clearly and vividly illustrated?

Lord O'Shaughnessy: The point about integration is critical. The CQC's report from last week, which we were discussing, is all about collaboration and integration. Someone in their 80s who is experiencing care does not distinguish between different bits of it as we do bureaucratically. They want to know that there is seamless care. That is what the sustainability and transformation process is attempting to do.

Baroness Brinton (LD): My Lords, I am grateful for the right reverend Prelate's comment about the National Audit Office's report from February, which makes it clear that 43% of the multidisciplinary team meetings in acute hospitals began immediately, which is to be encouraged, but only 20% of local authorities were invited to those early meetings. What are the Government doing to ensure that the advice from NHS Improvement about getting that earliest intervention will actually happen?

Lord O'Shaughnessy: The noble Baroness raises an excellent point. She may know that the better care fund—the route by which the additional money goes into social care—reviews and holds accountable local authorities and the NHS for interacting with one another to deal with delayed transfers of care. There is something called the high-impact change model, which is designed precisely to bring people together to ensure that the number of delayed transfers in care are reduced. That is compulsory as part of the funding provided.

Lord Elton (Con): My Lords, the essential issue is pressure on hospital beds. Will my noble friend tell us what the effect is of the work of charitable—I am sorry, the name has gone, but which charitable institutions take people in their last days?

Noble Lords: Hospices.

Lord Elton: Thank you very much—retirement draws closer. What effect do charitable hospices have on the pressure on hospital beds? To what extent could a nationally efficient National Health Service palliative care service continue that effort?

Lord O'Shaughnessy: I hope that my noble friend's retirement is still a long way off. I do not have specific numbers on the impact of hospices, but various changes are going on in the funding of palliative care to make sure there is much more consistency across the country for what is available. I hope that will be one of the ways we can ease the pressure.

Slavery and Human Trafficking Statements Question

2.52 pm

Asked by Baroness Kennedy of Cradley

To ask Her Majesty's Government what assessment they have made of the effectiveness of slavery and human trafficking statements in reducing slavery in supply chains.

Baroness Vere of Norbiton (Con): My Lords, it will take time to see the full benefits of the Modern Slavery Act, but the requirement for businesses to publish slavery and human trafficking statements has already had a significant impact. The first year of compliance with Section 54 of this Act has only just passed. It is therefore too early to make a formal assessment of its impact. However, we know that thousands of statements have been published, with many examples of good practice emerging.

Baroness Kennedy of Cradley (Lab): My Lords, research by the CORE Coalition has shown that overall compliance with this section of the Act is low. Thousands of companies may well have complied but thousands have also failed to provide a statement, and those that have show that there are varying levels of quality. For example, the Co-operative Group has produced a nine-page document, yet Halfords could manage only nine sentences and has not put a link on the front page of its website. Civil society cannot enforce this section of the Act on its own. Will the Government seek to develop infrastructure to enforce compliance with this section of the Act, to revise Home Office guidance to ensure statements cover all six areas required by the Act, and to specifically state that non-reporting, or reporting that no action has been taken to root out slavery, is frankly not good enough?

Baroness Vere of Norbiton: The noble Baroness raises many interesting issues. Our view is that this new legislation will take time to embed. We want to work in partnership with organisations, not create burdensome legislation. However, on 28 September the Government wrote to all 10,000 companies that are required to make these statements to remind them of their obligations. The noble Baroness mentioned updating the guidance. I am pleased to say that it has been updated, so on 4 October the Home Office issued revised guidance that specifically sets out the six areas she referred to, but which also doubles down on the deadline. It makes absolutely clear what their responsibilities are and within what timeframe.

Baroness Young of Hornsey (CB): My Lords, do the Government intend to review the efficiency and effectiveness of Section 54 of the Modern Slavery Act, on transparency in supply chains? Are they prepared to remedy the demonstrable weaknesses that have already occurred and will do so in the future?

Baroness Vere of Norbiton: I think that I have gone as far as I am able to. Obviously, there will be a formal assessment in due course and Section 54 will be looked at. Indeed, it will be looked at constantly because it is

[BARONESS VERE OF NORBITON]

an absolutely critical part of the Modern Slavery Act. There are remedies for non-compliance. The Government can apply for an injunction requiring compliance but we feel that it is still too early. Educating and raising awareness among businesses, law enforcement and consumers is the way we have to go in the first instance.

Baroness Butler-Sloss (CB): My Lords, I am co-chair of the All-Party Parliamentary Group on Trafficking and Modern Slavery. As far as Section 54 goes at the moment, it is very good news, but what is really needed is an independent website to which every company has to send its report. Will the Government apply some pressure, saying that such a website should be set up?

Baroness Vere of Norbiton: As I am sure the noble and learned Baroness already knows, two NGOs are very interested in this: the TISC Report and the Modern Slavery Registry. We will of course continue to review whether we need a third website, but for the time being we are pleased with where we are.

The Lord Bishop of Ely: My Lords, tomorrow the Church of England launches the Clewer Initiative to raise awareness of modern slavery both locally and regionally. Does the Minister agree that such awareness-raising campaigns have a vital role in encouraging the public to hold businesses to account?

Baroness Vere of Norbiton: The right reverend Prelate is absolutely right. As I just said to the noble and learned Baroness, awareness is absolutely critical. What astonished me—as it would many other noble Lords, I am sure—is that 10 years ago we simply were not talking about modern slavery, but now we are. Now we have a Conservative Prime Minister who has said:

“This is the greatest human rights issue of our time”.

When it comes to engagement and awareness, consumers are as important as everybody else. We can question the brands that we buy from and we can take care to spot signs of abuse of when we see them.

Baroness Manzoor (Con): My Lords, currently companies have to have regard to the Equality Act and have to discuss issues at board level. There is no reason why the Companies Act could not be tweaked slightly to incorporate Section 54 of the Modern Slavery Act, which would bring much greater transparency and accountability at board level.

Baroness Vere of Norbiton: I am certainly not going to say that that will never happen. Businesses understand that this issue is not going away and that these statements have to be signed off by the board of directors. That means that these issues are discussed at the very top of a company, and that is important.

Lord Watts (Lab): My Lords, can the Minister say when the review will take place and be completed, so that we can deal with the issues raised by a number of noble Lords?

Baroness Vere of Norbiton: I do not think it would be wise to say when the review will take place. As we have said, the legislation in its early stages. We have to get to a situation where we believe that those who are not complying are doing so for a reason other than that they simply do not know about their obligations.

Baroness Hamwee (LD): My Lords, the Minister has talked about the provisions in the legislation as if most of them are mandatory, but in fact, very few actually are. First, will the Government work towards toughening up the legislation? Secondly, since, as she rightly acknowledges, this is such an important issue of transparency and accountability, are the Government considering applying rules regarding transparency in supply chains to their own procurement?

Baroness Vere of Norbiton: Obviously, it would be unwise for me to discuss future legislation, but that is a very important point about government supply chains and the Government are committed to working with their suppliers to improve the action that we can all take together. For example, all government departments require would-be suppliers to tell them whether they are compliant with the transparency requirement in the Modern Slavery Act. The Home Office, FCO, BEIS and the Crown Commercial Service are all piloting a new detailed questionnaire to get more information about our supply chains. This will help us to identify the risks.

Yorkshire: Devolution Question

3 pm

Asked by **Lord Wallace of Saltaire**

To ask Her Majesty's Government what steps they are taking to progress devolution to Yorkshire.

The Parliamentary Under-Secretary of State, Department for Communities and Local Government and Northern Ireland Office (Lord Bourne of Aberystwyth) (Con): My Lords, we welcome the discussions council leaders and others are having in Yorkshire about future devolution. If they come forward with a widely supported proposal for a greater Yorkshire deal involving a mayoral combined authority and not unravelling the existing Sheffield City Region deal, we are, of course, ready to progress it with them.

Lord Wallace of Saltaire (LD): My Lords, 17 of the 20 councils in Yorkshire came forward, on an all-party basis, with a one Yorkshire deal earlier this summer. The Minister will be well aware of the difficulties now that Barnsley and Doncaster have withdrawn from the Sheffield/South Yorkshire deal. It has also had strong support from regional business—the Conservative Party used to be the party of business. Can the Minister tell us why the Government are giving the very strong impression that they do not support a one Yorkshire deal and why the *Yorkshire Post* reports this morning that a number of Conservative councils across Yorkshire have apparently now withdrawn their support for this all-party, one Yorkshire deal?

Lord Bourne of Aberystwyth: My Lords, I know the noble Lord is very familiar with the position in Yorkshire, but I must correct him on the withdrawal of Barnsley and Doncaster, which he had inferred, from the Sheffield City Region deal. They have not withdrawn; they are not progressing the consultation, but that is somewhat different.

Noble Lords: Oh!

Lord Bourne of Aberystwyth: It is somewhat different. In relation to the existing position, it is absolutely clear, as the noble Lord indicated, that not all Yorkshire authorities will wish to progress with a deal that includes Sheffield. Sheffield City Region is split. The two larger authorities wish to progress with it; in the other two authorities, there is dissent as the noble Lord indicated. We encourage them to go ahead. The deal has been done, and people there have an expectation that it will be carried forward, and that is what we wish to see. If the other authorities want to come forward with a Yorkshire deal excluding Sheffield, we will look seriously at it.

Lord Kirkhope of Harrogate (Con): My Lords, I have been involved for some time with the discussions about devolution for Yorkshire. I congratulate my noble friend and his ministerial colleagues on their patience and on their hard work with the local authorities and other interests to try to bring this about. Is it not correct that until there is consensus and a broad spread of support from cities and rural areas throughout Yorkshire, which we all know is a very fine brand, progress cannot be made? Is the Minister of the view that progress can be made if the greater Yorkshire model, which now appears to be subscribed to by most people, is progressed?

Lord Bourne of Aberystwyth: I am grateful to my noble friend, who knows what he is talking about in the context of Yorkshire as he has great experience. If a deal is to go forward, it will be on the basis that the existing deal, which the four constituent parts of the Sheffield City Region have subscribed to on many occasions, goes forward independently. If the other authorities—and it is for them to come together to determine this—wish to progress a greater Yorkshire deal, they can do so. If the authorities wished to combine thereafter—and that would be a matter for them—it would be possible for that to be discussed further down the line, but we have an existing deal, on which a great deal of time and energy has been expended locally and in both Houses of Parliament.

Lord Foulkes of Cumnock (Lab): My Lords, does the Minister recall the discussions he and I had when he was a Back-Bencher about the need for a constitutional convention to look at a comprehensive and coherent structure of devolution for England, which would be much better than the ad hoc arrangements that are taking place, or not taking place, across the country? Will he tell the House how he is using his now great powers within government to advance that idea?

Lord Bourne of Aberystwyth: My Lords, I am very grateful to the noble Lord for exaggerating my powers. It is something he has done on previous occasions,

and I am very grateful for that. I recall the discussions we had, but I think I was much more in receive mode than in despatch mode on those occasions. They were interesting discussions. The important point, and I am sure we both agree, is that these things have to be consensual. I am sure he will also agree that we cannot unravel agreements that have been made and on which a lot of people have expended so much energy.

Lord Shutt of Greetland (LD): My Lords, I think I heard it correctly that the Minister was hinting that if there were to be a greater Yorkshire deal—which I certainly hope there is—he would like there to be a greater Sheffield deal as well, and that at some future date there could be a merger. If that is the Government's clear view, will they shout it from the rooftops? That could help a great deal, because the people of Yorkshire want a Yorkshire deal.

Lord Bourne of Aberystwyth: My Lords, that last proposition is untested. There are many different things that the people of Yorkshire want. What I did say, which I will happily restate, is that it is for the people of Yorkshire to decide where this goes ultimately. We have an existing Sheffield deal which I am sure noble Lords will understand we must progress with. If the rest of Yorkshire wants to come forward with a greater Yorkshire deal, that is for them, and thereafter it will be the subject of discussions between those two separate authorities if they want to progress things further.

Lord Kennedy of Southwark (Lab): My Lords, it all seems a bit shambolic. The Government are determined to press ahead with a deal that two authorities in South Yorkshire, namely Barnsley and Doncaster, no longer wish to progress with. Is there now not a case for looking again at the whole arrangement here and putting in place a deal that commands the support of all local authorities in Yorkshire, as well as the people who live there and business and civil society throughout that great county?

Lord Bourne of Aberystwyth: My Lords, that thesis would be all very well were it anywhere near the truth. I refer the noble Lord to the comments of the Member for Sheffield, the honourable Clive Betts, and to those of the leader of Sheffield. He will know as well as I do that this is all about a discussion—I will not push it any further than that—about who is going to be the mayoral candidate for Sheffield. That is the reality of why some of the authorities in South Yorkshire do not like it. I would encourage them to do what other political parties will be doing: select a candidate and fight those elections in the interests of that area.

Lord Elystan-Morgan (CB): My Lords, will the Minister kindly undertake not to consider devolution in relation to Wales unless it is genuine and sincere? I ask that question in light of the fact that the Wales Act of this year, giving a reserved constitution to Wales, has 197 reservations, most of which are utterly trivial, and that Clause 11 of the European withdrawal Bill has the effect, majestically and imperially, of undermining devolution completely.

Lord Bourne of Aberystwyth: My Lords, the noble Lord is very expert in constitutional matters and is asking me to range far beyond my brief on Wales and indeed more widely on Europe. These are no doubt important issues but they will be subject to much greater discussion when we look at that legislation.

Space Industry Bill [HL] *Order of Consideration Motion*

3.07 pm

Moved by Lord Callanan

That it be an instruction to the Committee of the Whole House to which the Space Industry Bill [HL] has been committed that they consider the bill in the following order:

Clauses 1 to 12, Schedule 1, Clauses 13 to 17, Schedule 2, Clause 18, Schedule 3, Clauses 19 to 21, Schedule 4, Clause 22, Schedule 5, Clauses 23 to 40, Schedule 6, Clauses 41 and 42, Schedule 7, Clause 43, Schedule 8, Clauses 44 and 45, Schedule 9, Clauses 46 to 59, Schedule 10, Clauses 60 and 61, Schedule 11, Clauses 62 to 66, Schedule 12, Clauses 67 to 71, Title.

Motion agreed.

Space Industry Bill [HL] *Committee (1st Day)*

3.08 pm

Relevant documents: 1st and 2nd Reports from the Delegated Powers Committee and 2nd Report from the Constitution Committee

Clause 1 agreed.

Amendment 1

Moved by Lord McNally

1: After Clause 1, insert the following new Clause—

“Potential impact of leaving the European Union on the United Kingdom’s space industry

- (1) The Secretary of State must carry out an assessment of the potential impact that leaving the European Union will have on the United Kingdom’s space industry.
- (2) The assessment under subsection (1) must make reference to the following areas—
 - (a) membership of the European Space Agency;
 - (b) the impact of the UK’s exit from the EU on research and development and access to funding, including Horizon 2020;
 - (c) the free movement to the UK from the EU of those who work in the space industry;
 - (d) the UK’s participation in the Galileo and Copernicus programmes; and
 - (e) the impact of the UK leaving the Single Market on supply chains within the space industry.
- (3) The Secretary of State must lay a report of the assessment under subsection (1) before Parliament within one year of this Act passing, and once in each calendar year following.”

Lord McNally (LD): My Lords, it is always very encouraging, when one is in the position of the first item of business after Questions, to have old friends passing you saying, “Nothing personal”.

We are starting the Committee stage of a very important and exciting Bill. As we assured the Minister at Second Reading, we on these Benches want to be as helpful as possible in seeing it on to the statute book. He will be aware that a number of Committees of the House have pointed to what they see as gaps and shortcomings in the Bill, and indeed a number of noble Lords pointed out similar at Second Reading, but we are looking at a very exciting piece of a jigsaw puzzle that could be part of a very 21st-century industry for this country.

The European space industry employs over 230,000 professionals and generates a value-added estimated at between €46 billion and €54 billion. Key projects include Copernicus, a European system for monitoring earth observation data; Galileo, the EU’s own satellite navigation system; and the European geostationary navigation overlay service, EGNOS, which provides navigation services to aviation, maritime and land-based users over most of Europe. The EU also funds space-related research through Horizon 2020.

The space strategy for Europe follows the requirement of Article 189 of the Lisbon treaty for the EU to draw up a European space policy. The communications on the strategy identify four strategic goals: maximising the benefit of space to society in the EU; fostering a globally competitive and innovative European space sector; reinforcing European autonomy in accessing and using space in a secure and safe environment; and strengthening Europe’s role as a global actor and promoting international co-operation. Much of this work, it is true, is done through the European Space Agency, which is not an integral part of the EU but is linked to it by treaty. Nevertheless we thought it was important at this stage of the Bill to probe a little exactly how the long shadow of Brexit will be cast over the future of this important industry. That is especially important for these high-tech industries, which need clarity and certainty. “Build it and they will come” is not a long-term industrial strategy. Some of us are old enough to remember both Blue Streak and Black Arrow 50 years ago; we learned the hard way that for a country of our size and capacity, going it alone was not really an option.

Nevertheless, it is a real source of pride over the last two decades that Governments of all persuasions—the coalition Government of whom I was a member, the previous Labour Government and this Conservative Government—have given support to the UK’s space sector. The sector has responded in a quite remarkable way, with a turnover of £14 billion and exports of £5 billion and employing 40,000 direct employees and 1,400 apprentices. The UK’s space sector has tripled in size since 2000. The industry plans to grow to a turnover of £40 billion by 2030, creating 100,000 new jobs and growing space-related exports to £15 billion.

We are very supportive of what the Government are trying to do with, as I say, this small piece of a wider picture. It is a sector where collaboration and co-operation are key to success. Although, as I have

said, membership of the European Space Agency is not contingent on EU membership, there are other consequences of Brexit that will directly affect the UK's ability to be a world leader in the realm of spaceflight.

Will we retain access to EU research and development projects? How will changes to freedom of movement impact on this industry, an industry which exchanges talents across frontiers on a regular basis? Will we retain full access to programmes such as Galileo and Copernicus? Will we be marginalised in EU procurement decisions? If we leave the single market, what will be the impact on a sector where the burdensomeness of customs procedures and time-consuming customs checks could be fatal to the project's success?

Our amendment asks the Government to make an assessment of the impact of Brexit under varying scenarios. The tragedy is that in many high-tech industries, such assessments are already being made and judgments being made about both investment and location, so our request is sensible in the light of the Bill. I beg to move.

3.15 pm

Lord Kennedy of Southwark (Lab): My Lords, I am sure that the noble Lord's amendment is excellent but I do not want to speak about that, but to make brief reference to the fact that on the previous Question I should have declared that I was a vice-president of the LGA. I forgot to do that, and I apologise to the House.

Lord Rosser (Lab): I just add one or two brief comments to what the noble Lord, Lord McNally, quite rightly said, seeking to explore further what the impact of withdrawal from the European Union might or might not have.

At Second Reading, the Minister made reference to the issue and said:

"The Government's policy to exit the EU does not affect the UK's membership of the European Space Agency. The UK has a strong and healthy space economy with an international outlook. We have a long history of collaboration and participation in European space programmes and missions through the European Space Agency. The Government will continue to take an active role in European space programmes, supporting UK industry in its bids to win contracts overseas and developing our national capability to keep the UK competitive in the global market"—[*Official Report*, 12/7/17; cols. 1268-69.]

Those were clearly welcome statements, but I am not sure that they went to the heart of the question: namely, what impact could our withdrawal from the European Union have on spaceflight and the space industry in this country? Apparently, there has been talk in government circles of the possibility of leaving on the basis of no agreement at all being reached with the European Union on the terms. Can the Minister spell out what the consequences might be for the space industry and the level of co-operation that currently takes place if we ended up withdrawing from the European Union without any agreement? Perhaps he could also compare and contrast that with the situation whereby we left with what I think is known in the official jargon as a soft Brexit.

The noble Lord, Lord McNally, rightly made reference to the fact that the industry would like a degree of clarity and certainty for the future. Indeed, that was

the Government's argument for bringing forward the Bill at a time when we know nothing about the regulations, on which consultation will not take place until next year and which will not be produced until 2019. Presumably, if the Government are saying that the Bill is needed because the industry requires clarity, they will use this opportunity to offer the industry clarity on the impact of our leaving the European Union on the space industry and spaceflight in this country.

Baroness Randerson (LD): My Lords, there are 38,000 jobs in the UK in the space sector, and they are top-quality, well-paid, highly skilled jobs. Brexit threatens the majority of those jobs, both directly and indirectly. Although the Bill is welcome and in itself uncontentious, it does nothing of any significance to plug the gaps that are threatening those jobs.

How and why does Brexit threaten those jobs? Two sets of work are ongoing on which we rely for a very large part of our jobs in this country relating to the space industry; they are funded by the Galileo and Copernicus projects. The UK Government have said that they want to remain part of those projects but they have failed to make a binding commitment to them. The problem is that talk of a no-deal Brexit seriously undermines the Government's verbal assurances on this issue. They need to make it clear that they want to buy into those programmes in the future—beyond 2019. Clearly that could not happen in a no-deal scenario.

Let us be clear that we do very well out of EU space activity. In terms of what is technically called "geo return", we put in 12.5% of funding and get back 14% of spend. We are talking about very large amounts of money. When applying for funds, companies now have to make it clear to the EU how they will ensure that after March 2019 they will still have a base in an EU country. This is a new requirement. The impact is that those companies with other EU sites are leading their bids from there, not from the UK. Those companies without another base are obviously thinking of moving to another EU country. Because there is such a long lead-in time in this industry, these decisions are being made now or in the very near future.

The second factor is the supply chain, a lot of which is foreign inward investment into the UK, and there is some current rethinking on that—so more good jobs in the UK are at risk. A major aspect of this problem is the free movement of people. The industry relies a lot on EU nationals, many of whom are already leaving. But British staff, working in the industry, are also looking abroad for opportunities and we cannot afford that brain drain. It is essential to the aerospace sector as a whole that there is free movement. The kind of visa for highly skilled workers that the Prime Minister has already talked about simply would not suit their needs. They need flexible, long-duration visas because they require staff to be so mobile and flexible. Their needs are very much like those for the rest of the aerospace sector.

For example, as many noble Lords will know, Airbus has plants in Toulouse, Broughton and a number of other places. A technician might arrive at work in Broughton one morning and be told that he is off to Toulouse by lunchtime and will be back tomorrow or

[BARONESS RANDERSON]

the day after. Airbus, as a company, moved employees 80,000 times last year between the EU and the UK. It has its own jet shuttle between sites. The kind of visa that the Prime Minister talked about does not start to tackle that problem. The perception in Europe is that we have already left. So whatever the Government's good intentions with this Bill, if you hollow out what we already have in our space industry in the way in which I have outlined, there is not much point in this Bill. We simply cannot afford to keep losing such high-value industries and high-quality jobs. It is important that the Government persuade us here today that they have already taken on board the key issues that we have raised in relation to Brexit and our relationship in the future with the EU.

The Parliamentary Under-Secretary of State, Department for Transport (Lord Callanan) (Con): My Lords, first, I thank the noble Lord, Lord McNally, very much for his initial comments and his general support. I understand that he will want to probe further and question us on the purposes and intent of the Bill, which of course I welcome—but I also thank him for his initial supportive comments.

The UK space industry is a global success story, leveraging our best talent to deliver highly innovative products and services every year. This Government want a UK space industry that captures 10% of the global market by 2030, creating 100,000 new jobs in the process. The Government are pursuing a range of measures to support this fast-growing sector. This Bill is one of those measures, and aims to put British businesses at the forefront of new space services. Another measure of our support to the UK space sector will be through our negotiations with the EU on future collaboration on the EU space programmes.

The UK has played a major part in developing the main EU space programmes, Galileo and Copernicus, which have supported the rapid growth of the UK space sector and contributed directly to our prosperity and security. We will work to ensure that we get the best deal with the EU to help support strong growth in the sector. I understand the link that noble Lords and the noble Baronesses have drawn between these two measures of support through this proposed amendment, but I do not consider that including provisions related to the EU negotiations will improve the purpose of the Bill or the support that the legislation will provide to our sector. This Bill is about regulation of UK space activities and sub-orbital activities and connected purposes.

