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PARLIAMENTARY DEBATES
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HOUSE OF LORDS
OFFICIAL REPORT

ORDER OF BUSINESS

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The following abbreviations are used to show a Member's 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
Lab Co-op	Labour and Co-operative Party
LD	Liberal Democrat
LD Ind	Liberal Democrat Independent
Non-afl	Non-affiliated
PC	Plaid Cymru
UKIP	UK Independence Party
UUP	Ulster Unionist Party

No party affiliation is given for Members serving the House in a formal capacity, the Lords spiritual, Members on leave of absence or Members who are otherwise disqualified from sitting in the House.

House of Lords

Tuesday 27 April 2021

The House met in a hybrid proceeding.

Noon

Prayers—read by the Lord Bishop of Rochester.

Arrangement of Business

Announcement

12.06 pm

The Lord Speaker (Lord Fowler): My Lords, the Hybrid Sitting of the House will now begin. Some Members are here in the Chamber while others are participating remotely, but all Members will be treated equally. Oral Questions will now commence. Please can those asking supplementary questions keep them brief and confined to two points. I ask that Ministers' answers are also brief.

Cycling: Bells

Question

12.07 pm

Asked by ***Lord Lexden***

To ask Her Majesty's Government what assessment they have made of any hazards that arise when cyclists fail to make use of bicycle bells.

The Parliamentary Under-Secretary of State, Department for Transport (Baroness Vere of Norbiton) (Con): My Lords, cyclists, like all road users, have a responsibility to behave in a safe and responsible manner. Rule 66 of the Highway Code recommends that bells are fitted and used as necessary, and all new bikes must be sold with a bell fitted.

Lord Lexden (Con): My Lords, what can be done about the huge number of cyclists without bells, which does not lack aggressive and foul-mouthed elements? Some of them seem to prefer pavements to their designated cycle lanes, having presumably discarded the bells which, as my noble friend has said, are required by law when bicycles are first sold. Is this not completely irresponsible?

Baroness Vere of Norbiton (Con): My Lords, I am going to try very hard not to make this a pro- and anti-cycling Question, because there are many people on our roads—pedestrians, cyclists, horse riders, motorcyclists and drivers of motorised vehicles—and we must ensure that each considers their impact on other road users. My noble friend is right that we must do something. The core is education and training. In the Government's cycling strategy, *Gear Change: A Bold Vision for Cycling and Walking*, we said that every adult and child who wants it can be trained on how to ride a bicycle safely.

Lord Touhig (Lab) [V]: My Lords, some time ago, I had a near-encounter with a cyclist. He did not have a bell and I did not see him coming, but an accident was avoided because he shouted "ding ding" as he approached me. Like many colleagues, I have done much more walking during the pandemic, and had many close encounters. While it is argued that cyclists should not rely unduly on bells as a means of avoiding hazards, in almost every case it is the only warning that the pedestrian has. Surely all cyclists should be required to have bells on their bicycles and should not be allowed on the road without them.

Baroness Vere of Norbiton (Con): My Lords, the Government are not about to mandate bells on bicycles. That would be disproportionate, and it is unlikely that any enforcement would be a police priority. However, cyclists must take responsibility for their actions. A little "ding ding" on a bell on a bridleway is perfectly fine, but if you are travelling in central London, it will get you nowhere, and in those circumstances, a shout is probably preferable. I am afraid that the Government will not be mandating bells at the present time.

Baroness Hoey (Non-Afl): My Lords, I welcome the huge increase in cycling, but millions of people will never get on a bicycle, and millions of pedestrians on pavements feel intimated and threatened by that small minority of anti-social cyclists. Has the Minister given any thought to how we can identify those anti-social cyclists who head off very speedily? Could they all have something that shows who they are, so that they can be identified?

Baroness Vere of Norbiton (Con): My Lords, the Government looked very closely at the issue of safety. In the cycling and walking safety review of 2018 we looked at licensing, but we concluded that the costs would outweigh the benefits of getting more people on to a bike. However, I am sure the noble Baroness is aware that it is an offence to cycle on the pavements, under Section 72 of the Highways Act 1835. Enforcement is an operational matter for local police forces.

Lord Leigh of Hurley (Con) [V]: My Lords, I declare an interest as a runner clocking up 20 miles a week. I can testify that cyclists can be a real danger to stand-up sportsmen, and very few of the MAMILs have bells. They claim that they interfere with the aerodynamics, which is really just vanity. Outside England, bells are required under the Vienna Convention on Road Traffic 1968, so why do we not have that requirement in England as well? Also, will my noble friend the Minister look at supporting a Bill to regulate pedicabs, which is going to fail in this Session?

Baroness Vere of Norbiton (Con): I thank my noble friend for his questions and congratulate him on his running. The Government take an interest in how pedicabs will be regulated, and we will look favourably on any Bills that might come forward. I think I have answered the question about mandating cycle bells, but we have just closed a consultation on the Highway Code. We want to ensure that those who can cause the

[Baroness Vere of Norbiton]
greatest harm have the greatest responsibility to reduce danger or threat. In those circumstances, a cyclist would have the responsibility to a pedestrian or a runner to ensure that they were safe and did not feel intimidated.

Baroness Ludford (LD) [V]: My Lords, arguably e-scooters pose an even greater threat than cycles. The Government's policy seems to be to normalise these by stealth. About 300,000 have been sold for illegal private use, and on sites such as Amazon or eBay you can find them with a top speed of 50 mph, marketed as "great for commuting" despite it being illegal to ride them on public roads, let alone pavements. There is no enforcement whatever. They are almost silent, such that pedestrians, especially those with vision impairment, are hugely at risk. What are the Government doing to protect pedestrians, especially vulnerable ones, from e-scooters?

Baroness Vere of Norbiton (Con): I refer the noble Baroness to the answers to the Question on e-scooters that I answered last week for more context on that. It is illegal to ride a privately owned e-scooter on a public road, and where there are e-scooter trials, all the e-scooters within those trials are fitted with a bell or a horn.

Lord Aberdare (CB) [V]: My Lords, I have been cycling a lot during the pandemic and have become very aware of problems both caused by and faced by cyclists, including not using their bells to alert others to their approach or finding that those others are so immersed in their headphones that they would fail to be alerted by the crack of doom. Might the Minister consider a campaign, perhaps in partnership with leading cycling bodies, to raise awareness of good cycling —and, indeed, scootering—behaviour as part of her welcome commitment to training and guidance?

Baroness Vere of Norbiton (Con): I reassure the noble Lord that we not only support a campaign but are taking action on this. We will be investing £18 million in the current financial year on Bikeability training for both adults and children. The noble Lord might be interested to know that role 4 of the government-backed national standard cycling training curriculum, which replaced the cycling proficiency test—which I am sure noble Lords are familiar with—has an entire topic about riding

"safely and responsibly in the traffic system."

It is not about the cyclists in isolation but about how they interact with all elements within the traffic system, whether that be pedestrians or those using motorised vehicles.

Lord Robathan (Con): My Lords, first, I reiterate my thanks to my noble friend Lord Lexden for his very generous sponsorship of a charity bike ride that I did some five years ago round the Somme. Of course, cyclists should behave responsibly, legally and courteously but pedestrians very often do not hear nor react to bicycle bells, as indeed the noble Lord, Lord Aberdare, has just said, and motorists invariably do not. In a collision with a car or a pedestrian, a cyclist is likely to come off worse because he has further to fall. The problem is not with vulnerable cyclists but with motor vehicles and sometimes pedestrians who are not paying attention or taking sufficient care. Will my noble friend, as a start, encourage the police to take action against motorists who, for instance, block and occupy advance stop lines provided for cyclists at junctions?

Baroness Vere of Norbiton (Con): I agree with my noble friend that perhaps a little more could be done around making sure that motorists do not stop in those boxes because they are really key for cyclists. It is about educating the drivers of motor vehicles as well. I reassure my noble friend that this goes back to the hierarchy of road users, about which we have consulted. We have got 21,000 responses on that. That has the capacity to fundamentally change the way we think about fellow road users, in whichever mode they choose to travel, and how we keep ourselves—and them—safe.

Lord Berkeley (Lab): My Lords, does the Minister agree that the biggest hazard for cyclists is actually unsafe drivers? They may be anti-social and some of the cyclists are anti-social, as other noble Lords have said. Does she agree that the common problem is the silent approach, be it by cyclists or electric cars? Surely the answer there is to make people use bells. Personally, I use a horn when I can because it is even better. It wakes up people who are probably on a mobile phone in their car.

Baroness Vere of Norbiton (Con): I very much hope that they are not on their mobile phone in their car; otherwise, I shall have words. The noble Lord makes some incredibly important points. It is a question of making sure that the balance is right between the actions of the motorist and the actions of the cyclist. I think I have been able to set out what the Government are doing. We are focused on ensuring that the right balance is achieved and we need to make sure that motorists as well as cyclists behave in the way that they should.

The Lord Speaker (Lord Fowler): My Lords, the time allowed for this Question has elapsed. We now come to the second Oral Question.

Transport: Zero Carbon Target

Question

12.18 pm

Asked by ***Lord Berkeley***

To ask Her Majesty's Government what assessment they have made of the electrical power requirements needed to enable reliable (1) hydrogen, and (2) battery, availability, in order to meet their zero carbon transport sector target.

The Parliamentary Under-Secretary of State, Department for Transport (Baroness Vere of Norbiton) (Con): My Lords, the recent energy White Paper, published in

December, considered the potential future reliance of transport on electricity and clean hydrogen. It also included nearly £500 million of funding that will be made available in the next four years to build an internationally competitive electric vehicle supply chain.

Lord Berkeley (Lab): My Lords, I am grateful to the Minister for that reply and the energy White Paper is certainly a contribution. Does it include all the power needed not only to produce batteries but to source the raw materials? The demand for lithium, one of the main contributors, is forecast to go up by 10 times, I think, in five years. Manufacture of hydrogen takes double the amount of electricity than it would it if you just drove a train or anything else directly by electricity. Then there are all the changes to the grid required. Can the Minister confirm that all this is included in the White Paper?

Baroness Vere of Norbiton (Con): I can confirm that all these things are under consideration at the current time. It is a complex picture and there are many uncertainties as to what we will need our energy for. We are absolutely committed to ensuring a sufficient supply of low-carbon electricity. We need to ensure that the grid can cope and that we make the best use of smart energy solutions that are able to make use of plentiful renewable supply.

Viscount Hanworth (Lab): According to a widely accepted analysis, the electrification of transport would require a 75% increase in generating capacity. The decarbonisation of the economy will create numerous additional demands. However, the energy White Paper proposes a doubling of the capacity by 2050 in the context of a reduction of a third in overall energy consumption. This would have to be accompanied by the continued deindustrialisation of the economy, a virtual cessation of manufacturing and the immiseration of much of Britain's working population. How do the Government react to these inescapable conclusions?

Baroness Vere of Norbiton (Con): I am afraid I have not read the report to which the noble Viscount refers. But it seems obvious that, over time, motors et cetera will become more efficient. It could be therefore that the amount of energy used will decline on a relative basis. The Government are also focused on flexibility. Flexibility is key, which is why we need smart technology that will centre on storage, demand-side responses and interconnectors to make sure we get the power to where it needs to be when it needs to be there.

Baroness Randerson (LD) [V]: My Lords, the number of electric vehicle charging points on motorways is already inadequate. To achieve the Government's targets for increasing EV sales, there must be a massive expansion of the number of motorway charging points, but motorway services are often in rural areas where the electricity grid is already stretched. What work have the Government done so far to ensure that motorway service stations will have the electrical capacity that they will require, and what specifically do they plan to do in the next two years?

Baroness Vere of Norbiton (Con): I would like to reassure the noble Baroness that, if she is on the strategic road network, she should be no more than 20 miles from an electric vehicle charger. I would also like to reassure her that the Government have this in their sights. Of the £1.3 billion the Government are investing in EV charging points, £950 million is looking at future-proofing electricity capacity on the strategic road network, because we recognise that this will be a key way to recharge both electric vehicles and, in certain circumstances, freight vehicles.

Lord Howell of Guildford (Con) [V]: My Lords, I declare an interest in energy, as in the register. Is not the real bottleneck in this whole programme the existing lithium ion batteries and their sheer weight and extensive mined metals content, including cobalt, copper, nickel, manganese and of course refined lithium—not to mention their very heavy carbon emissions in manufacture, large costs and long charge times? Can we be assured that the Government will encourage the new solid-state battery production, which requires far less electricity, as well as using fewer metals and being safer, cheaper, lighter, cleaner and quicker charging? Can we ensure that we secure reliable supply lines from Asia, where these new batteries are now mostly produced?

Baroness Vere of Norbiton (Con): The Government are of course focusing on our supply lines from Asia, but also on what we can do domestically. Recent experiences have shown us that being overreliant on any particular country is possibly not the wisest idea. The Government are investing £318 million in the Faraday battery challenge. Part of that is the amount of money we are investing in the Faraday Institution, which within two years has become a world leader in electrochemical energy storage research. There are 400 researchers there, looking at batteries with longer range; they are lighter, faster charging, durable, safer and sustainable. Allied to that, we will look at the supply chain for the constituent elements that need to go into those batteries.

Lord Ravensdale (CB): My Lords, I declare my interests as in the register. In my mind, the Question from the noble Lord, Lord Berkeley, is a good illustration of why a whole-systems approach is needed to tackle net zero. Can the Minister say what steps the Government are taking to address the problem of silos inherent in individual departmental responsibilities—for example, in BEIS and DfT? Does she agree with me that a cross-departmental delivery body sitting below the Cabinet committees is required to properly implement a systems approach to net zero?

Baroness Vere of Norbiton (Con): It is probably above my pay grade to try to reorganise government from the Dispatch Box, but the noble Lord is absolutely right that numerous government departments have a very strong interest in what we are doing. For example, the Department for Transport will publish its transport decarbonisation plan in the coming weeks. As part of that, we will set out what we will do when it comes to hydrogen technology. Subsequent to that, BEIS will publish the UK hydrogen strategy, which will of course

[Baroness Vere of Norbiton]
talk about how we can focus on the low-carbon production of hydrogen. We are capable of working together across departments and are doing so well so far, but the noble Lord may be right; something may be set up in future.

Lord Tunnicliffe (Lab) [V]: My Lords, despite recent progress on transport electrification, heavy goods vehicles remain difficult to electrify due to their weight. The Climate Change Committee has recommended a 2040 ban on diesel heavy vehicles. Will the Government act on this recommendation?

Baroness Vere of Norbiton (Con): I agree with the noble Lord; heavy goods vehicles will be one of the harder-to-reach elements for us to decarbonise. It could be that hydrogen plays a much bigger role for HGVs. We are about to consult on the date for starting to phase out the sale of diesel HGVs, and recently launched a £20 million trial of zero-emission road freight vehicles that will look at hydrogen and battery electric. It will also look at catenary systems to see whether they might work. All in all, it will advance research and development on all low-carbon fuel sources for HGVs.

Lord Jones of Cheltenham (LD) [V]: My Lords, hydrogen-powered vehicles are better for the environment than those powered by electric, but they cost more to run. How will the Government encourage the use of hydrogen when price is a factor?

Baroness Vere of Norbiton (Con): Of course, hydrogen vehicles are better for the environment only if the hydrogen is green hydrogen and made from renewable energy in the first place. We do understand that economic incentives may be required to encourage people to look at hydrogen but, at the end of the day, it is not an "either battery electric or hydrogen" situation; we will probably need both in great quantities, and indeed any other low-carbon energy systems that might become available. The Government will think about the financial support they might offer to encourage the take-up of those as they become available.

Lord Wigley (PC) [V]: My Lords, the Government's investment in the Holyhead hydrogen hub is welcome, as is the hydrogen transport hub on Teesside, but can the Minister confirm that further plans are in development to create additional hydrogen hubs across Wales and the UK? These will help unlock the potential of the hydrogen economy. As so many of our current electricity generation plants will be closed by 2050, will enough new capacity be brought forward to facilitate this?

Baroness Vere of Norbiton (Con): Unfortunately, I cannot fully answer the noble Lord's question. Much of our hydrogen strategy will be in the transport decarbonisation plan, followed by the UK hydrogen strategy, so I cannot say now where new hydrogen hubs will be set up. But the Government are very focused on ensuring that we have access to good hydrogen, because it is a suitable, flexible energy source that can be used across transport, heat and power.

The Lord Speaker (Lord Fowler): My Lords, the time allowed for this Question has elapsed.

Kalifa Review of UK Fintech

Question

12.28 pm

Asked by ***Lord Holmes of Richmond***

To ask Her Majesty's Government what assessment they have made of the recommendations in the Kalifa Review of UK Fintech, published on 26 February.

Lord Holmes of Richmond (Con): My Lords, I beg leave to ask the Question standing in my name on the Order Paper and declare my interests as set out in the register.

The Minister of State, Cabinet Office and the Treasury (Lord Agnew of Oulton) (Con): My Lords, the Government welcome the *Kalifa Review of UK Fintech*. The Chancellor recently set out the Government's response at UK FinTech Week. This includes plans to take forward a regulatory scale box for growing firms; government support for an industry-led centre for finance, innovation and technology; improvements to tech visas to attract global talent; and plans to make the UK a more attractive location for public listings.

Lord Holmes of Richmond (Con): My Lords, fintech has a critical role to play in our Covid recovery, in enabling financial inclusion and in levelling up, not least through the nations' and regions' fintech clusters. Does my noble friend the Minister agree? What is the Government's plan to make these criticalities a reality?

Lord Agnew of Oulton (Con): My Lords, the Government recognise the importance of fintech in our economy. Indeed, that needs to flow through to the curriculum; we have extended the number of pupils studying computer science at A-level, for example. In the Cabinet Office, in my role overseeing the Government Digital Service I pushed that out to Bristol and Manchester to engage much more closely with FE and HE in those cities. My noble friend is absolutely right; continual focus on this is needed.

Baroness Bennett of Manor Castle (GP) [V]: My Lords, the Chancellor of the Exchequer said at the UK FinTech Week conference that the Government would "push the boundaries of digital finance". Does the Minister acknowledge the risk that, in cheerleading the latest technology, the Government will fail to count the costs of runaway financial innovation: both the obvious environmental costs—Bitcoin climate emissions are equivalent to those of the whole nation of Norway—and the dangers to the security of our real economy and lives? This was the world experience of 2007 and 2008, which they risk forgetting.

Lord Agnew of Oulton (Con): The Government absolutely recognise the risk of a financially weak system. We learned important lessons 12 years ago and they are very much part of our institutional memory.

Lord Sharpe of Epsom (Con): My Lords, I refer to my interests as set out in the register. Has the Treasury given any consideration to the specific recommendation to amend the EIS, SEIS and VCT rules to make it easier to attract investment into these start-ups and to retain the tax reliefs when the business models evolve into more regulated activities? This would cost the Treasury very little but unlock a potentially substantial amount of capital.

Lord Agnew of Oulton (Con): My noble friend raises important points. These matters are always under discussion in the Treasury, although it is important to stress that there is a large amount of capital out there to support early-stage businesses. We see that in the valuations these businesses are achieving, even at an early stage. However, we will keep it under review.

Lord St John of Bletso (CB): My Lords, while it is encouraging to see the Chancellor's commitment to the scale-up visa scheme, what are the Government doing to ensure that our education system is updated to bring in financial, digital and business skills to encourage the next generation of entrepreneurs and innovators?

Lord Agnew of Oulton (Con): My Lords, as I touched on in answer to an earlier question, we absolutely recognise how important is to get our young people enthused by this industry of the future. I referred to computer science, and we are certainly looking at increasing the number of maths teachers so that children can be more enthused at an early age. I hope to meet the Israeli ambassador shortly in order to understand more about Israel's Magshimim programme, which gets 14 year-olds involved in a career in cybersecurity.

Lord Davies of Brixton (Lab) [V]: My Lords, this is an important report, laying down the way to go in this area, but what I find lacking is consideration of how it will affect the consumer of financial services. It is important not to fall into stereotypes, but there is a real problem with the digital exclusion of some consumers across all sections of our society. Will the Minister assure the House that, hand in hand with the development of financial technology, consideration will be given to ensuring the widest possible sharing of the benefits by consumers?

Lord Agnew of Oulton (Con): The noble Lord is right: we do not want to see citizens excluded from the digital world into which we are heading, and that matter is under continual consideration. It is also worth stressing that, as a country, we are very much innovators and our consumers are keen for the sort of products that are coming out. For example, 2.5 million UK consumers and businesses now use open banking-enabled products; indeed, we were the first country to develop open banking standards, in 2018.

Baroness Kramer (LD) [V]: Scale-up for our fintech sector requires access to international markets. The Government overlooked this in Brexit negotiations and equivalence from the EU now looks unattainable. Fintech is problematic in trade negotiations with the US because the UK industry risks being swamped. How will this Government deliver access for fintech to major and key international markets?

Lord Agnew of Oulton (Con): My Lords, the Department for International Trade has just announced two initiatives which I hope will help to address the noble Baroness's concerns: a new fintech cohort within the DIT Export Academy initiative to provide bespoke one-to-one advice to eligible UK fintechs that are ready to scale into key markets, and a DIT-led fintech champions scheme to promote UK fintech overseas and support UK fintechs to grow internationally through mentoring and peer-to-peer learning.

Lord Moylan (Con): My Lords, fintech has much to offer. I am pleased that, when I was on the board, Transport for London united its huge customer base with the banks to introduce and deliver contactless payment to this country—well ahead of the United States, it should be said. However, finance remains a risky business. Does my noble friend agree that we should not be led astray by the glitz of the new, that the underlying financial transactions are broadly what they always were, and that the financial risks, particular and systemic, remain essentially the same?

Lord Agnew of Oulton (Con): My noble friend is right that finance is an inherently risky business; my great-plus-three grandfather and his two brothers founded Close Brothers, so risk is certainly in my genes. That is one reason why we are introducing the sandbox concept, whereby this technology can be tested in a safe environment without exposing the economy to any risk.

Lord Tunnicliffe (Lab) [V]: My Lords, in the Chancellor's recent Written Statement on fintech, he speaks of a "scale-up visa stream" allowing qualification for a fast-track visa without the need for sponsorship or third-party endorsement. What criteria was used to select fintech for this fast track, and where else in the economy is it envisaged that scale-up visas will be introduced?

Lord Agnew of Oulton (Con): My Lords, these concepts are still being designed and I will be very happy to update the noble Lord when more information is available. However, the key emphasis of scale-up is to attract global talent and boost the fintech workforce, so it will be focused on the skills these people can offer our country.

Lord Bilimoria (CB) [V]: The CBI, of which I am president, welcomes the recommendations set out in my friend Ron Kalifa's fintech review to ensure the UK's position as the best place in the world to start and grow fintech business. Do the Government agree that having a proportionate, innovation-friendly regulatory framework will help support economic growth, facilitate access to global markets and enhance competition?

[Lord Bilimoria]
Do they also agree with the review's recommendation that a centre for finance, innovation and technology be created?

Lord Agnew of Oulton (Con): My Lords, we are certainly keen to support the creation of a centre for finance, innovation and technology. In UK FinTech Week the Chancellor announced his support for the industry, and we certainly recognise a private sector-led centre for finance, innovation and technology's potential as an accelerator of fintech sector growth. This can be achieved through research, thought leadership and working with regional fintech hubs and national fintech bodies. The Government are committed to working with industry to make this a reality.

Lord Flight (Con): My Lords, as we have just heard, the Government welcomed the recommendations of the Kalifa review, which has diagnosed the ingredients, including the EIS, that have led to the UK economy blossoming over the last decade, especially the SME sector. I have been chairman of the EIS Association during this time. The UK is recognised as the best place to start and scale up a business. What aspects of the findings of the Kalifa report do the Government view as the most important?

Lord Agnew of Oulton (Con): I gave noble Lords a sense of the key findings in my opening answer, but there are several others that I can make my noble friend aware of: for example, a task force led by the Treasury and the Bank of England to co-ordinate exploration of a potential UK central bank digital currency, and a new Bank of England account type that will allow innovative financial market infrastructures to provide enhanced wholesale payments and settlements. There are also the DIT initiatives that I mentioned earlier.

The Lord Speaker (Lord Fowler): My Lords, the time allowed for this Question has elapsed. We now come to the fourth Oral Question.

Music Festivals: Covid-19-related Cancellations

Question

12.40 pm

Asked by ***The Earl of Clancarty***

To ask Her Majesty's Government what plans they have to introduce a government-backed insurance scheme to provide cover for music festivals this summer against COVID-related cancellations.

The Parliamentary Under-Secretary of State, Department for Digital, Culture, Media and Sport (Baroness Barran) (Con): My Lords, the Government recognise the importance of the UK's live music sector. More than £21 million from the Culture Recovery Fund has supported over 100 music festivals to ensure that they survive and can put on events in future. We are aware of the sector's concern about securing indemnity insurance, and we continue to assess all available options to provide further support as the public health context evolves.

The Earl of Clancarty (CB): My Lords, does the Minister agree that providing Covid insurance would help various groups of people—the creative sector, of course, and local communities, but, perhaps most importantly, the festival-going public, including many young people? The Government have provided indemnity for film and TV. They urgently need to do so for live events and save our festivals this summer.

Baroness Barran (Con): The Government are extremely keen that the festival-going public should have a chance to enjoy live events as quickly as possible, and that is what is behind our events research programme, but we need to be absolutely confident that any scheme would result in an increase in activity.

Lord Black of Brentwood (Con) [V]: My Lords, I declare my interest as chairman of the Royal College of Music. My noble friend will be aware that many students rely on performances outside term time for income, which is vital to support their studies, and have therefore been particularly hard hit in this last year. Will she take the plight of students and recent graduates specifically into account when further considering this issue in order to ensure that the income of young performers is protected as far as possible this summer?

Baroness Barran (Con): My noble friend is of course right that that pipeline of performers is critical. I will share his concerns with colleagues in the department.

Lord Berkeley of Knighton (CB) [V]: My Lords, I share the suggestion from my noble friend Lord Clancarty for help to jumpstart the insurance for live events. Is the Minister able to update us at all on bilateral talks involving work permits and visas? That is another aspect of a musician's life that, combined with Covid, has created a very difficult position, as the Minister knows.

Baroness Barran (Con): I can reassure the noble Lord that we are in conversations with individual member states focusing particularly on improving guidance regarding entry and work permit regulations. We are also looking carefully at proposals for a new export office to support this sector.

Lord Stevenson of Balmacara (Lab) [V]: My Lords, the Budget extended the film and television insurance scheme to its present level of £2.8 billion, and it has supported 200 productions and saved an estimated 24,000 jobs. It therefore seems a little strange to recall that only yesterday the Minister said that the Government

"are trying to understand the market failure and how it impacts on different forms of live events."—[*Official Report*, 26/4/21; col. 2074.]

She did not repeat that when she responded to the Question today. Will she explain what specific issues the department does not understand about this process?

Baroness Barran (Con): I am extremely happy to clarify those points. There are a number of interlocking issues—the noble Lord smiles, but it is true—into which we are carrying out reviews. I refer to the events research programme to understand the impact on public health as a result of those events; our review on social distancing; our review on certification and, which is connected, the global travel review.

Lord McNally (LD): My Lords, as the noble Lord, Lord Berkeley, pointed out, the sector has already been impacted by the failure of the Brexit negotiations to protect the creative industries. In the Minister's reply today, she did not say no—she said perhaps. Is it not time to stop squirming? We are now into April and this sector needs a decision.

Baroness Barran (Con): We are not squirming and we are not hesitating. We are progressing as fast as we can, but the noble Lord would be the first to criticise the Government if we opened too early and the public health crisis re-emerged.

Lord Bassam of Brighton (Lab) [V]: My Lords, the Minister is of course right that we should be continually guided by data, but slippage in the Government's Covid road map will have a significant effect and impact this summer on staging music and other cultural festivals as well as large-scale sporting events, such as July's British Grand Prix at Silverstone. I remind the Minister that the Chancellor said that when it came to economic support he would do whatever it takes, so why are the Government dragging their feet on matters such as insurance, leaving promoters and fans alike in limbo and unable to plan ahead?

Baroness Barran (Con): I can only repeat that the Government are not dragging their feet. We have research pilots running in April and May that include an outdoor music festival in Sefton, and these will feed into decisions on step 4 of the road map in June. The evidence that we are gathering is aligned with the dates for the road map, but we cannot anticipate what that evidence will show.

Lord Hayward (Con): My Lords, I want to follow on from the question asked by the noble Lord, Lord Bassam, in relation to sporting events in general rather than high-profile ones. There are many lower-profile sporting events that require the booking of hundreds of hotel rooms and other facilities. If they cannot get insurance then those sporting events cannot take place, and they are planned literally years ahead.

Baroness Barran (Con): My noble friend is right that the issue of indemnity cover cuts across a range of sectors. The Government have supported the sports sector both by allowing events to take place behind closed doors and through the £600 million sport survival fund.

Baroness Bonham-Carter of Yarnbury (LD) [V]: My Lords, in response to my Question yesterday, as the noble Lord, Lord Stevenson mentioned, the Minister said that the Government were

"aware of the wider concerns around indemnity for live events and are trying to understand the market failure and how it impacts on different forms of live events."—[*Official Report*, 26/4/21; col. 2074.]

Is it not simple? Does not this admission of market failure mean that intervention can be justified and should be acted upon?

Baroness Barran (Con): I am sure the noble Baroness would agree that before taking that decision we need to understand the impact on infection rates of removing or amending social distancing, not using masks, the role of certification and the impact of allowing global travel, which all have a bearing on the viability of these events.

Lord Cormack (Con): My Lords, while I appreciate what my noble friend is seeking to do, will she accept that musicians face a triple whammy? First, if the festivals cannot be insured, they cannot perform at them; secondly, many of them are self-employed but do not benefit from the provisions that are designed to help the self-employed; and, thirdly, the visa problem compounds these others.

Baroness Barran (Con): The Government have been very clear in acknowledging the multiple challenges that my noble friend has outlined. That is why we have announced major funding for the sector, particularly through the Culture Recovery Fund and, most recently, in the expansion of the self-employed income support scheme. We continue to work closely with the sector to ensure that we can respond as needed.

Lord Grade of Yarmouth (Con) [V]: I declare my interest as a theatre producer and as chair of a leading live entertainment marketing company. The theatre sector—certainly the whole of the commercial sector—depends to a large extent on angels investing. Angels have always invested on the basis that a show can get business interruption insurance. I do not understand, and I wonder whether the Minister could explain, why the Government cannot prevail on insurance companies to do what their business is, which is to insure people. There may be an additional cost, but it seems to me that the problem lies with the insurance companies, not the Government.

Baroness Barran (Con): I do not think this is about pointing a finger in one direction or another. We are trying to find a solution to this issue and are working with all the key stakeholders to do so.

The Lord Speaker (Lord Fowler): My Lords, the time allowed for this Question has elapsed. That concludes today's Oral Questions.

Arrangement of Business

Announcement

12.50 pm

Lord Ashton of Hyde (Con): My Lords, I thought it might be helpful to make a short statement about the arrangement of business today and tomorrow. We expect

[Lord Ashton of Hyde]
to receive a message from the Commons in respect of the Fire Safety Bill in time for us to consider the Bill again at a convenient point after 4.40 pm today, as set out on the Order Paper. Should everything go to plan, we expect the window for noble Lords to table Motions or amendments to be open between 3.15 pm and 4.15 pm. I urge noble Lords to keep an eye on the annunciator for any updates and to consult the Legislation Office at the earliest opportunity should they need further information.

In addition to the business already set down for tomorrow, we will consider the Overseas Operations (Service Personnel and Veterans) Bill again. The message from the Commons should arrive today and the window for noble Lords to table Motions or amendments will remain open until 11 am tomorrow. Subject to the progress of business in both Houses, we may consider further Commons messages tomorrow. I will update the House at the earliest opportunity if that is the case.

Lord Foulkes of Cumnock (Lab Co-op): My Lords, does the Government Chief Whip agree that this is going to cause tremendous problems for people working remotely, and that it underlines the unsatisfactory nature of hybrid proceedings? How are they going to find time or know how they can table amendments within that one-hour period? Will the Government Chief Whip, through the usual channels, look at every possible way to get this House back to working normally, so that everyone can participate fully—particularly during this time of ping-pong, which is a very important time for final discussion and debate on vital amendments? People who are not able to come here in person are at a real disadvantage. I hope the Government Chief Whip will use the usual channels to find a way to get us back to normal as quickly as possible.

Lord Cormack (Con): Further to what my noble friend the Chief Whip has said, would he accept that it is essential that, from 21 June at the latest, it is expected that parliamentarians should be in Parliament? We should conduct business as normally as possible, in a self-regulating House, from that date. Could my noble friend give an assurance that that is indeed what the Government wish to do?

Lord Ashton of Hyde (Con): My Lords, I take the point that it is difficult at this stage with short timetables. Noble Lords do not have very much time to table amendments, but I think that is always the case in ping-pong: it comes back at short notice between the two Houses. It is the way that we have to resolve issues between the two Houses. To a certain extent, whether this happens is not entirely in the gift of the Government—it depends on how long amendments keep on being pushed. I accept that it is difficult and that the hybrid House is not completely as we want it. However, given the circumstances of the pandemic, it is a tribute to the House and the officials who run it that we are able to do business at all. This has been a tremendous achievement and we have done it as well as, if not better than, the other place.

Both noble Lords made a point about coming back to "normal". I absolutely agree that we want to come back to normal as soon as possible. That is not entirely a matter for the Government or the Chief Whip, because this is a self-regulating House. We have to look at the data and wait for the social distancing review—that is the absolutely critical matter in coming back. As far as the Government and the Leader are concerned, I can say that we want to come back. I agree with my noble friend that parliamentarians should be in Parliament.

12.55 pm

Sitting suspended.

Arrangement of Business

Announcement

1 pm

The Deputy Speaker (Baroness Henig): My Lords, the Hybrid Sitting of the House will now resume. I ask Members to respect social distancing.

Covid-19: Support for India

Private Notice Question

1 pm

Asked by ***Lord Popat***

To ask Her Majesty's Government, further to reports that India has had over 350,000 daily cases of Covid-19, what support they will provide to the Government of India.

The Minister of State, Foreign, Commonwealth and Development Office (Lord Ahmad of Wimbledon) (Con): My Lords, as my right honourable friend the Prime Minister has said:

"We stand side by side with India as a friend and partner … in the fight against Covid-19."

I am sure I speak for the whole House when I say we send our solidarity and condolences to the Indian people at this most difficult of times. The United Kingdom is providing life-saving medical equipment including hundreds of oxygen concentrators and ventilators. The first shipment arrived in India in the early hours of this morning, and there is more to follow.

Lord Popat (Con): I thank my noble friend for that response. India's giant second wave is a disaster, not just for India but for the whole world. It has shown that this global pandemic is relentless and knows no bounds. It would be a mounting challenge for any healthcare system in the world to deal with the Covid-19 cases India is currently experiencing, with its population of 1.3 billion. However, to date, India has been the world's pharmacy and has provided 60% of the world's vaccines—exporting them to over 100 countries, including here in the United Kingdom—along with providing PPE and even paracetamol during our severe first wave last year. Does the Minister agree that the time has come for us to reciprocate that good will and not forget the invaluable partnership that the UK and India have demonstrated over the last year in tackling this global pandemic together?

Lord Ahmad of Wimbledon (Con): My Lords, I agree with my noble friend. As I said in my original Answer, let me reassure him that we are very much working around the clock in assisting India directly. We are liaising with the Indian Government and the authorities, as we did over this weekend, to ensure we meet their requirements. India is an important friend and a key partner in the fight against the Covid-19 pandemic. My noble friend is also correct that it is commonly known as the pharmacy of the world. India is in need and we will help our friend at this time.

Lord Collins of Highbury (Lab): The noble Lord, Lord Popat, is absolutely right about India's contribution in tackling the pandemic. The UK's response, together with the news of support from the US, France and Germany, is very welcome. Can the Minister tell us what mechanism is in place to ensure proper co-ordination of the global response to ensure that India gets what it needs most and in the right place?

Lord Ahmad of Wimbledon (Con): My Lords, the noble Lord is quite right to raise co-ordination. Anyone who has worked on any aid relief knows that everyone is well intentioned, but it is about getting the right items to the right place at the right time. In this respect, we are working directly with the Indian authorities. I am in constant liaison with the Indian high commissioner, as well our own high commissioner, on the ground in Delhi. My right honourable friend the Foreign Secretary has spoken to his opposite number, Dr Jaishankar, the Foreign Minister of India. The Health Secretary has also spoken to Harsh Vardhan, the Health Minister of India, to ensure that their priorities are reflected in the support we provide.

Baroness Northover (LD): My Lords, does the Minister agree that the catastrophe in India could soon spread wider in the region and globally? It is therefore vital that vaccination is rolled out globally, and at a much faster rate than now. What action are the Government taking to step this up globally?

Lord Ahmad of Wimbledon (Con): My Lords, the noble Baroness is quite right. Again, I reiterate the point that I think every noble Lord would express: we will not beat this virus until the whole world is vaccinated effectively. The noble Baroness will be aware of our efforts working on this through the COVAX Facility in particular, which, as my right honourable friend the Prime Minister has said repeatedly, remains the primary source of ensuring equitable access around the world.

Baroness Prashar (CB) [V]: My Lords, I commend the UK Government for providing this timely support, and the UK for standing by India. Yesterday, in my capacity as the UK chair of the Federation of Indian Chambers of Commerce and Industry, I participated in a meeting organised by the Indian and UK high commissions to assess specific requirements, what businesses can offer, and how best to mobilise and co-ordinate so that there is no supply and demand mismatch. The response was heartening. Will the Minister agree that it is highly commendable that steps are being taken to match specific needs and demands with relevant supply? Can the Government please ensure that, apart from meeting immediate and urgent needs, assessment of and support for medium and long-term needs in not overlooked?

Lord Ahmad of Wimbledon (Con): My Lords, I pay tribute to the noble Baroness's work in this respect. Suffice it to say that I totally agree with her on both points and we are doing just that.

Baroness Verma (Con): My Lords, would my noble friend tell the House how the Government are co-ordinating with organisations such as BAPS, Sewa, Go Dharmic and many others that are all doing things to ensure they support the people of India? He has talked about co-ordination with other Governments and with India, but it is also about making sure that help coming from here is not piecemeal and can support what the Government are doing.