As the noble Lord, Lord McNally, acknowledged, the European Space Agency is an international organisation, rather than an institution of the European Union. As I said at Second Reading, the UK's membership of the European Space Agency will not be affected by the UK leaving the EU.

I was asked about the release of the studies on the impact that Brexit will have on the sector. Since the referendum, the Government have been undertaking rigorous and extensive analysis work to support our exit negotiations, define our future partnership with the EU and inform our understanding of how the EU exit will affect the UK's domestic policies and frameworks.

However, Parliament has voted repeatedly not to disclose material that could damage the UK's position in the negotiations with the EU. I am sure that the Committee will agree with me that, in any negotiation, information on potential economic considerations was very important to the negotiating capital and to the negotiation position of all parties.

The noble Lord, Lord McNally, and the noble Baroness, Lady Randerson, asked about the effect of freedom of movement on the space sector. Of course, they are correct that when we leave the EU freedom of movement, as we know it, will end. However, we have been clear that there will be an implementation period after we leave the EU to avoid a cliff edge for businesses, and after we leave the EU we will have an immigration system that works in the best interests of the UK. Crucial to the development of this will be the views from a range of businesses, including from high-tech sectors, such as the space industry.

In the light of that information, I ask the noble Lord to withdraw his amendment.

Lord McNally: My Lords, I beg leave to withdraw the amendment.

Amendment 1 withdrawn.

Amendment 2

Moved by Lord McNally

2: After Clause 1, insert the following new Clause—

“Impact of the Act on the United Kingdom's economy

- (1) The Secretary of State must carry out an assessment of the expected monetary benefit to the United Kingdom's economy that this Act will bring.
- (2) The Secretary of State must lay a report of the assessment made under subsection (1), including the details of any companies that have approached the Government with plans to utilise provisions set out in this Act, before Parliament within the period of six months beginning with the date on which this Act is passed, and once in each calendar year following.”

Lord McNally: My Lords, in introducing the first amendment, I mentioned the good work that successive Governments did to give the British space industry a boost. I did not say—but it was in my notes, and I am prompted by seeing him in his place—that the noble Lord, Lord Willetts, played a special part in that. The space industry made real progress during the time he had responsibility for it under the coalition Government.

This is more of an amendment to the Bill itself and it challenges the Government to respond to a simple question posed by the Commons Science and Technology Committee: where is the clear evidence that there is demand for a UK-located spaceport? We are going to a great deal of trouble to put into law regulations for these developments yet, as that committee mentioned, the Government have not quantified the financial benefits of a new regulatory framework for spaceflight. This is a probing amendment to see what work the Government have done on the concept of spaceports.

3.30 pm

There is no doubt that we want to be part of this industry. As we know from our discussions on the Data Protection Bill, demand for data is growing

globally and the satellite industry is uniquely positioned to meet the need to collect and communicate data around the world. Some 25% of the world's communications satellites are built in the UK, which is particularly successful in developing small satellites. These have evolved from being simple technology demonstrators to highly capable operating vehicles. Hand in hand with these developments, new materials such as graphene and advances in high-value manufacturing offer the prospect of carrying secondary structures and payloads, which will be smaller and lighter without compromising the ability to deliver into orbit.

The space sector has an exciting story to tell. The more the Government can give us the facts as they know them, the more momentum will be created behind this new space age. I beg to move.

Lord Willetts (Con): My Lords, I thank the noble Lord, Lord McNally, for his kind remarks. I declare an interest as a member of the boards of Surrey Satellites, a space company, and of Sirius, a space security company. The noble Lord raised an important question. When talking about science innovation it is very hard to be absolutely confident about what the exact scale of monetary benefits to the British economy might be. However, we have a particular geographical advantage. If one is trying to launch satellites into polar orbit, launching over an ocean at a good angle is very attractive for many companies. With the Irish Sea and, even more importantly, in Scotland, we have the opportunity for spaceports that could be a good location for vertically launching satellites into polar orbit.

There is now a very lively race going on between several possible locations for spaceports. Norway is planning one and the Azores are working on one to launch satellites out over the Atlantic. I strongly support the Bill because it provides the possibility of the UK entering that competition early with, apparently, a range of candidates in other locations as well as the north of Scotland. From the Back Benches, I assure the House that there is an enormous opportunity here. There is currently no major spaceport functioning in Europe that enables space launches to take place over the ocean. It could well be that, as a result of this excellent Bill, the UK has an opportunity to take the lead in that.

Lord Moynihan (Con): My Lords, I declare my interest, which I declared at Second Reading, of living in sight of Prestwick Airport. I am a great protagonist for the interests of that airport. The comments that have been made are extremely important: we need to get a first-move advantage in western Europe. This is a highly competitive market and we have a real opportunity to put our significant skills base into effect in ensuring that we have early recognition and licensing of spaceports in the UK. There should be two. However you look at the spaceport option, there will always be the weather challenge. While Prestwick happens to have an outstanding microclimate and is highly suited to being the first spaceport with its nearly three-kilometre runway and a launch direction out over the north Atlantic, as my noble friend has just said—particularly for the launch of satellites, which is a very important part of this—the

Government would be wise to look at licensing two spaceports in the first instance, not least because of the weather implications.

In response to the noble Lord, Lord McNally, it is gratifying to see an all-party approach being taken to this issue, both locally and nationally. In the context of Ayrshire and Scotland, not only have the Scottish and British Governments done a lot of very good work, but so have MPs from across the spectrum, such as Bill Grant and Philippa Whitford, and my noble friend Lady Ford, who was very active on this issue during the summer, as well as council leaders of all parties. It is important that they all recognise the benefits of spaceports and of the industrial opportunities around licensing them, as well as of outreaches in terms of employment opportunities and the links to schools and encouraging young people in the vicinity to study science. In Ayrshire, there is heavy unemployment in some of those areas. This would be an inspirational opportunity for young people to study the sciences and related industries. As I say, the advantage of making the first move is critical in the international global market and there are real benefits to local communities where the first spaceports are likely to be licensed.

Lord Callanan: I shall take that last point first and thank my noble friend Lord Moynihan for his support. It is unusual for someone who lives near an airport to want to see an expansion of opportunities for it. He will understand that, as aviation Minister, my postbag is normally filled with correspondence from people living near airports who seek to halt whatever goes on at those airports, so I welcome his support.

This amendment raises the impact of the Bill on the UK economy and seeks to provide some degree of assurance through the annual laying in Parliament of an assessment of the monetary benefits. Noble Lords are right to draw attention to the economic opportunity the Bill represents, the need to evaluate the market effectively and how we measure the benefits it will enable. As noble Lords know, the UK space sector is a British success story, a growing sector which continues to pioneer new technologies from satellites and instruments to new applications and services. The one area where our space sector cannot prosper is launch. The Bill will allow us to do just that. This legislation will create a safe and supportive regulatory environment for small satellite launch and suborbital flight in the UK. I am confident that the UK will attract companies and investment. Only last Friday, I met stakeholders to discuss the Bill and the wider space sector. I heard an awful lot of positivity about the Bill and the future demand for launch activities.

Earlier this year, the Government announced a call for industry proposals to establish a launch capability in the UK. This resulted in 26 proposals for grant funding from bidders wanting to establish spaceports around the UK, along with operators from the UK, Europe and the US. Through this approach we have demonstrated a strong interest in spaceflight activities in the UK from right across the country.

On evaluating the importance of the sector to the UK, the UK Space Agency and its partners conduct regular economic evaluation. The majority of these

[LORD CALLANAN]

assessments are publicly available and published online. This includes a biannual size and health survey of the UK space industry. The emerging market for spaceflight in the UK will be included in future versions of this industry-wide evaluation and will be made publicly available, as it is now.

The amendment would require a report to include details of companies that have expressed an interest in carrying out spaceflight activities. Details of the companies that have approached government are largely commercial and in confidence. I am sure noble Lords will agree that it would not be appropriate for government to report on these engagements or on these companies' plans.

With regard to the economic opportunity for the UK, global small satellite launch and servicing could exceed £25 billion in revenue over 20 years, with an untapped European regional market potentially worth around one-third of this £25 billion. Nowhere in the world is this market fully exploited by a sustainable commercial offering. In addition, suborbital launch creates new opportunities for UK science by giving British scientists access to the unique environment of microgravity, as well as training, tourism and supply chain opportunities.

I understand the intention behind the amendment. However, I hope noble Lords will agree that we already engage extensively with industry to develop our plans and continue to conduct assessments to ensure we are making effective decisions. It would not be appropriate to duplicate information already collated and published in the public domain or to disclose information provided in commercial confidence to public bodies. I therefore hope the noble Lord will withdraw Amendment 2.

Lord McNally: My Lords, we shall now move to the nitty-gritty of what is essentially a planning Bill with lots of environmental, health and other matters. Beyond that, however, I was delighted by the two interventions. There is a need to bang the drum on this. It is such an exciting prospect, and although some may be keeping quiet about their intentions, entrepreneurs such as Virgin, Elon Musk, Professor Cox and others, tell us that this is just round the corner. I was therefore glad that the noble Lords, Lord Willetts and Lord Moynihan, took the opportunity to bang the drum, as did the Minister, but we have to keep up the momentum on this. For the moment, I beg leave to withdraw the amendment.

Amendment 2 withdrawn.

Clause 2: Duties and supplementary powers of the regulator

Amendment 3

Moved by Lord Rosser

3: Clause 2, page 2, line 25, at end insert—

“() the effect on the environment and on local communities of activities connected with the operation of spaceflight activities or the operation of a spaceport as licensed under this Act;”

Lord Rosser: My Lords, the Bill has been drawn up with the objectives and the future of the spaceflight industry in mind. There is obviously nothing wrong with that, but other interests and considerations also need to be safeguarded and addressed. The calls at Second Reading for light regulation and what is described as no unnecessary bureaucracy or red tape make one a little wary. Light regulation is what we apparently had for the financial services sector a decade ago, and we all know what some involved there got up to, which cost the country dear. One person's light regulation and so-called red tape can be a weakening of another person's protections and safeguards.

One of the areas on which we need to be satisfied that the Bill either provides or does not remove appropriate safeguards and protections is over the impact that spaceflight development as envisaged in the Bill could have on the environment and local communities. There appears—subject to what the Minister may say in response—to be surprisingly little in the Bill that addresses potential concerns in these two important areas.

The duties and powers of the regulator, as set out in the Bill, are geared to the promotion of spaceflight. Indeed, at Second Reading there were calls for a more specific statutory government duty to achieve this objective. Clause 2(2) states:

“The regulator must exercise the regulator's functions under this Act in the way that the regulator thinks best calculated to take into account”,

with the first two matters listed being,

“(a) the interests of persons carried by spacecraft or carrier aircraft”,

and,

“(b) the requirements of persons carrying out spaceflight activities”.

There is no specific reference to local communities in the other matters listed under Clause 2(2), and the reference to the environment appears to be,

“environmental objectives set by the Secretary of State”.

Those could prove to be wide-ranging but, equally, they could prove to be non-existent or even negative, depending on the outlook of whoever is the Secretary of State at the relevant time.

3.45 pm

As the Secretary of State could, as I understand it, also be the regulator under the Bill, does that mean that in his or her capacity as regulator he or she would be required to take into account “environmental objectives” which he or she had set as Secretary of State and which presumably they could change as and when they wished?

The need to strengthen the considerations that the regulator must take into account in exercising the regulator's functions is increased by the statement, in Clause 2(3), that,

“If in a particular case there is a conflict in the application of the provisions of subsection (2), in relation to that case the regulator must apply them in whatever way the regulator thinks reasonable having regard to the provisions as a whole”.

Thus, the Bill would appear to indicate that conflicts in the application of the terms of Clause 2(2) are likely. If there is no proper reference in that subsection to the impact on the environment and on local communities of space activities having to be taken

into account by the regulator, they are surely much less likely to be taken fully into consideration if they conflict with the interests of persons carried by spacecraft or carrier aircraft, or the requirements of persons carrying out spaceflight activities, which are the first two considerations for the regulator under Clause 2(2).

My amendments in this group seek to address that situation and would require the regulator to take into account the effect on the environment and on local communities of activities connected with the operation of spaceflight activities or the operation of a spaceport as licensed under this legislation, in addition to the other considerations already set out in Clause 2(2). The amendments also provide, under Clause 12(6), for the regulator to consult the Environment Agency or similar bodies in Northern Ireland, Scotland and Wales, as well as any relevant local planning authority, before deciding what conditions to include in a licence under this legislation.

We need to know from the Government, on the record, exactly how this operator licensing regime and the powers of the regulator will work in relation to the existing planning process and planning laws. Will a person with an operator licence or with exemption from an operator licence, or the regulator, including if the regulator is the Secretary of State, be able to overrule or avoid any of the existing planning processes, planning laws or regulations, or environmental regulations, processes or laws, in respect of spaceflight activities in the United Kingdom or the operation of a spaceport either under the terms of the Bill or in subsequent regulations, including under the Henry VIII powers in Clause 66?

I hope that when the Minister responds, he will be able to address all the concerns and points that I have raised. I beg to move.

Baroness Randerson: My Lords, as the noble Lord has said, there is very little mention in the Bill of the environment. I am going to address Amendments 13 and 14, in the name of the Liberal Democrats, which cover some of the same ground to that outlined just now.

Clearly, there will be environmental implications of launching space vehicles and, indeed, of bringing the rockets on to site. At the moment, the nearest thing to this we are familiar with is when an aircraft wing is moved along the motorway. We are talking here about developing in rural areas, where there will be an obvious change of pace of life for local people. According to industry stakeholders I have discussed this with, the Bill does not sufficiently address health and safety and environmental aspects related to, for example, on-site assembly, maintenance and refurbishment of the launch vehicle and its payload—that is, the satellite. Nor does it address the storage and transport of launch vehicles or the issues of solid boosters and engine and thruster propellants. All these activities involve the handling of dangerous and explosive materials.

Amendment 13 would ensure that the operator cannot be granted a licence unless they have considered and minimised the impact on the environment. The Minister has made it absolutely clear that both the Scottish and Welsh Governments are very supportive, as is Cornwall Council. These are the areas where the impact is likely to be, at least in the first instance.

However, we are legislating for all possible future spaceports, and whatever the supportive nature of the devolved authorities and county councils, one has to think of the impact on local people. Just because it is exciting and being done in rural areas does not mean that we can ignore the impact on the environment. It is already clear that there will be controversy—make no mistake about it, as this is going to be intrusive.

Amendment 14 concerns specifically the impact that the required high levels of security will have in local areas. Obviously, spaceport activity will be subject to very high levels of security, and rightly so; we would demand that. Let me give noble Lords an example that was brought to my attention. In north Wales, the Llanbedr airfield, which is owned by the Welsh Government, is leased to an organisation that wishes to set up a spaceport. The neighbour to this airfield is Shell Island, an enormous holiday camp that was established in the middle of the last century. It has 80,000 happy campers a year and employs somewhere in the order of 100 people. That is a big business in north Wales. At high tide, the only access to the holiday camp for emergency vehicles is along a path across the airfield. This is a very well-established right of access, but now, for security reasons, there is the potential that Shell Island will be denied the right to that access. In other words, emergency vehicles will not be able to access the holiday camp. This is not only an issue of local discussion and so on but a well-documented problem. This dispute may well be settled satisfactorily, but it illustrates the potential for local clashes of interest and that security issues will be of paramount importance and intrusive.

Amendment 14 seeks to probe the extent to which the Government have discussed such issues with the emergency services, potential spaceport operators and the devolved Administrations. It would ensure that the operator of any spaceport must take all reasonably practicable steps to allow emergency access for neighbouring properties. The security aspects of establishing a spaceport are glossed over in the Bill and need to be taken seriously at this point in our discussions.

Lord Callanan: My Lords, under this Bill the number one priority for the regulator will be, quite rightly, to ensure the health and safety of the public and the safety of their property. There is clearly a moral case for ensuring public safety but also a compelling business case. Safe operations will be critical to the long-term sustainability of the UK spaceflight industry. There are, of course, other interests and requirements which the regulator must take into account in the exercise of its functions.

On Amendment 3, I thank the noble Lords for raising the issues of the impact on the environment and the interests of local communities in particular. These are important matters which the Government have considered in drafting the Bill. Under Clause 2(2)(e), the regulator is already required to take account of environmental objectives set by the Government when exercising its functions. Environmental objectives here mean both the policy objectives of the Government and the legislation and other forms of regulation which are used to realise those objectives. This places a

[LORD CALLANAN]

wide-ranging duty on the regulator and ensures that proper consideration of environmental matters informs the carrying out of its functions.

Under Clause 2(2)(c), the regulator likewise must take account of the interests of persons not involved in spaceflight activities in relation to the use of land, sea and airspace. This will include the interests of local communities affected by spaceport and spaceflight activities. A further protection both to local communities and the environment will be afforded by local planning processes. I stress that the Bill does not impinge upon or override local planning decisions. This will take account of the concerns raised by the noble Baroness, Lady Randerson, about emergency access to a campsite, which we discussed in one of our previous meetings. I hope she is reassured by that.

As part of the planning application process for any spaceport, whether a new site or an existing aerodrome which undergoes development, an environmental impact assessment will be needed if it is required by the EIA directive. The local planning authority will therefore already be obliged to scrutinise the environmental impact under existing planning legislation where the EIA directive applies. An EIA would also be required as part of any airspace change.

On Amendment 13, for the reasons already set out, we can be assured that this matter is sufficiently addressed. However, should we require further environmental legislation as new technologies emerge, the regulation-making powers in Clauses 10(b) and 67 give us the flexibility necessary to develop appropriately detailed measures which would supplement existing legislation.

4 pm

On Amendment 14, I thank the noble Baroness for raising the specific question of the impact of spaceports on local emergency response services. As I said earlier, I can assure her that no provision in this Bill will have a negative impact on the emergency services' ability to operate effectively in the area surrounding a spaceport. As part of the established planning processes across the UK, local planning authorities will be responsible for granting planning permission for spaceport sites once they have carried out the necessary assessments. Local authorities are also responsible for the provision of emergency services and will take the ability to provide effective emergency services to the surrounding areas into consideration as part of the assessment of planning applications. The Bill will not take away or weaken the power of local planning authorities to decide the appropriateness of the location of the spaceport. Their decisions will take into account the impact on the surrounding area of a proposed spaceport as well as any safety and security requirements which would fall to a spaceport operator licensed under the Bill. I am confident that the Bill contains the necessary powers to ensure that spaceports put in appropriate emergency response procedures, and fire and rescue provision, and will draw on local emergency services only where necessary and with the agreement of local responders.

I turn finally to Amendments 18 and 20. As we have discussed, as part of the planning application process for a spaceport, an environmental impact assessment

will be required. The local planning authority will therefore be obliged to scrutinise the environmental impact under existing planning legislation alongside other planning considerations. As I noted earlier, Clause 2 requires the regulator to take into account any environmental objectives set by the Government, which would include any issued by the Environment Agency.

I welcome the spirit of these amendments, but requiring consultation with the relevant Environment Agency and local planning authority before deciding what conditions to attach to a licence should not be necessary and is likely to be disproportionate if required in each and every case. The Government share the concerns raised by these amendments, but I believe that we have already appropriately accounted for them in the Bill.

In answer to a question put to me by the noble Lord, Lord Rosser, an exempt person will need to comply with environmental legislation where necessary, and planning, as part of current exemption conditions. Exemption from the licence does not exempt the person from the requisite planning legislation. I hope noble Lords feel that I have addressed their questions and reassured them on the provisions in the Bill, and I therefore ask the noble Lord to withdraw his amendment.

Lord Rosser: I thank the Minister for his response. Obviously, the issue of the significance or otherwise of someone who is exempt from the licence will come up later in a separate debate, but presumably, if someone is exempt from the licence, the regulator cannot apply conditions that have to be abided by on a licence because the operator will not need one.

Lord Callanan: That is true, but it does not exempt operators from the relevant planning provisions.

Lord Rosser: But it would exempt the person from some of the duties in Clause 2, which would be covered by the licence. That includes the things the Minister has prayed in aid in rejecting the amendment. Presumably, it does not include the requirement regarding,

"the interests of any other persons in relation to the use of land, sea and airspace",

or,

"any environmental objectives set by the Secretary of State".

The regulator could not take those into account when issuing the licence because no licence would be required by the person who was exempt.

I thank the Minister for his response, but if the Government really are determined to make sure that environmental considerations are covered and mentioned fair and square on the face of the Bill, I put it to him that they would not have used the phrase,

"the interests of any other persons in relation to the use of land, sea and airspace".

I think they would have been a little more specific, because it begs the question as to how one interprets, "the interests of any other persons",

which does not say anything specific about the environment or anything else. It would presumably be left open to the regulator, who could be the Secretary of State, to define what they thought that phrase covered. I ask the Minister to think hard about that on the Government's behalf, because if, as he said, we are

all as one in wanting to make sure that environmental considerations are taken fully and properly into account, why not make that a lot clearer in the Bill?

The Minister referred to Clause 2(2)(e):

“any environmental objectives set by the Secretary of State”.

“Objectives” implies something fairly wide-ranging, not something that has to be abided by or adhered to. I have already made the point—which I do not make in relation to the current Secretary of State—that an awful lot will depend on the attitude to environmental objectives of the Secretary of State of the day and the extent to which they are taken into account. Different Secretaries of State may have very different views on that point, so, frankly, I do not regard the Bill as it stands as satisfactory—particularly since the Government seem to accept that we are all as one in wanting to ensure that environmental considerations are properly taken into account.

There are a large number of regulations still to come in the Bill. I know the Minister will say that those affect only minor issues and none of substance, but regulations have a habit of being extended somewhat. I posed the question as to whether regulations could be drawn up that weaken or take away any of the current planning and environmental protections. I also referred to the Henry VIII powers in Clause 66, which by definition enable the Government to alter legislation. I again put it to the Minister that, given the Bill's current wording, environmental considerations could very much take second place.

I will withdraw the amendment, but I refer to what the Minister said—perhaps I misunderstood him—on Second Reading:

“We do not believe that the Bill engages obligations to produce an environmental impact assessment”.

He also said:

“Environmental impacts are heavily correlated with the type, frequency and location of spaceflight activities. At this stage, it is very difficult to ascertain specific environmental issues. For example, the sensitivities of a site cannot be known until we know the location of the spaceport”.—[*Official Report*, 12/7/17; col. 1268.] I would have thought it extremely difficult to argue, as one could interpret the Minister was arguing on Second Reading, that there could be a spaceport site for which no environmental consideration at all needed to be taken into account, and that there was therefore no immediate need for an environmental impact assessment. That part of the Bill could be strengthened.

I hope the Minister will think long and hard about what has been said today, and hopefully he can be more positive during the Bill's later stages. However, I beg leave to withdraw the amendment.

Amendment 3 withdrawn.

Clause 2 agreed.

Clause 3: Prohibition of unlicensed spaceflight etc

Amendment 4

Moved by Lord Moynihan

4: Clause 3, page 3, line 16, leave out “spaceflight activities” and insert “a specific spaceflight mission or class of missions”

Lord Moynihan: My Lords, I rise to make a short probing amendment. Before I do, may I say how much

I appreciated the excellent speech by the noble Baroness, Lady Randerson? I want to comment that in Ayrshire, we have none of the problems that she perceives exist in Cornwall, nor indeed in Wales. We have a tough and comprehensive security arrangement that surrounds and includes our airport. On the contrary to the noble Baroness's concerns about tourism, I think spaceports will increase tourism. In fact, we envisage a visitor centre near the airport because there would be real interest in the adopted and adapted 747s that will be necessary for a lot of the satellite launches, not just from people involved in aviation but from the local community. After all, when it comes to security and noise, many residents of south Ayrshire have experienced Concorde in training many years ago and many military activities at present. The rare launch of these aircraft—we are not talking about a daily basis in this Bill and rarely on a weekly basis—will be of a frequency much less than the general public perceive and the noise associated with horizontal take-offs will be de minimis. Indeed, Prestwick is applying for only a horizontal licence. I make that comment in passing as I am sure my noble friend the Minister is aware of how ready Prestwick Airport is to move on this and how it would like to accelerate the licensing powers in this Bill so as not to lose competitive advantage.