Lord Ahmad of Wimbledon (Con): I acknowledge my noble friend's work in this respect. She is totally correct: we need to ensure that we co-ordinate the impact and really leverage the strength of the British-Indian diaspora. I assure her that we are doing just that. The noble Baroness, Lady Prashar, mentioned a meeting that took place yesterday. Similar meetings are being arranged to ensure that we meet the needs and requirements of India at the appropriate time. Many people are coming forward to provide support, but it must be the right kind of support at the right time.

Lord Dholakia (LD): My Lords, the real extent of deaths due to coronavirus is unlikely ever to be known. We have seen television pictures of funeral pyres and patients clutching empty oxygen cylinders. The efforts to assist from the British Government, countries in Europe and the United States are praiseworthy. Is the Minister in discussion with other countries to ensure that help is sent to India as far as it is possible to do so? Secondly, there is a large Indian diaspora in this country that is raising a substantial amount of money to be sent to India. Can his department offer any advice on where such charitable help should be sent so that areas in greatest need benefit most?

Lord Ahmad of Wimbledon (Con): My Lords, the noble Lord is quite right. All of us have been impacted by the scenes on our screens of people taking, in some tragic cases, their very last breaths because they cannot get oxygen. I assure the noble Lord that we are co-ordinating our efforts. Indeed, the shipment of the first tranche of assistance went across in co-ordination with our European partners specifically. I suggest that the noble Lord co-ordinates on what he is asking for in the medium and longer-term. The Indian high commission has specific individuals and has identified organisations. That should be one of the first channels or courses of support that should be provided.

Lord Loomba (CB) [V]: My Lords, I declare my interest in the register. I applaud the aid that the UK Government have already sent to India. As we all

[Lord Loomba]
know, vaccination is the biggest weapon in the fight against Covid-19. If the Loomba Foundation raises substantial funds from the Indian diaspora in the UK, will the FCDO match the amount? It will be used to buy vaccines for India or to support Indian vaccine manufacturers to increase their production.

Lord Ahmad of Wimbledon (Con): My Lords, I am sure the noble Lord will appreciate that I cannot give him the assurance of match funding, but I can share that the support we have provided thus far has been in the form of donations directly from Her Majesty's Government. That was arranged by the FCDO.

Lord Blencathra (Con): Now that the Government have run an incredibly successful UK vaccination campaign, does my noble friend agree that we can reach out and help other countries without harming a single UK subject or slowing down our own vaccination effort? Will he put India at the top of the list and give it all possible help, now and for as long as is necessary, since it is a member of our Commonwealth family and sheer Christian humanity compels us to help those who are in such desperate need?

Lord Ahmad of Wimbledon (Con): My Lords, let me assure my noble friend in relation to all countries that require support, since he is right to point out that it is about not just getting the vaccines but having the ability to distribute them. A number of countries have received them through the COVAX Facility but, given the expiry dates, they must ensure equitable distribution. We are working with not just India but other countries. I assure him, as both the Minister of State for the Commonwealth and the Minister responsible for our relations with India, that those issues remain high up my priority list.

Lord Singh of Wimbledon (CB) [V]: My Lords, India has brilliant scientists and the largest vaccine-making and exporting facility in the world yet its Government, referring to Muslims as termites, seem to be more focused on creating a Hindu India than battling the Covid crisis. Will the Minister agree that while we should continue sending welcome medical supplies, we should also urge our Commonwealth partner to allow India's scientific and medical talent to take the lead in logistics, safety precautions and treatment to combat the deadly pandemic?

Lord Ahmad of Wimbledon (Con): My Lords, the noble Lord referred to the academic nature of India; the ability and expertise there within science and academia are well known. Indeed, our country, the United Kingdom, benefits incredibly from that very contribution. It is therefore right that we stand shoulder to shoulder with India at this time, as my right honourable friend the Prime Minister has said. On the noble Lord's earlier point, as someone who is Muslim by faith and Indian by heritage, I value and celebrate India's rich diversity. Yes, it has challenges and issues, as every country does, but it is a strong democracy where each religion and community has the constitutional protection that it deserves. It is important that we recognise that, particularly at this time of great challenge for India.

Baroness Altmann (Con): My Lords, I congratulate the Government on their urgent remitting of vital supplies to India in this emergency. I also encourage my noble friend to continue to ensure that any medications or treatments for Covid-19 are sent to India because, clearly, with an aim of 300 million vaccinations per quarter—and only 1% or 2% of the population having received both shots—there is a long road to go for the vaccine itself to work. In that connection, I commend the Government on our own successful rollout.

Lord Ahmad of Wimbledon (Con): I thank my noble friend for her remarks and, of course, I recognise that the issue of remdesivir supplies, for example, is one of India's requirements. I assure her that, as I said, what we have delivered thus far is just the first tranche of our support. We are working closely with the Indian authorities to identify when and how we can access what is required and then support them accordingly.

Lord Bilimoria (CB) [V]: My Lords, just two months ago, there were fewer than 100 sad deaths a day in a country of 1.4 billion people—and here we are, two months later, with this awful and tragic situation. Do the Government agree that the way that the Indian high commissioner and the UK high commissioner organised and co-ordinated so many organisations, including the CBI—of which I am president—the CII, FICCI, the British Asian Trust and others, is commendable? We are all working at speed to procure oxygen concentrators, generators, remdesivir and lateral flow tests. Would the Minister also agree that, at this time of extreme crisis, it shows how important our partnership with India is, including the 1.5 million in the living bridge of the Indian diaspora here—and that this is a special relationship in all areas, well beyond just trade and investment?

Lord Ahmad of Wimbledon (Con): My Lords, I totally agree with the noble Lord. He pointed to the living bridge, and I welcomed his contributions to that meeting yesterday; he is a fine example of that very bridge, but a living bridge has to be alive. Yesterday again demonstrated very strongly that given the response we have seen from the British Indian diaspora, and the British people as a whole, we are truly an example of a living bridge between two countries.

Baroness Warsi (Con) [V]: My Lords, I congratulate the Government on their aid response to India and hope that support will continue for as long as it is needed. Are the Government also providing advice in relation to the reports that political rallies and religious festivals may have been two of the largest contributing factors to the current Covid crisis? What advice, learning and experience are the Government sharing with the Government of India to assist them in their understanding and handling of this crisis?

Lord Ahmad of Wimbledon (Con): My Lords, my noble friend is right to raise the issue of large public gatherings as our own experience demonstrates the fact that, when you curb large gatherings, you see an impact in relation to curbing the spread of the pandemic.

Throughout the pandemic I think that, all countries, including ourselves and India, are learning lessons from the challenge of Covid-19. However, undoubtedly, one thing is clear, and we are sharing our experiences and insights on this: large gatherings should not be held during a pandemic. We hope that countries looking at the situation globally will realise that it is important that we practise social distancing and prevent large gatherings taking place, particularly when the pandemic is still very much alive.

The Deputy Speaker (Baroness Henig) (Lab): My Lords, the time allowed for this Private Notice Question has elapsed.

Ministerial Code

Commons Urgent Question

The following Answer to an Urgent Question was given in the House of Commons on Monday 26 April.

"The Ministerial Code is the responsibility of the Prime Minister of the day. It is customarily updated and issued to Ministers upon their assuming or returning to office. The code sets out the behaviour expected of all those who serve in government. It provides guidance to Ministers on how they should act and arrange their affairs to uphold those standards. The code exists and should be read alongside the overarching duty on Ministers to comply with the law and to protect the integrity of public life.

The current version of the code was issued by the Prime Minister in August 2019 shortly after he assumed office. While the code sets out standards and offers guidance, it is Ministers who are personally responsible for deciding how to act and conduct themselves in light of the code, and, of course, for justifying their actions and conduct to Parliament and to the public. That is as it should be in a robust democracy such as ours. Ministers are not employees of the Government, but rather officeholders who hold their office for as long as they have the confidence of the Prime Minister as the Head of Government. It is always, therefore, the Prime Minister who is the ultimate judge of the standards of behaviour expected of an individual Minister and of the appropriate consequences were a breach of those standards to occur.

The code also sets out a role for an independent adviser on Ministers' interests. It is an important role, the principal duty of which is to provide independent advice to Ministers on the arrangement of their private interests. The independent adviser also has a role in investigating alleged breaches of the Ministerial Code. As the House will be aware, Sir Alex Allan stepped down from his role towards the end of last year. Following the practice of successive Administrations, the Prime Minister will appoint a successor to Sir Alex. The House will understand that the process of identifying the right candidate for such a role can take time. However, an appointment is expected to be announced shortly. The House will be informed in the usual way as soon as that appointment is confirmed. It will clearly be an early priority for the new independent adviser to oversee the publication of an updated list of Ministers' interests. I expect that that will be published shortly after a new independent adviser is appointed.

I can, of course, reassure the House that the process of managing Ministers' interests has continued in the absence of an independent adviser, in line with the Ministerial Code, which sets out that the Permanent Secretary in each department and the Cabinet Office overall have a role. Ministers remain able to seek advice on their interests from their Permanent Secretary and from the Cabinet Office. The Ministerial Code has served successive Administrations well and has been an important tool in upholding standards in public life. It will continue to do so."

1.17 pm

Baroness Hayter of Kentish Town (Lab): My Lords, there is a flaw in the Ministerial Code because, as the Statement says, the Prime Minister is the "ultimate judge" of the standards expected—but who judges the judges? Who will judge the Prime Minister as to whether he acts with the selflessness, integrity, honesty and openness demanded in the code? Only Parliament can judge. Will the Government provide all the information sought on lobbying and on the payments, including loans, for the No. 10 flat, so that we can end the innuendo and allow Parliament to judge on the basis of facts?

The Minister of State, Cabinet Office (Lord True) (Con): My Lords, I assert again the importance of the Ministerial Code, which, as the noble Baroness said, is the responsibility of the Prime Minister of the day. The fact is that Ministers remain in office only for as long as they retain the confidence of the Prime Minister, whose constitutional role means that the management of ministerial appointments is his and is separate from the legislature. On the general running interest that there appears to be in the refurbishment of the Prime Minister's flat, the costs of the wider refurbishment have been personally met by the Prime Minister. As has been said, the Government have been considering the merits of whether works on parts, or all, of the Downing Street estate could be funded by a trust, and this work is ongoing.

Lord Wallace of Saltaire (LD): My Lords, the Statement refers to Britain as a "robust democracy". We have done without a written constitution because we have rested on the honour and good conduct of our Ministers and, above all, our Prime Ministers. Can the Minister name any other constitutional democracy, or any other democracy in the world, in which the Prime Minister decides on the rules of ministerial conduct and appoints his own independent adviser without checks and balances from the justiciary or his legislature? Should we not now have to move towards an explicitly constitutional democracy, or risk drifting towards a people's democracy?

Lord True (Con): My Lords, I am rather old and to me "people's democracy" conjures up the old eastern bloc. I am interested in high-quality, high-integrity government. The Ministerial Code is the foundation of that. But I must repeat to noble Lords, as I did to the noble Baroness opposite: the constitutional reality is that the appointment of Ministers is in the hands of the Prime Minister of the day. The Government are not considering a change to that position.

Baroness Browning (Con) [V]: Is my noble friend able to assure the House today that significant changes will be made to the Ministerial Code to ensure that there is independent enforcement and clear sanctions, unlike under the current arrangement?

Lord True (Con): My Lords, as the noble Baroness opposite did, my noble friend raises an important point. The noble Lord, Lord Evans, the chair of the Committee on Standards in Public Life, has made a number of thoughtful recommendations about the role of the independent adviser. I know that the Prime Minister has asked the Cabinet Secretary, as part of the process of identifying a candidate, to look at how the remit might be amended. We will announce any changes alongside the appointment.

Baroness Deech (CB) [V]: Is the Minister as baffled as I am that the state does not pay more for the regular refurbishment of the residential parts of that most iconic building, 10 Downing Street? Vice-chancellors and trade union chiefs get far bigger sums spent on their official residences. The *Guardian* reported that £117,000 was spent on the house of the Speaker of the Commons within a few months of him taking up the post. Will the Minister press for the rules to be changed? Catering services ought to be offered, too.

Lord True (Con): My Lords, many have expressed views similar to those of the noble Baroness. Other countries have slightly different practices on this, but, as I said in response to an earlier question, I am interested in practices in this country. Chequers and Dorneywood are operated in long-standing ways, reducing the need for subsidy from the public purse. These matters are complex, and policy development is ongoing. The Government did engage with the leader of the Opposition's office on such proposals in July.

The Lord Bishop of Rochester: My Lords, I will not advise on internal decorations, but I observe that, by virtue of being here, we are all inhabitants of glass houses. We note the adage that being in a glass house makes us visible, so it is wise to behave in ways that do not disgrace this place or ourselves. We often hear words from or about Ministers and others in public office to the effect that he or she did not "break the rules". Is that not to set the bar fairly low? Does the Minister agree that, while we are all fallible human beings, we, in public office, should aspire to the highest possible standards of probity and behaviour and not simply settle for keeping the rules? If we do not, public opinion will lead to ever tighter rules.

Lord True (Con): I wholly agree with what the right reverend Prelate has said to the House.

Lord Foulkes of Cumnock (Lab Co-op): My Lords, the noble Baroness, Lady Deech, has missed the point. Does the Minister not recall, as I do, that in the past Ministers, both Conservative and Labour, have resigned immediately when it has been clear that just one aspect of the Nolan principles, which include integrity, honesty—that is telling lies, by the way—and transparency, has been transgressed, particularly where Ministers have found advantage for themselves, their friends or their families? How many of these principles need to be transgressed these days before a Minister, and the Prime Minister in particular, will even consider resigning?

Lord True (Con): My Lords, I believe the Prime Minister does and will conduct himself, as he has, in accordance with the principles of public life.

Baroness Noakes (Con): My Lords, does my noble friend the Minister agree that while Westminster and the mainstream media are getting excited about things such as the decoration of the Prime Minister's flat and who said what to whom in texts, away from the Westminster bubble, people are much more interested in getting their vaccinations, getting back together with their families and friends and getting the recovery of the economy under way?

Lord True (Con): I do agree with my noble friend. The Prime Minister, in denying one of the more absurd allegations, made the same point. If I am allowed a personal comment: I have the privilege of having my second vaccination tomorrow thanks to a modern miracle of science. We should all be profoundly grateful for that and the way it has been carried through in this country.

Lord Tyler (LD) [V]: My Lords, Mr Johnson seems to suffer from severe memory loss when it comes to recalling what he has said or written, not least with regard to the commitments he gave in his introduction to the code, when he vowed Ministers would all avoid

"actual or perceived conflicts of interest."

Given his cavalier approach, is it any wonder that Ministers appear to regard its obligations as entirely voluntary? Can the Minister assure us that he has never infringed the requirements of the code?

Lord True (Con): I am not sure who the "he" is in that question. If the "he" is me: I have always sought to adhere to the Ministerial Code. If the "he" is the Prime Minister: I have said I believe the Prime Minister conducts himself in accordance with all the principles of public life.

Lord Herbert of South Downs (Con): My Lords, we need proper rules, transparency and accountability, but does my noble friend agree that when the Civil Service faces such significant capability gaps—as we have seen, for instance, in the difficulties experienced by successive Governments in delivering major projects—we also need good people to be able to come into government and help? We must not make that excessively hard. After all, if that had not been the case for the vaccine rollout and delivery, we might not have procured those vaccines in the first place.

Lord True (Con): My Lords, I certainly agree that we need a measure of objectivity on this, echoing the words of the right reverend Prelate. It is important that any malpractice should be dealt with. Transparency

is important. As the noble Baroness asked, any reportable benefits will be recorded in the list of ministerial interests on the advice of the independent advisers. So far as broader Civil Service arrangements are concerned, my noble friend will know that Mr Boardman is looking into the matters in relation to Greensill. It is better to await the outcome of that inquiry. But, of course, I take note of what my noble friend said.

The Deputy Speaker (Baroness Henig) (Lab): My Lords, the time allowed for this Question has elapsed.

Overseas Development Assistance: Budget

Commons Urgent Question

The following Answer to an Urgent Question was given in the House of Commons on Monday 26 April.

"The pandemic has resulted in the biggest drop in UK economic output in 300 years, and it has had a major impact on public finances; the deficit this year is projected to be double its peak during the financial crisis. That is why we had to take the tough—but, I assure the House, temporary—decision at the end of last year to reduce the official development assistance target from 0.7% of GNI to 0.5%.

In spite of that, the UK will spend £10 billion on aid in 2021, making us the third largest donor in the G7 as a percentage of our gross national income. Not only that, but we will be the third largest bilateral humanitarian donor, spending at least £906 million this year, and we will invest at least £400 million bilaterally on girls' education in over 25 countries. We will deliver £534 million of bilateral spend on climate and biodiversity, a doubling of the average spend between 2016 and 2020. We have committed £548 million to COVAX to provide vaccines for poorer countries, and we are multiplying our impact by integrating our aid spend with our diplomatic network, our science and technology expertise and our economic partnerships.

This Government's commitment to the UK being a leader in development has not changed. The integrated review reaffirmed our pledge to fight against global poverty and to achieve the UN sustainable development goals by 2030, and we reiterate our commitment to return to 0.7% when the fiscal situation allows. This week's new allocations show that we are following through with the vision that the Prime Minister set out in the integrated review. The way that the UK applies our world-leading investment and our expertise must be strategic, in line with the approach defined by the integrated review; it must represent best value for tax- payers' money; and it must deliver results by tackling poverty and improving people's lives around the world.

To achieve this, the Foreign, Commonwealth and Development Office has conducted a thorough review of aid spending to ensure that we target every penny at the highest-priority global challenges. The Foreign Secretary's Written Statement to the House last week set out how this sharpened focus of the FCDO's aid portfolio lies behind seven strategic priorities for poverty reduction. These are: climate and biodiversity, Covid-19 and global health security, girls' education, humanitarian preparedness and response, science and technology, open societies and conflict resolution, and economic development and trade. We believe that this plan will deliver the greatest impact where it matters most."

1.28 pm

Lord Collins of Highbury (Lab): My Lords, last Thursday, I asked about country-by-country allocations and how much the cuts would affect bilateral nutrition portfolios. Yesterday, Sarah Champion, chair of the IDC, repeated the question to James Cleverly. As she put it, the Government were determined to avoid scrutiny of exactly where these cuts will land. I hope the Minister will do better than the Minister in the other place and answer the question of when FCDO country office budgets for 2021 will be made public. Can he also confirm that impact assessments for each country will be released?

The Minister of State, Foreign, Commonwealth and Development Office (Lord Ahmad of Wimbledon) (Con): My Lords, our country teams are discussing programme plans with host Governments and suppliers. We will publish the 2021-22 country allocations later in 2021 as part of our annual report and accounts. I point the noble Lord to the fact that the programme-by-programme information will be published on DevTracker throughout the year.

Lord Purvis of Tweed (LD): My Lords, I know that the Minister respects the breadth and depth of experience in this House on international affairs and development. Over 60 Peers have now joined the Peers for Development liaison group that the noble Baroness, Lady Sugg, and I have established. Will the Minister facilitate a meeting between the Peers for Development group and the Foreign Secretary and himself to discuss the implications of the cuts that have been announced and the issue of timeliness, as has been raised, in the need for transparency around country allocations?

Lord Ahmad of Wimbledon (Con): I can certainly confirm that I would be happy to meet the group, and I will take the request back to my right honourable friend the Foreign Secretary. I stand by the noble Lord's assessment; this House is full of wisdom, not just on ODA but across many areas.