My amendment is rather more specific, but nevertheless very relevant to the comments of the noble Baroness, Lady Randerson, on bringing relevant aircraft parts to the spaceport. At the moment, as I read it, an operator licence means a licence under the clause,

“authorising a person to carry out spaceflight activities”.

It is the word “activities” that I have an element of concern with. This could involve companies involved in R&D relating to spaceflight activities, or bringing relevant aircraft parts and those companies involved in doing that. I am sure the intention is not to have a licence for all those activities. It is my suggestion to the Minister that as currently drafted that may be too wide. My probing amendment is simply to delete “spaceflight activities”, and insert,

“a specific spaceflight mission or class of missions”,

which is what I understand to be the Government's objective in awarding operator licences. I hope I have been incredibly helpful to my noble friend the Minister, who will be able immediately to accept this constructive and reasonable amendment. I beg to move.

Lord Callanan: I pay tribute to my noble friend's enthusiastic promotion of his local airfield. I am sure his comments have not gone unnoticed. I have certainly taken them on board.

The fundamental purpose of Clause 3 is to prohibit the carrying out of spaceflight activities or the operation of a spaceport in the UK without a licence. Launch from the UK is a new activity and we envisage that launch vehicles will be licensed on a per-launch basis, but the Bill allows for the licensing of a launch vehicle for a number of launches if that is deemed appropriate.

The amendment tabled by my noble friend raises an interesting issue pertinent to the future growth of the space sector—namely, the challenge of licensing

[LORD CALLANAN]

classes of satellite together, as opposed to licensing each satellite separately. This is particularly relevant for so-called mega-constellations, comprising a great number of satellites working in concert.

The current licensing regime under the Outer Space Act already allows us to license a constellation of satellites that can be described broadly as multiple satellites of similar or identical design under the control of a single operator and which work together to deliver a single service. The definition of “operator licence” in the Bill is also wide enough to allow for the licensing of a constellation of satellites. Of course, while the Bill is designed to cover all types and classes of mission, a licence will be granted only if the regulator is satisfied that a licensee has met all necessary requirements, most notably those relating to safety.

4.15 pm

Clause 4 is fruitfully discussed in the context of Clause 3. The purpose of the clause is to provide for circumstances where a person may be exempted from the requirement to hold an operator licence. First, an exemption may apply where an arrangement has been made with another country whereby it complies with international obligations, such as the UN space treaties, on behalf of the UK. This provision is based on Section 3(2) of the Outer Space Act 1986 and allows the UK and the other state to agree between themselves who should supervise the activity. In this situation an Order in Council would be made to apply such an exemption to a class of activities.

The second exemption is where it is not deemed necessary to license an activity because it would not give rise to safety concerns or invoke the UK's international obligations. The Bill is drafted broadly to ensure that all spaceflight activity can be licensed. However, a consequence of this is that activities may be legally required to be licensed where there are no concerns. Again, this replicates the provision in the 1986 Act. Such an exemption would be made by regulations. These may also set out the process for granting an exemption and any terms and conditions that may apply.

The regulations made exempting the activity may also specify that the requirement to indemnify the Government under Clause 35 does not arise, or set out the maximum amount of the indemnity. Such an exemption might be appropriate where the activity would not itself risk causing injury or damage; for example, a person renting capacity on a satellite that is owned and insured by another licence holder. However, we consider that exemptions under this clause are likely to be rare as there would be a high bar to clear to show that people's safety is not at risk.

With this explanation of the licensing provisions in Clauses 3 and 4, I respectfully ask my noble friend to withdraw his amendment.

Lord Lucas (Con): My Lords, I may have misheard, of course, but I did not hear my noble friend the Minister address my noble friend's question about whether some other activities that should not need a licence might fall under the wording of the Bill because

“spaceflight activities” can refer to activities associated with spaceflight rather than just launches. I hope I have understood my noble friend correctly.

Lord Rosser: I do not want to prevent an answer to the noble Lord's question but if the Minister is going to reply to the noble Lord, Lord Lucas, I want to come in afterwards.

Lord Callanan: I thought I had responded to it but I will reflect on the point that he has made.

Lord Rosser: The noble Lord, Lord Moynihan, moved an amendment to Clause 3 and the Minister went on to talk about Clause 4, perhaps because they are grouped together on the list in front of us. If the Committee is willing to bear with me, I have a stand part resolution down in relation to Clause 4. If I could just make one or two points about that, I would be grateful.

Clause 4(1) refers only to not requiring, “an operator licence to carry out spaceflight activities”.

It does not refer to operating a spaceport. Can the Minister say whether the provisions of Clause 4 apply only to spaceflight activities—that is, the flight itself—or do they also apply in any way to the operation of a spaceport? Clause 4(1) refers also to international obligations, which the Minister has referred to already. I will read *Hansard* carefully to see exactly what international obligations he referred to in giving an example of the kind of situation in which an exemption would be given.

What role or powers will the regulator have in relation to a person who does not require an operator licence under the provisions of Clause 4? We partially dealt with that in the discussion on the previous amendment, and I think the Minister referred to later amendments and suggested that he would deal with the matter then since it is not immediately clear what powers the regulator has in relation to a person who is exempted from having a licence or what difference that exemption makes in terms of the regulator.

Clause 4(2) states:

“Regulations may make provision for other activities or persons to be exempted, either by the regulations themselves or by the regulator”.

What other activities or persons could we be talking about—which in relation to activities or who in relation to persons—that would be exempted from an operator licence or does the reference to activities go beyond activities for which an operator licence is required? Although I listened to what the Minister said, I am not quite sure exactly what he said about the need for the provisions in Clause 4(2) as opposed to the provision in respect of Clause 4(1).

Clause 4(4) states:

“Regulations may ... make provision about the revocation or renewal of an exemption”.

Why is “may” there? In what circumstances would an exemption from an operator licence be granted which did not contain a provision for that exemption to be revoked?

Lord Callanan: I shall first address the noble Lord's question. It is considered that the activity of operating a spaceport will not qualify for an exemption as the activities that will take place from the spaceport

will have safety implications, for example, the storage of hazardous materials, the launching of spacecraft et cetera.

I shall give the noble Lord a few more details on the kind of exemptions that we are considering under these clauses. These exemptions are based on similar exemptions contained in Section 3(2) of the Outer Space Act 1986. The first exemption in Clause 4(1) is for situations under the UN space treaties where the UK and another state are jointly liable for a space activity. This provision allows the UK and the other state to allocate responsibility for regulation, supervision and monitoring activities between themselves. This exemption would be made by way of an Order in Council. The second exemption provides that activities or persons can be exempt from the requirement to hold an operator licence if the activity does not give rise to safety concerns or invoke the international obligations of the UK. There is also an exemption in Clause 7(4) that regulations may exempt persons or services from the requirement to hold a range control licence if the activity does not give rise to safety concerns or invoke the international obligations of the UK.

The terms “operating a space object” and “operating a spacecraft” in the Bill are drafted to be intentionally wide. Although this is useful and necessary to capture all activities for which a UK liability might arise under the UN liability convention, certain activities could be captured where there are no safety or security implications and the state liability is already indemnified by someone else. In such a case, a licence might not be necessary and could be overburdensome on industry. Clause 4 therefore provides for exemptions in these circumstances.

I shall give some examples of activities that could be exempted from licence requirements. The Bill provides that persons engaging spaceflight activities and range control services can qualify to be exempt from the requirement to hold a licence. Some aspects of manned suborbital activities could qualify for an exemption. However, the exemption under Clauses 4(2) and 7(4) will apply only in cases where the activity does not give rise to concerns for public safety or the safety of those involved in the activity. If there were any concerns that the activity would put people’s safety at risk, then it would not qualify for an exemption. To qualify for an exemption under Clause 4(1), another country would be required to take on all the international obligations of the UK. I hope that my response satisfies the noble Lord’s concerns.

Lord Moynihan: My Lords, I am very grateful to the Minister for his response and for the intervention from my noble friend, who is exactly right. My concern was not the distinction between a specific spaceflight mission or a cluster of missions—as important as that is, which my noble friend the Minister addressed—but the use of “activities” in the legislation, which seems to go far wider than is intended in the context of issuing licences. It can mean anything from training programmes to a visitor centre, or any activity which is related to the operation of the spaceport. I note that in response to my noble friend, the Minister said that he recognised there might an issue here and that he was prepared to go away and think about it. I would be

grateful if he would, because the wording here could be improved to allay any concerns about the breadth of the activities that he has in mind for the issuing of operator licences. In the spirit of his response, I beg leave to withdraw my amendment.

Amendment 4 withdrawn.

Clause 3 agreed.

Clauses 4 to 6 agreed.

Clause 7: Provision of range control services

Amendment 5

Moved by Lord Moynihan

5: Clause 7, page 6, line 39, after “guidance” insert “in regulations”

Lord Moynihan: My Lords, in moving Amendment 5 I will also address Amendments 6, 9, 10, 25 to 28, 30 and 31. First, I declare an interest. I am a member of the Delegated Powers and Regulatory Reform Committee, which I hope has contributed constructively to the drafting of the Bill and to briefing the House on a number of issues relating to it. The comments I wish to make are strictly personal and the position taken by that committee is before the House in any event.

The House may recall that the House of Commons Science and Technology Committee examined the draft Spaceflight Bill towards the end of the last Parliament and invited the views of the Delegated Powers and Regulatory Reform Committee. Given the importance and intrusiveness of many of the Bill’s provisions, the Delegated Powers and Regulatory Reform Committee recommended that some delegated powers be removed altogether and that others should be subject to the affirmative rather than the negative procedure. I personally place on record that I believe that the Government have taken on board many of that committee’s recommendations. The number of regulations subject to the affirmative procedure has increased from four to 13, and two objectionable Henry VIII powers have been removed altogether—I say objectionable because they included one that allowed the regulator to dispense spaceport operators from any statutory requirement in any Act of Parliament, without any parliamentary procedure whatever. The Government have perhaps implicitly acknowledged the argument that a regulator’s job is to regulate compliance with the law and not to dispense the need for compliance with it.

Several provisions in the Bill allow the Secretary of State and the regulator to issue guidance, and I will concentrate for a moment on this word “guidance”. No parliamentary procedure attaches to the issuing of such guidance. The Government justify this on the ground that the guidance is intended to be user friendly, be detailed and aid policy implementation by supplementing regulations, rather than intended to substitute any legislative provision. My view is that where someone must have regard to guidance, or indeed must follow it, the guidance has legal significance—meaning in turn that some parliamentary procedure is appropriate, typically negative-procedure regulations. The fact that the Government say the guidance is designed to

[LORD MOYNIHAN]

supplement regulations—in other words, add to the law—also suggests that some parliamentary procedure should attach.

In Clause 67 there is an increase in the number of regulations subject to the affirmative procedure, from four to 13. However, this is not quite the whole story. Of these 13 affirmative sets of regulations, five contain what the Government have called a compromise. In other words, the first set of regulations made under the powers in question have to be affirmative but subsequent regulations are only negative. This is unquestionably an advance on the position taken in the draft Spaceflight Bill, but it invites several comments. The technique could be open to abuse. The first set of regulations, the affirmative ones requiring debates in both Houses, might only be skeletal. The subsequent regulations might provide all the real substance but they would merely be subject to the negative procedure. I am certainly not suggesting that the Government intend to adopt such a ruse, but I hope the House will judge delegated powers not merely on how the present Government propose to use them but on how any hypothetical Government might be able to use them in future.

4.30 pm

One of the Government's stated reasons for the affirmative procedure applying only to the first exercise of the powers, with the negative procedure applying subsequently, is that having the affirmative procedure in all such cases,

"could take up a disproportionate amount of parliamentary time and might discourage timely updating because of difficulty securing parliamentary debates".

I believe this to be unconvincing, and would generally argue for the adoption of the negative or no procedure in virtually all cases. In the case of safety regulations under Clause 18—safety is absolutely at the heart and centre of the Bill—with subsequent regulations only negative, the Government have justified making the first set of regulations affirmative on the grounds that the "continuous updating" of safety regulations should occur,

"in a nimble and proportionate way".

No one would want safety regulations not to be updated because of an alleged difficulty of securing parliamentary debates, but this is such an important issue that I hope the Government will look again at it. As I say, safety is and should be at the heart and centre of the Bill, and should not be in some way put to one side on the grounds that there might be difficulty in securing parliamentary time to consider it.

With those thoughts in mind, I have tabled these amendments in my name. While recognising—I emphasise again—that we have moved a long way from a skeletal Bill to a far more detailed and comprehensive one, and that the Government have listened carefully to the arguments made in both Houses, I still believe we have some distance to travel. I beg to move.

Lord Rosser: I must say that I rather support the thrust of the points that the noble Lord, Lord Moynihan, has made. Later on, though not today, we will come to

the amendment we have tabled about how regulations should be dealt with in view of the number of them that will be associated with the Bill.

I shall confine my comments now to the view of the Delegated Powers and Regulatory Reform Committee, particularly in respect of the issue in Amendments 9 and 10 where clearly there was a disagreement, with the Delegated Powers and Regulatory Reform Committee arguing that where there was a requirement to abide by the terms of what the Government described as "guidance", and where there was a requirement that an applicant must do something of importance with that guidance for the regulations to be satisfied, it should in fact be subject to parliamentary scrutiny given its legal significance. The noble Lord, Lord Moynihan, has of course drawn attention to that point.

The Government seem less than enthusiastic about going down the road of the Delegated Powers and Regulatory Reform Committee on that issue. However, they did not actually address the point being made by that committee, which was the distinction between guidance that an applicant may take into account and guidance that an applicant must take into account in order for the regulator to be satisfied. Although I certainly support the thrust of everything the noble Lord, Lord Moynihan, said, I confine my specific comments to that point in the Delegated Powers and Regulatory Reform Committee report and invite the Minister to think again about what appears to be the Government's rejection of it.

Lord Fox (LD): My Lords, at this stage, I declare my financial interest in GKN and Smiths Group, both of which probably have some activity in the space industry, although I am not currently aware of it. I associate these Benches with the amendments and the overall thrust, which I am sure that the Minister is beginning to get, that there is considerable concern about the exercise of delegated powers. As the previous speaker mentioned, that will come up in a series of later amendments.

I defer in my knowledge to the noble Lord, Lord Moynihan, who is expert in these matters, but it is clear that we want to get the balance of affirmative and subsequent negative delegation right, and the excuse or otherwise that parliamentary time may not be available for the return of legislation is probably insufficient. Again, I hesitate to say this in front of the noble Lord, but safety is often dealt with by safety cases rather than a line by line, "You should do this, you should do that", style of legislation. It does not require line-by-line scrutiny by government or Parliament.

With those points in mind, we associate ourselves with the amendments. We ask the Minister to review the Government's position on delegated powers and are interested to hear how he stands on the amendments.

Baroness Neville-Rolfe (Con): My Lords, I am sorry that I was unable to speak at Second Reading on this important Bill, but I have had a helpful exchange with the Minister on the powers in it and his plans for consultation in future.

Following on from the comments made by my noble friend Lord Moynihan, I have a question and a comment. First, he argued for parliamentary procedure

in relation to guidance. I would find it helpful to have a little more detail as to what sort of guidance is envisaged, so that we can look critically at whether any parliamentary procedure is appropriate. Secondly, I share his concern at the double barrel—having an affirmative resolution for the first regulation and a negative resolution for subsequent provisions—because it could be open to abuse and give too much power to the Executive on important matters. I would welcome further study of this provision, as has been suggested, before Report.

I am worried about the powers in the round—in this Bill and the Data Protection Bill—and I think that delegated legislative provisions will also become an issue when we come to the plethora of Brexit Bills later in the Session. It would be very useful, in this less contentious Bill, to make sure that we have the right provisions.

Baroness Sugg (Con): I thank my noble friend for allowing me the opportunity to explain the Government's approach to statutory guidance under the Bill. I also thank him for his work on this Bill and for his role in the Delegated Powers and Regulatory Reform Committee. As he said, the Government have taken on board many of the recommendations of that committee, following its scrutiny.

The purpose of guidance is to aid policy implementation by supplementing the legal framework. It is not intended to circumvent this legal framework set out in primary or secondary legislation. The main benefit of the guidance is the flexibility to amend quickly and take account of changing events. For example, recently with Monarch Airlines, the CAA had to provide extensive guidance about passenger consumer rights under the ATOL scheme. This included what protections there were for consumers and how they could go about making an ATOL claim. This guidance had to be produced very quickly to support those impacted by the airline's failure, and it is a clear demonstration of the flexibility of having guidance not made in regulations.

I should add that the approach we are taking under the Bill is consistent with that in aviation. Various standards, technical information and information regarding best practice can change annually. It would be difficult to keep up with changes if the guidance had to be approved by Parliament every year. There are parallels, too, with the approach taken on health and safety and other technical sectors. For example, in the nuclear sector, guidance sets out how people can comply with the requirements imposed by the Nuclear Installations Act 1965.

I assure noble Lords that the Government's approach to the statutory guidance will be transparent. The initial sets of statutory guidance will be consulted on to allow scrutiny and comments from anyone with an interest. Where the guidance relates to regulations we will consult on it at the same time as consulting on the draft statutory instruments. Perhaps it might be helpful, in response to the questions from my noble friends Lord Moynihan and Lady Neville-Rolfe, if I set out what we believe the split to be between the regulations and the guidance under the Bill. There may be matters on which the regulator does not wish to prescribe a

particular way of working but wishes to help operators with guidance. For example, in relation to safety assessments, the regulator will be primarily interested in the outcomes rather than prescribing specific processes or methodologies. That is in line with best practice in health and safety where regulations will set out what must be taken into account and the requirements to be met in carrying out a risk assessment. Guidance will recommend a certain approach to carrying out that risk assessment.

The noble Lord, Lord Rosser, raises the point around the DPRRC recommendation on Clause 9. As I have already mentioned, the purpose of the guidance is to support the implementation. The recommendation in this case focuses on the need for parliamentary scrutiny of guidance given by the Secretary of State to the regulator. We believe that we need the flexibility for guidance to the regulator as well as for guidance to other persons. In aviation, for example, the CAA is required to take account of the guidance on environmental objects when carrying out its air navigation functions.

As my right honourable friend in the other place John Hayes said in his letter in response to the Committee, the initial guidance on this clause will be subject to a full consultation to enable scrutiny and comment from all those with an interest. Obviously this is an area of considerable interest in the Chamber, and we will certainly reflect on all the points made today. Given these assurances, I ask my noble friend to withdraw Amendment 5.

Lord Moynihan: I am very grateful to my noble friend for her response. She cites the case of Monarch and passenger and consumer rights in the guidance. Of course, that had legal significance. The point that I am making here is that, given the way in which the Bill is drafted, there are some areas where there is no legal significance behind the guidance. Indeed, it is very interesting that some of the provisions allow the Secretary of State or the regulator to issue guidance but do not require the recipient to have regard to the guidance at all. I cite Clauses 7(7), 17(3), 18(3) and 22(3) in that context.

Given my noble friend's very helpful response, it would be worth just taking this away and making sure that the appropriate scrutiny by both Chambers is in place, and that the argument for guidance to have legal significance is taken into account, particularly in the context of her example about the demise of Monarch Airlines. She makes the very important point, as was made from the Liberal Democrat Benches, that safety methodologies are not what is being looked for; rather, it is safety outcomes, because safety cases are critical. I well recall, as Energy Minister in another place, that being the key point made in the Cullen report following the horrific Piper Alpha disaster in the North Sea. We are not looking here for detailed methodologies to be placed on the face of the Bill. Where safety is a matter of concern, we are looking for the appropriate scrutiny by both Houses to ensure that the guidance given has legal significance and that there is an appropriate parliamentary procedure in place to consider the proposals made by either the Secretary of State or the regulator.

[LORD MOYNIHAN]

My noble friend said that she would have a good look at this, which I appreciate. She will have heard the support from across the House to ensure that this was appropriately reflected in the Bill. With that in mind at this stage of the Bill's proceedings, I beg leave to withdraw the amendment.

Amendment 5 withdrawn.

Amendment 6 not moved.

Clause 7 agreed.

Clause 8 agreed.

4.45 pm

Clause 9: Grant of operator licences: safety

Amendment 7

Moved by Lord Tunncliffe

7: Clause 9, page 7, line 37, leave out "to (4)" and insert "and (3)"

Lord Tunncliffe (Lab): My Lords, in moving Amendment 7, I shall speak also to Amendments 8, 11 and 12 in this group. The Bill requires, in Clause 9(4) on page 7:

"As regards risks to the health, safety and property of persons not within subsection (2)"—

subsection (2) is about individuals who take part—

"the applicant must have taken all reasonable steps to ensure that those risks are as low as reasonably practicable",

and,

"the level of those risks must be acceptable".

This set of amendments vests the responsibility for certificating that this level of risk has been achieved in the Health and Safety Executive.

I start by thanking the Minister for the time that he has given to talk to us about the Bill—therefore, I cannot pretend that this is a probing amendment. I for one, and the rest of our Front Bench to a degree, feel that the Bill is premature. The two-year gap envisaged between the Bill becoming an Act and the full emergence of the regulations suggests to us that introducing the Bill at a later time would have been more efficient and allowed fuller scrutiny on a more comprehensive Bill. That is particularly drawn out in the whole safety issue.

The bit of the Bill that I have read requires the concept of the risks to what I shall call uninvolved third parties to be reduced to "as low as reasonably practicable". That is a very widely used concept in the safety world—a complex concept that weighs benefits against risks and costs.

I shall take a view of the benefits of the Bill. The Minister quoted the importance and value of the space industry to the United Kingdom, and I would not in any way demur from that, but we are not talking about creating it or not, or the space industry carrying on in future or not. We are talking about two capabilities. One is about inserting the satellites into orbit and the other is space tourism. I know that some other things are prayed in aid, but that as a generality covers what the Bill will provide.

There is no way in which we are going to be a first mover in inserting satellites into orbit. The Americans, Russians, French and Chinese are all in this business.

The Minister suggested that there was a special European dimension, and there may be, but to a degree inserting satellites into orbit is likely to become a commodity, especially as satellites become smaller and less weighty. There is a benefit, but the benefit will have to be judged in the whole balance of achieving "as low as reasonably practicable".

I find the concept of space tourism extremely difficult to grapple with in safety terms. The nearest thing we have had to sustained space tourism was the shuttle programme. There were 135 missions; two ended catastrophically and 14 people died. I doubt that there is genuinely much of a market for tourism which involves a one in 65 chance of dying. The Virgin Galactic programme has also been mentioned. This has so far resulted in one destroyed aircraft and one dead pilot. Broadly speaking, the Health and Safety at Work etc. Act requires that an activity where an employee runs a risk of more than one in 1,000 is unacceptable and should simply not happen. I find it difficult to believe that, with the risks apparent at the moment, space tourism would be certificated in this country in the near future.

Although the benefits of the industry as a whole are valid, it is less clear how great they are for this particular capability. They would also need to be balanced in meeting the requirements of the clause that protects the safety of uninvolved third parties, whose exposure is nicely brought out in annexe C to the letter which the Minister was good enough to write to me and some other noble Lords. It stated:

"The current UK aviation regulatory regime prioritises the safety of the aircraft and its occupants and does not directly regulate the safety of third parties on the ground ... If the level of safety for the aircraft and its occupants is sufficient then by default third parties can be considered appropriately protected".

This approach is clearly not sufficient in this direction, either in its outcome or in its nature.

Generally speaking, there are two ways of developing a safety regime. There is the accident-led way: an enormous proportion of our safety law—fire law, building regulations et cetera—comes from accidents from which we learn. It may surprise noble Lords to learn that aviation safety essentially has the same basis. When I was involved in the industry in the 1960s, a British-registered jet aircraft crashed about every two years. When I entered the profession it was dangerous, with a chance of dying of about one in 2,000 per annum. Before civil aviation had its many crashes, the military was exploring the edges of the envelope and having similar numbers of them. The industry developed a high-quality investigation regime and slowly learned from these events. It then put them into regulations and co-operation emerged, both in the industry and internationally, which has refined itself into today's civil aviation regime. I am not questioning its effectiveness, but one has to recognise its background. It is about experimenting, having events and then learning from them. That is my first point in arguing that the civil aviation approach is not suitable for this industry.

Secondly, the hybrid launch concept will not be certificatable within the normal civil aviation system. Basically, you cannot certificate aeroplanes to carry rockets. One has to realise that a rocket is merely a

managed explosion. Those of us who remember the early days of spaceflight know that when rockets go wrong they turn into explosions. Carrying a rocket, these aircraft will be highly specialised and certainly will not fall naturally into any certification regime. As the Minister's quotation illustrated, the consequences on the ground of an aircraft with a rocket on board crashing will have to be addressed. The presumption that the airplane and its occupants are safe will not be proven to the level by which one can disregard the impact of such a crash.

Thirdly, in a hybrid approach, not only do we have to look at the risks to aircraft used to launch rockets, we also have to look at rocket-propelled aircraft. One of the many ideas used to illustrate the potential value of spaceports are rocket-propelled aircraft, which will be an entirely new area of risk. The Bill allows for vertically launched rockets, and these will need to be assessed. Therefore, I argue that the aviation approach is not appropriate or called for by the Bill. It calls for an ALARP approach, which essentially, as I have already said, balances the benefits against the risks. It is a forward-looking approach and is used in nuclear, the railway environment and safety-critical industries. To meet this requirement one needs competence in the ALARP approach. Our amendments argue that that competence is held by the Health and Safety Executive.

However, as important as the requirement in connection with the body certifying that the level of risk has been reduced to as low as reasonably practicable is the requirement that from the beginning we have a single point of responsibility for safety. For most of my career I have been involved in safety-critical environments. It is almost impossible to stress the improvement in safety whereby an individual accountable to his board or organisation goes to bed knowing that if there is an incident in the area for which he or she is responsible, they cannot say, "That was their fault", because, at least to some extent, it is that person's responsibility. The most that person can do is join other parties in their responsibility. The responsibility lies with the individual and the organisation. Therefore, I believe that we need a single authority and an ALARP approach as an integrated whole that can look at the benefits and the risks posed by events and the consequences. We argue that only the Health and Safety Executive, with appropriate professional inputs, can meet that requirement and has the experience and skill to deliver this judgment. I beg to move.

Baroness Randerson: My Lords, I associate myself with the intention behind these amendments. In preparing for the Bill, I spoke to a wide range of individuals and organisations involved in the space industry. They undoubtedly take health and safety very seriously and are surprised at the low density of detail in the Bill in relation to those aspects. Noble Lords across the Chamber have said several times this afternoon how exciting and important this issue is. There is undoubtedly lots of enthusiasm but, looked at dispassionately, this is a dangerous activity for those involved in it and others who are not involved but who live in the surrounding area or, indeed, almost anywhere in the UK. The noble Lord, Lord Moynihan, pointed out the potential for space tourism without people even leaving the ground as there will be viewing platforms and so on.

All these things have to be considered from the health and safety standpoint. I have become increasingly concerned about the clutter in our skies. We are all familiar with planes but we are increasingly concerned about drones, and now we are taking into account space activity. Our skies are crowded and it is important that the Government set out a comprehensive, co-ordinated and truly effective approach to these issues.

5 pm

Lord Callanan: My Lords, I thank the noble Lord, Lord Tunnicliffe, and the noble Baroness, Lady Randerson, for their important interventions on the vital topic of safety, which we take extremely seriously.

Clauses 9 and 10 require that applicants for spaceflight operator and spaceport licences take all reasonable steps to ensure that risks to health and safety of the general public—as the noble Lord, Lord Tunnicliffe, observed—are as low as reasonably practicable. Furthermore, Clause 9(4)(b) means that even after all steps have been taken to reduce risk to as low as is reasonably practicable, the regulator will not issue a licence if the risk to public health and safety remains unacceptably high.

The noble Lord raised through these amendments the question of the role that we expect the Health and Safety Executive to have regarding spaceflight in the UK. The Health and Safety Executive has undoubted expertise and a long track record in a breadth of issues and across a range of sectors. Clause 20 ensures that the regulator is able to draw on this expertise to inform decision-making in connection with safety of spaceflight activities. This is consistent with the role the Health and Safety Executive plays in other sectors. The Health and Safety Executive does not normally regulate by licensing or certifying safety. Instead, it imposes a duty on those that may create risk to manage those risks to be as low as reasonably practicable.

Lord Tunnicliffe: The noble Lord will accept that the Health and Safety Executive in the permissioned industries—for instance, nuclear, railways and several others—directly approves the operation of those industries.

Lord Callanan: I will come on to that point shortly.

I am confident that the approach we are taking is appropriate. In line with agreed health and safety practice, the Bill places the onus on the regulator to be satisfied that risks are as low as reasonably practicable and that they are acceptable. But equally, the Bill ensures that the regulator will have access to the expertise possessed by the Health and Safety Executive, where this is required. I stress that this is expertise we have already benefited from. I thank the Health and Safety Executive for the integral role it has played in developing this legislation with my department and the UK Space Agency.

I will share some detail on how we believe regulators will determine whether risk to public safety is acceptable. The approach will be aligned with best practices for managing risk across all sectors in the UK. We expect to use an individual risk per annum approach—in other words, in a given location, the risk of death arising from the activity to an individual across a reference period of one year. The regulator will publish a methodology for assessing risk which operators may

[LORD CALLANAN]

choose to use. The Government are currently working with HSE's Science Division—its research arm—to develop a comprehensive methodology for the assessment of risk to third parties.

How can we be assured that the regulator will have the appropriate personnel and skills to assess the safety cases presented by operators? The Civil Aviation Authority, the UK Space Agency and the Health and Safety Executive are respected regulators in their fields, with proven track records in regulating risky activities. That is why we are drawing on their relevant regulatory expertise for this new sector. I assure the Committee that these organisations are building on their existing heritage to develop their technical and analytical capability to assess the specific risks posed by spaceflight.

Although regulating and managing the risk of spaceflight is new to the UK, other countries have many years' experience of it. We are learning from existing spaceflight regulators in other countries and intend to enter into agreements that will include provision for the training of our personnel and the sharing of information on those activities. I hope that the noble Lord will feel that I have answered his questions and will agree to withdraw Amendment 7.

Lord Tunncliffe: My Lords, in the interests of time, I will withdraw the amendment. However, my immediate reaction is that I am not fully comforted by what I have heard, and I expect us to come back on Report on this issue. In the meantime, it may be fruitful to engage in further discussions with the Minister to see whether we can get closer together on this. I beg leave to withdraw the amendment.

Amendment 7 withdrawn.

Amendments 8 to 10 not moved.

Clause 9 agreed.

Clause 10: Grant of spaceport licence

Amendments 11 to 14 not moved.

Clause 10 agreed.

Clause 11: Terms of licences

Amendment 15

Moved by Lord Tunncliffe

15: Clause 11, page 8, line 37, leave out subsection (2)

Lord Tunncliffe: My Lords, I said that the previous group of amendments was probing. We had had time with the Minister to try to understand the Bill but unfortunately we did not get as far as this area. Therefore, I will not attempt to explain the amendments in this group because I do not really understand the parts of the Bill that they relate to. With that admission, perhaps I may simply put a few questions to the Minister.

I think I understand that there is the concept of strict liability towards an uninvolved third party who suffers a loss. I would be grateful if the noble Lord could confirm that—we are moving forward question by question—obviously with the necessary caveats and niceties. As I understand it, the amount of liability may be capped. To me, that means that there is a limit

on how much the operator—or the Government, who might be liable—must pay in damages to an uninvolved third party in the event of an accident. I hope that I have that bit right. However, I am not clear about who pays if the losses exceed the cap. Clearly, it is not the operator—that is what a cap means. Therefore, is it the injured third party?

It is very rewarding working in the safety sector, although it means that you get a bit ridiculed. However, we are talking about a TriStar with a bomb on it crashing in the middle of Glasgow. That is not an impossible scenario. Of course, it is not very likely but the unlikely happens—that is what the statistics show. Who would meet the costs of such a catastrophe? Even if there is no cap on the operator's liability, the commercial structure of the company means that there will be a de facto cap because the company will rapidly go out of business without one or if it is uninsured. However, there will be circumstances in which the amount exceeds the cap.

Elsewhere in the Bill, the Government seem to have the ability to meet the obligations towards the injured third party. So if the answer to my question is that the Government will meet the excess over the cap, which part of the Bill provides for that? Is it an assurance to the uninvolved in society—us and the people around Prestwick—that where there is an event, their damages will be met either by the operator or by the Government? Who will meet the excess over the cap, or is society in general exposed above the cap? I beg to move.

Lord Fox: My Lords, I apologise to the noble Lord, Lord Tunncliffe, for missing the first couple of words of his contribution and to the Committee for being slightly detained outside the Chamber.

Very briefly, the mission of these amendments, in the event that they were adopted by the Government, appears to be to create unlimited liability for the companies concerned in the pursuit of their business. Having asked a few questions of such operators, my understanding is that were they in an environment of that nature, the whole spirit of the Bill would be lost very quickly, in that no operator would undertake a risk of that level. I understand the concerns of the mover of this amendment, and the questions he has asked of the Government—who would pick up the liability?—are the right ones. However, the solution of creating unlimited liability across the board for the operator is not one that these Benches would support.

Lord Willetts: My Lords, I will comment briefly on this set of amendments. The noble Lord, Lord Fox, has put the point very vividly. This gets to the heart of the economics of the space industry.

There are risks in space, as we have heard in the past hour in which we have been debating. First, probably the greatest risks are at launch. Not all launches are successful, which is why, by and large, launch facilities aim to launch rockets out over the ocean. I am sure that will be a relevant consideration when the rival claims of different locations, especially for vertical launch, are considered. I have to say that Prestwick is very fortunate to have my noble friend Lord Moynihan—if only every possible spaceport candidate had a similarly assiduous Member of this House to make its case.

Secondly, there is some risk in orbit of satellites colliding and doing damage, or one person's identified satellite taking out someone else's satellite. That is rare but it does happen. Thirdly, there is the very remote possibility, but it can happen, that a satellite falls out of orbit. In those circumstances they mostly burn up and it is a managed process, but a bit could reach the ground and do damage.

These are, thank heavens, all very remote risks. However, if the worst conceivable thing happened—if a satellite came out of orbit and did not burn up in the atmosphere and landed in the middle of a busy conurbation—serious damage would be done. These remote but potentially large risks are very hard to insure. Therefore, many of the countries that ultimately take responsibility as launch nations for satellites provide some kind of cap on the liability that a private launch operator would face. I very much welcome, therefore, the conception behind Clause 11: that the Government intend that an operator licence may specify a limit on the amount of the licensee's liability.

There are complicated arguments behind this. I can report from my own time as a Minister that I was regularly asked by the industry whether it would not be possible to reduce the maximum liability operators would face, and I was regularly pressed by the Treasury that the liability that the operators faced should be as large as possible. I suspect that those arguments carry on to this day and will never be finally concluded.

5.15 pm

There is also an issue about state aid rules and to what extent assistance in this area in capping the liability will be regarded as state aid if there is competition between different European locations.

The Minister is facing a range of considerations but I hope he will be able to give an assurance today that the Government fully understand that capping this liability for private operators will be important if we are aiming to promote this area as an important British business and as part of our wider ambitions in space activity. Unless these costs are capped at a manageable level—the cap was reduced a few years ago—that a launch company can afford to pay as an insurance premium, we will not achieve the objectives in this legislation.

I realise that the detail of this provision will be decided subsequently, but I hope the Minister will be able to give an assurance in this debate about the approach he will take to encourage this important sector.

Lord Callanan: We have seen in the speeches the different approaches that noble Lords wish the Government to take to cap liabilities. In the case of the noble Lord, Lord Tunnicliffe, it is to remove the provision.

Lord Tunnicliffe: The purpose of the amendments was to bring out precisely, in simple words, what the Government want to do. I am not hostile to a cap or to some government help, but I want to be clear what the Bill means. If I do not like what I have heard, we will come back on Report.

Lord Callanan: I take the noble Lord's point and that of the noble Lord, Lord Fox. The noble Lord, Lord Willetts, who spoke from a position of great knowledge on the subject because of his past work as a Minister, referred to the importance of capping and summed up the dilemma well. This is an important issue which has been raised with me constantly both by noble Lords and by those who are interested in carrying out spaceflight activities. I hope noble Lords will bear with me as I explain the provisions in great detail and go through what we propose. I somewhat doubt that I will satisfy everyone at the end but I will do my best.

The liability provisions of the Bill are vital but necessarily complex and I will take a little time to explain the Government's position and why these amendments would not be appropriate. Clause 11 concerns the terms which may or must be included in a licence issued under the Bill authorising space flight activities, the operation of a spaceport or the provision of range control services. Subsection (2) provides a power to specify in an operator's licence a limit on a licensee's liability to indemnify the Government and other listed bodies under Clause 35 against claims brought against them for damage or loss caused by space flight activities. Amendment 15 relates to this subsection and seeks to remove it altogether. Amendment 36 is linked to Amendment 15, as it removes reference to the subsection from Clause 35. These amendments would therefore remove the regulator's power to cap this liability to indemnify under Clause 35.

I should be clear that the position under the Bill is exactly the same as that in the aviation industry—that operators have an unlimited liability to indemnify government. However, satellite operators have previously raised concerns that such a liability is a barrier to operating in the space industry. Operators have found that the unlimited liability has made it difficult to raise finance or insure against the point made by the noble Lord, Lord Fox. This is not the case in the more mature aviation market. The Government have responded to these concerns.

The Outer Space Act 1986 was amended by the deregulation Act in 2012 and, since then, licences issued under that Act for the procurement of an overseas launch and the in-orbit operation of a satellite benefit from a cap, which is set out in the licence conditions. The UK Space Agency publishes the usual level of cap in its guidance, which currently sets it at €60 million for standard missions. Since the level is not set by statute, the cap can be increased for riskier missions. It should be noted that some activities currently regulated under the Outer Space Act, notably procuring the launch of a space object and the operation of a satellite in orbit taking place from the UK, will in the future be regulated under this Bill. Therefore, following Royal Assent, the amendment would reverse the current policy under the Outer Space Act—that the indemnity to government for these activities is capped. However, the current cap under the Outer Space Act would remain in place for such overseas activities regulated under that Act. As a result, there is a very real risk that UK operators may decide to procure overseas launches and conduct their satellite operations overseas under the Outer Space Act or a different regime altogether to avoid an unlimited liability to

[LORD CALLANAN]

indemnify government. This would go against the Bill's aim, which I hope all noble Lords support, to grow the UK space industry.

The cap on the indemnity to government under the Outer Space Act was based on many years of licensing those activities and it was well received. The costs and benefits of capping liabilities for those activities have already been considered and were subject to a full consultation with industry at the time. There was an amendment to primary legislation that was also subject to parliamentary scrutiny. Evidence provided by industry during the Science and Technology Committee inquiry into the Bill reiterated that an unlimited indemnity to government was a barrier to entry into the industry. The discretionary power in Clause 11 therefore allows the Government to remain committed to their current policy position under the Outer Space Act. However, it also allows the Government a discretion on whether to cap the indemnity to government for other activities licensed under the Bill, such as a UK launch.

I shall move on to Amendment 35 which would remove subsections (5) and (6) from Clause 33. The power in these subsections to make regulations provides for the capping of an operator's liability to prescribed persons or in prescribed circumstances in an operator licence. The Bill therefore goes further than the Outer Space Act and provides a power to cap all of an operator's liability to prescribed persons. This is intended to cover third parties or the uninvolved general public who suffer injury or damage caused by regulated space flight activity. Removing these subsections would mean that a regulator would be unable to cap this liability. As a consequence, the operator would bear unlimited liability, and as previously highlighted, operators have already raised concerns about managing unlimited liabilities. Most of the main space launch nations, including France and the United States, do cap an operator's liability in some form. Having this power enables the UK to compete on a level playing field by allowing the Government the power to share the burden of liabilities with operators. There is a real concern that we risk being uncompetitive internationally if we do not have the powers to cap operator liabilities both to the Government and to third parties. Without the powers to cap, we may be unable to attract operators in the UK. The reason for conferring a power to cap rather than simply providing for a cap in the Bill is to ensure that careful consideration can be given to whether and when it is appropriate to exercise the power, as there may be missions where capping is not appropriate.

While we have assessed the cap on the operator's indemnity to government for activities currently licensed under the Outer Space Act, a more general liability cap for space flight activities taking place from the UK has not been fully analysed. Launches are a new activity for the UK and we believe that we should cap the operator's liabilities for this activity only if there is clear evidence that it is necessary to do so. That is why we have taken powers to cap liabilities for space flight activities on a discretionary basis under the Bill. We are already undertaking work on assessing the availability and cost of insurance to cover the liabilities. That work

will inform any policy on limiting the level of any cap on the liability both to indemnify government and to prescribed persons.

The flexibility provided by the powers in the Bill means that the right balance can be created for each mission, based on the risks involved. The Bill is designed to ensure that space flight activity is as safe as possible in the first place, which will minimise any liability arising. Under Clause 33, an operator is strictly liable where injury or damage is caused, meaning claimants can bring a claim without having to prove fault. Regulations requiring operators to be insured can be made under Clause 37; that would provide a resource to meet any of those claims. Furthermore, it should be noted that Clause 33(5)(b) provides a power to constrain the circumstances in which a liability cap applies. For instance, we envisage that a cap would be disapplied in cases of operator wilful misconduct.

On Clause 34—the power of the Secretary of State to indemnify—we have previously considered clauses that allow for an operator's liability to third parties to be capped. Clause 34 provides a power for the Secretary of State to indemnify a claimant or an operator for injury or damage arising because of space flight activities; that includes situations where an operator's third-party liabilities have been capped under Clause 33. In order for the Government to provide such an indemnity, the injury or damage must be sustained as a result of space flight activities. To qualify for an indemnity, the person suffering the injury or damage must not have taken part in, or be connected to, the activities. Those people will be identified in regulations; however, it is likely that they will be the same people to whom the informed consent provisions apply, under Clause 16, and who are excluded from the right to bring a strict liability claim against an operator under Clause 33. That is because they will have engaged in space flight activities in full knowledge of the risks involved. As part of the informed consent process, such people will be made aware that this indemnity does not apply to them. The Government may only indemnify an operator where a claim for injury or damage exceeds any insurance held by it. The Government may only indemnify a claimant where the amount of liability has been limited by regulations under Clause 33(5) and the claimant would otherwise have been entitled to more money.

In most cases, we envisage that an operator's liability, if capped, will equal the amount of third-party liability insurance that they are expected to hold. Therefore, an operator's insurance should cover their liability. However, there may be situations where an operator has taken out more insurance; Clause 34 ensures that the insurance is exhausted before the Government step in. The purpose of the clause is to ensure that the uninvolved general public can be compensated in the event of injury or damage, particularly where an operator's liability to third parties has been capped. However, the intention is that the provisions in the Bill and subsequent regulations will work together to reduce the likelihood of injury or damage occurring in the first place. That will be achieved by implementing a robust safety regime and ensuring operations take place with appropriate provisions for range control and safety to minimise damage in the event of failure.

Lord Moynihan: My noble friend just informed the Committee that, particularly in the context of Clause 33(5) and (6), the Government are as yet unclear whether capping would be appropriate and, if so, in what circumstances. I hope there will be further clarity on that question before we make progress on the Bill, because although the Government may be uncertain, the industry is absolutely sure that to be competitive, early clarity on the Government's policy of capping will be very important. If we are not to have a capping policy, then, to be frank, the Bill will never permit the growth of what will be a critical industry in this country, in which we need to be internationally competitive against other countries that have recognised that a cap, in the context of Clauses 33 and 34, will be vital.

5.30 pm

Lord Callanan: My noble friend makes an important point. I emphasise that we are in listening mode on this issue.

Furthermore, there is also a power to make regulations to provide an upper limit to the amount of money the Government may pay out under these provisions. For example, in the US there is a limit in legislation of \$3.1 billion. There is also a power to prescribe cases or circumstances where the power to indemnify either an operator or a claimant will not arise or is restricted. Examples would include operator wilful misconduct or where several parties are at fault that might have adequate insurance or assets.

In making any regulations under this clause, we will consult on how we strike the right balance in ensuring that the public are compensated while limiting the Government's indemnity. For example, the regulations may set out what the Government will not indemnify in the case of operator wilful misconduct, but an exception may be made where an operator becomes insolvent and the general public would not be fully compensated as a result.

The Government will use their powers under this clause to indemnify claimants and operators in a balanced way. We propose to ensure that government money is used appropriately by exercising the powers in this clause as necessary to limit the situations where the Government will indemnify and limit the amount they will pay, as well as playing a role in the legal proceedings surrounding payment of such an indemnity.

I apologise for going into so much detail and speaking at such length on this.

Lord Willetts: I very much agree with what my noble friend Lord Moynihan said. Will the Minister share with the Committee any further information about a likely timetable for these consultations? Will he also tell the Committee how he proposes to inform us, in the course of our deliberations on the Bill, of the potential figures involved? This is a subject of considerable concern.

Lord Callanan: I am aware that this is a matter of great concern, which is why I went into so much detail about it. As I said in response to the previous intervention, we are in listening mode.

Lord Tunnicliffe: The Minister went into exactly the sort of detail we were looking for. I stress that I am not hostile to the concept of a cap, but I will reduce this to very simple terms. If I were to suffer—no, I am nowhere near that rich. If Glasgow suffers an event that substantially exceeds the cap, can it reasonably expect that the excess above the cap will be met by the Government?

Lord Callanan: There is no simple answer to that question. It would depend on the conditions of the licence issued for the particular activity and whether any cap was imposed on that activity at the time. We are looking at every launch activity, and every application will be considered on an individual basis.

To go back to the comment made by my noble friend Lord Willetts, as I said, we are in listening mode. I am aware that this is a controversial subject. He will understand the discussions taking place between different government departments on this issue. I will say more on it as soon as I can, but I take on board the concerns raised by many people and those of industry, which have been expressed to me personally and by many noble Lords this afternoon. If it is helpful, let me say that the Government intend to exercise their power under Clause 11 to cap an operator's indemnity to the UK Government in licence conditions for the activities of procuring the launch of a space object and the operation of a satellite in orbit, as this is currently the policy for activities licensed under the Outer Space Act.

As I said, I am listening to people on this. I will say more as soon as I am able to. I am aware of the concerns. We are in listening mode and we will reflect on the comments made. In the light of that, I ask noble Lords not to press their amendments.

Lord Tunnicliffe: Is the noble Lord likely to be able to shed light on this issue before Report?

Lord Callanan: If I possibly can, I will.

Lord Tunnicliffe: I hope noble Lords will agree that this exchange was worth while, because we have the record, which we can all examine. The needs or rights of the uninvolved third party in the circumstances of a very large catastrophe are still unclear as a result of that exchange. Perhaps we will have some conversations about that issue before Report. Otherwise, we may feel the need to table an amendment, because it seems reasonable for a citizen to expect, with appropriate caveats, that where the Government have allowed an operator to enjoy special rights of limitation—I can see exactly the reasons for that; it happened in aviation at the peak of the terrorist events, for example, so it is perfectly sensible—the Government would be the insurer of last resort. We may well come back to that point.

In the meantime, I thank the Government and all those involved in the debate because the record will clarify what is very difficult to understand from the Bill. With those comments, I beg leave to withdraw the amendment.

Amendment 15 withdrawn.

Amendment 16

Moved by **Lord McNally**

16: Clause 11, page 8, line 38, at end insert—

“() Within the period of 12 months beginning with the day on which this Act is passed, the Secretary of State must launch a consultation on whether an operator licence should specify a limit on the amount of the licensee’s liability under subsection (2), and what an appropriate limit would be.”