Baroness Sugg (Con) [V]: My Lords, I regret that girls' education has had less funding allocated this year because of the cuts; that shows that, with the scale of the cuts, even that priority is suffering. On cuts to sexual and reproductive health spending, I understand that the UK flagship programme WISH is being closed and that there will be significant reductions—in the region of 70% to 80%—to reproductive health supplies. Can my noble friend the Minister tell me how much funding will be allocated to sexual and reproductive health and rights spending this year?

Lord Ahmad of Wimbledon (Con): My Lords, on the thematic issues, we are finalising our health spending across all areas, including sexual and reproductive health. I assure my noble friend at this juncture that this remains something I am very much focused on, not least in my role as the Prime Minister's Special Representative on Preventing Sexual Violence in Conflict.

Baroness Hayman (CB) [V]: My Lords, I declare my interest on malaria and neglected tropical diseases as set out in the register. Does the Minister accept that in-year cuts are particularly damaging and wasteful of public money already spent? Yet NTD programmes look to be facing total and immediate devastation and deep cuts are in train for crucial ongoing malaria work, notably in Nigeria. Given the disproportionate burden of malaria on that country, what assessment have the Government made of the effects of such cuts on the CHOGM commitment made in London in 2018 to halve malaria in the Commonwealth by 2023?

Lord Ahmad of Wimbledon (Con): My Lords, on the final point, the challenges of the last year have of course quite severely impacted the fight against not just malaria but other diseases. That is why the Government have stood firm in our support of multilateral organisations and initiatives such as Gavi and CEPI. We continue to invest in research and development on malaria specifically; as I am sure the noble Baroness will acknowledge, that was primarily responsible for the world's first antimalarial drug, which has saved more than 1 million lives. However, I fully accept that the challenges to programmes are severe—I do not shy away from that. We will work with organisations and countries to see how we can manage the impact of the cuts being made.

The Lord Bishop of Southwark: The Minister will be aware that we are already in the financial year in which the reductions in budget are meant to take place. I note from an answer to an earlier question his commitment and desire to inform the House as soon as possible of the nature of the cuts in funding and how they will affect various development and aid projects. Does he agree that to implement a 25% reduction in the annual budget if one is, for example, three months into the financial year would amount to reducing by a third the funds remaining? This causes greater dislocation to whichever activity is supported than implementing planned funding before the financial year commences.

Lord Ahmad of Wimbledon (Con): My Lords, the right reverend Prelate raises an important point about the impact of funding over the course of the whole year. I can assure him that we have not been working in a vacuum on this; we have been working directly and liaising with organisations and institutions which are impacted, and with countries directly. Over the last couple of days, I have had various conversations with key partners, including those within multilateral organisations.

Lord McConnell of Glenscorrodale (Lab): My Lords, I note my register of interests. It is an absolute disgrace that, four weeks into the financial year, the Government are still hiding the figures for the organisations and projects that are normally supported through our official development assistance. That will impact on education in particular. I have heard the Prime Minister speak eloquently and passionately about his commitment to girls' education, and he wrote it into the Conservative manifesto in December 2019. And yet its budget will be cut by 25%—embarrassing our allies in Kenya, with whom we are holding a joint education summit in July 2021. Will the Government commit at that summit to £600 million, as originally planned, for the Global Partnership for Education, to make sure that those girls and boys around the world who need an education after this pandemic can actually get one?

Lord Ahmad of Wimbledon (Con): My Lords, as the noble Lord articulates, the importance of girls' education is key for this Government and our Prime Minister. However, the challenging situation means that we have had to look at all elements of our ODA spend. I assure him that we will invest at least £400 million in girls' education, which will have a really progressive impact in over 25 countries.

Baroness Coussins (CB): My Lords, the VSO was told last Friday that its volunteering for development grant would get a one-year extension, amounting to a 45% cut. How does this represent either protection for the VSO, which the Foreign Secretary promised, or help for 4 million of the world's poorest and most marginalised, whose services from the VSO will now have to be scrapped? Will the Government reconsider the terms of the VSO grant?

Lord Ahmad of Wimbledon (Con): My Lords, we are working very closely with the VSO. We are proud that the FCDO and the VSO were able to work together to pivot over 80% of programme funding to the pandemic response. On managing the current budgets, I assure the noble Baroness that we are working very closely with the VSO to ensure that any impacts of any reduction in funding are managed. I stress that this is a settlement for this year; we are looking at how we can best manage the impact on programmes for the medium and longer term directly with the VSO.

Baroness Jenkin of Kennington (Con): My Lords, given the OBR forecast that the economy will return to pre-pandemic levels in Q2 next year, why will the Government not commit to returning to 0.7% at that point?

Lord Ahmad of Wimbledon (Con): My Lords, my noble friend speaks with great insight and expertise on this subject. I note very carefully what she has said. The underlying base on which we will return to 0.7%—again, the reduction to 0.5% is temporary—is, as my noble friend suggests, the prevailing economic conditions and fiscal conditions at that time. I note what she has said. We and our colleagues in the Treasury will keep a very firm eye on that.

Lord Lancaster of Kimbolton (Con): My Lords, I know from my time at DfID the impact that UK aid has had. However, I, like many of the general public, have some sympathy with the position the Government have taken, on the condition that it is only temporary. Can my noble friend tell me why the cuts or reductions in spending seem to have fallen disproportionately on bilateral rather than multilateral aid?

Lord Ahmad of Wimbledon (Con): My Lords, the reductions are being finalised. I assure my noble friend that in the work we do with our multilateral organisations,

as I have seen directly as Minister for the Commonwealth and Minister for the United Nations, the positive impact of the sum of the whole—if I may put it that way—is often greater. Nevertheless, our funding to multilateral organisations and bilaterally is due to the overall impact assessment we make of a country's requirements. That will continue to be the case. However, we are having to make reductions in our multilateral support, as well as in the support we extend on a bilateral basis.

The Deputy Speaker (Baroness Henig) (Lab): My Lords, the time allowed for this Question has elapsed.

1.39 pm

Sitting suspended.

Arrangement of Business

Announcement

1.45 pm

The Deputy Speaker (Baroness Henig) (Lab): My Lords, hybrid proceedings will now resume. If the capacity of the Chamber is exceeded, I will immediately adjourn the House.

These proceedings will follow guidance issued by the Procedure and Privileges Committee. When there are no counterpropositions, for Motions A, B and C, the only speakers are those listed, who may be in the Chamber or participating remotely. When there are counterpropositions, for Motion D, any Member in the Chamber may speak, subject to the usual seating arrangements and the capacity of the Chamber. Any Member intending to do so should email the clerk or indicate when asked. Members not intending to speak on a group should make room for Members who do. All speakers will be called by the chair.

Short questions of elucidation after the Minister's response are permitted but discouraged. A Member wishing to ask such a question, including Members in the Chamber, must email the clerk. Leave should be given to withdraw Motions. When putting the Question, I will collect voices in the Chamber only. Where there is no counterproposition, the Minister's Motion may not be opposed. If a Member taking part remotely wants their voice accounted for if the Question is put, they must make this clear when speaking on the group. Those Lords following proceedings remotely but not speaking may submit their voice, Content or Not Content, to the collection of voices by emailing the clerk during the debate. Members cannot vote by email; the way to vote will be via the remote voting system.

Domestic Abuse Bill

Commons Amendments and Reason

1.47 pm

Motion A

Moved by ***Lord Parkinson of Whitley Bay***

That this House do not insist on its Amendment 9B, and do agree with the Commons in their Amendments 9C, 9D and 9E in lieu.

9C: Page 57, line 36, at end insert the following new Clause—

"Contact centres

Report on the use of contact centres in England

(1) The Secretary of State must, before the end of the relevant period, prepare and publish a report about the extent to which individuals, when they are using contact centres in England, are protected from the risk of domestic abuse or, in the case of children, other harm.

(2) "The relevant period" means the period of 2 years beginning with the day on which this Act is passed.

(3) In this section "contact centre" means a place that is used for the facilitation of contact between a child and an individual with whom the child is not, or will not be, living (including the handover of the child to that individual)."

9D: Page 59, line 8, after "72" insert ", (*Report on the use of contact centres in England*)"

9E: Page 60, line 32, at end insert—

"( ) section (Report on the use of contact centres in England);"

Lord Parkinson of Whitley Bay (Con): My Lords, my noble friend Lord Wolfson of Tredegar much regrets that he is not able to move this Motion himself; he is giving evidence to the Justice Select Committee in another place. As I am sure noble Lords will appreciate, this is another important part of his work and accountability to Parliament. He is very grateful to noble Lords who have engaged with him on this issue since our last debates on the matter.

Since then, the elected House has disagreed with Amendment 9B—as it did with the previous Amendment 9—by a significant majority of 133. Noble Lords will recall that Amendment 9B would require the Government to introduce a set of national standards for child contact centres and services to which organisations and individuals would be required to adhere. This would, in effect, be a form of indirect accreditation which the previous Amendment 9, in the name of the noble Baroness, Lady Finlay of Llandaff, and debated on Report, explicitly sought to establish.

When we debated Amendment 9B last Wednesday, my noble friend Lord Wolfson was very clear that there is nothing between the noble Baroness, Lady Finlay, and other noble Lords who have supported these amendments, and the Government when it comes to our commitment to the protection of vulnerable children and the victims of domestic abuse. These are absolute priorities for Her Majesty's Government. That is why we have listened intently during the passage of this Bill to the arguments made both in your Lordships' House and in another place and have acted to strengthen the Bill in a significant number of ways. That is also why we have established the expert panel on harm in the family courts, and why we are now acting on its recommendations better to protect domestic abuse victims in the family courts. Where we have been persuaded of the case for change, we have acted, and will continue to act, in the interests of victims.

In this instance, the problem we face is one of evidence, as we have stressed previously. We have explained in detail the safeguards that are in place in relation to child contact centres and services in both public and private law and the steps that are being taken with the President of the Family Division and the chief executive of Cafcass to reinforce existing expectations. I hope noble Lords will forgive me for not repeating the detail of those safeguards again on this occasion, as I hope my noble friend has covered

[Lord Parkinson of Whitley Bay]
them in adequate detail previously and I believe that our time would be better served by outlining the steps the Government now propose to take.

As I say, my noble friend is very grateful for the constructive way in which the noble Baroness, Lady Finlay of Llandaff, my noble friend Lady McIntosh of Pickering and other noble Lords have engaged with him and others on this matter. We are also grateful for the evidence provided to the NACCC in support of Amendments 9 and 9B. While we remain of the view that the evidence provided so far is insufficiently robust to justify new statutory requirements, we are also keenly aware of the limited time which has been available to investigate this matter systematically in order to build a more convincing evidence base—a point made last week by the noble Baroness, Lady Finlay, in her concluding remarks.

We are also drawn heavily towards the comments made by my noble friend Lady McIntosh last Wednesday, when she suggested that the Government might investigate the evidence available themselves rather than the NACCC which, as she rightly said, should focus its efforts on the protection of children. We agree. We accept that if there is a demonstrable problem here, the risks to children are real. But if a demonstrable problem does exist, we would also need to understand fully how prevalent it is and how it manifests itself in order to understand how we can address it effectively and proportionately. Without this research, any measures seeking to address the perceived problem may not be effective and may have unintended consequences. It is for this reason that the Government have tabled their Amendments 9C to 9E, which were agreed by another place yesterday, in lieu of Amendment 9B.

Amendment 9C would place a duty on the Secretary of State to prepare and publish a report about the extent to which individuals are protected from the risk of domestic abuse when they use a contact centre or, in the case of children, other harms. The amendment draws the definition of a "contact centre" widely to include any place used to facilitate contact between a child and an individual with whom they do not or will not live. The scope of the amendment goes beyond a formal child contact centre accredited by the NACCC to include more informal arrangements, in order to address the issues at the centre of noble Lords' concerns.

The amendment requires that the results of the review be published within two years of the Bill being passed. I want to make it categorically clear that this timescale, which some might argue is too long, does not mean that the Government are not serious about this review. It is already clear that it is not easy to gather evidence in this area, and it is important that we take time to investigate thoroughly in order to reach meaningful and robust conclusions. We will proceed with the review as quickly as possible after Royal Assent and publish its findings. I also give the Government's commitment to act appropriately in response to those findings.

I am sure that noble Lords will understand that, before the review is launched, there is more work to do on establishing its precise terms of reference, scope and exact timescales. We will want to consult with experts in this area—including, for example, the NACCC, the judiciary, Cafcass, local government and victims' groups—before reaching final decisions on these points.

However, I reassure your Lordships, particularly the noble Baroness, Lady Finlay, and my noble friend Lady McIntosh, that the scope will be sufficiently broad to cover both private and public law and circumstances where parents may decide to approach those providing child contact services outside court proceedings. It will also include an external consultation to gather information from key parties.

I repeat the commitment my noble friend Lord Wolfson gave in our debate on 21 April: that we are ready to explore, as part of the review, whether there is a case for ensuring that appropriate arrangements are in place whereby anyone who seeks to set themselves up as a provider of child contact centres would be subject to criminal record checks. Indeed, the Home Office and Ministry of Justice are already exploring the feasibility of extending eligibility for higher-level criminal record checks to the self-employed.

In developing the terms of the review, I also commit explicitly to engaging further with the noble Baroness, Lady Finlay, and my noble friend Lady McIntosh. The Government would welcome the noble Baronesses' input in establishing the review, given their commitment and interest in this area, and I am sure that they will have valuable evidence to contribute—all the more so, given the additional time that the review will afford.

In conclusion, I hope your Lordships' House will agree that in bringing forward our amendments in lieu, the Government have shown their commitment to giving this important issue the detailed consideration it deserves. We can build a robust evidence base concerning the scale of any problem with regulating those providing child contact centres, so that we can reach a fully informed decision on any further steps which may be necessary. I put on record again our appreciation of the dedication shown by the noble Baroness, Lady Finlay, and my noble friend Lady McIntosh on this subject. I ask them and the rest of your Lordships' House to accept the Commons amendments in lieu and to agree Motion A. I beg to move.

Baroness Finlay of Llandaff (CB): My Lords, I will speak to Amendment 9C and its consequential Amendments 9D and 9E, which the Government have tabled in place of my original Amendments 9 and 9B, which had support across this House.

I am most grateful to the Minister, the noble Lord, Lord Wolfson of Tredegar, who has met with me and colleagues across the House and spoken with us on several occasions about this issue. He clearly has listened to our concerns. We are of course disappointed that our amendments have not been accepted but appreciate that this is such an important Bill that we must not jeopardise its passage at this stage in the Session. I have the words of the noble Baroness, Lady Williams of Trafford, ringing in my ears from an earlier meeting at which she expressed just this fear.

I have three questions for the Minister. First, can he confirm that the term "contact centre" means the people who work in a place or use a place for facilitating contact between a child and the person they are not living with? A place could be an empty building or

open parkland. It is the way that a place is used by people that matters—and it was the people involved who were the subject of my Amendment 9B.

Secondly, can the Minister confirm that the spirit of Amendment 9B is encapsulated in proposed new subsection (1) of the government amendment, where it is stipulated that a report must explicitly tackle the extent to which individuals are protected from the risk of domestic abuse or, in the case of children, other harm. All we have asked is that, as outlined by Sir James Munby in his statement in support of our previous amendment, the

"standards in child contact centres and services are consistent and high, and domestic abuse and safeguarding is appropriately handled through high quality staff training to protect those children and families who find themselves involved with the family justice system."

These vulnerable children must have the same standard of safeguarding as other children, such as those going to childminders, those in nurseries and those aged 16 to 19 in education.

Thirdly, can the Minister confirm that the judicial protocol on child contact will be actively promoted across all family courts to ensure that it is properly used in practice?

Jess Phillips MP, shadow Minister with responsibility for domestic violence and safeguarding, recounted in the other place yesterday that she has heard of case after case where there is poor practice, bad handovers and perpetrators can access victims. Now, all this evidence must be gathered in one place. It must be clear and publicised to whom such evidence is to be addressed, as some people reporting may feel intimidated at drawing attention to a problem, particularly in small and somewhat closed communities.

All those involved in this debate will, I am sure, be entering a date in our diaries two years hence when we expect the report to be published. We all hope sincerely that no disasters will happen between now and then. We all believe that there is a loophole that must be closed. Let me be clear: I welcome the proposed investigation by the Secretary of State and greatly appreciate all the work the Minister has put into this to date. In the meantime, we appreciate the government Amendments 9C to 9E.

2 pm

Baroness McIntosh of Pickering (Con): My Lords, I am delighted to follow the noble Baroness, Lady Finlay of Llandaff, and thank her for all the work and passion that she has shown in bringing this series of amendments to the House. I am also grateful for the support shown across the House, especially by the noble Baroness, Lady Burt, the noble Lord, Lord Ponsonby, and others on all Benches. I also thank and pay tribute to my noble friend Lord Wolfson of Tredegar in his absence. Without his particular personal interest in the issues before us we would not be where we are today. I therefore ask my noble friend Lord Parkinson to pay fulsome thanks to him.

It is important to welcome the fact that there will be some movement. I say that especially as vice-president of the National Association of Child Contact Centres and co-chair of the All-Party Group on Child Contact Centres. However, I regret that, under the terms of the amendments before us in the name of my noble friend on the Front Bench, it may be two years before we see any change whatever. It is welcome that all of us across the House are united in wanting to ensure that children can continue to see absent parents in the event of a family breakdown in safety.

However, I regret that there is no sense of urgency, such as that which we have seen with the Private Member's Bill that will go through in this parliamentary Session, which makes sure that there are national standards and safeguards for all those working with 16 to 19 year-olds. It is bizarre and slightly concerning that they are being treated preferentially as compared with those in a younger age group, infants and those possibly up to the age of 18, seeking to meet parents in child contact centres and settings.

It is important that we establish that contact centres and services, as outlined by the noble Baroness, Lady Finlay, are subject to the same basic minimum safeguarding, training, DBS and criminal checks, and enhanced checks as all others working with children, including childminders and nurseries. The Bill will leave the House today with the addition of these amendments, which I welcome in so far as they go, but it does not go as far as it should.

I shall quote the statement issued yesterday by Sir James Munby, as president of the National Association of Child Contact Centres, and former President of the Family Division. He stated:

"The government's reservation to support Baroness Finlay's amendment, which has been drafted in partnership with the National Association of Child Contact Centres, would be a missed opportunity to address an anomaly in safeguarding children and improving standards in general and specifically in regard to domestic abuse…The amendment is seeking is to ensure the same standards of safeguarding, accreditation, checks and training for all child contact centres and services whether in a public or private setting, and on the same basis as those who work with children as child minders, in nurseries and now with 16-19 years olds in education."

Perhaps the most disappointing omission in the Government's amendments is that we have failed to alert them to certain essential facts. DBS checks already apply to those setting up contact centres through an accredited service. However, if one is not accredited, one can go ahead without getting DBS checks. Therefore, amending the regulations will not move matters forward. That applies also to enhanced DBS checks. About one-third of families who attend child contact centres are self-referrals, so they have no-one to guide them to an accredited centre unless they go on to the NACCC website. Also, in tune with what the noble Baroness, Lady Finlay, said, the weight placed on the judicial protocol means that guidance will need to change to the equivalent of a requirement to ensure that it can support the expectation being placed upon it. The essential fact is this: if there is no one to check whether someone has DBS certificates, how would anyone know whether they have them or not?