Lord McNally: My Lords, having listened to that debate, I feel this amendment should perhaps have been grouped with it—I hesitate to criticise the groupers because I know how difficult it is. It was a fascinating debate. The Minister need make no apology about the length of his reply. It will be studied closely. Following it was a bit like following those things that come on your iPad to say that you have agreed, but I am sure when we have time to read *Hansard*—

Lord Callanan: Perhaps there could be a box at the bottom he could tick to say he has fully understood the debate.

Lord McNally: Yes, I know that every Minister wishes that was there.

I thought that the opening from the noble Lord, Lord Tunnicliffe, was sobering for us all. On the one hand is the tremendous enthusiasm and real excitement about the prospects of the industry, yet we know from history that there are dangers. I live in St Albans, down the road from where the de Havilland Comet was developed, launched and flown with a design fault. I saw a very moving documentary a few weeks ago about the Space Shuttle. Its final conclusion was that, from beginning to end, the Space Shuttle was never safe. They knew it, but because of the pioneering nature of what they were doing they took the risk. That is not open to us when we are legislating like this, so it is a matter of getting it right between risk and cover.

I tabled my amendment simply because we have been approached by the industry with concerns about the way UK law treats the licensing and insurance of small and nano-satellites. Current law makes it difficult and expensive to launch small satellites because of long licensing processes and large insurance costs. Licensing of individual satellites can dramatically increase operator liability. This amendment would allow would-be operators to feed in their concerns and work towards a proportionate but effective insurance regime. I beg to move.

Lord Willetts: I will add one comment to that. I thank the Minister, who has already given a full and lucid account of the Government’s intentions, which itself is very helpful. Another issue we should add, which the noble Lord, Lord McNally, touched on, is that historically we have been thinking about very large satellites and the risks associated with them. That is not really the issue for a UK space launch capability. It is much more likely to be constellations of small satellites, some of them meeting real UK requirements. Imagine there was a trouble spot in which UK troops were involved or a natural disaster affecting us—let us think of what happened in the British Virgin Islands recently—where you wanted to

get a satellite over the scene urgently; small satellites are very likely to be used in those situations. They are often launched in constellations, and one other issue on which, again, I hope at some point we will have guidance from the Minister is whether each individual small satellite in a constellation has to be separately insured and licensed or whether, as we appear to be heading for constellations of small satellites, there could be significant flexibility in the regime so that constellations of satellites could have a single launch permission and a single insurance arrangement. If not today, I hope that during the passage of the Bill that is also made clear.

Lord Callanan: My Lords, I can answer the noble Lord, Lord Willetts, directly: a constellation can be launched with one licence.

Amendment 16 is a further amendment to Clause 11(2). It requires the Secretary of State to hold a consultation within 12 months of Royal Assent on whether an operator licence should specify a limit on a licensee’s liability to indemnify government, and what an appropriate limit would be. By imposing that a mandatory consultation takes place within a set period, the amendment prioritises the consideration of the power to limit the operator’s liability to indemnify the Government, thereby eroding the discretion to introduce a limit only if this is considered necessary and appropriate.

I accept that consultation is a critical part of policy-making. It allows stakeholders to contribute their views on new policy that affects them. We have in fact already listened to industry views extensively—I did it only on Friday, in the latest round—and an unlimited liability to indemnify government could make it difficult to raise finance and obtain insurance. We have already had an extensive debate on that with the previous amendment, and that is why we have taken the power in this subsection. However, we need to ensure that we take a balanced approach between attracting operators to the UK by making it commercially attractive to carry out space flight activities and limiting the Government’s exposure to claims arising from such space flight activities. Our policy is for space flight activities to be conducted on a commercial basis but we have taken a power to intervene and cap the liability to indemnify government if this becomes necessary.

As I set out in the previous debate, we are already assessing the availability and cost of insurance to cover the liabilities under the Bill. This work will inform any policy on limiting the level of the liability to indemnify government. If a limit is deemed appropriate, the Government need to consider the level of such a limit and the consequences of bearing the contingent liability. We may conclude that a limit on this indemnity for UK launch activities is not appropriate in all circumstances. The Government have an obligation to use public funds appropriately. It is therefore not right that they should be bound to consult on setting such limits before the need to do so is established and accepted.

Furthermore, the current power also allows the Government to deal with each licence application on a case-by-case basis. The regulator will need the flexibility to decide whether a limit is appropriate, as well as

what that limit should be, depending on the risks associated with each mission. Because of the variety of spaceflight activities that may be conducted from the UK and the individual circumstances of each operator, it may not be possible to have a specific limit or a methodology that works in every case for all missions. A flexible approach to setting a limit is good for both government and industry and, in our view, a legal requirement to consult on what an appropriate limit might be may restrict this. I assure noble Lords that we will consult on this matter once we have conducted our detailed analysis and have established the need to set a limit, and assessed the consequences of so doing. I therefore ask the noble Lord to withdraw his amendment.

Lord McNally: My Lords, those who asked us to table this amendment will read the Minister's reply. In the meantime, I beg leave to withdraw the amendment.

Amendment 16 withdrawn.

Clause 11 agreed.

5.45 pm

Clause 12: Conditions of licences

Amendment 17

Moved by Lord McNally

17: Clause 12, page 9, line 19, at end insert—

“() Where an operator intends to launch a payload into outer space, an operator licence must include conditions requiring the disposal of any payload on the termination of operations where such a disposal is reasonably practicable.”

Lord McNally: My Lords, this is a historic moment for me because this is when I take the Liberal Democrats into space. As noble Lords will realise, particularly the Liberal roots of our party are based on pavement politics—picking up rubbish and keeping the streets clean—and this is my attempt to be a first mover politically on this by making it clear that we are the party that is determined to clean up space as well as go there.

That ambition apart, this is a very serious matter. Again, since I became involved in this, I have taken to watching the various documentaries about what is going on in space. Quite frankly, it is frightening how much rubbish is up there. It is not known who owns it, what the responsibilities are, how we get it down, and so on—at a time when we are told, and I believe, that we are only in the foothills of developing space in an economic way. There is a lot more going up there and the Bill needs to put responsibility on those who send things into space for having a clear idea about how and when they should come down in an environmentally friendly and safe way.

As of 5 July 2016, United States Strategic Command tracked a total of 17,852 artificial objects in orbit above the earth, including 1,419 operational satellites. Furthermore, more than 170 million pieces of debris smaller than 1 centimetre, about 670,000 pieces of debris sized 1 to 10 centimetres, and around 29,000 larger pieces of debris were estimated to be in orbit.

Space debris poses a risk to unmanned spacecraft, manned spacecraft and even the earth itself. We want to make sure that the Bill includes that responsibility, and perhaps create another new industry from this. On one of my viewing nights I saw that work was being done on sending up a kind of—it shows my age if I call it a hoover—Dyson to pick up some of this debris and bring it back safely. It is a very real challenge, which is worthy of consideration in the Bill.

Lord Dykes (CB): I apologise for not hearing the earlier parts of the debate. Is not what the noble Lord is saying, quite rightly, another international reason for us all resisting Brexit and making sure that we work through the European Space Agency?

Lord McNally: Unfortunately, the noble Lord, Lord Dykes, was not here for my first amendment, which would have given him a good hour to go on about Brexit. But I am sure it is noted. I beg to move.

Baroness Randerson: My Lords, as the Bill stands, there is no obligation to get down what you have put up into space. As my noble friend outlined, it is becoming increasingly cluttered.

In my mind there are parallels with, for example, Everest or the Arctic, where historically as a human race we have dumped what we no longer need because we are in difficult circumstances and we cannot retrieve it easily. Of course, the difference with space is that it is floating around. When we worry nowadays about drones—I saw a report only today about a near-miss involving a drone—we are increasingly aware of things that are in space, in the skies, which are not accounted for and not under any kind of official control or pathway. Clearly, there is a risk to other spacecraft and to earth itself. We take fly-tipping seriously here on earth, so why not out there in space? Amendment 17 would make it a condition of a licence that the operator has to take reasonable steps to dispose of a payload, as my noble friend said.

It is important that we recognise that the international group that regulates space debris is not an international organisation but an advisory body. Amendment 21 amends conditions that may be included in licences to refer to advisory bodies as well as to international organisations. Those in the industry are concerned that groups that advise on space debris mitigation have too few members or lack formal decision-making powers to be recognised in law as international organisations. We are interested in whether the Minister has had legal advice that these bodies would be recognised as international bodies rather than having to be separately specified as advisory bodies. The amendment would allow operators to take account of advisory groups, such as the Inter-Agency Space Debris Coordination Committee and ISO's orbital debris co-ordination working group. We are seeking certainty that they would be covered by the term “international organisations”.

Lord Willetts: There is indeed a problem with space debris. The aim is not to bring it back to earth—although I love the Liberal Democrat imagery of pavement politics and everything being recycled—but to knock it out of its orbit so that it burns up in the atmosphere

[LORD WILLETTS]

and therefore disappears. We should take some pride in the fact that Fylingdales is where a lot of this debris is tracked. We have fantastic expertise there. It has always proved very difficult to get international agreement in this area, but the UK has a strong capability in disabling debris, and I very much hope that we will hear from the Minister that this is something that the Government continue to support. However, the prospects of any kind of international agreement in this area are, sadly, remote, not least because some of the technologies that are used for moving stuff out of orbit and disabling it are dual-use technology which can also be used in a very different way, so it has been very hard to reach any international agreement on the circumstances in which it would be used.

Lord Callanan: My Lords, in his introduction the noble Lord, Lord McNally, said that he was taking the Liberal Democrats into outer space. I am tempted to observe that many of us believe that the Liberal Democrats have been in outer space for a considerable time. I look forward to my next *Local Focus* newspaper dedicated to the recycling of space junk alongside plastic bottles and glass jars.

To be serious, this is an important subject, and I thank the noble Baroness and the noble Lord for raising the issue of space debris and the proper disposal of satellites and other payloads at the end of their operational life. These amendments illustrate the crucial role of licence conditions in ensuring the effective regulation of spaceflight activity, and highlight the importance of drawing on advice from all the relevant expert bodies. The UK Space Agency already considers matters related to spacecraft disposal—passivation, which is the removal of a spacecraft's internal energy at the end of its useful life; and deorbiting, a brilliant word I discovered yesterday—and regulates this through existing licensing regimes under the Outer Space Act. Clause 12 enables regulators to set conditions on a licence tailored to the particular activity. Schedule 1 provides a non-exhaustive list of the types of conditions that regulators may attach to licences, which includes conditions governing disposal of a payload when it is no longer operational and requiring notification to the regulator when disposal has been effected. In addition, conditions may require compliance with any guidelines on space debris mitigation issued by international organisations.

The UK Space Agency is an active member of the United Nations Inter-Agency Space Debris Coordination Committee—a marvellously august body—and takes minimising space debris extremely seriously. Through this body, the UK Space Agency works with international partners, including bilaterally on specific issues, to develop and implement measures to safeguard the space environment and minimise the risk of space debris. As a number of noble Lords have pointed out, space debris is a global problem that requires jointly agreed global solutions. This is why the Government remain fully committed to working with and drawing on the expertise of these specialist bodies. Through this engagement, the regulator will continue to shape thinking on the vital issue of space debris mitigation.

The noble Baroness, Lady Randerson, referred to the UN Inter-Agency Space Debris Coordination Committee. Outer space is a global resource shared by everyone but owned by nobody. The UN has a unique role in developing best practice measures to protect the space environment for future generations. The Inter-Agency Space Debris Coordination Committee plays a critical role in helping to formulate technical policy free of the political influence in the UN. The committee, as a grouping of space agencies, is able to develop scientific consensus on debris issues and present them to the UN for endorsement and application by member states. I assure the Committee that it is the Government's intention to continue to require appropriate disposal of obsolete payloads in accordance with international guidelines. I hope that in the light of those assurances the noble Lord will withdraw the amendment.

Lord McNally: In the light of those assurances, I beg leave to withdraw the amendment.

Amendment 17 withdrawn.

Amendment 18 not moved.

Amendment 19

Moved by Lord Moynihan

19: Clause 12, page 9, line 44, at end insert—

“() The regulator must sign a Memorandum of Understanding with the European Aviation Safety Agency (EASA) and the CAA confirming the conditions under which spaceflight would cease to be deemed experimental and would be considered commercial.”

Lord Moynihan: My Lords, before I speak to Amendment 19, for the sake of the record I shall say that the noble Lord, Lord Tunncliffe, has on two occasions referred to Glasgow as a possible site for a tragedy as a consequence of a spacecraft crashing. I wish to make it absolutely clear for the record that the proposal in the Prestwick application is to head north-west, straight out to sea. The sea is no more than two miles from the end of a three-kilometre runway. Prestwick Airport would be applying for a licence, not Glasgow Airport.

That said, I am sure the noble Lord, Lord Tunncliffe, will support what I am going to argue on behalf of the European Aviation Safety Agency's relationship to us in the UK. The House of Commons Science and Technology Committee argued that it is not clear whether the new regulatory framework proposed by the Government would apply to commercial spaceflight operations or whether they would be subject to European Aviation Safety Agency regulation. The Government have argued that the European Aviation Safety Agency's exemption of experimental aircraft from its regulations means that spaceplanes are not subject to EASA regulations and would therefore come under the provisions of the Bill we are considering.

The Science and Technology Committee argued, however, that it was not clear whether this exemption would be sufficient, particularly if spaceplanes were deemed to be operating on a commercial rather than an experimental basis. The committee recommended that the UK seek to establish a memorandum of understanding with the EASA to clarify the point.

6 pm

In a further response to the committee's recommendation that they seek to establish an MoU with the EASA, the Government argued that that this would be unnecessary as they were "satisfied"—the word that I am most concerned about in this context—

"that both EASA and the Commission are content with UK proposals to develop national rules to regulate sub-orbital spacecraft".

All I seek to do in the present amendment is to hear from the Minister what he means by "satisfied" in this context. In the opening amendments this evening, we faced the consequences of a future relationship between the UK and Europe. Things will change—there is no question about it—so will satisfaction need to be replaced by something more concrete? There are many in the industry who believe that satisfaction is too weak a word. Being enshrined into an MoU, even at this early stage in the Bill, would be of significant comfort to the industry, given the uncertainty. Put simply, is satisfaction sufficient or would it be wise to go further to give greater clarity to the industry in this point?

Lord Callanan: I thank my noble friend for making an important point and for tabling this amendment on what is an interesting subject. I start by assuring him that the Government have had a very constructive discussion with the European Aviation Safety Agency on our proposals to regulate suborbital spaceplanes in the UK.

The outcome of this dialogue has resulted in mutual agreement that suborbital spaceplanes are considered to be aircraft and therefore EU aviation legislation should apply to them. EU Regulation 216/2008, known as the EASA basic regulation, exempts from its scope those,

"aircraft specifically designed or modified for research, experimental or scientific purposes, and likely to be produced in very limited numbers".

In discussions about revising the text of the EASA basic regulation, the European Commission agreed that, while spaceplanes are in the developmental stage, spaceplane operations would continue to fall under this exemption. The context of the assurance was that member states should be able to legislate for commercial suborbital spaceplane operations that launch and return to the same spaceport now, before the EASA has had time to make EU-wide rules. The Commission has also confirmed that neither commercial use nor having paying passengers in itself precludes a spaceplane from falling within the exemption.

The UK recognises—we are in agreement with the EASA on this point—that as soon as the suborbital operation starts and finishes in two separate locations, it may be considered to be public transport and subject to the full weight of European aviation rules. Although the Government's intention is to continue to work closely with the EASA whatever the outcome of EU negotiations, we need to ensure that in doing so the UK retains a degree of flexibility to develop its own regulatory framework, drawing on the best practice from those states that already conduct commercial launches, such as the US and India, as well as from other European states.

Currently there are no European-wide regulations for spaceplanes and spaceports. We are leading by example by creating this comprehensive regulatory framework in the UK. This should have considerable business benefit for the UK. But this will also benefit the EU, and the EASA recognises that this will help inform the development of any future European regulatory framework. The Government have agreed with the EASA to work with other European states to develop common principles for regulation for suborbital operations. However, in doing so, the Government will ensure that the UK is not put in a position, as a result of any change in our future relationship with the EASA, where the EASA is handed too much control, or worse a veto, over the development of the UK space sector.

I hope I have provided the reassurance that my noble friend is looking for and that in the light of that he feels able to withdraw his amendment.

Lord Moynihan: That was an outstanding and exceptionally helpful answer from my noble friend on this important subject. As long as the mutual agreement has been documented in the way that he has suggested, I am completely happy to withdraw the amendment. His assessment of the current position of our relationship with the EASA was exceptionally helpful to the House, and I thank him for it.

Amendment 19 withdrawn.

Amendment 20 not moved.

Clause 12 agreed.

Schedule 1: Particular conditions that may be included in licences

Amendment 21 not moved.

Schedule 1 agreed.

Clause 13 agreed.

Clause 14: Transfer, variation, suspension or termination of licence

Amendment 22

Moved by Lord Rosser

22: Clause 14, page 10, line 16, at end insert—

"() The regulator may not consent to the transfer of a licence under subsection (1) unless the provisions in section 8(3) are met with regard to the licensee to which the licence will be transferred."

Lord Rosser: Clause 14(1) states:

"A licence under this Act may be transferred with the written consent of the regulator".

The Bill then appears to say little more of substance on this issue. It does not appear to set any considerations the regulator has to take into account before giving such written consent, nor does it appear to say to whom or to what a licence can be transferred or what licences are or are not able to be transferred. Clause 8(3) says:

"The regulator may not grant an application for a licence under this Act unless satisfied that ... the applicant has the financial and technical resources to do the things authorised by the licence, and is otherwise a fit and proper person to do them", or that,

[LORD ROSSER]

“the persons who are expected to do, on the applicant’s behalf, any of the things authorised by the licence are fit and proper persons to do them”.

Amendment 22 seeks to ensure that the provisions of Clause 8(3) will also apply to the regulator when deciding whether to give written consent to the transfer of the licence.

An argument could be made for saying that the provisions of Clause 8(2) should also be included in this amendment, since presumably one would want the regulator to be satisfied in agreeing to transfer a licence that it would not impair national security, that it would be consistent with our international obligations and that it would not be, “contrary to the national interest”.

However, this is Committee stage and I will wait to hear the Government’s response to the amendment as it stands.

On a more general point about the transfer of a licence, can the Minister set out for the record the circumstances in which a transfer might be considered necessary and those in which the Government would not expect written consent to be agreed? Finally, for the granting of a licence, the consent of the Secretary of State will also be required under Clause 8(4) if they are not the regulator granting the licence. That provision does not appear to apply if a licence is being transferred. If this is the case, why is that so?

Lord Fox: My Lords, I will be very brief. We welcome this probing amendment because this issue is very important. It is analogous in one sense to the potential for flagging out a particular enterprise. If the regulator is minded to allow a transfer of licence, what legal basis would there be for any enforcement of those licence agreements once they cease to be within the domain of this country? The second point is on the role of takeovers and acquisitions, where companies that own a licence and are within the remit of the United Kingdom are acquired and move beyond these shores for regulatory purposes. Perhaps the Minister can include those points in his answer as well.

Lord Callanan: My Lords, Clause 14 enables a licensee to transfer their licence to another party, provided that the regulator has given written consent. This provision enables a new body or company to take over the licence without starting a licence application afresh. In addition, the Bill requires that a licence holder has the necessary financial and technical resources, and that they are fit and proper persons, to do the things authorised by the licence.

Amendment 22 would ensure that the regulator would need to be satisfied that the new licensee met the requirements under Clause 8(3) before consenting to a transfer. I can confirm that it is our intention that the regulator will need to do this. Where the regulator is appointed under Clause 15, Clause 14(5)(c) requires them to consult the Secretary of State before consenting to a transfer. Thus the Secretary of State can ensure that they are satisfied that the new licensee meets the requirements under Clause 8(3).

The noble Lord, Lord Rosser, asked why the power to transfer a licence is necessary. The power avoids the need for wasteful bureaucracy that could affect businesses

and local communities. For example, where a spaceport licence has been issued, it should not be necessary to demonstrate the suitability of the site again just because of a change of operator. However, the regulator would need to be content that the new operator met the eligibility criteria under Clause 8. Both the regulator and the Secretary of State would need to be satisfied that the transfer of a licence was appropriate, ensuring that there were the proper checks and balances in the system if that occurred.

I am confident that the amendment is not necessary but I will reflect on whether it is appropriate to make our intentions explicit in the Bill. On those grounds, I hope the noble Lord will feel able to withdraw his amendment.

Lord Rosser: I thank the Minister for his reply and the noble Lord, Lord Fox, for his valuable contribution to this debate. The Minister has indicated—at least I think this is a fair reflection of what he said—that he will reflect further on this issue. I would certainly have thought that if the transfer under Clause 8(3) will apply, it would be helpful if it said so. One would assume that the provisions of Clause 8(2) would also apply—that is, the parts about not impairing national security, being consistent with international obligations and not being contrary to the national interest. I take it from what the Minister said that he will indicate to us before Report whether the Government intend to make any amendments in the light of the amendment that I have moved.

I have a question on one point that I asked about at the end, which I appreciate is mainly a point of detail. For the granting of a licence, the consent of the Secretary of State is also required under Clause 8(4). If the regulator granting the licence is not the Secretary of State, is the intention that that would also apply in relation to a licence being transferred or is the Minister likely to come back on that when he has reflected further on the issues raised during this debate?

Lord Callanan: I will reflect on that and come back to the noble Lord on it.

Lord Rosser: I beg leave to withdraw the amendment.

Amendment 22 withdrawn.

Clause 14 agreed.

Clause 15: Power of Secretary of State to appoint person to exercise functions

Amendment 23

Moved by Baroness Randerson

23: Clause 15, page 11, line 18, at end insert—

“() Before regulations are made under this section, the Secretary of State must lay before Parliament a report outlining—

- (a) the functions the regulations will confer on the appointed person;
- (b) the appointed person’s capacity to undertake the proposed functions;
- (c) whether additional funds should be made available to ensure the appointed person can undertake the proposed functions; and

- (d) whether the Government is intending to confer in the near future any other functions, separate to those relating to this Act, that may affect the appointed person's capacity to exercise the functions proposed in the regulations."

6.15 pm

Baroness Randerson: This amendment relates to the capacity and resourcing of the regulator. One assumes that it is to be the CAA because the Explanatory Notes indicate it will be, but they allow a fallback position where another body could be created. I invite the Minister to confirm that the Government have the CAA in mind.

My concern is that the CAA seems to be increasingly the maid of all work, which will undoubtedly have capacity and resourcing implications for that body. After Brexit, the duties of the CAA in relation to what one might call mainstream aviation will undoubtedly increase. The issue of drones will add to its duties. A couple of weeks ago, the failure of Monarch Airlines reminded us that the CAA has a very important role relating to such emergencies. One day we envisage the CAA bringing people back from their holidays in Portugal and the next day, or indeed the very same day, it is concerned about trips in outer space. So the body is large, flexible and very broad in its involvement. For that reason, if the Government plan to pass most if not all of the regulatory functions in the Bill to the Civil Aviation Authority, then we are concerned about whether they also plan to add to its capacity and expertise. This is very much a probing amendment to ask the Government whether their assessment is that the CAA currently has the breadth of expertise required and will simply need additional resources, or whether there will be a need to recast the body and take a comprehensive look at its role in future.

Lord Callanan: I thank the noble Baroness for her amendment. It is quite right to seek clarity on who will regulate this new spaceflight market and their capacity and resources to do so. Commercial spaceflight from the UK is in its very early stages and we want to be able to draw on relevant regulatory expertise across the UK for this new burgeoning sector. The Secretary of State is the default regulatory authority under the Bill. It is our intention that the UK Space Agency perform regulatory functions on behalf of the Secretary of State. The UK Space Agency already licenses the procurement of satellite launches from other countries as well as satellite operations from the UK. We intend that the UK Space Agency will regulate all the vertically launched rockets covered by the Bill and other space activities, including the launch and operation of satellites into space orbit. The UK Space Agency will also license and regulate associated vertical-launch spaceports and range-control services for launch to orbit.

In answer to the noble Baroness, Lady Randerson, it is our intention to use Clause 15 to appoint the Civil Aviation Authority to regulate suborbital activities and horizontal-launch spaceports. These are likely to take place from specially adapted existing airports, and that will enable us to draw on the CAA's rich heritage and expertise. The CAA and the UK Space Agency are proven regulators in their respective fields.

I assure the House that both organisations are building on this heritage and developing their spaceflight expertise, including learning from existing spaceflight regulators in other countries. Clause 61 enables both organisations to put in place charging regimes to cover their regulatory costs—for example, for assessing and issuing licences, ongoing monitoring and providing advice and assistance. I hope that answers the noble Baroness's question about the appropriate resources.

I am confident in our planned assignment of regulatory functions to the UK Space Agency and the CAA, and that both will have the resources to fulfil their regulatory functions following the enactment of the Bill and regulations made under it. I am confident in our planned assignment of UK regulatory functions to the UK Space Agency and the Civil Aviation Authority and that both will have resources to fulfil their regulatory functions following enactment of the Bill and regulations made under it.

Lord Fox: I have a question on the previous point about the CAA clearly being ready to embrace this new responsibility. We would expect a body such as the CAA to be enthusiastic to have its remit expanded; we would not expect it to say, "Please take this somewhere else". Have the Government sought an independent viewpoint on the appropriateness and scale of the upgrading of the skills that will be required within the CAA?

Lord Callanan: We are confident that the expertise in and knowledge of regulating aviation in the CAA is sufficient for this purpose. The CAA has a worldwide reputation for the comprehensiveness of its approach and expertise, so it will be able to fulfil these functions very well and there is no need to go elsewhere.

I shall directly answer the noble Baroness's question: if we know that we are going to appoint the CAA to do this, why do we not specify it in the Bill? We believe that it is more appropriate to set out functions of appointed persons in delegated legislation, as the necessary limitations and conditions would be too lengthy to include in primary legislation. Further, as the industry evolves, the Government may choose to adapt the regulatory approach. The current approach allows this flexibility while ensuring that the appropriate level of oversight is maintained by the Secretary of State. With those assurances, I hope that the noble Baroness will feel able to withdraw her amendment.

Baroness Randerson: I thank the Minister for his response. I will read *Hansard* carefully, because I think that there is still an issue about the level of resources. It may be that capacity in terms of breadth of expertise is established, but I remain to be convinced about the level of resources that the Government are willing to commit to allow the CAA to do its job effectively. It was absolutely clear in the past few weeks that the CAA is working extraordinarily hard and at the limits of its current capacity, so if we are adding responsibilities to it, we need to be reassured that it can do this job well. With those words, I am happy to withdraw the amendment.

Amendment 23 withdrawn.

Clause 15 agreed.

*Amendment 24**Moved by Lord Fox***24:** After Clause 15, insert the following new Clause—

“Report on the duties of the regulator and appointed persons

- (1) The Secretary of State must, within the period of six months beginning with the day on which this Act is passed, lay a report before Parliament detailing the responsibilities and duties of the regulator, any appointed person or persons and any other Government department or agency responsible for regulating spaceflight.
- (2) The report under subsection (1) must specify the legal basis under which the regulator, any appointed person or persons and any Government department or agency exercise their powers.”

Lord Fox: My Lords, my noble friend Lord McNally has appointed me as his mouthpiece on earth for this amendment, by which we seek a sort of legal air traffic control ruling from the Government. The fact that I am slightly confused about which Act applies where is probably no surprise, but the fact that leading figures in the industry are scratching their heads probably leads to the conclusion that greater clarity is needed about which Act covers which activities. There is definitely uncertainty about what will be governed under the Bill and what will fall under the Outer Space Act 1986.

We were alerted by the Royal Aeronautical Society about its concerns about which Act applies to non-UK activities and which to UK activities. My assumption—I hope that the Minister can confirm this—is that if the launch is from this country, the Bill covers that activity; in the event that it is a space activity launched from elsewhere, the OSA 1986 covers it. I expect some clarity on that.

Similarly, UKspace has highlighted uncertainty about whether the licensing system entirely replaces the OSA or whether the OSA remains residually. On that basis, there is clearly confusion in the industry; there is confusion on this Bench, in my case; and I would welcome clarity from the Government and the Minister. I beg to move.

Lord Callanan: My Lords, as we discussed, the Government intend to use the regulatory expertise in the UK Space Agency and the Civil Aviation Authority to regulate this new sector. For all spaceflights and associated activities, there will be a single regulator responsible for issuing a licence. Whether this is the UK Space Agency or the CAA will depend on the type of activity. Let me give more detail.

In general, the CAA will license suborbital spaceplane activities and the UK Space Agency will regulate space activities and rockets licensed under the Bill. Where both the CAA and the Secretary of State have regulatory responsibilities—for example, where an aircraft has been adapted for mid-air launch of a satellite into orbit—these will be set out clearly in regulations. There will be only one licensing authority, however. In the case of mid-air launch, this will be the UK Space Agency. This approach provides clarity and accountability while making the best use of the proven expertise of existing regulators.

The noble Lord asked for clarification of the difference between the OSA and the Bill. As he said, the OSA covers launch from outside the UK of British-registered

equipment, and the Bill will cover launches from the UK. In the light of those clarifications, I hope that he will feel able to withdraw his amendment.

Lord Fox: In the light of that clarification, I thank the Minister and withdraw the amendment.

*Amendment 24 withdrawn.**Clause 16 agreed.**Clause 17: Training, qualifications and medical fitness**Amendments 25 and 26 not moved.**Clause 17 agreed.**Schedule 2 agreed.**Clause 18: Safety regulations**Amendments 27 and 28 not moved.**Clause 18 agreed.**Schedule 3 agreed.**Clauses 19 to 21 agreed.**Schedule 4: Offences against the safety of spacecraft etc**Amendment 29**Moved by Lord Moynihan*

29: Schedule 4, page 53, line 38, at end insert “including through the use of drones,”

Lord Moynihan: My Lords, this amendment relates to drones, a serious issue already rightly raised from the Liberal Democrat Benches this evening. The Committee will recall that at Second Reading, my noble friend Lord Balfe made a powerful speech on the subject from a great deal of personal and professional knowledge. The safety issues associated with drones are critical and, as the House was informed at the time, it was understood that legislation had been drafted to address the problems associated with irresponsible use of drones prior to the election and was therefore in a fit and proper state to be introduced to the House at an appropriate time.

The expectation of a serious accident is very high. It is a matter of concern to Members of both Houses that urgent action be taken to address the law on drones, which needs to be reviewed with, not least, compulsory registration of drones to allow police to track down those flying them irresponsibly. The fact is that the law is not fit for purpose to prosecute the perpetrators of this type of crime, which is a matter of great concern to those of us involved in the passage of the Bill through the House.

6.30 pm

I went to the Public Bill Office to see whether it would be appropriate to introduce legislation that would go beyond the Space Industry Bill to cover airports as a whole. I was rightly advised that, despite any clever wording on my behalf, which was not forthcoming, the scope of the Bill simply covers space activities and suborbital activities, both clearly defined

in Clause 1. I am afraid that more general regulatory issues relating to drones or the aviation sector could not be covered.

What I seek from my noble friend the Minister this evening is clarity on whether the Government intend to introduce legislation on drones before the first licences are awarded under this Bill. If they do and the Minister is in a position to tell me that, that would be satisfactory because at that point the legislation would clearly apply to this Act, and it would be specified in the appropriate legislation at the time.

I apologise for not having given notice to my noble friend. I know that there are one or two further speeches to come, so I am sure that his fine group of experts assisting him will be able to give him a precise answer to that very simple question. In the event that it is unlikely or not projected that legislation on drones will be introduced before the first licences are issued, it is appropriate for us at a later stage of this Bill to make sure that it contains measures enabling determined action against those who irresponsibly fly drones around spaceports. I hope the Committee will support that, if indeed the Government are not going to introduce legislation in the foreseeable future and certainly not before 2019 or 2020. With that one simple question to the Minister, I beg to move the amendment standing in my name.

Baroness Randerson: I rise to say briefly how pleased I am that the noble Lord has raised this issue. I have already referred to drones several times this afternoon. The Minister probably thinks that I think of little else in transport terms, because I raise it frequently. In the previous Parliament the Government said they were thinking about what to do about drones. At the beginning of that Parliament, we were told they would be doing something along with the rest of the EU. Now, of course, it is something on which we have to take the initiative ourselves. The Government now say they have consulted on the issue, so I too would greatly value the clarification that the noble Lord, Lord Moynihan, has asked for—exactly the timescale the Government are working to. There is a real urgency about this. Thousands of drones are being sold every month, and there is little control over how they are sold and virtually none over how they are flown. Day by day, it is becoming increasingly urgent that something be done. I will listen carefully to the Minister's response.

Lord Balfe (Con): My Lords, I begin by reminding the Committee that I am the vice president of the British Airline Pilots Association, as declared in the register. I thank the noble Lord, Lord Moynihan, for tabling this amendment, which has enabled us to mention this subject. Like him, I was advised that it was not appropriate to table an amendment to the Bill. He has been more ingenious than me because he has found a way of at least debating the subject as part of the Bill, and I thank and congratulate him for that.

I shall try not to duplicate what the noble Lord said. The Minister and I have now met on two occasions—once last week in the general consultation and once in a private meeting—to talk about this issue. Like other noble Lords, I am seeking something quite specific in this debate on where we will go in the

legislative process. Since the last time I spoke on this subject, we have received the report by Department for Transport, the British Airline Pilots Association and the Military Aviation Authority on drones and the mid-air collision survey. Probably the most important thing to come out of it is the threat to helicopters from drones. Obviously, any mid-air collision is not a good thing, but the report clearly showed that there is a specific danger to helicopters, at a time when literally hundreds of flights are going back and forth across the North Sea every day. This issue is of concern not only to pilots but to the Scottish Government and the wider aviation industry.

The Government followed up with a news story press release saying that drones were to be registered and users were to sit safety tests under new government rules. That was on 22 July, so I am sure the Minister will understand why, in the middle of October, we are seeking assurances about how far we will progress and at what speed. Since the last debate, we have had the tragedy of Grenfell Tower. Of course, if there were a tragic accident, people would be looking very carefully at the Minister, his department and others, saying, “You had warnings. You had a report. What is going to be done, and when?”. It is an urgent matter.

Two issues need to be dealt with. One is the police authorities and enforcement, which I understand needs primary legislation. When is that likely to happen? How will the rest of the changes be implemented? Will they be by statutory instrument or under powers the Minister has already delegated to the department? What will be done and when? If it is not being dealt with urgently, why not? In other words, how long do we have to wait to get this very important matter dealt with? A rogue drone could bring down a helicopter and cause tragedy and great unhappiness for families. The Minister is well aware of this. He is not a hard-hearted person saying that there is no need for legislation. What I am aiming for, like my noble friend Lord Moynihan, is for this debate to at least be in *Hansard*, our parliamentary record, showing a clear demand, and giving the Minister the opportunity to respond in, I hope, an extremely positive manner.

Lord Tunnicliffe: My Lords, I too would like to own up to trying to find some way of squirrelling drones into this debate and this Bill, but I gave up on the early assurance from the Minister that he was doing all that he possibly could. However, on rereading his letter today, I find that there is some confusion in my mind between a registration scheme relating to mandatory competence testing, and so on, and a more powerful scheme that might set up some technological devices to achieve the objective of separating drones from air traffic and be clearer about how it will be enforced. I should be very grateful if he could flesh out some of the ideas in his letter.

Also in the Minister's letter—although I realise that this matter is only tenuously in front of us—was a paragraph on the misuse of lasers. He pointed out that there was a clause in the Vehicle Technology and Aviation Bill, which fell when Parliament prorogued, and he produced certain assurances about the issue and about how pilots and the wider public might be protected. I would be grateful if he would accept the

[LORD TUNNICLIFFE]

indulgence of the House for him to repeat the assurances that he provides in that letter about addressing the issue of lasers at an early date.

Lord Callanan: I thank all noble Lords who have contributed to the debate, which allows me to explain at length another aspect of my ministerial responsibilities—the thorny issue of drones. I accept that raising it in the passage of this Bill is a way in which to put it on the record, which we intend to do, and I hope that I shall be able to satisfy my noble friends Lord Moynihan and Lord Balfe, at least in part. I realise that their concerns go further than the Bill, as the noble Lord, Lord Balfe, mentioned in his intervention.

The safe use of drones in the UK is vital if we are to realise the full potential that they can deliver. I assure noble Lords from the outset that that is exactly what the Government want, and exactly why we recently responded to our consultation setting out a number of measures that we intend to implement. The UK is at the forefront of an exciting and growing global drones market. We are seeing drones used across many sectors, improving services, increasing efficiency, creating high-tech jobs and boosting our economy. But while aiming to make the UK a global market leader in the drone economy, we must ensure that drones are used safely and in accordance with security and privacy rules. I am well aware of the July Airprox incident at Gatwick reported in the press over the weekend. No one wants to see incidents such as those occurring, which is why we intend to bring forward legislation to strengthen regulation and enforcement for drones.

To reply to my noble friends directly, we are exploring both primary and secondary legislation options and hope to bring legislation forward as soon as possible next year, including an amendment to the Air Navigation Order 2016. My noble friend Lord Balfe asked what measures we were introducing. As set out in our July consultation response, all users of drones that weigh 250 grams or more will be required to register themselves, which will encourage drone users to be more responsible and make it easier to identify drones that are breaking the law. Users will then be required to pass at minimum a short knowledge test to prove their awareness of UK law to ensure that they understand safety, security and privacy regulations. We are also looking to mandate the use of a safety app, an example of which is the NATS app Drone Assist, to notify plans to fly a drone and make users aware of local flight restrictions and ground hazards.

Lord Tunncliffe: The Minister's answer so far implies that there is no risk from drones weighing less than 250 grams. What tests and evidence does he have to assure us that that is true?

Lord Callanan: We did extensive safety tests in conjunction with BALPA, and released a detailed report on the size of drones and damage that they could cause to aircraft—both fixed-wing aircraft and helicopters. We considered that 250 grams was a reasonable threshold to impose at the time.

We are considering a possible restriction on all drones flying within a certain distance of airports and above 400 feet, and whether to increase penalties for

breaking the rules. That includes whether and how spaceports could be included in any restrictions that we may implement. Furthermore, we are working towards implementing a product standard for electronic identification of drones at EU and international level. We strongly support EASA's principal electronic identification, but want to see the proposals simplified to all drones above 250 grams to require electronic identification rather than a complex set of conditions.

6.45 pm

The existing rules for drone operations are to be found in the Air Navigation Order 2016. Drone operators must maintain direct unaided visual contact with the drone to avoid collisions and must not recklessly or negligently cause or permit an aircraft to endanger any person or property. Drones weighing more than seven kilograms must not be flown above 400 feet. When a drone has a camera, the rules are stricter and operators should not fly a drone within 50 metres of a person, vehicle or building; they must also avoid flying over or within 150 metres of densely populated areas. Non-aviation-specific legal rules are also relevant. For example, failure to fly a drone at a reasonable height over the property of another person could amount to trespass, if the flight interferes with another person's ordinary use and enjoyment of land and the structures upon it.

Reference has been made to geo-fencing near spaceports. To reduce inadvertent breaching of airspace restrictions and protect safety, we are setting up a pilot project bringing forward work to improve the use of geo-fencing in the UK. Project Chatham will create an authoritative UK airspace data source, including critical national infrastructure sites and spaceports, furthering the implementation of geo-fencing in the UK and building greater awareness of airspace restrictions among drone users.

Lord Fox: The Minister mentioned Project Chatham. Who is accountable and leading Project Chatham?

Lord Callanan: As far as I am aware, it is the Department for Transport, my department, which is doing it, but I shall come back to the noble Lord on that issue.

We strongly support EASA's principle of using geo-fencing to enforce compliance with airspace restrictions and electronic identification, but we want to see the proposals simplified to all drones over 250 grams requiring geo-fencing and electronic identification, rather than a complex set of conditions.

The amendment intends specifically to make malicious use of drones an offence. Of course, I recognise that that may be a desired outcome, but Schedule 4 is drafted in such a way that, no matter what device is used unlawfully, it will be deemed an offence. On that point, and with the assurance that the Government intend to bring forward legislation specifically for drones in the timescale that I outlined, I hope that my noble friend will feel able to withdraw Amendment 29.

Lord Moynihan: I am very grateful to my noble friend the Minister. I thought that he might well mention Schedule 4, and I am grateful to him for doing so and putting on the record the view that he

has just expressed. I also welcome the phrase “as soon as possible next year”, because that should ensure that changes to legislation in whatever form they may be introduced—and I recognise also that that has yet to be determined—will come in advance of issuing the first licences for spaceports.

I am grateful to the Minister and apologise to the Committee that, having flown in from Sydney at 5 am this morning, after about 26 hours travelling, I will not be here right at the end of this evening’s proceedings. I have put my name to Amendment 44, in the name of the noble Lord, Lord Rosser, which I totally endorse and support.

Lord Callanan: I apologise for forgetting to address the point made by the noble Lord, Lord Tunnicliffe, about laser pens. It is not part of the Bill, but I want to give him an answer. I understand where he is coming from: as he correctly said it was included in the Vehicle Technology and Aviation Bill, before Parliament was prorogued, to provide further certainty to pilots and the general public. We are continuing to look at other legislative vehicles. It is our intention to strengthen existing legislation. Safety is our top priority. Shining a laser at an aircraft in flight could pose a serious risk and anyone found guilty could currently be liable to a fine of up to £2,500, but it is our intention to strengthen existing legislation. I cannot give a timescale at the moment but will do so as soon as I am able.

Lord Moynihan: On that constructive note, I beg leave to withdraw the amendment.

Amendment 29 withdrawn.

Schedule 4 agreed.

Clause 22: Security regulations

Amendments 30 and 31 not moved.

Clause 22 agreed.

Schedule 5 agreed.

Clauses 23 to 31 agreed.

Clause 32: Power to authorise entry in emergencies

Amendment 32

Moved by Lord Rosser

32: Clause 32, page 23, line 32, at end insert—

“() An enforcement authorisation must be referred to a justice of the peace for evaluation within 48 hours, following the 48 hour period under subsection (7) in which the enforcement authorisation remains in force.”

Lord Rosser: I have just about recovered from the shock of hearing the noble Lord, Lord Moynihan, refer to not being here for a much later amendment. I was rather hoping we would not get to that because it says here that the target for the day is to complete the group beginning Amendment 32, which is the group we are about to embark on. I sincerely hope that this is the last group we deal with today.

This amendment relates to a view expressed by the Constitution Committee in its report on the Bill published last month. Much of what I will say is lifted straight from that report. It points out that Clause 31 sets out an enforcement regime under which,

“a justice of the peace may issue an ‘enforcement warrant’ in certain circumstances if, for instance, there are reasonable grounds for believing that a person is carrying out spaceflight activities without a licence or in breach of licence conditions”.

The committee points out that:

“Enforcement warrants may authorise extensive powers, including powers to enter property and to use reasonable force. For urgent cases, an alternative regime is set out in clause 32. This allows the Secretary of State to grant an ‘enforcement authorisation’ if satisfied that the case is urgent and that relevant conduct or anticipated conduct gives rise to a serious risk (a) to national security, (b) of contravention of any international obligation, or (c) to the health or safety of persons. Such an authorisation permits a named person to do ‘anything necessary’ for protecting national security, securing compliance with international obligations or protecting health or safety”.

Even though the power conferred by Clause 32 is very extensive and broad, the Bill does not appear to lay down any,

“system of judicial oversight (either anticipatory or post hoc). The House of Commons Science and Technology Committee expressed concerns about this aspect of the Draft Bill”.

In its response to that committee, the Government said that:

“In line with the Committee’s recommendation, we have reduced the period for which an authorisation would be valid from one month to 48 hours. This limits the Secretary of State’s power and if a longer authorisation is required, it will be necessary to get a warrant from a Justice of the Peace under clause 31 (Warrants authorising entry or direct action)”.

The Constitution Committee went on to say that:

“The reduction in the time for which an urgent authorisation may apply is welcome. However, we are concerned that such wide-ranging and potentially draconian powers would be exercisable without anticipatory or rapid post hoc judicial involvement. We draw attention to these enforcement authorisations and call on the Government to consider post-hoc judicial approval of their use”.

Amendment 32 provides that an urgent enforcement authorisation under Clause 32 must be referred to a justice of the peace for evaluation within 48 hours, following the 48-hour period under Clause 32(7) of the Bill, during which the enforcement authorisation remains in force. I hope that the Minister will give a sympathetic and helpful response to this amendment and others in the group. I beg to move.

Lord Fox: My Lords, as the noble Lord, Lord Rosser, set out, Clause 32 as it stands offers strong powers to the Secretary of State in which there is no judicial involvement authorising the activities. I support Amendment 32 and will speak to Amendment 33. Those noble Lords who have read them will see that Amendment 32 is repeated by Amendment 33, which goes into more detail at some length, also taking into account the judicial systems of the countries of the United Kingdom.

As the noble Lord said, Clause 32 allows the Secretary of State to authorise the regulator to do “anything necessary”, which is a very dramatic—possibly cinematic—phrase, but we understand what it means. We can understand that there are times when moving quickly would be an issue, but this is not necessarily a block to judicial oversight. In contrast to the proposal in Clause 32, I point to the Investigatory Powers Act 2016 where warrants issued urgently by the Secretary of State, without advance approval by a judicial commissioner, must be approved by a judicial

[LORD FOX]

commissioner within three working days of the warrant. If it can be done in those circumstances, I suspect it can be done in those which we are talking about today. The Government have not offered sufficient justification for the wider scope of the powers offered in Clause 32, so Amendment 33 is based on provisions in the Investigatory Powers Act and ensures judicial scrutiny of any enforcement authorisations under that clause. In similar vein to the amendment in the name of the noble Lord, Lord Rosser, it calls for a 48-hour period through which a justice of the peace can be involved. Our amendment stipulates that, if an enforcement remains in force for 48 hours, a justice of the peace should offer authorisation within that time or the action would cease to exist. Furthermore, no future enforcement authorisations may be granted under Clause 32 in relation to the same incident.

Amendment 33 then goes on to spell out the roles of the courts in Scotland, Wales and Northern Ireland, and the detail therein. Overall, we would welcome strong support for this principle from the Government and some idea of how other judicial oversight will be added to what currently appears to be a very wide legal writ for one person in government.

7 pm

Lord Callanan: I thank noble Lords for their consideration of the significant powers in this clause, which we recognise are significant. I hope noble Lords will allow me to take this opportunity to provide assurance that this important power, which will be used only when immediate action is necessary, is both proportionate and subject to sufficient safeguards.

Clause 32 confers on the Secretary of State the power to grant an enforcement authorisation in the most urgent cases, where there is a serious risk to national security, compliance with our international obligations or health and safety. In such emergency situations there may not be sufficient time to obtain authorisation from a justice of the peace under Clause 31. I assure the House that there are adequate safeguards in place. Such an authorisation can be granted only to a named person who the Secretary of State is satisfied is suitably qualified to carry out the necessary action. Each time this power is used the authorisation must be in writing, must specify the action required and will remain in force for only 48 hours from the time it is granted. As an additional safeguard, improper use of this power by the appointed person could be challenged by judicial review. It is worth noting that this power is more conservative and requires more stringent authorisation than other comparable powers of entry: for example, those for nuclear inspectors or health and safety inspectors who are provided with a standing authorisation and may act at their discretion. It is anticipated that this power would be used only in the most serious and urgent of cases where there can be no delay in taking action.