I simply end with a question to my noble friend. If evidence comes to light within the two-year period he has allowed for the review, which is welcome, will the regulations that the Government are empowered to apply through the Ministry of Justice be put in place? Secondly, why is a higher bar being asked for in the evidence required for the younger age group of infants

[Baroness McIntosh of Pickering]
to 18 year-olds than that required in the Private Member's Bill introducing safeguards for 16 to 19 year-olds? However, I welcome the movement that has been made and hope that we can work together with the departments concerned in this regard.

Baroness Burt of Solihull (LD): My Lords, I am grateful to the noble Baronesses, Lady Finlay of Llandaff and Lady McIntosh of Pickering, for their tenacity in protecting the interests of vulnerable children and abuse victims. Their knowledge and experience have fuelled their tenacity and insistence that a solution be found. The noble Lord, Lord Ponsonby, has used his great experience in the family courts, and I have had, if not exactly the same level of experience, raw enthusiasm in backing the cause.

However, that would have all been to no avail if the noble Lord, Lord Wolfson of Tredegar, had not only seen what we were trying to achieve but gone the extra mile in seeking a solution, despite the fact that we did not have all the incontrovertible evidence he sought. I am sorry that he is not in his place, but I know that the Minister will pass on these remarks. When we suggested that the Government, not the NACCC, should obtain the evidence, he has come up with the amendment, which I hope the noble Baroness, Lady Finlay, will be minded to accept, to go and get the evidence. The widening of the definition of a child contact centre will catch many informal organisations—those that we are most concerned about—in the net.

All that any of us wants is to protect our children at a most difficult and vulnerable time, to ensure that unskilled and even unscrupulous people do not get anywhere near those children, and that those children are received into a welcoming environment manned by skilled, trained and compassionate people. We are not there yet and, as the noble Baroness, Lady Finlay of Llandaff, said, the movers of the original amendment will be setting two-year reminders in their diaries after the passing of the Bill, so the Government can expect timely reminders if the report has not appeared as the deadline looms.

Lord Ponsonby of Shulbrede (Lab) [V]: My Lords, I too pay tribute to the tenacity of the noble Baronesses, Lady Finlay of Llandaff and Lady McIntosh of Pickering. Although I have experience in the family courts and was aware of the child contact centres, I was not as well briefed on this issue as I am now, given the noble Baronesses' backgrounds on this matter, particularly the legislative history of the noble Baroness, Lady McIntosh.

I should also pay fulsome tribute to the noble Lord, Lord Wolfson, who is relatively new to our House. We met him a number of times; he has properly engaged on the issues and expressed scepticism, which is sometimes helpful to people moving amendments. He has come up with a solution. Although, as the noble Baroness, Lady McIntosh, said, it may fall short of what we were hoping for, it nevertheless provides a road ahead for addressing the concerns that he expressed. He has potentially come up with a proper solution for the various loopholes in the child contact centre system, if I can put it like that.

As the noble Lord, Lord Parkinson, said in his introduction, the Government's problem was one of evidence. As we repeated in numerous meetings, it is very difficult to get evidence of contact centres that come and go, perhaps operating in particular communities and essentially functioning under the radar. I am glad that the Government appreciated that point to the extent that they are willing to take on the responsibility of seeing whether this is a real problem and whether appropriate measures can be put in place to protect children who go to these child contact centres.

The noble Baroness, Lady Finlay, asked three good questions for the Minister to answer. The noble Baroness, Lady McIntosh, went on to quote Sir James Munby's support for the earlier amendments. Sir James Munby has unequalled experience in these matters, so the Government should listen to what he says.

In conclusion, the noble Baroness, Lady Burt of Solihull, and I have sat on a lot of committees together over the last couple of years and she has always been sensible in her support of the noble Baronesses, Lady Finlay and Lady McIntosh. As she said, I hope that the noble Baroness, Lady Finlay, accepts the Government's amendments and that we continue to work together for the next couple of years to ensure that the Government follow through on their promise to review the existing provision.

Lord Parkinson of Whitley Bay (Con): My Lords, first, I thank and agree with the noble Baroness, Lady Burt, and the noble Lord, Lord Ponsonby, in paying tribute to the noble Baroness, Lady Finlay, and my noble friend Lady McIntosh for their tenacity in pursuing this issue in the interests of vulnerable children. We have all been mindful of that throughout these discussions and are grateful to them. I am also grateful to noble Lords for their tributes to my noble friend Lord Wolfson. I will pass on their thanks and appreciation, and I know that he would have liked to have been here to see the conclusion of this important matter. But I am grateful to the noble Baroness, Lady Burt, for saying that my noble friend went the extra mile. That has been the Government's approach to the Bill throughout and, even those provisions that will not be in the Bill have launched some important work, which will continue to bear fruit and help victims of domestic abuse, whether legislatively or not.

The noble Baroness, Lady Finlay, asked three questions on which I hope I can provide reassurance. Her first was about whether contact centres mean the people who work in the place. Yes, we are going to review the way that a place is used, rather than a building, which may be empty. Her second was about the spirit of the amendment. Again, yes, we want to build an evidence base through the review that assesses the need for regulation, along the lines that the noble Baroness proposed. Her third was about promoting the judicial protocol. That protocol is being updated and will be communicated by the judiciary, not Her Majesty's Government. That will provide an opportunity for its promotion but, as I am sure she and other noble Lords understand, that is a matter for the judiciary.

My noble friend Lady McIntosh asked some questions about the review. As I say, we want to establish a robust evidence base about the scale of the problem,

so that we reach a fully informed decision about any further steps necessary. We would welcome her input and that of others into establishing the terms of the review. We will also be engaging the judiciary, among others, so the point made by the noble Lord, Lord Ponsonby, about Sir James Munby is well heard.

That has answered all the questions raised. Again, we are very grateful to all noble Lords for their engagement on this and hope that it is a sensible resolution. I hope that noble Lords support Motion A.

Motion A agreed.

Motion B

Moved by ***Lord Parkinson of Whitley Bay***

That this House do not insist on its Amendments 40B and 40C, and do agree with the Commons in their Amendments 40D, 40E, 40F, 40G, 40H, 40J and 40K in lieu.

40D: Page 57, line 36, at end insert the following new Clause—

"Data processing for immigration purposes

Review of processing of victims' personal data for immigration purposes

(1) The Secretary of State must before the end of the relevant period—

(a) review the processing of domestic abuse data carried out by specified public authorities for immigration purposes,

(b) prepare and publish a report setting out the findings of the review, and

(c) lay a copy of the report before Parliament.

(2) In carrying out the review, the Secretary of State must have regard to the recommendations of the HMIC Report.

(3) In subsection (1), the "relevant period" means the period beginning with the day on which this section comes into force and ending with 30 June 2021 (but see subsection (4)).

(4) The Secretary of State may by regulations extend the relevant period by a further period of up to 6 months.

(5) The power conferred by subsection (4) may be exercised only once.

(6) In this section—

"domestic abuse data" means personal data obtained for the purposes of, or in connection with, the provision of support in relation to domestic abuse to victims of domestic abuse or their children;

"the HMIC Report" means the report on Liberty and Southall Black Sisters' super-complaint on policing and immigration status published by Her Majesty's Chief Inspector of Constabulary on 17 December 2020;

"immigration purposes" means the purposes of—

(a) the maintenance of effective immigration control, or

(b) the investigation or detection of activities that would undermine the maintenance of effective immigration control;

"immigration officer" means a person appointed as an immigration officer under paragraph 1 of Schedule 2 to the Immigration Act 1971;

"personal data" has the meaning given by section 3(2) of the Data Protection Act 2018;

"processing" has the meaning given by section 3(4) of that Act; "specified public authority" means—

(a) a chief officer of police of a police force maintained for a police area in England and Wales;

(b) the chief constable of the Police Service of Scotland;

(c) the Chief Constable of the Police Service of Northern Ireland;

(d) the Chief Constable of the British Transport Police Force;

(e) the Chief Constable of the Ministry of Defence Police;

(f) an immigration officer or other official of the Secretary of State exercising functions in relation to immigration or asylum."

40E: Page 57, line 36, at end insert the following new Clause—

"Code of practice

(1) The Secretary of State may issue a code of practice relating to the processing of domestic abuse data for immigration purposes.

(2) A code of practice issued under this section—

(a) must be kept under review;

(b) may be revised or replaced.

(3) A person to whom a code of practice issued under this section applies must have regard to it in processing domestic abuse data for immigration purposes.

(4) In preparing, revising or replacing a code, the Secretary of State must consult—

(a) the Domestic Abuse Commissioner,

(b) the Information Commissioner, and

(c) such other persons as the Secretary of State considers appropriate.

(5) Before issuing a code (or a revised code) under this section, the Secretary of State must lay the code before Parliament.

(6) If, within the 40-day period, either House of Parliament resolves not to approve the code—

(a) the code is not to be issued, and

(b) the Secretary of State may prepare another code.

(7) If no such resolution is passed within the 40-day period, the Secretary of State may issue the code.

(8) In this section, the "40-day period" is the period of 40 days beginning with the day on which the code is laid before Parliament (or, if it is not laid before each House of Parliament on the same day, the later of the 2 days on which it is laid).

(9) In calculating the 40-day period, no account is to be taken of any period during which Parliament is dissolved or prorogued or during which both Houses are adjourned for more than 4 days.

(10) In this section—

"domestic abuse data" has the same meaning as in section (*Review of processing of victims' personal data for immigration purposes*);

"immigration purposes" has the same meaning as in section (*Review of processing of victims' personal data for immigration purposes*);

"personal data" has the meaning given by section 3(2) of the Data Protection Act 2018;

"processing" has the meaning given by section 3(4) of that Act."

40F: Page 58, line 36, leave out "or 72" and insert ", 72, (*Review of processing of victims' personal data for immigration purposes*) or (*Code of practice*)"

40G: Page 59, line 8, after "72" insert ", (*Review of processing of victims' personal data for immigration purposes*), (*Code of practice*)"

40H: Page 59, line 36, after "35(7)," insert "(*Review of processing of victims' personal data for immigration purposes*)(4),"

40J: Page 60, line 15, at end insert—

"( ) sections (*Review of processing of victims' personal data for immigration purposes*) and (*Code of practice*),"

40K: Page 60, line 32, at end insert—

"( ) section (*Review of processing of victims' personal data for immigration purposes*);"

2.15 pm

Lord Parkinson of Whitley Bay (Con): Noble Lords are aware that Amendment 40B seeks to create a data-sharing firewall, so that the personal data of victims of domestic abuse that is given or used for the purposes of their seeking or receiving support is not used for immigration control purposes. Amendment 40C

[Lord Parkinson of Whitley Bay]
introduces a conditional commencement procedure, so that the firewall comes into force only once the review into current data-sharing procedures has been completed and following a vote in both Houses.

While I appreciate the case that the noble Baroness, Lady Meacher, and other noble Lords have been making, the Government remain of the view that Amendments 40B and 40C are premature, pending the outcome of the review of the current data-sharing arrangements, as recommended by the policing inspectorate following its December report on the super-complaint from Liberty and Southall Black Sisters.

In an effort to meet the noble Baroness half way, the Government tabled Amendments 40D, 40E, 40F, 40G, 40H, 40J and 40K in lieu to which the Commons has agreed. Amendment 40D places our review of data-sharing arrangements on to a statutory footing, with a duty to lay a report before Parliament on the outcome of the review by 30 June, a little over two months away.

In addition, Amendment 40E confers a power on the Secretary of State to issue a code of practice relating to the processing of domestic abuse data for immigration control purposes by specified public authorities. Persons to whom the code is issued, notably the police and Home Office immigration staff, would be required to have regard to that code. I assure the noble Baroness, Lady Meacher, that although the new clause provides for a power rather than imposes a duty to issue a code, it is the Government's firm intention to issue such a code, following the completion of the review. Noble Lords will note too that Amendment E also places an obligation on the Secretary of State to consult the domestic abuse commissioner, the Information Commissioner and others before issuing the code.

We are on track to publish the outcome of our review by the end of June. As part of our review, we have given a commitment to engage with domestic abuse sector organisations and the domestic abuse commissioner to better understand concerns about why migrant victims might not feel safe in reporting their abusers to the authorities for fear of enforcement action being taken. We have tabled amendments, now agreed by another place, to place the review on to a statutory footing and to provide for a statutory code of practice relating to the processing of domestic abuse data for immigration purposes.

I hope noble Lords will see that we have listened and acted. I ask the noble Baroness, Lady Meacher, and the whole of your Lordships' House to support Motion B.

Baroness Meacher (CB) [V]: My Lords, I shall respond to the Minister and the Government's amendment on the safe reporting of crimes by domestic abuse victims who have uncertain immigration status. I am very grateful to our Ministers for their sympathetic handling of this Bill and for the incredibly helpful meetings that we have had with all of them in previous weeks, and to the Government for tabling the compromise amendment. Of course, it does not achieve the reassurance that we sought with our original amendment, but it paves a way forward that could help these most vulnerable of women.

I welcome the fact that the report on the government review of this issue will be laid before Parliament and that this is put in statute by the Government's amendment. That is definitely a step forward. I hope that the Minister can assure the House that the review will seek to identify the depth of fear of many of the victims of concern here. That is important—about half do not report crimes because they are too frightened, in particular in situations of modern slavery, for example. A concern in the field is that the six-month possible extension for the publication of the review could be used by the Government to prevent anyone making progress in the meantime. Three months would be greatly preferable. Does the Minister have any comment on that? Do they really need six months to complete this? If it means that they will do a more thorough job, I suppose we must be grateful.

Turning to the code of practice, I am concerned about subsection (1) of the proposed new clause, which says that the Secretary of State

"may issue a code of practice"

rather than that they "shall" issue such a code. Again, I am grateful to the Minister for emphasising in his remarks that the Government have a clear intention to issue such a code. It would also be helpful if he could indicate in his closing comments a timeline for the code of practice and confirm its purpose—again, this is an important point—to provide protection from the immigration system for vulnerable victims of domestic abuse whose immigration status is uncertain.

The amendment makes it clear that the domestic abuse commissioner, the Information Commissioner and

"such other persons as the Secretary of State considers appropriate"

must be consulted in relation to this code of practice. I put on record the importance of consulting survivors and specialist organisations such as the Step Up Migrant Women campaign, which, incidentally, apart from doing a huge amount of work to support these women, has been a pillar of strength in the background, behind these debates in this House. It would be very helpful if the Minister could confirm that those survivors and organisations will be consulted. With the hope that the Minister can provide some assurance on these points, I will not oppose the Government's Motion.

Lord Paddick (LD): My Lords, the essence of this Motion is to ensure that victims of domestic abuse, whoever they are, are not afraid to come forward to report the matter to the police without fear of being reported to immigration enforcement. No review or code of practice will reassure them without an undertaking that enforcement action will not be taken. The Government know this, and I therefore conclude that they place more importance on immigration enforcement than on protecting the victims of domestic abuse—a disgraceful position for the Government to take. We will not allow this matter to rest here, even though we are unable to take it further today.

Baroness Wilcox of Newport (Lab) [V]: My Lords, the noble Baroness, Lady Meacher, has received strong support from the Opposition Benches throughout the progress of this important Bill, and that support is not

diminished at this final stage. We will continue to press the Government on this very serious issue, to make sure victims can feel safe coming forward to report abuse. It has been a pleasure to learn from her and work with her on this amendment. The noble Baroness's amendment provided for the circumstances where victims' data cannot be shared for immigration purposes if they come forward to report abuse. She is content to agree the important concessions that she has obtained from the Government on her amendment and, to that end, it just leaves me to thank her and all noble Lords who have spoken so eloquently and with passion throughout the passage of the Bill.

In the other place yesterday, the shadow Minister spoke movingly about her own experiences and reiterated her thanks for some movement by the Government on this amendment. But I echo her remarks of concern by asking the Minister if we can ensure that there are buy-in services for the very victims we are talking about, that they are consulted throughout the process, and that the whole point of the code is explicitly there to ensure that data can be shared only to enable victims to receive protection and safety. We now have mention of a victims' code, so what happens when there is a breach of the code? We need clarity; we seek to have things written into primary legislation so that there is no doubt when barriers are crossed.

I eagerly await the translation into law of this landmark legislation. I thank my Opposition Front Bench colleagues and the staff team who have so ably guided me through my first major Bill in this House; what a maiden Bill it has been to have contributed to. My thanks go to the Minister and others who have listened and acted upon amendments to make better laws alongside our charities, support organisations and, indeed, the brave survivors whose lived experiences and testimonies have spoken out loudly and clearly throughout the course of the Bill: stand up to domestic abuse.

Lord Parkinson of Whitley Bay (Con): My Lords, I again applaud and thank the noble Baroness, Lady Meacher, for her tenacity on this point in standing up for another vulnerable group of victims. I thank her for the time that she has spent engaging with me on this point since your Lordships last debated it. I am grateful that she sees the amendments that we have put forward in lieu as a step forward, and want to reassure her on the points that she raised; as I said previously, one of the frustrations in this area is not knowing what we do not know about the depth of fear among those who may be reluctant to come forward. That is why we are engaging with domestic abuse sector organisations to better understand the scale of that problem and to allay any concerns that people have. I am pleased to say that engagement with those groups is beginning next month.

The noble Baroness, Lady Meacher, asked about the timeline for the code; we would seek to have that in place as soon as is practicable after the completion of the review. We would of course need time to consult the domestic abuse commissioner and the Information Commissioner's Office. The power to extend the deadline is purely precautionary, as, alas, the experience of the pandemic over the last year or so has shown the need to expect the unexpected, but it is our intention to proceed swiftly on this. As the noble Baroness noted, despite the word "may" rather than "shall", it is our firm intention to issue such a code, so I reiterate that for her reassurance. We will look at enforcement issues when drawing up the code.

The noble Lord, Lord Paddick, suggested that we are approaching these issues the wrong way round. I hope people appreciate that the Government have a statutory obligation under the Immigration and Asylum Act 1999 to maintain an effective immigration system, but we have been clear throughout that both the police and immigration enforcement officials deal with victims as victims first and foremost. We are very mindful of that. With those answers, and in reiterating my thanks in particular to the noble Baroness, Lady Meacher, I urge noble Lords to support Motion B.

Motion B agreed.

Motion C

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

That this House do not insist on its Amendment 41B to which the Commons have disagreed for their Reason 41C.

41C: Because the Amendment would involve a charge on public funds, and the Commons do not offer any further Reason, trusting that this Reason may be deemed sufficient.

The Minister of State, Home Office (Baroness Williams of Trafford) (Con): My Lords, to recap, Amendment 41B seeks to lift the no recourse to public funds condition for migrant victims of domestic abuse until the conclusion of the support for migrant victims scheme. The amendment also provides that, within two months of the scheme's conclusion, the Secretary of State must consult the domestic abuse commissioner and specialist sector, and publish a strategy for the long-term provision for victims who do not have leave, or have leave subject to the no recourse to public funds condition. I am conscious that after two full debates, in Committee and on Report, along with our consideration last week of the Commons reasons, we are all likely to be well versed in the points that I have highlighted and will highlight now, and those which proponents of Amendment 41B will outline. For that reason, I will try to make my points relatively short.

The right reverend Prelate the Bishop of Gloucester knows how much I respect her, and I share her commitment to providing protection and support for migrant victims of domestic abuse. But I still do not believe that Amendment 41B represents the appropriate course of action. The other place likewise disagreed with this amendment, again on the basis of financial privilege. Waiving the no recourse to public funds condition for 12 months—double the six months provided for in the earlier Amendment 41, which sought an extension to the DDVC—would clearly involve a significant charge on the public purse.

2.30 pm

As I have emphasised previously, there is a clear precedent for our current position regarding the no recourse to public funds condition. Successive Governments

[Baroness Williams of Trafford]
have taken the view that access to publicly funded benefits and services should normally reflect the strength of a migrant's connection to the UK. We continue to believe that such access should become available to migrants only once they have settled here. There is a clear rationale for this policy; namely, that it seeks to assure the public of the benefits to our country that controlled immigration can yield, to ensure that public funds remain protected for permanent residents, and to manage the UK's finite resources. Automatically waiving the no recourse to public funds condition irrespective of the diverse financial circumstances of victims is not a desirable or necessary outcome.

Moving beyond the precedent for our position, Amendment 41B presents other significant difficulties. Leave and access to public funds cannot be separated as easily as it suggests. As I highlighted last week, to provide access to public funds, one must also necessarily confer leave. We have launched the support for migrant victims scheme because it can provide support for migrant victims of domestic abuse who have no recourse to public funds by funding the required support directly from Southall Black Sisters and its delivery partners, bypassing the need to access public funds. To reiterate, the support for migrant victims scheme will provide support to this vulnerable cohort.

As I have highlighted many times during the passage of the Bill, the support for migrant victims scheme is designed to provide support to those individuals who fall through the gaps of other support mechanisms, such as the DDVC. It provides a safety net of support through provision of accommodation in a refuge or other relevant safe accommodation. Additionally, the scheme can provide wraparound provisions, including practical support such as immigration advice. The support provided by the scheme can be tailored to the needs of the individual victim much more than a blanket automatic granting of public funds.

I thank the right reverend Prelate the Bishop of Gloucester for her continued commitment to the cause of migrant victims of domestic abuse. It truly is a cause that I share. However, while we seek a similar outcome, we have different ways of getting there. I hope that noble Lords are mindful of the votes in the elected House, along with the reasons given for disagreeing with this amendment, and are content to agree Motion C. We must now ensure that the Bill is enacted and implemented. I assure noble Lords that this Government have not, and will not, forget about migrant victims of domestic abuse. I have no doubt that the right reverend Prelate will continue, rightly, to press us to act on the outcome of the support for migrant victims scheme in the months to come. I beg to move.

Lord Rosser (Lab) [V]: My Lords, the right reverend Prelate the Bishop of Gloucester, who moved the successful amendment on migrant women and recourse to public funds during the first stage of ping-pong in this House on the Domestic Abuse Bill last Wednesday, regrets that she cannot be here in person today. I pay tribute to the work that she has done—and will, I am sure, continue to do—on this issue. On her behalf, I have been asked to say the following, which also reflects my feelings:

"I would urge the Government to consider all victims of domestic abuse as victims first. It is therefore regrettable that recourse to public funds has not been made available to a small but extremely vulnerable group of migrant victims. That said, at this stage, we accept that it has not been possible to add this to the Bill. We hope that when the pilot scheme comes to an end, careful note will be taken of the results. The organisations providing support and hope to these migrant victims must be consulted, and we would do well to listen well to their experience."

Lord Paddick (LD): My Lords, I too pay tribute to the right reverend Prelate for championing this issue.

Again, I will boil this down to its essence. The refusal of the Government to offer equal protection to all victims of domestic abuse, whatever their status, which is the effect of their rejection of the Lords amendment, is a clear breach of the Istanbul convention. As I said when we considered these matters last time, this Government cannot claim that this is a landmark Bill when they continue to treat those with irregular immigration status less favourably. These are some of the most vulnerable victims of domestic abuse.

We are unable to take this matter further today, but the Government cannot avoid ratifying the Istanbul convention much longer without serious reputational damage.

Baroness Williams of Trafford (Con): My Lords, I thank noble Lords who have taken part in this debate and pay tribute to the right reverend Prelate the Bishop of Gloucester for her work on this Bill. I hope I have made it clear throughout the passage of the Bill, including in my introductory remarks today, that people—women mostly—who are victims of domestic abuse should get the support that they need when they need it.

On the Istanbul convention, as set out in our latest annual report on our progress towards ratification of it, published last October, the position on whether or not we are compliant with Article 43 of the convention, to the extent that it relates to non-discrimination on the grounds of migrant or refugee status, and with Article 59 relating to resident status, is under review, pending the findings of the evaluation of the support for migrant victims scheme. We will consider compliance with Article 59 in parallel with Article 43. As such, it also depends on the outcome of the support for migrant victims scheme. Far from not being compliant, we are working towards that compliance. I hope that noble Lords are content with what I have set out today and in previous stages of the Bill.

Motion C agreed.

Motion D

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

That this House do not insist on its Amendments 42D, 42E and 42F, and do agree with the Commons in their Amendments 42G, 42H and 42J in lieu.

42G: Page 53, line 10, at end insert the following new Clause—

"Strategy for prosecution and management of offenders

(1) The Secretary of State must, before the end of the period of 12 months beginning with the day on which this Act is passed, prepare and publish a document setting out a strategy for—

(a) detecting, investigating and prosecuting offences involving domestic abuse,

(b) assessing and managing the risks posed by individuals who commit offences involving domestic abuse, including (among others) risks associated with stalking, and

(c) reducing the risk that such individuals commit further offences involving domestic abuse.

(2) The Secretary of State—

(a) must keep the strategy under review;

(b) may revise it.

(3) If the Secretary of State revises the strategy, the Secretary of State must publish a document setting out the revised strategy.

(4) In preparing or revising a strategy under this section, the Secretary of State must consult—

(a) the Domestic Abuse Commissioner, and

(b) such other persons as the Secretary of State considers appropriate.

(5) Subsection (4) does not apply in relation to any revisions of the strategy if the Secretary of State considers the proposed revisions of the strategy are insubstantial.

(6) In this section, the reference to "risks associated with stalking" is to be read in accordance with section 1(4) of the Stalking Protection Act 2019."

42H: Page 59, line 8, after "section" insert "(*Strategy for prosecution and management of offenders*),"

42J: Page 60, line 32, at end insert—

"( ) section (Strategy for prosecution and management of offenders);"

Baroness Williams of Trafford (Con): My Lords, I start by thanking the noble Baronesses, Lady Royall and Lady Brinton, and the noble Lord, Lord Russell of Liverpool, for the very constructive discussions that we had on this matter at the end of last week and this morning, to make some final adjustments to what I think we all agree is a very good Bill.

Amendment 42D, put forward by the noble Baroness, Lady Royall, seeks to amend the Criminal Justice Act 2003 to provide for a new category of offender to be managed under multiagency public protection arrangements, known as MAPPA. The intention is then that such offenders are recorded on ViSOR—the dangerous persons database—although this is not set out in the amendment. The new category would cover perpetrators who have either been convicted—and "convicted" is the operative word—on two or more occasions of a relevant domestic abuse-related or stalking offence, or have been convicted of a single such offence and have been assessed as presenting a high risk of serious harm.

The elected House has now disagreed with noble Lords' amendments on this issue for a second time, and again by a substantial margin. That said, we agree that more needs to be done, but we do not think that this amendment is the right way forward. Many have asked why the Government will not support the amendment, and the simple and honest answer is that we do not think it will be effective in securing the changes that we all want to happen. As I have said before, if we did, we would have no hesitation in supporting it. When the Bill was last in this House, I set out in detail our concerns surrounding the amendment and I will not go through them again. In essence, I do not think it adds anything substantial to the current legislative landscape around MAPPA.

Much has been said during the course of our debates and in the media about what this amendment will achieve. An example of this is that it will create a register; it does not. In fact, the noble Baroness, Lady Royall, and others have said that that is not what they wish to achieve. Equally, it does not address the issue of perpetrators not being charged and convicted of the offences they have committed. We should not lose sight of the fact that MAPPA is a framework for the management of convicted offenders, and a good number of the cases cited of failures to intervene relate to perpetrators who had not been convicted of an offence. I want to take a moment to place both these points on the record, because any miscommunication on this highly important issue feels deeply unfair to victims. I know that the noble Baroness, Lady Royall, would not want any such misunderstandings to take root.

This is a very sensitive and difficult issue and there is no easy solution to it. However, I want to stop focusing on—and noble Lords will know I have done this the whole way through the Bill—where we do not agree and instead put our focus on the many areas where we do agree. Everything I have heard during the passage of this Bill continues to lead me to the firm belief that the issue we need to address is not the legislative framework but how offenders are brought to justice and, once convicted, how MAPPA operates on the ground to ensure that agencies actively identify those offenders who pose the highest risk and then manage them effectively.

I reassure the House that we are undertaking a substantial programme of work to tackle this issue from multiple angles to make a real difference to the outcomes for victims. I will take the opportunity briefly to go over these again and to provide some further updates on developments. We will refresh and strengthen the MAPPA statutory guidance to make it clear that convicted offenders who demonstrate a pattern of offending behaviour that indicates either serious harm or an escalation in the risk of serious harm, related to domestic abuse or stalking, which is not reflected in the charge for which they were actually convicted, should be considered for category 3 management. The guidance will set out the importance of being mindful of the totality of an offender's behaviour in domestic abuse and stalking cases. I know that this is an important point for the noble Baroness.

The strengthened guidance will ensure that all agencies involved take steps to identify offenders who are domestic abuse perpetrators whose risk requires active multiagency management and take action based on that risk, no matter what the category. The guidance is statutory, which means that agencies must have due regard to it. It is in no sense voluntary. I should add that the updated guidance will be dynamic. We will keep it under regular review to ensure that it reflects developing good practice.

2.45 pm

We will consult MAPPA-responsible authorities and agencies with a duty to co-operate on the updated guidance by the Summer Recess and, once we have their views, we will also share a draft with the noble Baronesses, Lady Royall and Lady Brinton, and the noble Lord, Lord Russell of Liverpool. We will also consult both the domestic abuse and victims' commissioners. Once the revised guidance is settled, we will promulgate it through a Written Ministerial Statement, and this will

[Baroness Williams of Trafford]
provide an opportunity to update the House on the delivery of the other commitments I have set out. Noble Lords talked about having some sort of debate in this place, perhaps after the Summer Recess. I am very happy with that—the beauty of this place is that we can organise debates through noble Lords.

We will have oversight of and monitor the impact of the updated guidance through the responsible authority national steering group. This group is chaired jointly by the chief constable who is the National Police Chiefs' Council's lead for MAPPA and by the public protection group director of HM Prison and Probation Service. The group provides strategic direction for MAPPA-responsible authorities and partner agencies and monitors key aspects of their performance. Senior nominated representatives of the police, National Probation Service and HM Prison Service, as well as specialist representatives from the Youth Justice Board, the Department of Health and Social Care, the Home Office and the Parole Board are members of the group.

In addition to the role of the responsible authority national steering group, I have no doubt that the domestic abuse commissioner and the victims' commissioner will also be monitoring the impact of the strengthened guidance and the other actions we are taking. In addition, HM Inspectorate of Constabulary has the police response to domestic abuse as part of its thematic inspection programme for 2021-22. The inspectorate will also continue to monitor progress made by policing against recommendations from its previous thematic inspections of the police approach to tackling harassment and stalking. There will also be a continuing role here for the prisons and probation inspectorates.

In the case of the domestic abuse commissioner, I remind noble Lords of the powers available to her under Part 2 of the Bill. In particular, the police and others are under a duty to co-operate with the commissioner, and this includes the provision of information. Moreover, the commissioner can make recommendations to Ministers, the police and others subject to the duty to co-operate, and they will be required to respond to these within 56 days. Taken together, Part 2 affords the commissioner important powers to monitor progress in strengthening the management of perpetrators, whether under MAPPA or other arrangements.

In addition to the statutory guidance—and to ensure maximum accessibility and clarity—we will publish a succinct thresholding document to guide practitioners in deciding on the most appropriate level of management. The different levels of management under MAPPA are set to ensure that resources are properly targeted at those offenders who pose the highest risk and are the most complex to manage.

However, we need to be sure that action is taken where there are indicators of escalating harm for those managed at the least intensive level. Therefore, HM Prison and Probation Service will issue a policy framework for its staff setting out clear requirements for their management of all cases at MAPPA level 1. This will further help improve the quality of information sharing, the consistency and regularity of reviews and, importantly, the identification of cases where additional risk management activity is required. Both the policy framework and the thresholding document will include specific reference to domestic abuse and stalking perpetrators. We will decommission ViSOR, which is now almost 20 years old, and bring in the new multiagency public protection system, which will be piloted from next year.

We will bring forward a new statutory domestic abuse perpetrator strategy as part of a holistic domestic abuse strategy to be published later this year. Following discussions last Friday with the noble Baronesses, Lady Royall and Lady Brinton, and the noble Lord, Lord Russell of Liverpool, we have modified the government amendment in lieu to expressly reference stalking that occurs within a domestic abuse context. As I have indicated, I believe the MAPPA guidance—the perpetrator strategy—is the appropriate place to address the issue of risk assessments taking into account past patterns of behaviour, rather than Amendment 42G.

In the last debate the noble Baroness, Lady Royall, asked about the dual strategy approach. In the summer the Government will publish a tackling violence against women and girls strategy, and further to the Government's amendments in the Bill we will also bring forward our complementary domestic abuse strategy. This approach will allow us to focus on lesser-understood violence against women and girls crimes, while a dedicated strategy on domestic abuse, given its high-volume, high-harm nature, will ensure it gets the attention it deserves.

The VAWG strategy will include a perpetrator strategy pillar, which will, among other things, address stalking perpetrators. I should clarify that "violence against women and girls" is an umbrella term and, while we know that these crimes disproportionately affect women and girls, we recognise that men and boys also experience them. We will therefore consider this as part of the VAWG strategy, alongside updating the male victims position statement.

We are also legislating already in the Police, Crime, Sentencing and Courts Bill to put beyond doubt the powers of duty to co-operate agencies to share information under MAPPA by clarifying existing information-sharing provisions. We are investing new resources to tackle perpetrators, with an additional £25 million committed this year.

While we might not agree with the approach set out in Amendment 42D, we do not shy away from taking action to tackle this issue. The last time the Bill was in the House, many noble Lords—including the noble Baroness, Lady Royall—agreed that these actions we have set out are tangible and would make a real difference in improving the efficiency and effectiveness of current offender management arrangements. I hope the noble Baroness and the whole House will support Motion D so that we can pass this truly landmark Bill and it can be enacted. I beg to move.

Motion D1 (as an amendment to Motion D)

Moved by ***Baroness Royall of Blaisdon***

Leave out from "42F" to end and insert ", do disagree with the Commons in their Amendments 42G, 42H and 42J and do propose Amendments 42K, 42L and 42M in lieu—

42K: Before Clause 69, insert the following new Clause—

"Strategy for prosecution and management of offenders

(1) The Secretary of State must, before the end of the period of 12 months beginning with the day on which this Act is passed, prepare and publish a document setting out a strategy for—

(a) detecting, investigating and prosecuting offences involving domestic abuse,

(b) assessing and managing the risks posed by individuals who commit offences involving domestic abuse, including (among others) risks associated with stalking and an individual's past pattern of behaviour; and

(c) reducing the risk that such individuals commit further offences involving domestic abuse.

(2) The Secretary of State—

(a) must keep the strategy under review;

(b) may revise it.

(3) If the Secretary of State revises the strategy, the Secretary of State must publish a document setting out the revised strategy.

(4) In preparing or revising a strategy under this section, the Secretary of State must consult—

(a) the Domestic Abuse Commissioner, and

(b) such other persons as the Secretary of State considers appropriate.

(5) The Secretary of State must, before the end of the period of 3 months beginning with the day on which this Act is passed, publish revised statutory guidance on Multi-Agency Public Protection Arrangements to provide that—

(a) a person assessed by the responsible authority to pose a high risk of stalking; or

(b) a person assessed by the responsible authority to pose a high risk of domestic abuse,

must be placed under Category 3 in Multi-Agency Public Protection Arrangements.

(6) When assessing a risk of stalking or repeated domestic abuse the Responsible Authority must take into consideration a person's past patterns of behaviour involving stalking or domestic abuse.

(7) The Secretary of State must make arrangements to require—

(a) an individual who is convicted on more than one occasion of a specified domestic abuse offence;

(b) an individual who is convicted on one or more occasions of a specified stalking offence,

to be automatically risk-assessed in Multi-Agency Public Protection Arrangements.

(8) Where a person is—

(a) risk-assessed under Multi-Agency Public Protection Arrangements; or

(b) placed under Category 3 in Multi-Agency Public Protection Arrangements

as a result of offending which involves either domestic abuse or stalking, notice of this must be given to the Domestic Abuse Commissioner for the purposes of a report on these decisions to inform the strategy on an annual basis.

(9) Subsection (4) does not apply in relation to any revisions of the strategy if the Secretary of State considers the proposed revisions of the strategy are insubstantial.

(10) In this section, the reference to "risks associated with stalking" is to be read in accordance with section 1(4) of the Stalking Protection Act 2019.

(11) In this section—

"responsible authority" has the same meaning as in section 325 of the Criminal Justice Act 2003;

"specified domestic abuse offence" means an offence where it is alleged that the behaviour of the accused amounted to domestic abuse within the meaning defined in section 1 of the Domestic Abuse Act 2021;

"specified stalking offence" means an offence contrary to section 2A or section 4A of the Protection from Harassment Act 1997."

42L: Page 59, line 8, after "section" insert "(*Strategy for prosecution and management of offenders*),"

42M: Page 60, line 32, at end insert—

"( ) section (Strategy for prosecution and management of offenders);""

Baroness Royall of Blaisdon (Lab) [V]: My Lords, I am grateful to the noble Baroness for her full response, including to my amendment, which followed the Government's revised amendment passed in the Commons last night. I am also grateful to her for our very constructive meeting and for the letter responding to the issues raised by me and my colleagues in our meeting; I think it was last Friday, but it feels a long time ago.

Yes, we have come a long way with this very good Bill, and indeed on the perpetrator strategy on both stalking and domestic abuse. I am glad our various debates have highlighted the fact that the current system is not working. Indeed, it is indefensible and leads to thousands of women living in fear and hundreds murdered. It is for this reason that the noble Baroness and I are in complete agreement that there must be a change. The change that I believe would be most effective, and will continue to argue in favour of, is the inclusion on the new database of all serious and serial high-risk perpetrators of stalking and domestic abuse. I am perplexed by the articles in the press—I think it was in the *Times* at the weekend—suggesting that a comprehensive database would soon be forthcoming. Nothing has been said at the Dispatch Box in either your Lordships' House or the Commons to confirm this. I leave that to one side.

I was confused last night when listening to the Minister in the Commons address the issue of the MAPPA categories, although the noble Baroness the Minister has been much clearer and more explicit. The new policy framework is welcome, but can the noble Baroness again confirm that domestic abuse and stalking will be flagged in category 1, so that when assessing risk or managing a sex offender, consideration will have to be given to whether he poses a domestic abuse or stalking threat? I believe that to be the case, but I would like her to make that point once more. I am grateful for her assurance in writing that all category 3 offenders will be on ViSOR and therefore on MAPPS.