I turn to the amendments specifically. The need to find a justice of the peace to review an enforcement authorisation during the period of validity would impose unhelpful bureaucracy on the person authorised at a time when they are trying to take urgent action to protect people from serious risks. A review of an

enforcement authorisation by a justice of the peace after the authorisation had expired would not serve any purpose since the power granted would have already been exercised. In addition, a review by a justice of the peace, whether while in force or afterwards, would place an unnecessary and disproportionate burden and cost on the judicial system, given the other safeguards in place. Moreover, appeal by the Secretary of State, which Amendment 33 provides for, may not realistically take place in time to enable the emergency action needed to address the serious risk in question.

I assure noble Lords that the Government are listening. We have taken on board comments from the House of Commons Science and Technology Committee and have reduced the time for which an enforcement authorisation remains in order from one month to 48 hours. The noble Lord, Lord Fox, asked why we have used the wording “to do anything necessary”. It would not be possible or appropriate to list possible actions that may be taken under an enforcement authorisation as this would restrict the scope of the authorisation. The action must, however, be necessary to protect the national security of the UK, secure compliance with the international obligations of the UK or protect the health or safety of persons. An enforcement authorisation will not be issued unless the Secretary of State is satisfied that the risk will be eliminated or mitigated as a consequence. Improper use of this power by the appointed person could be challenged by judicial review.

I understand the concerns of many noble Lords that this power is excessive. However, it is more restricted than other comparable powers of entry: for example, as I said, those for inspectors in the Energy Act 2013 or the Health and Safety at Work etc Act 1974. It is similar to those powers approved by Parliament in that there is no independent judicial authorisation before or after exercise of the power. The power in Clause 32 requires authorisation for each and every use, is in place only for a 48-hour window and cannot be used routinely at the discretion of the person who is authorised to enter. I am confident that our approach is proportionate and contains sufficient safeguards to address the concerns raised while retaining the flexibility necessary to deal with the very serious risks that this clause is designed to address. With the assurances that I have provided, I hope that the noble Lord feels able to withdraw Amendment 32.

Lord Rosser: I thank the Minister for his reply and thank the noble Lord, Lord Fox, for speaking to his amendment.

The Minister has produced various arguments but not surprisingly, because he probably cannot get into the mind of the Constitution Committee, he has not said why it was not moved by the kind of considerations that he has put forward. Clearly, that committee regarded this issue as something which could lead in extreme circumstances—at least, one hopes that it would be in extreme circumstances—to an abuse of power if there was no check after the event on whether the power under Clause 32 had been used appropriately and proportionately. My amendment sought to cover that, as did the view expressed by the Constitution Committee. Having a check that this power is not misused, which

is what my amendment would provide, is a point that the Minister did not address in his reply. He referred to the difficulties of finding a magistrate or justice of the peace to do this within 48 hours, or at least I think he did. I think he will find that justices of the peace can be produced fairly quickly for a range of rather more minor warrants and issues, and well within the 48-hour period. Unless there is an issue over a Sunday, you can find justices of the peace at a magistrates' court any day. If some sort of emergency measure needed to be undertaken—as it would in such a case—I imagine that the court would be prepared to co-operate.

The Minister mentioned costs. Frankly, if the Government are throwing at us concerns over costs as a reason for not having a check on whether a draconian power—the wording used by the Constitution Committee—is being used correctly or is being abused, we have reached a fairly sorry state of affairs. The Government must do a bit better than try to argue that this is unacceptable on grounds of cost, which I think was one of the points made by the Minister.

I will, of course, read *Hansard* and reflect on what the Minister has said but I come back to the point that this view has been expressed pretty strongly by the Constitution Committee, having seen the Government's response to the House of Commons Science and Technology Committee. These are fairly draconian powers and it is desirable to ensure that those who exercise them know that there will subsequently be a check on whether they have been used appropriately or proportionately. That would help to ensure that they are not abused. However, in the meantime, I beg leave to withdraw the amendment.

Amendment 32 withdrawn.

Clause 32 agreed.

Amendment 33 not moved.

House resumed.

7.09 pm

Sitting suspended.

Iran: Future of the Joint Comprehensive Plan of Action *Statement*

7.15 pm

The Minister of State, Foreign and Commonwealth Office (Lord Ahmad of Wimbledon) (Con): My Lords, with the leave of the House, I shall now repeat in the form of a Statement an Answer given by my right honourable friend Alistair Burt to an Urgent Question in the other place on the future of the joint comprehensive plan of action with Iran. The Statement is as follows:

“The Government take note of President Trump's decision not to recertify the joint comprehensive plan of action and are concerned by the implications. The Government are strongly committed to the deal, and the JCPoA contributes to the United Kingdom's wider non-proliferation objectives. The International Atomic Energy Agency continues to report Iran's compliance with its nuclear commitments. We share the concerns

about Iran's ballistic missile programme and its destabilising activity in the region”.

7.16 pm

Lord Collins of Highbury (Lab): My Lords, I thank the Minister for repeating the Urgent Question. Alistair Burt said in the other place that the deal was hard-won and does the specific job it was designed to do. Of course, it was won by many people, with the superb diplomatic guidance of my noble friend Lady Ashton when she was at the EU. The deal is working. The Foreign Secretary told us the best way to influence the US is to stay close to the president, and of course six months ago he said:

“We were told that the ... plan of action on Iran, was going to be junked”,

but,

“it is now pretty clear that America supports it”.—[*Official Report*, Commons, 28/3/17; col. 116.]

Will the Minister tell us what the practical implications for the UK's policy are if the US eventually junks the agreement? Will the Government strongly reject attempts to make the deal subject to new conditions that have nothing to do with Iran's ability to develop nuclear weapons? Does the Minister agree that the US rejecting the agreement will strengthen the hand of those in Iran who said, “Don't trust the US”? It will make relationships incredibly more difficult. I hope that the Minister will be able to assure the House that the United Kingdom will remain strongly committed to this agreement.

Lord Ahmad of Wimbledon: I assure the noble Lord, and the whole House, that I stand with him in acknowledging the efforts of the noble Baroness, Lady Ashton, in the negotiation of this deal. I repeat the words of my right honourable friend Alistair Burt: yes, it was a hard deal to negotiate, but at the same time we stand by it. The noble Lord asked about the US position. As he will know, the issue of recertification has been passed from the President to Congress. However, I assure the noble Lord that the United Kingdom's position stays firm; we believe that the deal is the right one. As I said in my original response, we are seeing full compliance from Iran on the deal, and the IAEA is getting full access. As the noble Lord will I am sure have noticed, we stand together with others, including the German and French Governments; our Prime Minister issued a joint statement with the German Chancellor and the President of France on Friday, and those sentiments have been repeated by my right honourable friend the Foreign Secretary. We are working as hard as we can with all partners—in particular, with our European partners—to keep the Iran nuclear deal going.

Lord Campbell of Pittenweem (LD): My Lords, I do not disagree at all with anything that has been said. However, it is difficult to avoid the conclusion that every time the President intervenes in foreign affairs, the world becomes a less safe place. I was encouraged by the Minister's reference to nuclear non-proliferation. Apart from the intrinsic merits of this deal, it has undoubtedly made a substantial contribution to the objective of nuclear non-proliferation. Is it not also the case that the President's eccentric action, against

[LORD CAMPBELL OF PITTENWEEM]

all the advice of his own advisers, has been deeply damaging to trust and confidence in foreign policy as practised by the Trump Administration?

Lord Ahmad of Wimbledon: On the President, that is a matter for the United States. I assure the noble Lord that, first and foremost—I reiterate—we stand by the deal. Over the weekend my right honourable friend the Foreign Secretary spoke to various counterparts, including Foreign Minister Zarif in Iran, and to senior representatives of the Trump Administration in the US, to reiterate our support for the continuation of the deal. The noble Lord also raised an important point about the implications. This deal is important for our security, and for the security of the wider region and the whole world. We call upon all parties to ensure its continuation.

Lord Tugendhat (Con): My Lords, I too welcome this Statement and the fact that the British Government are working closely with our European partners in the deal, notably France and Germany. Does my noble friend not agree that this is a very good illustration of our voice and influence in the world being enhanced when we work in conjunction with our European partners and that this shows the great importance of maintaining, as far as possible, the existing structures of political and foreign policy co-operation after we leave the European Union?

Lord Ahmad of Wimbledon: My noble friend raises an important point. We have been consistent in our approach to this deal and to international agreements. The way in which my right honourable friend the Prime Minister acted on Friday and the co-operation that we continue to demonstrate with our European partners adds to the strength of having a unified approach to issues on which we agree. That certainly reflects the situation with this agreement.

Viscount Waverley (CB): My Lords, the Minister's remarks are welcome. However, speaking frankly, how prudent is it to depart from treaty terms? It is to be hoped that Congress will see sense. President Trump entered into a diatribe towards Iran, during which he announced his instruction that US agencies should investigate. Would it not have been more satisfactory for the President to have asked his agencies first, rather than putting the cart before the horse?

Lord Ahmad of Wimbledon: My Lords, that is very much a question for the US Administration.

Lord Desai (Lab): My Lords, now that the President has given Congress responsibility for renewing the sanctions, what efforts are Her Majesty's Government making to influence opinion in Congress—to the extent that we can—so that it comes forward with a good set of sanctions?

Lord Ahmad of Wimbledon: As I said, we will continue to work with all partners, including the US, to ensure the continuation of the deal. We will work to ensure that all parties continue to implement it in full, and that its basic facts and fundamentals are upheld.

Lord Balfe (Con): My Lords, the agreement represents a considerable triumph for Europe: over 13 years, with Governments of different political persuasions, we managed to get an agreement. However, we forget that China and Russia are part of the agreement that is seemingly tossed away by the leadership of the United States Administration. Can the Minister assure us that we will do everything within our power, not only with our two European allies but with China and Russia, to keep the agreement going? It is important that we are even-handed. There is a perception in that part of the world that another big player in that area has a much softer ride than Iran. It is important that, having done a deal with Iran, we are seen to obey it and fulfil the full spirit of it.

Lord Ahmad of Wimbledon: My noble friend is right that the deal that was struck went wider than just the EU partners. There was some very hard grafting, with a lot of work done behind the scenes to ensure wide agreement, and, as my noble friend says, China and Russia were part of the deal. I repeat the reassurance that I gave a few moments ago about the efforts that the United Kingdom Government are making. Not only are we talking with all international partners but, as I said earlier, my right honourable friend the Foreign Secretary spoke directly to Foreign Minister Zarif in Iran to assure him of the UK's continued commitment to the deal.

Northern Cyprus

Question for Short Debate

7.25 pm

Asked by Lord Sharkey

To ask Her Majesty's Government what assessment they have made of the problems that will be faced by the people of Northern Cyprus in the event of the failure of reunification talks; and what plans they have to assist in resolving any such problems.

Baroness Goldie (Con): My Lords, your Lordships will be aware that this debate, which was listed as the dinner break business, will now constitute the last business of the day. This means that theoretically it can be extended to 90 minutes and that Back-Benchers can, if so minded, speak for 10 minutes. That is not mandatory but they can do so if they so desire.

Lord Sharkey (LD): My Lords, I will speak for 10 minutes. I declare an interest as co-chair of the APPG for the Turkish Republic of Northern Cyprus. The noble Lord, Lord Maginnis, has asked me to apologise for, and convey his regrets at, being unable to speak tonight as intended. His flight from Northern Ireland was a victim of Storm Ophelia.

When I tabled this Question, the negotiations over the reunification of Cyprus had not concluded. That is why the Question on the Order Paper contains the words,

"in the event of the failure of reunification talks".

Those talks have failed, as did all previous talks over the last 50 years. The Question on the Order Paper is no longer hypothetical; it is now about the actual problems to be faced by the people of Northern

Cyprus and about the actual help that Her Majesty's Government may be able to provide in alleviating these problems.

Most commentators on the failed talks, this time and every preceding time, agree that reunification would bring economic benefits to all the citizens of Cyprus. Those benefits will not now materialise and there is no realistic prospect of them materialising in the foreseeable future. That is because there is no prospect in the foreseeable future of any reunification. No matter how much talk there may be from Greek Cypriots about continuing talks, it is clear that that will not happen. It is clear because every possible solution and every possible permutation of every compromise is known and has been proposed and exhaustively discussed, not just this time but in the Annan plan and in the preceding conversations. They have always failed.

There is no conceivable basis for any future talks without profound changes in what possibly both sides are prepared to accept. There is no sign that this will or can happen. The truth is that there is no incentive for the Greek Cypriots to compromise and no willingness on the part of the Turkish Cypriots to be subsumed into a Greek Cypriot-run state. There is no convergence of interests, not even over the exploitation of the offshore oil and gas finds, and there is no point in doing the same thing over and over again and expecting something different to happen.

The failure of the Crans-Montana talks cannot be held at the door of the Turkish Cypriots. It cannot be laid at Turkey's door either—it did, after all, offer to reduce the number of its troops on the island from 40,000 to 650—and the failure certainly cannot be laid at the door of Her Majesty's Government. In fact, I make clear my gratitude and admiration for the effort made by Her Majesty's Government to facilitate a solution to the Cyprus problem, and I particularly thank Sir Alan Duncan, Jonathan Allen and the whole FCO team for their hard work and commitment. There should be no doubt that this Government wanted the reunification talks to succeed and tried very hard to make that happen. I know how very disappointed they were by the final outcome.

However, the outcome was failure, and the consequences of that failure fall most heavily on the people of Northern Cyprus. Greek Cyprus is relatively rich; Turkish Cyprus is relatively poor. Greek Cyprus is an active part of the EU; Turkish Cyprus is technically part of the EU but enjoys none of the benefits of EU membership. Greek Cyprus trades with the world; Turkish Cyprus is under embargo. The future of the people of the north looks bleak, with no trade possibilities, no real inward investment and no external relations. It is cut off and isolated. Through no fault of their own, the people of Northern Cyprus are isolated and impoverished. They are an economic dependency of an increasingly distracted, erratic and authoritarian Turkey. The whole region is aware of the tensions that exist between the Republic of Cyprus and Turkey over the oil and gas deposits in the island's EEZ. The eastern Mediterranean region emphatically does not need a continuation of this tension.

However, we are where we are. The island has no real foreseeable prospect of reunification and the people

of the north need help. I understand that help may be difficult to provide—not impossible, but certainly not straightforward. Ideally, help would take the form of ending or mitigating the effects of the embargo, restoring direct flights and shipping, and promoting inward investment. None of this is straightforward.

The UK position is hedged around with difficulties. There are EU and UN judgments and resolutions, and the votes of Greece and the Republic of Cyprus to consider in our Brexit negotiations. There is also the vital importance of our sovereign bases on the island. However, none of these things amounts to a reason for the UK simply confining itself to the hope that reunification talks might some day resume and have a different outcome. Surely there are things that can be done now—small things at first, but helpful none the less.

Flights from Northern Cyprus to the United Kingdom are a case in point. Until 1 April, flights from Ercan to the UK touched down briefly in Turkey and then continued to the United Kingdom. From 1 April, at the instigation of the United Kingdom, all passengers, baggage and cargo have had to be disembarked in Turkey for additional security screening. This adds significant delay, inconvenience and cost to the flights. The Department for Transport has told me that this new security screening was needed because the United Kingdom did not have sight of the security arrangements at Ercan. This makes the additional security arrangements in Turkey both completely understandable and obviously necessary.

However, the question is: why do we not gain oversight of the security arrangements at Ercan and satisfy ourselves that they are adequate or will be made adequate? I have asked this question in this Chamber and in writing to the Minister. I asked whether we have had discussions with officials in Northern Cyprus about the lack of sight of security arrangements at Ercan. The answer was this:

“The Government has not discussed security arrangements ... with officials in the northern part of Cyprus. The Republic of Cyprus has not designated Ercan as an airport under the 1944 Chicago Convention on International Civil Aviation. The Court of Appeal has ruled that direct flights from Ercan to the UK therefore cannot take place. Flights from Ercan to the UK land first in Turkey where passengers, their baggage, and any cargo are screened before the aircraft continues on to the UK”.

I note in passing that I had not asked about direct flights to the UK. The answer does not mention the fact that, prior to 1 April, security checks were carried out at Ercan and not in Turkey.

Notwithstanding all that, things seem to have moved on a little. Last Wednesday, representatives from the Council of Turkish Cypriot Associations, the British Turkish Cypriot Association, and the Turkish Cypriot Chambers of Commerce for Northern Cyprus and the UK met the Secretary of State for Transport and others to discuss the situation. I am told it was agreed at that meeting that further investigative work is required to find a solution to the problem, which was correctly characterised as a security issue. I welcome this outcome and the signs of flexibility and willingness to talk and help that it shows. There is no legal barrier to our Department for Transport's aviation people inspecting and assessing security at Ercan, which would comply with any request they might make. This is one way in

[LORD SHARKEY]

which Her Majesty's Government can help the people of Northern Cyprus in their isolation. There will be others.

The UK remains a guarantor power. It must also take some responsibility for allowing a divided island into the EU, thus removing any real leverage over the south. We are the former colonial power, we have two large and vital sovereign bases on the island, and we have an interest in maintaining peace and stability in Cyprus, in a region where there is very little of either. I make no criticism of HMG's recent involvement with the island—rather the opposite. This speech is not an attack on Her Majesty's Government and not a request for recognition of the north. It is a request for help for the people of Northern Cyprus. I very much look forward to hearing the Minister's assessment of the problems now facing those people and the ways that HMG might be able to provide concrete help.

7.35 pm

Lord Balfé (Con): My Lords, like the noble Lord, Lord Sharkey, I am a member of the TRNC All-Party Group. I have been going to north Cyprus since the 1980s. My first contact there was when I was on the Turkey delegation of the European Parliament. We found that the Greek Cypriot Administration consistently opposed any contact between the European Parliament and north Cyprus. Indeed, the first time I went to north Cyprus, in the 1980s, the leader of the socialist group of which I was then a member received a letter from the President of Cyprus condemning the fact that I had visited an illegal regime. You could say that things have gone downhill ever since. The fact of the matter is that we have had difficulties with both sides for many years, but in particular with the Greek Cypriot side giving a fair hearing to what I see as the legitimate demands of the Turkish Republic.

The European Parliament did stand up for the TRNC. It had an unofficial arrangement: with every Turkish delegation, you got a trip to north Cyprus—it was added on to the itinerary if you wanted to go. It was never an official visit; it was always an unofficial visit. However, it meant that a number of us got to know north Cyprus quite well. I got to know President Denktash, who was basically the father of the present north Cyprus. I got to know his first successor, Mehmet Ali Talat, who, with the help of the United Nations, got a settlement that was put to a referendum in 2004 and agreed on the Turkish side with the assurance of the EU that if the Greek Cypriots rejected it, they could still join the EU. The Greek Cypriots promptly rejected the UN settlement.

Before the Mehmet Ali Talat years, I had met the present President of Cyprus, Mustafa Akinci. He was then the Mayor of Nicosia, the Turkish name for the capital of the island of Cyprus and of its part. He was a very good, reforming mayor who made a lot of changes and got on very well. He always believed in his heart that if he could get the presidency, he could get a solution. You could not find a member of the north Cyprus political class who had more commitment to a settlement than Mustafa Akinci—some would say he had too much of an attachment to a settlement.

I have followed the negotiations since he became President on the political platform that he could negotiate a settlement because he knew the people on the other side and that what was needed was patience and good will. He put a huge amount of patience and all of his good will into it. Frankly, he got to a position where he had given every possible concession that he could have given. If he had given a single further concession, he would almost certainly have lost the referendum in the north because, even as he was negotiating in Switzerland, there were people in the north who were saying, "You have gone too far". Even at that point he said, "If only we can bring back a settlement. We have got as far as we can. We have given every concession"—and they had given every concession, but they did not get a settlement.

Turkey tried. The noble Lord, Lord Sharkey, has referred to the huge reduction they offered in the number of troops. The troops are there because the people feel insecure. It is not that they parade around the streets. I have been in north Cyprus many times, most recently this summer, and, although there are Turkish bases there, you certainly do not see Turkish troops parading around the streets. It has the most discreet army I have ever seen anywhere—more discreet, incidentally, than the Brits in the south.

Turkey did everything it could to get a settlement. The TRNC authorities did everything they could to get a settlement. The UN mediator, Barth Eide, tried everything he could to get a settlement. I met him after the collapse of the talks and he said to me before he went back to the Norwegian Parliament, "I could have done nothing else. We went as far as we possibly could".

I have concluded that this process is now dead and it should be declared dead. There is no reason whatever for going back to talks on the old basis because there is nothing left to talk about. My friends in north Cyprus should say that they will go back to the chamber to talk either on the basis of two communities talking to each other, or two Governments talking to each other. The Government of Cyprus talking to the Turkish community has to come to an end. It is no longer acceptable. The Government in north Cyprus have now got to be firm. If south Cyprus says, "We are not going to talk", so be it. Talks have got nowhere and so they are not losing much.

The next thing that has to happen is that we accept that Cyprus will not be the only island that is divided. The island of Ireland is divided. A large number of islands are divided between two populations that prefer to be divided than to be united. That can be done and the people of north Cyprus should not be afraid of it. They have been extremely resourceful. They have lived for many years under this situation and they have survived.

However, we now have to look to Turkey being more aggressive in its diplomacy. Turkey now has to join the international group of countries that get and campaign for the recognition of the TRNC, at least by Organisation of Islamic Cooperation members. There has to be an acceptance that this is now an emerging state. People say, "It is an illegal state". I say, "Oh yes, like Taiwan, for instance"—which, I have been told by Chinese friends, is an illegal state. However, it is a state; it exists.

Britain, frankly, has got to stop hiding behind the European Union and always coming up with an excuse for doing nothing. It always seems that there is some fault or some reason why nothing can be done. I strongly supported us remaining in the European Union. I found it very hard to find anything positive to say about us leaving. The only positive thing that might come out of it is that we can no longer hide behind the European Union when we basically want to shuffle off our responsibility for behaving in a decent fashion towards north Cyprus.

I hope the UK will stop hiding behind the EU and say that we want to normalise relations with north Cyprus; that we want to bring it in from the cold; that everything else has failed but we will support talks between the two Governments or the two communities but, until that happy day comes, we will take the attitude that the talks are dead—the peace process is dead. We have to move on, so let us move on with a positive view from the United Kingdom, a positive push forward, and a recognition of our friends in north Cyprus. Historically, the people of north Cyprus have been good friends to the United Kingdom and we should welcome them as such.

7.45 pm

Baroness Hussein-Ece (LD): My Lords, this month marks Cyprus's independence from British colonial rule in 1960. Would it not have been a fitting tribute if these talks, which went on for years and years and seemed so positive, had come to fruition? As has been mentioned, the island has been divided since 1974 and the intervening years have been marked with much conflict and dispute. There have been many rounds of peace talks over the past 40 to 45 years and it is a tragedy that the two communities remain unevenly and unequally divided on such a small island.

There was a breakthrough a few years ago when the Turkish Cypriot President, Mustafa Akinci, was elected overwhelmingly on a pledge to do all that he could to bring peace and reunification to Cyprus. He was a strong advocate for reunification and for the past two years he has worked tirelessly and solely on this objective, deserving much recognition for his commitment. According to a recent poll, the vast majority of Turkish Cypriots—67%—want the divided island to be reunited. I declare an interest as I have many family members on the Turkish Cypriot side, whom I regularly visit, talk to and am in touch with. There is a large diaspora in this country and the vast majority want some sort of settlement. The Turkish Cypriots are tired of being a part of embargoes, of being isolated, of not having free trade, of their young people not being easily able to go overseas to be educated in universities and to be part of the wider global community.

In the 2004 referendum, the Turkish Cypriots voted overwhelmingly for the United Nations Annan plan for a settlement. As the noble Lord, Lord Balfe, has mentioned, the most recent special adviser, Barth Eide, has worked tirelessly. Following his resignation a few months ago, he said that the UN does not give up on Cyprus but it needs to know that there is a peace process which can only be owned by the Cypriots. That is an important statement because there are too many outside influences. Cyprus is in such a strategic

position that it has always had too many outside influences who believe that it is not in their interests to have a settlement. It suits a lot of people for Cyprus to remain divided. I shall come on to particular communities which have that interest in a moment.

The sudden and depressing collapse of negotiations in Crans-Montana in July, and in particular, declarations by Turkey that there is no point in pursuing the UN parameters, leaves Turkish Cypriots, who are also EU citizens, quite vulnerable. As my noble friend Lord Sharkey said, the sterling efforts made by the United Kingdom are to be commended. It is important to note that everything was thrown at this to make it a success.

There are already calls from some Greek Cypriot quarters to abandon all EU technical and financial support to the north as the Republic of Cyprus had only agreed to this on the basis of it being with a view to reunification. Can the Minister confirm that the United Kingdom, as a guarantor country, will continue to provide much-needed assistance, particularly technical and financial assistance, to the north to ensure that the institutions which they rely on do not face being set aside or programmes that are already in existence stopped? Can he also confirm that the United Kingdom, as a guarantor country, will look favourably at incremental ways of easing some of the isolation that results from the blocks and embargoes that Turkish Cypriots are facing through no fault of their own?

Regrettably, it looks like a settlement that involves power sharing is no longer on the cards. The Turkish Cypriots have again been left in limbo, with little hope of the embargoes coming to an end. Much was promised by the UK, the EU, the World Bank and the United Nations in the event of reunification. There would have been significant support and investment. What will happen to those commitments and some of those pledges? Are they all simply going to evaporate so that everything goes back to the way it was, to the status quo?

Can the Minister also say what steps will be taken to ensure that Turkish Cypriots are not left completely isolated diplomatically, internationally and financially? The President of the Republic of Cyprus, Mr Nicos Anastasiades, was a strong supporter of the Annan plan and he came to the talks from a position of pro-solution. That is why many of us were so hopeful that President Mustafa Akinci had a partner in peace. They both wanted the same thing. It is therefore hugely disappointing that more efforts were not made to thrash out the positive deals that were on the table. President Mustafa Akinci said after the Crans-Montana talks that the Greek Cypriots—the people and the leadership—do not want to share power. This is not something I have heard him say before, but sadly it now seems to be a reality.

In the crucial referendum held in 2004, 75% of Greek Cypriots voted against a federal solution. It now seems that, in the run-up to the elections in the Republic of Cyprus, no deal is presumably a vote winner, so President Akinci's observation that the Greek Cypriots do not want to share power looks increasingly accurate. It is also apparent that Turkish Cypriots want to share power because they want to share sovereignty. Turkish Cypriots are EU citizens.

[BARONESS HUSSEIN-ECE]

The European Union Charter of Fundamental Rights binds all institutions of the EU and provides that all EU citizens should be treated equally, along with protection from discrimination as set out in the Treaty of Lisbon in 2009. Those institutions are under a duty to ensure that the Turkish Cypriot community has all the benefits of membership and is free from all forms of discrimination. Is this going to be looked at seriously and can the Foreign Office make inquiries into how it can be progressed?

The agreed troop presence has always been a stumbling block. The Greek Cypriot diaspora in this country has frequently taken to platforms and demonstrations asking for Turkish troops to get out of Cyprus. They all want that. It was reported that it had been agreed that, as my noble friend Lord Sharkey said, the Turkish troop presence would be reduced to 650 along with 950 Greek soldiers. However, what could not be agreed was either a review or a sunset clause. That was the only issue on the table and surely it could have been thrashed out rather than the talks and negotiations being abandoned. The Greek Cypriot leadership has unfortunately opted for the status quo and thousands of Turkish troops will remain. The island will remain divided and much-needed investment in an island where self-determination for all Cypriots could have been a reality is to be denied. Personally, I cannot see these talks being revived again after such a loss of confidence on all sides. I do not think that the Turkish Cypriots will ever want to come back to the negotiating table unless something dramatically changes.

The demographics in Cyprus are changing as well, and not just for Turkish nationals. In the past few weeks, it has been reported that Russians oligarchs have been acquiring Cypriot citizenship and are therefore now EU nationals. They have created a new political party in Cyprus which says that it supports UN talks on the future of the divided island and aims to take part in the European elections in 2019. Of course, Turkish Cypriots are denied the right to take part in European Union elections simply because they need to be registered in the Greek south in order to vote. All these anomalies are being thrown up in the absence of any comprehensive settlement. Surely Russia gaining a foothold in Cyprus is a worrying trend.

I believe that politics is the art of the possible. If Greek Cypriots are unwilling or unable to share power, there must be legal mechanisms in place which, with support from the UK and the EU, could enable the Turkish Cypriot community to benefit fully from Cyprus's membership of the EU. It is unjust that the community should face further decades of isolation. Can the Minister say whether it would be possible for the United Kingdom to make at least incremental changes to relieve the isolation and the embargoes, and to look at investment that would allow Turkish Cypriots to enjoy a better quality of life? Can he comment on this, please?

7.55 pm

Lord McInnes of Kilwinning (Con): My Lords, it is a great privilege to make a short contribution to this debate. I begin by thanking the noble Lord, Lord Sharkey,

for bringing this unfortunately timely question before your Lordships' House. It is also very encouraging that the Government's reply will come from my noble friend the Minister of State.

I am quite sure that, like everyone else in the Chamber, we share the same sadness that the Crans-Montana unification talks failed in July. We must now consider what steps can be taken to improve the position of those who reside in the northern republic. As we have heard in the debate, through no fault of their own they face isolation from the international community. Reunification is something that all stakeholders, including Her Majesty's Government, desire, and undoubtedly that would be the simplest solution to improve the economy of the north and the livelihoods of the people who reside there. It is important that it should remain the prime goal of all who care about the northern republic of Cyprus. However, unification after the tumult and displacement of the last 60 years, with more than 200,000 people being displaced, an intervention by Turkey and an attempted coup, can only come about with an approved constitution that commands the support of both the Turkish and Greek Cypriot communities, but for me it is most important that that support should come from the Turkish Cypriot minority.

It is very easy for us in the UK to support a diverse, functioning democracy in a unified Cyprus, but we must be realistic that significant safeguards are required to ensure that in a unified Cyprus, we do not see the same trajectory that has taken place all too often in the eastern Mediterranean and the Middle East where diverse communities become quickly homogenised as the minority leaves or is driven out. The safeguards were present in the most recent talks. Six separate substantive issues were identified, all of which had actually been identified and addressed a decade ago in the Kofi Annan plan in 2004. However, in these the 11th such unification talks, disagreement on chronology and what the UN identified as a chicken-and-egg problem ensured that agreement could not be reached. It is with a heavy heart that I do not think we are going to witness a reunification solution any time soon. We must now think of the people of Northern Cyprus.

I was pleased to hear that in response to a Question asked by my noble friend Lord Balfe, my noble friend Lady Goldie was able to acknowledge that Her Majesty's Government remain committed to ending the isolation of the northern Cypriot community. However, I recognise that in the current realm of international law and in the Security Council resolutions as they stand, without unification the community's isolation is complete. This creates a situation where, until the Republic of Cyprus agrees to a unification process, the Turkish republic remains in a state of isolation. Although a compromise was offered in the recent talks, the fundamental objection—an understandable one—that the Republic of Cyprus has to moving forward is supposedly the presence of 40,000 members of the Turkish army in Northern Cyprus and a fear of potential Turkish interventions in the future. It is something that does worry the Greek Cypriot community. However, it is clear that that cycle needs to be broken. By continuing the isolation of the Turkish republic, the international community is increasing dependence on Turkey. At the

moment, it costs \$1,200 extra for a Chinese container to be docked in Northern Cyprus as opposed to the Republic of Cyprus. Planes can only arrive via Turkey. Marketing for tourism and business increasingly looks only toward Turkey. That is leading to a forced position where Northern Cyprus relies on Turkey as an economy, dependent on subsidy from Turkey and is shaped by fluctuations in the Turkish economy.

Unification would greatly increase the economy of Northern Cyprus by an estimated €9 billion by 2035. Given that we are unlikely to see reunification any time soon, I suggest to the Minister that it is now worth exploring how, still with the goal of unification in place, the international community finds a means to ensure that the Northern Cypriot population are not caught in a Catch-22 situation wherein continued international isolation leads to an ever greater dependence on Turkey, which in turn leads to a greater suspicion from the Republic of Cyprus. That is not a situation the Government of Northern Cyprus, or indeed the Turkish Government, who contribute a significant proportion of GDP to Northern Cyprus, want to see continue. As the Government of Northern Cyprus made clear when President Erdogan's advisor suggested it, they do not wish to be seen as a "province" of Turkey. The Turkish Cypriots are a very secular and outward-looking people. However, with every passing year of separation and isolation, unification becomes less likely, and dependence on Turkey and exclusion from the EU continues.

As a guarantor of the security and integrity of Cyprus, I ask the Minister to ensure that Her Majesty's Government do all they can to diminish the isolation of the northern republic. Although the unification of the island now seems to be in the middle distance, if we do not do so, I fear that isolation will only ensure that unification, and all it will bring to all Cypriots, fails to remain a future viable goal.

8.02 pm

Lord Northbrook (Con): My Lords, it is tempting to answer the two questions of the noble Lord, Lord Sharkey, rather succinctly. To his first, I say that there will be plenty of problems now that the reunification talks have collapsed. As for the second, I am sure the Minister will recite the usual FCO formula that both sides have to work out a new solution and the UK cannot assist until they have produced an almost final blueprint. That view needs revision, as I shall come on to discuss later; but, like the noble Lord, I want to praise the FCO for its efforts toward the end of the talks in trying to achieve a solution.

However, I think the question of the noble Lord needs much more detailed analysis. The main problem will be the continued isolation of Northern Cyprus, which will continue to rely upon Turkey's support. That isolation comes in several forms. First, it is economic. For instance, I will cite the major problem of the relationship with the EU which, unbelievably, agreed in 2004 that Cyprus could join, regardless of whether agreement had been reached with the Turkish Cypriots. To add insult and injury to the north, it is the whole island that had formally acceded to membership, including the unrecognised and unrepresented Turkish

Republic of Northern Cyprus—TRNC. As a result, the north is deprived of favourable tariff treatment from the EU and other financial benefits to help the infrastructure and other projects.

The next economic problem applies to the natural resources available from the seas surrounding the island. If the island was reunited, there would be the possibility of exploiting the gas resources in, for instance, the Aphrodite field. At the moment, such exploitation is impossible. That gas could be piped to Turkey, giving Cyprus much cheaper energy on the way.

Another form of isolation is travel. As the noble Lord, Lord Sharkey, has already stated, visitors to the north are unable to fly directly to the island, having to stop in Turkey on the way. Such a problem will not be solved as long as the island is divided. That has a direct effect on tourism for the north, as the hassle factor of getting to it deters many. Varosha, which was a prime tourist resort before partition, is still shut off; that is a benefit to no one.

Another problem faced by the north could be the attitude of Turkey. The unpredictable President Erdogan could seek to take in Northern Cyprus as another province of Turkey. That would be a very unsettling event as it could stir up the Greek Cypriot community and Greece itself.

What should be done to solve these problems? Like every other speaker, I fear that negotiations to reunite the island as one entity are now doomed to fail, basically because the Greek side has got exactly what it wants at present, especially with membership of the EU. As Jack Straw, the former Foreign Secretary, wrote in the *Independent* on 1 October:

"For any negotiation of this kind to succeed, both sides have to be able to gain something. But, from the Greek Cypriot point of view, conceding political equality with the Turkish Cypriots means giving power away. If the quid pro quo had been EU membership, a deal in my view would have been agreed. But absent that ... no Greek-Cypriot leader will ever be able to get their electorate behind a deal. The status quo for the south is simply too comfortable".

Jack Straw goes on to say that he believes the international community should,

"acknowledge this reality and recognise the partition of the island. That would be far more likely to improve relations between the two communities than continuing the useless merry-go-round of further negotiations for a settlement that never can be".

So what should the role of the Foreign and Commonwealth Office be? Several members of the APPG group for the TRNC, of which I am a member, visited the FCO in July. For myself, having watched the progress of the talks carefully over the last two years, there were major indicators of lack of progress, particularly when it appeared that the Greek side was expanding the convergences. The FCO was putting all its money on the negotiations succeeding and it was apparent that it had no plan B if the talks were to fail. That was too narrow an approach to take. The FCO should be much more proactive at an earlier stage and look to push forward the partition concept. An interesting article by Dr Sen Dervish of the Centre for the Study of International Peace and Security looks at that idea in more detail. First, she says that Cyprus is already a,

"de facto militarily-partitioned state between Turkey and Greece".

[LORD NORTHBROOK]

She believes that reunification is,

“a pipe dream ... A readiness for political compromise and social cohesion—undisputedly a precursor for any peace deal—is debatably non-existent on the island ... The psycho-political stance of the two Cypriot communities indicates that they want to remain divided; Cyprus should not be left at the mercy of an endless peace process where issues are negotiated to a point of tautology”.

She believes that recognition of the two states,

“would consequently eradicate many legal and political problems surrounding partition, such as human rights and property issues ... There are further axiomatic legal obstacles to partition, such as Article II of the 1960 Treaty of Guarantee signed by the two Cypriot leaders, Turkey, Greece and the United Kingdom. International organisations such as the EU perpetuate the existence of the 1960 Republic of Cyprus, granting it enjoyment of protections awarded to states under public international law. In reality, however, there exist two democratic states of Cyprus and obstacles to peace are overtly political rather than strictly legal ... accordingly, the solution needs to be a political one. Partition would also result in the destruction of rights of residence and property of both Greek and Turkish Cypriots; justified mutual claims for compensation can, however, be raised following the recognition of the TRNC. Moreover, redistribution of land rights in the interests of permanent peace is not, however, a new concept and has been employed—contentiously but successfully—... in Colombia”.

She concludes:

“If the partition of Cyprus is internationally accepted, a wide variety of challenges of the ongoing peace negotiations can be resolved: derogations from EU law regarding living in the north without limits; freedoms will be restored throughout Cyprus; the contentious guarantorship will cease to be required”.

More controversially, she says that the,

“Greek Cypriot authorities will acquire the sole legal right to use the hydrocarbon findings that have been found on the south of the island”.

I am not sure I can agree with this last point because I feel the natural resources should be shared.

8.10 pm

Lord Collins of Highbury (Lab): My Lords, I too thank the noble Lord, Lord Sharkey, for initiating this debate, and a timely debate it is. The UN-backed talks in Switzerland, which began in January, were seen as the best chance to move towards a two-state federation. As the United Nations Secretary-General said, their failure was,

“despite the very strong commitment and engagement of all the delegations and different parties”.

I have no doubt about the sincerity of people's commitment, particularly the two communities, who want to see a settlement. Unlike many of the noble Lords who have spoken in the debate, I have not visited Cyprus, neither north nor south, but I have spent most of my life living on that other green line, which is of course Green Lanes, where the diaspora communities from both sides work and live together in a unified community spirit. We must not forget that hope. Very often the politics of this divided community do not originate from the island of Cyprus but from external factors. That is what we need to better understand.

The sticking point of the settlement remains the troops. There is no doubt about that. Turkey and President Erdogan said that removing Turkish troops was “out of the question” unless Greece committed to removing its troops. That is a difficult issue to resolve. There also remains the obstacle to a deal of

the return of property to tens of thousands of Cypriots who fled their homes when Turkey invaded the island in 1974.

The question we are focusing on tonight is the problems that will be faced by the community in Northern Cyprus economically. The noble Baroness, Lady Goldie, who is here tonight, has said that,

“the best way to improve north Cyprus's trade relations and overcome the isolation of those residing in north Cyprus”,

was to see,

“a settlement deal that protects the interests of both ... communities”.—[*Official Report*, 14/9/17; col. 2525.]

I am sure that, not for the first time, the Labour Front Bench's position is at one with that of the Government Front Bench. The speakers in the debate will show that we are in isolation, as it were. But the Opposition's position, like the Government's, is that we continue to support all efforts towards a just and lasting Cyprus settlement, both bilaterally and within the forum of the United Nations. The conditions in Cyprus and the social and community divisions can be resolved only by the two parties ultimately coming together. My concern about the actions referred to in the debate is that any that frustrate that ability of communities to come together would be wrong and in breach of our international treaty obligations. As Alan Duncan said, the collapse of the talks is,

“a time for calm reflection and consideration of future steps”.

That is what we need to foster.

I ask the Minister to address my concern that the Turkish Cypriot authorities have started charging customs duty on goods carried by UN aid convoys to Greek communities in their territory. Delivering humanitarian assistance is vital in that part of the island, under a long-standing agreement. What representations have the Government made on this alarming development? Our actions should be about building that consensus towards a settlement.

Will the Minister agree, in responding to the debate, that the Government's position of simply supporting and encouraging is doing little to progress the situation? As a guarantor, we have a responsibility to be an active participant in promoting the coming together of the two communities. Will he outline the Government's further action to that end, in the light of the breakdown and deadlock of discussions? What do we need to do to unlock this situation?

Many noble Lords have talked about economic development. I read Jack Straw's article about the situation and his conclusions, but my experience is that people understand, as they have done in Northern Ireland, that the real benefit of peace is economic development and lifting people out of poverty. You cannot go for that without first having a settlement.

8.16 pm

The Minister of State, Foreign and Commonwealth Office (Lord Ahmad of Wimbledon) (Con): My Lords, I thank all noble Lords for taking part in this important and, as several noble Lords acknowledged, timely debate. In particular, I thank the noble Lord, Lord Sharkey, for raising this issue.

Before I address the questions that were raised in the debate, it would be appropriate to set out the

Government's position and the current situation with regard to the talks. In doing so, I acknowledge and will convey to my right honourable friend Sir Alan Duncan the commendation of his efforts. I joined the Foreign Office when the talks were under way. I assure your Lordships that Sir Alan spent considerable time shuttling between talks. My right honourable friend the Foreign Secretary was also involved, as was the UN. I am sure I express the sentiments of all noble Lords, not just those in the Chamber—and, indeed, the sentiments of many across the island of Cyprus—that it was extremely disappointing and regrettable that the talks did not reach a successful conclusion. I thank noble Lords for their support of the Government's position. The noble Lord, Lord Collins, made clear Her Majesty's Opposition's support for the view that the Government have taken and the efforts we have made in this respect.

I make it clear that the UK does not recognise the self-declared Turkish Republic of Northern Cyprus, in accordance with UN Security Council Resolution 550. The implications of this are wide-ranging, as I shall explain. The Government continue to believe that a fair and just settlement is the best solution for the problems that beset the Turkish Cypriot community. It offers a better future for all Cypriots than any conceivable alternative. We have heard a few suggestions this evening. A united federal Cyprus could change lives profoundly on both sides of the green line. Instead of suspicion and economic stress, it could provide security and prosperity.

That is why there were such high hopes for the reunification talks in the summer. An agreement appeared within reach. The Foreign Secretary and my right honourable friend the Minister for Europe, Sir Alan Duncan, did everything in their power to help our partners overcome the final obstacles to a deal. All sides showed real courage and commitment to move beyond their long-entrenched positions. The UN Secretary-General deserves praise for his personal dynamism and deft handling of a sensitive process, which brought us closer than ever—I emphasise that—to an historic agreement. Regrettably, it remained just out of reach.

For the time being, both Cypriot communities must continue to live with the sense of insecurity that division brings. But it need not be that way for ever. We should make sure that it does not remain that way for ever. A deep concern expressed by my noble friend Lord McInnes and the noble Baroness, Lady Hussein-Ece—indeed, I think by all noble Lords—was about the challenges that many Turkish Cypriots face. The breakdown of the talks means that the problems they have faced hitherto will continue until the talks succeed. Continued partition means that ties of all kinds, from trade and travel to sport and culture, are either limited or impossible.

This also has implications for what this Government can do. As the noble Lord, Lord Sharkey, said, there are certain things we cannot do within the scope of our international obligations. He mentioned the additional security measures that have been introduced on flights between the UK and the north via Turkey. I assure him that there is no intention to target passengers from the Turkish Cypriot community with unnecessary

rule changes. The Government have no aim other than to keep passengers safe. The noble Lord will recall that when the Government made a request in late March for a ban in the aircraft cabin of certain electronic devices—I remember it well because I was Aviation Minister at the time—it included several countries, including Turkey. It added impetus to our wish that passengers transiting through Turkey should not be exempt from such measures. The noble Lord raised the meeting which recently took place between representatives and the Secretary of State for Transport. I am aware of that meeting and in advance of this debate I asked my officials at the FCO to follow up on the specifics of it. I will update the noble Lord accordingly.

My noble friend Lord Balfé raised the issue of hiding behind the EU. It was strange from the Front Bench to hear different perspectives about the EU. I assure my noble friend that the United Kingdom does not hide behind anyone but we are bound by relevant Security Council resolutions not to recognise the self-declared Turkish Republic of Northern Cyprus. Leaving the European Union does not change that. I assure noble Lords that the UK is committed to supporting the economic development of the Turkish Cypriot community, reducing its isolation, which the noble Baroness, Lady Hussein-Ece, highlighted, and helping it prepare for a settlement.

I will give a few examples. Since 2004, the UK has funded a range of projects to help prepare the Turkish Cypriots to make a success of reunification. Their aims have included modernising public administration, drafting federal laws and promoting intercommunal relations. One recent project directly benefited the Turkish Cypriot community by working to strengthen local government services. Another promoted business collaboration between Turkish and Greek Cypriot entrepreneurs to build trust and encourage them to work together for the prosperity of a united Cyprus. Forging these personal links is all the more important while the political process remains stalled. It will help ordinary people see reunification not as a threat but a real opportunity to thrive together.

While the UK remains a member of the European Union, we will also continue to contribute financial and political backing to the European Commission's aid programme for the Turkish Cypriot community. The noble Lord, Lord Collins, asked about aid. I will take his question back and write to him on it. I assure noble Lords that the EU aid programme is designed to encourage the economic development of the north, with long-term benefits for its society. It is vital preparation for reunification by bringing the north into line with the EU *acquis* and so helping to ensure that Turkish Cypriots can enjoy the benefits and freedoms of EU membership in full from day one of a settlement. We also encourage the two communities to persevere with confidence-building measures, which are needed now more than ever. I assure noble Lords that we will continue to look at other means of support within the constraints of UN Security Council resolutions and international law.

I shall highlight some of the other measures being taken. I assure the noble Baroness, Lady Hussein-Ece, my noble friend Lord McInnes and others that we

[LORD AHMAD OF WIMBLEDON]

support continued co-operation. We believe that confidence-building measures between the two sides will continue to make a positive contribution for the Cyprus settlement process. We have supported the island's two chambers of commerce in their bicommunal work to highlight the clear economic benefits of a settlement and have promoted practical co-operation between the communities; for example, across professional services.

The noble Baroness, Lady Hussein-Ece, mentioned education. We continue to help Turkish Cypriot students access opportunities across Europe through the delivery of an EU-funded scholarship programme and by supporting UK education providers through education fairs and advice to applicants. She also asked about technical support continuing. I can confirm that the Government are pursuing their project works in the north.

I cannot agree with the proposals put forward by my noble friend Lord Northbrook, and I have already alluded to the Government's position. He raised the important issue of the recent exploration around hydrocarbons. We welcome the restraint shown by all parties since exploratory work began and we encourage

them to avoid any actions. This applies across the piece. The noble Lord, Lord Collins, also referred to this issue. Any actions that can risk escalating tensions in the region should be avoided. The focus should be on how hydrocarbons can support a settlement and be developed for the benefit of all Cypriots.

This has been a challenging summer for both communities in Cyprus, but the Government remain focused on getting a lasting settlement. The Government remain sympathetic to the plight of all Cypriots who suffer because of partition. We continue to support a settlement based on a bizonal, bicommunal federal Cyprus because we believe it is the fairest solution and, most importantly, the one most likely to last. I accept that the talks fell short in the summer, but we remain convinced that this is the right way forward. Yes, it is time to reflect, but we will continue to work with both sides to ensure that in the coming months, we continue communicating and talking with our friends on the island and across the region because it is only through discussions and negotiations and by both sides coming back to the negotiating table that we will be able to secure a brighter future for all Cypriots.

House adjourned at 8.27 pm.