Listening to the Minister in the Commons last night, my biggest concern was that she did not propose a significant expansion to category 3—quite the contrary; she rejected the repeated suggestions from my right honourable friend Yvette Cooper. She repeated the current practice: that it will be up to the professional judgment and professional curiosity—I find that quite a strange and unfortunate phrase—of the relevant authorities as to whether they think a domestic abuse or stalking case could benefit from being managed through MAPPA. That is not good enough.

The Minister spoke of the flexibility of MAPPA 3, which, as my honourable friend Jess Phillips pointed out, was part of the problem, in that there is no proper direction for its use, and the resources are so stretched that the authorities cannot use their professional judgment. But that flexibility is also part of the solution, in that its use will now be expanded. It is very good to hear that category 3 will not be restricted to people who

[Baroness Royall of Blaisdon]
have been sentenced for one year or more. I believe that to be the case and would like the Minister to reiterate that. We all agree that that is a major gap: that people who have not been sentenced but are serial perpetrators and whose actions escalate into heinous crimes are still out there, and no information about them is being exchanged.

Adequate resources are critical. If sufficient funding is not available, the people making the decisions will be constrained in their actions. Last night the Minister mentioned an additional £25 million. Will any of that be ring-fenced for MAPPA 3? If not, what additional resources will be specifically allocated to MAPPA 3?

Currently there are only 330 offenders in total under category 3 MAPPA, compared with more than 60,000 in category 1 and more than 20,000 in category 2. MAPPA includes all offences, but in future it absolutely must include the thousands of high-harm repeat perpetrators of stalking and domestic violence. The Minister has been very clear that when assessing a risk of stalking or repeated domestic abuse, there must be consideration of a person's past patterns of behaviour involving stalking or domestic abuse. That is a major step forward and is very welcome.

It is only with the new guidance mentioned by the noble Baroness that we can ensure that practice really is changed, so that serial and high-harm domestic abuse and stalking perpetrators are flagged to MAPPA and heard there. But that guidance must be informed by experts, by the people who will use the guidance, who are frustrated that the current system is not working. Everyone using the new guidance must be trained in order to effect the change so desperately needed. That must be included in the guidance and the requisite funds made available. We expect the head of MAPPA to ensure that this happens. The ever-vigilant noble Lord, Lord Russell, noticed that NOMS is looking for a new head of MAPPA. I am sure he will speak to this, but I merely urge that the current job description be updated to reflect the changes being introduced in this Bill.

I am glad to hear that the guidance will be dynamic. A debate on the guidance in the autumn is an excellent idea. May I also have an assurance from the noble Baroness that specialist domestic abuse and stalking services will be invited to attend MAPPA? Timing is of the essence. The Minister has given her assurance that the MAPPA guidance will be revised before the Summer Recess; I thank her.

I am grateful for the explanation of the current plan, that oversight will be undertaken through the responsible authority national steering group. I may be wrong, but it does not sound as if that is an impartial body. It sounds as if it will be required to mark its own homework, and we believe that the oversight must be independent. The Minister said,

"I have no doubt that the Domestic Abuse Commissioner and the Victims' Commissioner will also be monitoring the impact of the strengthened guidance and the other actions we are taking."

However, I firmly believe that the independent monitoring and oversight must be undertaken by the domestic abuse commissioner, who clearly has the powers and must have systematic access to all the information relating not just to people included in MAPPA 3 but to those whom she might believe should be included in MAPPA 3. In this way the commissioner, your Lordships and the wider world will be able to measure and judge the success of the actions outlined by the Minister, including the strategy and the revised guidance. I beg to move.

3 pm

Baroness Brinton (LD) [V]: My Lords, I too wish to start by thanking the noble Baroness, Lady Williams, for her helpful speech from the Dispatch Box this afternoon and for the repeated emails and meetings with some of us to try to progress matters. We recognise that some of the things we would like to see in this Bill are better placed in statutory guidance and I thank the Minister for her reassurance and the offer of showing us that draft statutory guidance to bring these perpetrators to justice. It was also encouraging to hear details about the thresholding document.

Herein lies the problem, which the noble Baroness, Lady Royall, referred to in part. We need to substantially change the culture and practice inside the criminal justice system to tackle these particular perpetrators. We have said repeatedly that the consequence is that these fixated, obsessive, serial and high-risk perpetrators escalate their behaviour—far too often resulting in serious violence and murder. That is why we welcome the changes to the current arrangements for a perpetrator to be considered for MAPPA category 3. The assessment of past patterns of behaviour is vital—something we asked for in the stalking law reforms of 2012—including convictions at a lesser level. I thank the Minister for her words on that.

One of the consequences of an effective risk assessment for these serial and high-risk perpetrators is that MAPPA teams need more resources than they currently receive. It should not be possible for these cases to be disregarded because of resources. I echo the question that the noble Baroness, Lady Royall, asked about how much of the extra perpetrator funding the Minister outlined during the passage of the Bill will be dedicated resource for local MAPPA areas to manage a larger numbers of offenders. This is one of those few times when it will be good to see numbers going up, because it will provide reassurance that these perpetrators are being managed properly. This Bill and these arrangements will fail without those resources—and this Bill must not fail.

The noble Baroness, Lady Newlove, cannot be in her place today, but she specifically asked me to make the following points to your Lordships' House on her behalf. She joins those of us who signed the amendment on Report in expressing concern that serial and serious high-risk perpetrators of domestic abuse and stalking must be included and therefore on the database.

Can the Minister give the House some assurance that domestic abuse and stalking experts and agencies will be included as a matter of course in the MAPP meetings? Their expertise at a local level will be vital; risk assessments of patterns of past fixated behaviour will not be effective without their input. It is the early identification of these patterns of behaviour that can change the experience of the victim and, with appropriate support, can help the perpetrator too.

The noble Baroness, Lady Newlove, also asks whether the domestic abuse commissioner and the Victims' Commissioner will have access to MAPPA data—

especially, but not only, that relating to those serial and high-risk stalking and domestic abuse perpetrators. It is vital for them to be able to hold those making decisions inside the criminal justice system to account. She makes the point that this is particularly important because, until the victims law the Government have promised comes into force, it will provide powers for the Victims' Commissioner. Until then, there will be no powers for the Victims' Commissioner to perform that role. It is vital that both the domestic abuse commissioner and the Victims' Commissioner have similar powers to hold the Government and agencies to account.

I will end by looking both backwards and towards the future. This month marks the 16th anniversary of the start of the harassment and stalking campaign of which I was the principal target. It took three years before the perpetrator was caught and my many discussions with the police mirrored far too many of the cases we have heard of elsewhere. I swore to myself that no one should have to repeatedly explain incident after incident to the police as if each one were the first—but that is still the case far too often.

During the passage of this Bill we have all spoken of the tragic deaths of far too many women at the hands of stalkers and abusers—currently between two and five per week. This morning on Radio 4's "Today" programme Zoe Dronfield spoke movingly of her own experience. She discovered, after escaping a violent attack with her life, that her previous partner had stalked and attacked a dozen women before her. This Bill and the arrangements for the statutory guidance the Minister outlined have the capacity to start to change the experience of victims such as Zoe, but only if every single part of the criminal justice system engages with these changes to make them work. That is why the expertise that exists in pockets of good practice in the police and probation needs to be mainstreamed into MAPPA—and the work before MAPPA in call centres, front-line policing and the court system—with effective training throughout to watch for the red signals and pick up on this type of behaviour.

I want Parliament to hear of reductions in attacks and murders, of an increase in the number of offenders successfully managed by MAPPA, and a world where victims can start to live their lives no longer in fear—knowing that they can turn to the police and others for help. This Bill is the start of a very long journey to be continued in the Police, Crime, Sentencing and Courts Bill and the domestic violence and violence against women and girls strategies. We will watch with interest and, in fulfilling our duty, we will return to challenge and scrutinise how these important changes are being effected. At the end of the day, lives depend on the Government and everyone in the police and criminal justice system getting it right.

Lord Russell of Liverpool (CB): My Lords, at the last stage of the Bill I started by saying it felt dangerously like

"déjà vu all over again".—[*Official Report*, 21/4/21; col. 1935.]

I am very pleased to announce this afternoon that it does not feel like déjà vu any longer. I think we are in mortal danger of actually moving forward—for which I thank the Minister very warmly.

It is perhaps no coincidence that this group of amendments, which in many ways is at the heart of the Bill, is coming right at the very end of it. The reason for that is that it is probably the most difficult part of the Bill to deal with. Almost all the excellent work done in both Houses up until this point has been dealing with some of the effects and after-effects of domestic abuse. What we are talking about in this group is trying to identify the causes and early signs of domestic abuse: in other words, trying to stop it happening rather more efficiently and effectively than we have done in the past.

To the Government's credit—and this is not easy to admit—they have admitted that the current system is not working well. You just have to look at the weekly litany of deaths and some of the stories behind them to realise that it is not working. But it still takes a certain amount of courage to admit that one has not got it right and that one needs to change—so I am very grateful for that.

Although I have played an insignificant part, I am also extremely grateful to the noble Baronesses, Lady Royall and Lady Brinton, the latter of whom is an expert on stalking, for putting forward such compelling arguments for stalking to be included that the Government have acceded to the strength of their arguments. I am extremely grateful for that.

I am also grateful that new statutory guidance will be forthcoming. But at this point I want to issue a very strong health warning. I apologise to the Minister, who heard me go on a bit about this earlier this morning. For any new guidance to be effective, it must be created and then applied in a fundamentally different way from the way it has been done in the past. Part of that is that it needs different voices and experiences around the table. The individuals responsible for MAPPA at a national level and in the 42 different MAPPA areas all around the country—effectively, each police force—are largely the same group of people from the same organisations that have been responsible for trying to make the MAPPA system work over all these years.

However, part of the Government's recognition of the complexity behind the causes of domestic abuse—in particular the addition of stalking—means that there is a compelling need to bring these new experiences and knowledge to the table. They have to become an integral part of MAPPA. They must have the same power of voice and vote around the table. Part of what needs to happen is for MAPPA to evolve and develop a different way of looking at all this. It needs to develop a new language, and new forms of assessment and forecasting, and to do so in a dynamic way, not looking at things every six months or every two years. It has admitted that part of the reason why the statutory guidance is now online rather than printed is that it has probably already been out of date by the time it has been printed. Putting it online means that it can be updated constantly; I genuinely welcome that.

As the noble Baroness, Lady Royall, said, I managed, by googling away, to find the job description for the new head of MAPPA, who Her Majesty's Government are currently seeking. Some of your Lordships may have seen a slip of paper in the past couple of weeks, before the election of the Lord Speaker, where, after 30 or so years of being a head-hunter, I put pen to

[Lord Russell of Liverpool]
paper—actually finger to iPad—and wrote a brief description of some of the attributes I thought were important in the role, as well as, very importantly, some of the deliverables. The glaring omission in the job specification for the head of MAPPA is any definition of relevant experience. There is nothing whatever to indicate what type of prior experience and knowledge would qualify the candidates to be on that shortlist. I put it to the Minister that whoever becomes the next head of MAPPA must have a breadth of knowledge, an openness of mind, and an ability to manage and argue compellingly for change of a different order of magnitude from what has been required before. That will be absolutely fundamental.

I finish my rant by again thanking the Minister very much indeed. We have made considerable progress. I look forward to not forgetting about the rear-view mirror—as a dedicated cyclist I know that would be extremely dangerous; indeed I have rear-view mirrors on both of my bicycles. I congratulate the Government on the progress they have made, but I ask them to take what I have said seriously to heart and to try to make sure that we get it right this time. The test will be when the awful metronomic death toll of the work done week in, week out by the Counting Dead Women initiative starts going down, and the number of people on the MAPPA system starts going up with the right sort of people. At that point we can feel that we are actually doing something that all these victims and their families have been looking for, for so many years; that will be really good news.

The Deputy Speaker (Baroness Finlay of Llandaff) (CB): A Member in the Chamber has indicated his wish to speak. I call the noble Lord, Lord Paddick.

Lord Paddick (LD): My Lords, I should be sitting on a Back Bench, but there is no space on our Back Benches. Noble Lords might perhaps just assume that I am speaking from the Back Benches.

I have not spoken on this issue before but, as a former senior police officer, I feel that I should say a few words. I agree with the Minister that this is largely a failure of implementation rather than of legislation, but the movers of these amendments have had to resort to legislation due to frustration with the lack of progress in improving the situation. This could potentially be the result of a lack of resources, or, as my noble friend Lady Brinton said, there is a need for a change of culture—something to which the noble Lord, Lord Russell of Liverpool, also alluded. It is very welcome that the Government are looking to refresh and strengthen the MAPPA statutory guidance. I recommend that, if at all possible, they consult with Laura Richards; I was going to say that she is an acknowledged expert, but she is the expert in this area.

One question I have for the Minister that causes me some concern relates to her remarks about stalking "within a domestic abuse context". Stalking needs to be addressed both within and without the domestic abuse context. Can she please reassure us on that point?

The Deputy Speaker (Baroness Finlay of Llandaff) (CB): Does anyone else in the Chamber wish to speak? No? Then I call the noble Baroness, Lady Burt of Solihull.

3.15 pm

Baroness Burt of Solihull (LD): My Lords, my group and I wish to avoid putting this Bill in jeopardy by doing our own bit of disagreeing with the Government and forcing another round of ping-pong just before Parliament is dissolved. We have achieved so much for victims in this Bill, with the exception, yet again, through the Government agreeing to Motion C, of failing to treat all victims equally and thereby failing to meet the criteria of the Istanbul convention, as my noble friend Lord Paddick said. The right reverend Prelate must be as disappointed, as so many of us are, that this was the only amendment to "go the distance" and be substantially modified, but still get no movement from the Government. Anyway, I digress; I have no wish to detain the House.

I feel reassured at the Minister's words regarding Amendment 42. If I have misunderstood anything that she has said at the Dispatch Box, will she please disabuse me in her final remarks? My understanding is that, first, experts in domestic abuse and stalking will be included in the MAPPA process, assessing patterns of behaviour to decide which category an offender should be placed in. I particularly welcome the wise words of the noble Lord, Lord Russell of Liverpool, on how MAPPA should change the way it works.

Secondly, I understand that the assessment of MAPPA categories will depend on patterns of behaviour, not on the sentence received—I was going to say, "if any", but from what the Minister said I understand that there must have been a conviction, not necessarily with the one-year criteria.

Thirdly, I understand that the domestic abuse commissioner and the Victims' Commissioner will get access to the figures on stalking and domestic abuse from MAPPA under the duty in this Bill to co-operate. References to the inclusion of stalking by the Minister have been heard loud and clear.

Finally, I reiterate what my noble friend Lady Brinton said: we are at only the start of this process. We have heard so many stories from victims of how their repeated calls for help have been ignored and threats and actions underplayed until the worst happened. Our culture must change; our responses must improve. Only then will we be able to say that the Bill has achieved its purpose. However, it is a great tribute to the Minister and her ministerial colleagues that we are where we are on the Bill today.

Lord Kennedy of Southwark (Lab Co-op): My Lords, we on these Benches are grateful for the movement from the Government that we have heard in the debate, including the inclusion of domestic abuse-related stalking in the perpetrator strategy. I pay tribute to the Minister for all her work on the Bill and for the many welcome changes, including these, that have been made during its passage. That is not to say that we do not still have some concerns that the proposed changes to the MAPPA guidance will not be strong enough. We welcome the idea of a debate in the autumn on the effectiveness of the guidance.

I pay tribute to my noble friend Lady Royall of Blaisdon for all her work on the issue of stalking, not only in the context of this Bill but over many years of

campaigning in this House. The progress that we have made to date would not have been possible without her work. I also pay tribute to the work and support of the noble Baroness, Lady Brinton, the noble Lord, Lord Russell of Liverpool, and many others in this House.

I think we have all accepted that the system as it stands is not working—it is not catching the perpetrators where the Minister claims it should be. I would like her to be clear about what it is specifically about this change to the guidance that will make it work. If it is simply about a change in the guidance, we could have done that before. What is it about this amendment to the guidance that is going to deliver change?

Like the noble Baroness, Lady Brinton, I listened to the "Today" programme this morning and heard the contribution from Zoe Dronfield; I do not know if other Members have. It was harrowing to listen to what that poor woman has gone through. She met someone and, after a few weeks, thought it was going to work, but then there were all the phone calls, the texts, the knock on the door and then her front door being kicked in. At no point did she get help from anyone—the police said, "He hasn't really done anything, has he?"—and it had to get to the point where he nearly killed her before action was taken. That is totally wrong. These amendments are trying to stop the situation where you have to be nearly killed before any action is taken. We need a guarantee that serial and high-risk offenders will be risk-assessed and, where the risk of harm is identified, be included under MAPPA —otherwise, what is changing?

The noble Lord, Lord Russell of Liverpool, is right that the death toll has to come down for us to see that the guidance and the Act are working. If we do not see that happen then we are failing victims, their families and campaigners. In the weeks and months ahead we have to see effects from this. If we do not then we have failed in our duty.

It is key that an offender's past behaviour must be considered. Zoe Dronfield told the "Today" programme that she was not the first case; the person who attacked her had previously abused and attacked 12 other women, but she knew nothing about it. We have to ensure that the system starts to recognise the reality of these crimes and where the risk escalates—otherwise, what are we doing here today?

My noble friend Lady Royall has asked a number of detailed questions and I am sure the Minister will respond to them. The debates that we have had, particularly on this issue, have shed light on the failures of the past and current failures, and we all agree that we have to do better. I look forward to seeing the effective action that is going to happen.

I know that my noble friend and other campaigners, in this House and elsewhere, will be back if this does not work. We have the Police, Crime, Sentencing and Courts Bill, as well as other debates and issues—this is not going to go away; for too long victims have wanted to get this sorted out. The Government have done loads of good work on this and a good job with the Bill, which we are very happy with. But if there are issues that have not been sorted out, we will be back to ensure that they are, because we owe that to the victims and their families.

Baroness Williams of Trafford (Con): My Lords, to take the words that the noble Lord, Lord Kennedy, has just spoken, I would expect the House to be back if the measures that we have put into the Bill and the accompanying guidance and practice around them were not working. He asked what it was about this Bill that would change things. The noble Lord, Lord Russell of Liverpool, has said that this last bit is the hard yards, because it asks the question: where in practice will what is in the Bill change things? That is absolutely the right thing.

In no particular order, I shall go through the various questions that noble Lords have asked. The noble Baroness, Lady Royall, asked about domestic abuse and stalking in category 1. The revised guidance will address the management of domestic abuse perpetrators at level 1 for category 1 sexual offences. In addition to guidance, and to ensure that there is maximum accessibility and clarity, we will, as I have said, publish a succinct thresholding document to guide practitioners in deciding on the most appropriate level of management. The different levels of management under MAPPA are set to ensure that resources are directed to, and properly targeted at, those offenders who pose the highest risk and are the most complex to manage. However, we need to ensure that action is taken where there are indicators of escalating harm, as a number of noble Lords have mentioned, for those managed at the least intensive level. HMP Prison and Probation Service will therefore issue a policy framework for its staff setting out clear requirements for their management of all cases at MAPPA level 1.

On the question about a person not being sentenced for something, and therefore where the information is, the guidance will make very clear that convicted offenders who demonstrate a pattern of offending behaviour that indicates either serious harm or an escalation in the risk of serious harm relating to domestic abuse or stalking but which is not reflected in the charge for which they were actually convicted—I think this is what the noble Baroness, Lady Royall, was referring to—should be considered for category 3 management. The guidance will set out the importance of being mindful of the totality of an offender's behaviour in domestic abuse and stalking cases. The noble Baroness reiterated her points, and I know this is an important issue for her. She wanted me to say it again, and I hope she is happy with that.

On MAPPA category 3, there is no minimum sentence for those who can be managed under that category. On commissioners monitoring the impact of the actions that I have outlined, they are independent but I am certain that they will be monitoring the impact of those actions, because one of the first things that will be on the commissioner's desk when she is formerly in post is the Domestic Abuse Act and the implications and practices arising out of it.

The noble Baroness, Lady Brinton, talked about the very important issue of the sharing of information. The Police, Crime, Sentencing and Courts Bill specifically clarifies that information can be shared with non-duty-to-co-operate agencies—for example, specialist domestic abuse organisations—if they can contribute to the risk management plan.

[Baroness Williams of Trafford]

The noble Lord, Lord Russell of Liverpool, talked about the job description for the head of MAPPA. He said that whoever does it will need a breadth of knowledge and a broadness of mind. Perhaps they might refer to *Hansard* for inspiration from the passage of this Bill.

The noble Lord, Lord Paddick, asked whether stalking was covered within and outwith domestic abuse. The answer to that is yes.

The last thing that I must talk about is funding. Funding was set out in the Budget but MAPPA is clearly a set of arrangements for managing high-harm offenders and, as such, is resourced from within the existing budgets of responsible authorities. However, the Government are committed to an additional 20,000 police officers, of which 6,600 have already been recruited. As I have already said, we are investing £25 million in additional funding to tackle perpetrators in 2021-22. We will continue to work with specialist domestic abuse organisations and the domestic abuse commissioner to ensure that that funding is spent effectively. We will continue to push to maintain that investment in perpetrator programmes as part of the next spending review.

As a House of Lords, we have come a long way with this Bill. We have revised it for the better. The Government have acquiesced to virtually all that noble Lords have asked in order to make this the excellent Bill that it now is. I hope that noble Lords will not divide on this matter and that they wish to see this Bill pass. The test will be the difference it makes to the lives of so many women and children.

3.30 pm

Baroness Royall of Blaisdon (Lab) [V]: My Lords, I thank all noble Lords who have participated in this hugely important debate. I thank the Minister for her responses to this most difficult part of the Bill. The thresholding document she mentioned will be extremely important, as will the policy framework.

The guidance is critical. I am grateful to the Minister for saying that we will have this before the summer, and we look forward to being consulted. It is crucial that we see it before the Police, Crime, Sentencing and Courts Bill reaches this House. If it is seen to be in any way inadequate, and if it is not accompanied by a statement of the funding allocated to its implementation —including for training—we will revisit this issue then.

The noble Baroness suggested that funding came from various departments. I accept this answer, but it is not enough. Some funding needs to be ring-fenced. This will ensure that MAPPA 3 can be implemented, as we all believe it should be, in order to increase the number of perpetrators encompassed by MAPPA 3 who are assessed and managed accordingly.

The Minister has made many commitments, for which I am grateful. We will continue to follow their realisation closely. In a year's time, my noble friends and I will table a debate to enable a progress report. We expect to see that the number of murders has greatly diminished.

The noble Baronesses, Lady Brinton and Lady Newlove, and the noble Lords, Lord Russell of Liverpool and Lord Hunt of Kings Heath, are most definitely my noble friends in this context. I thank them for their support. We shall continue to work together, doing everything possible to ensure that the perpetrators of domestic abuse and stalking are identified, assessed and managed, so that their actions are not repeated and escalated. We wish to bring about the necessary change in culture. The number of people in MAPPA 3 must go up and the number of murders must go down.

The noble Lord, Lord Paddick, spoke about Laura Richards, the global expert on stalking. She is the most extraordinary woman who should be consulted at every step of the way.

I thank all the brave women, such as Zoe Dronfield and Rachel Riley, who have come forward to tell us of their appalling experiences. I thank the families of victims who have used their pain and grief to campaign for change which will benefit others—the Cloughs, the Ruggles, the Gazzards of this world, and many more.

I also thank the Minister for her amazing work on this excellent Bill, for the progress she has made and for her time and shared determination to bring about change. This will prevent women living in fear and prevent murder.

As so many noble Lords have said, this is the beginning. We have much work to do, but together we can do it. The debate today is another step in the building block towards bringing about the necessary change. I beg leave to withdraw my amendment.

Motion D1 withdrawn.

Motion D agreed.

3.35 pm

Sitting suspended.

Global Anti-Corruption Sanctions

Statement

The following Statement was made in the House of Commons on Monday 26 April.

"With permission, Madam Deputy Speaker, I should like to make a Statement on our new global anti-corruption sanctions regulations.

Corruption has an immensely corrosive effect on the rule of law and trust in institutions. It slows development, drains the wealth of poorer nations and keeps their people trapped in poverty. It poisons the well of democracy around the world. Whistleblowers and those who seek to expose corruption are targeted, and some have paid the ultimate price with their lives, including, of course, Sergei Magnitsky himself, the inspiration for our human rights sanctions regime. But his courage was not in vain. The framework of sanctions that we are launching today, shared by some of our partners around the world, flows directly from his decision to take a brave stance against injustice, and that will not be forgotten.

This country has an important role to play in the fight against corruption. Our status as a global financial centre makes us an attractive location for investment, and we are proud of that and welcome it. But it also makes us a honey pot—a lightning rod—for corrupt actors who seek to launder their dirty money through

British banks or British businesses. That is why we have already taken steps to become a global leader in tackling corruption and illicit finance. Our law enforcement agencies are recognised as some of the most effective in the world. The National Crime Agency's international corruption unit and its predecessors have restrained, confiscated or returned well over £1 billion of assets stolen from developing countries since 2006. My department continues to provide funding for this vital work.

The Bribery Act 2010 criminalises bribery and the failure of businesses to prevent bribery from happening in the first place. In April 2016, the UK was the first in the G20 to establish a public register of the beneficial owners of companies and similar legal entities. That was an important first step in tackling the use of anonymous shell companies to move corrupt money around the world. I can tell the House that more than 4.5 million companies are now listed on that register.

In 2017, we adopted the ambitious five-year anti-corruption strategy, bringing in measures such as unexplained wealth orders, account freezing orders and the like, and that year, we also established the International Anti-Corruption Co-ordination Centre in London, which has helped to freeze more than £300 million of suspected corrupt assets worldwide and led to dozens of arrests. According to Transparency International's corruption perceptions index, those actions—our commitment to tackling corruption—have seen the UK rise from a global ranking of 20th in 2010 to 11th place in 2020, out of a total of 180 countries.

Against that backdrop, the new sanctions regime that I am announcing today will give us an additional powerful tool to hold the corrupt to account. It will prevent corrupt actors using the UK as a haven for dirty money, while combating corruption around the world. As honourable Members across the House will recall, this follows the launch of our global human rights sanctions regime, which I introduced to the House in July 2020. Since then, the UK has imposed human rights sanctions on 78 individuals and entities involved in serious human rights violations, including in Russia, Saudi Arabia, Venezuela, Pakistan, Myanmar, North Korea, Belarus, the Gambia, Ukraine and, most recently, in relation to Xinjiang in China. Now, we have an equally powerful weapon in the fight against corruption.

As with our global human rights sanctions approach, the anti-corruption sanctions are intended not to target whole countries or peoples but, rather, the individuals who are responsible, and should be held responsible, for graft, and the cronies who support or benefit from their corrupt actions. These regulations will enable us to impose asset freezes and travel bans on individuals and organisations who are involved in serious corruption. Our approach is grounded in and based on the UN Convention against Corruption and related instruments. It has a clear focus on bribery and misappropriation of property, and that includes embezzlement.

Bribery is well understood. It is defined in the regulations. It includes both giving a financial or other kind of advantage to a foreign public official, and a foreign public official receiving a financial or other advantage. Misappropriation of property occurs when a foreign public official improperly diverts property entrusted to them in their official role, and that may be intended to benefit them or a third party. For example, it could be, or include, siphoning off state funds to private bank accounts. It could include the improper granting of licences for the exploitation of natural resources, but whatever the particular circumstances, at the heart of this lies the same debilitating cycle of behaviour: corrupt officials ripping off their own people.

These powers will also enable us to target those who are either facilitating or profiting from such corrupt acts—those who conceal, those who transfer the proceeds of serious corruption and those who obstruct justice relating to serious corruption, and that will not be limited to state officials. For additional clarity in all this, we have published a policy note today that sets out how we will consider designations under these regulations. I know that, across the House, there is always interest in the legal criteria as well as the evidence base that we have to accumulate. It is right to say that we will also ensure due process and the rule of law, so that the rights of others are respected. Those designated will be able to request that a Minister reviews the decision, and they can also apply to challenge the decision in court, which is an important check in the system.

As well as introducing the legal basis for this regime, today, I can tell the House that we are also making the first designations under these new regulations, which include some of the most notorious cases of corruption in recent history. Each designation is underpinned by evidence and meets the test set out in the Sanctions and Anti-Money Laundering Act 2018 and the regulations. So today, I can tell the House that we are imposing sanctions on individuals who have been involved in serious corruption from six countries. First, we are imposing sanctions on 14 individuals involved in the $230 million tax fraud in Russia perpetrated by an organised crime group and uncovered by Sergei Magnitsky. Next, we are imposing sanctions on Ajay, Atul and Rajesh Gupta and their associate Salim Essa for their roles in serious corruption. Those individuals were at the heart of a persistent pattern of corruption in South Africa that caused significant damage to its economy and directly harmed the South African people.

We are also designating three individuals involved in serious corruption in Honduras, Nicaragua and Guatemala, including facilitating bribes to support a drug-trafficking cartel. Finally, we are imposing sanctions on the Sudanese businessman Ashraf Seed Ahmed Hussein Ali, also known as Al-Cardinal, for the misappropriation of significant amounts of state assets in one of the very poorest countries in the world. That diversion of resources, in collusion with South Sudanese elites, caused serious damage to public finances in South Sudan and has also contributed to the ongoing instability and conflict there.

Let us be clear about this: corruption is not a victimless crime—far from it. By enriching themselves, these people have caused untold damage and hardship to their countries and communities, which they exploited for their own predatory greed. So today we send a clear message: those sanctioned today are not welcome in the UK. They will not be able to use British bank accounts or businesses to give their illicit action some veneer of respectability, because their assets will be

[Baroness Royall of Blaisdon]
frozen. I can tell the House that more designations will follow in due course, based on the policy note as well as on the legal criteria that we have set out, and assessed against the evidence.

As with all targeted sanctions, they are most effective when they are backed up by co-ordinated international action, and of course that is particularly important when it comes to corruption, given the fluid, complex and global nature of modern illegal corruption schemes. We will continue to work with our friends and partners, including the US and Canada, who are equipped with the legal framework to take similar action. Today, I hope that the whole House will unite and join me in standing up for the values of democracy, good governance and the rule of law as Britain sends out the clearest message to all those involved in serious corruption around the world: you cannot come here, and you cannot hide your money here. I commend this Statement to the House."

4 pm

Lord Collins of Highbury (Lab): My Lords, the Opposition warmly welcome the announcement. Corruption costs the global economy billions each year and hands power and influence to the undeserving and dishonest. It must be confronted by a united front of willing national Governments and multilateral institutions. I am pleased that these regulations have now been laid, following the sustained calls by many noble Lords on these and other Benches across the House.

I hope that this legislation marks a turning point for the Government in relation to taking corruption seriously, but for these regulations to be meaningful they must properly resource and support those tasked with investigating and enforcing against corrupt individuals. On this issue, can the Minister confirm what steps the Government will take to provide agencies such as the National Crime Agency with any additional resources that they may need? Given the need for the sanctions to target most effectively those for whom they are designed, can the Minister confirm whether the Government will allow Parliament to put forward names to be considered for designation?

There can be no ignoring the fact that, if the Government are truly determined to tackle global corruption, they must begin at home by adhering to rules and transparency. For a start, when will the Government come clean and publish the long-delayed list of ministerial interests? We must also face up to the fact that while the FCDO sanctions Russian individuals—I welcome the corruption designations contained in the report—MPs continue to accept donations from Russian sources. Of course, as I have repeatedly stated in this House, the Government failed to implement the Russia report recommendations.

One specific point that I ask the Minister to explain is the report in the *Times* on why Conservative MPs have accepted funding from Aquind, an energy company apparently controlled by Viktor Fedotov. Bob Seely, a Tory member of the Foreign Affairs Committee, told the *Times*:

"For something as important as this—supplying a large chunk of the UK's energy needs—it is uncomfortable and somewhat bizarre that elements of its ownership are opaque."

Of course, its main project—the interconnector project—is subject to a planning application worth £1.2 billion. I hope that there is no link between those two things. Of course, this is why there is absolutely a need for greater transparency.

Turning to the regulations themselves, I am sure the whole House will hope that this statutory framework helps the Government to isolate and deter corrupt individuals, but I would appreciate clarification on a number of areas. I know that the Minister had attempted to conduct a briefing with Members of the House; I hope that he will able to do that at some point in the future. However, first, he will be aware that, under the penalties listed in Part 7, those convicted of contravening these regulations will face up to only 12 months imprisonment or a fine, even in the most severe circumstances. Does the Minister think that this is a sufficient deterrent?

Secondly, the House may recall that I have previously called on the Government to allow greater parliamentary scrutiny of sanctions and designations. As part of these regulations there are many exemptions, which mean that the Government do not have to publish details of individual sanctions. Can the Minister explain what circumstances these refer to, and can he guarantee that this will not be used to avoid parliamentary scrutiny?

Finally, given that the regulations do not include any specific reference to military officials under the definition of "foreign public official", can the Minister confirm that this legislation will allow sanctions against those who use their role in the armed forces for corrupt purposes?

Baroness Northover (LD): My Lords, I too thank the Minister for bringing us this Statement. I welcome the introduction of this new sanctions regime and pay tribute to the extraordinary courage of Sergei Magnitsky, after whom these sanctions are named. I also pay tribute to Bill Browder, who is not resting until liberal democracies put these into place, whatever the clear risks to himself.

As the Statement says, corruption has an extremely "corrosive effect". It undermines development and traps the poorest in poverty; we have all seen extensive evidence of that. I am glad to see sanctions on the 14 individuals involved in the tax fraud in Russia that Magnitsky uncovered. Surely, though, we need to sanction those at the very highest levels in Russia, who have raided its economy to create their extraordinary wealth while most Russians live in poverty. I am pleased to see the sanctions on the Guptas in South Africa, and I am sure that the noble Lord, Lord Hain, will be very pleased—he has fought a doughty campaign against them.

It is clearly vital that we work with others if these sanctions are to be most effective. We had been working on this area with our EU partners before we left the EU, so I ask: what progress is being made in this regard given our departure and, therefore, the reduction of our influence within our continent?

The Statement notes that the UK is a leading "financial centre", and we certainly hope that this will continue, but that means that there is a risk of money laundering here. Last year, Transparency International

said that it had identified more than £5 billion of property in the UK bought with suspicious money, one-fifth of which came from Russia; in its view, half of all the money laundered out of Russia is laundered through the United Kingdom. What of the Russia report and political donations, as the noble Lord, Lord Collins, has just mentioned? Much more clearly needs to be done here.

The Statement notes the UK's public register of "beneficial owners", but does not address the situation in the overseas territories or the Crown dependencies. Can the Minister comment on the vital need for progress here? Efforts will also need to be made to ensure that cryptocurrencies are not a new route to hide corruption—could he comment on this? Does he agree that it would make sense if the Government set up an independent commission to consider where and against whom sanctions should be used? This would be less likely to be swayed by the political considerations of any Government and to be fair, effective and transparent.

Talking of transparency, the Government need to make much progress themselves in relation to donations and influence. The Statement notes the importance of the National Crime Agency's international corruption unit and its predecessors, and that the NCA has, over the last 15 years, stopped £1 billion from going astray. Although I am glad to hear that, does the Minister agree that this is a paltry sum when we consider the funds washing around corruptly?

I am not overly impressed by the International Anti-Corruption Coordination Centre in London, which has helped to freeze only about £300 million of suspected corrupt assets worldwide. In 2017 alone, the then head of the Angolan sovereign wealth fund channelled £500 million through London, which was intercepted and returned to Angola, with the head being held to account. These figures therefore indicate that we are simply scratching the surface. The UK Anti-Corruption Coalition, whose work in this area is hugely to be welcomed, is surely right when it says that the Government must ensure that corruption and human rights sanctions regimes are "properly resourced", including by providing significant additional resources in this area.

This brings me to my last point. I trust that the Minister is aware—I am sure he is—that ODA funding has gone into supporting such work. Can he tell us whether it will be affected by the ODA cuts? The Statement says that the department "continues to provide funding", but does not say if this will now be reduced. The integrated review has been undermined by the actions of the Government, particularly through their cuts to ODA. Are we in the same situation here? We clearly need to beef up enforcement agencies, not cut them back. Which are the Government doing?

The Minister of State, Foreign, Commonwealth and Development Office (Lord Ahmad of Wimbledon) (Con) [V]: My Lords, I thank the noble Lord, Lord Collins, and the noble Baroness, Lady Northover, for their support of the Government's steps. They will both recall that we have often debated the importance of bringing forward global anti-corruption sanctions. I am pleased that we have been able today to bring forward the first set of such designations. Equally, I am grateful to the noble Lord and the noble Baroness for their support regarding the individuals who have been sanctioned.

The noble Baroness rightly mentioned Magnitsky, and if one looks back at recent history, through those tragic events we have seen a strengthening of action in this area, not just by the United Kingdom but by other key partners. I am sure that, in the coming months, we will see further evolution of the work we do in this respect. Therefore, the 14 individuals sanctioned, within the Russian scope of the sanctions, are particularly poignant at this moment. On Bill Browder's work, I fully align myself with the noble Baroness's remarks.

The noble Baroness also mentioned the noble Lord, Lord Hain. I pay tribute to his tenacity and persistence in the particular areas and the names that he often raised—such as the Gupta family who have been sanctioned within the South African scope of these sanctions—and I am sure he will be pleased to see that progress has been made.

The noble Lord, Lord Collins, talked, as did the noble Baroness, of the kind of support the Government are extending in challenging the whole issue of economic crime capacities. Last year's spending review allocated an additional £63 million for the Home Office to fund the continued expansion of the National Economic Crime Centre and other initiatives. Companies House has also been allocated £20 million to support register reform and transformation work. The Government have further announced proposals for an economic crime levy on firms regulated for money laundering purposes, which we hope will raise up to £100 million per year for money laundering prevention and law enforcement efforts.

The noble Lord and the noble Baroness both mentioned the agencies that are responsible for the enforcement of sanctions. This includes the NCA and the Office of Financial Sanctions Implementation, which enforces financial sanctions. We should also acknowledge the work of HMRC in enforcing trade sanctions in particular. Let me assure both the noble Lord and the noble Baroness that there are robust mechanisms in place to ensure that sanctions are adhered to. These include financial and custodial penalties and other powers, such as the seizure and forfeiture of goods.

The noble Lord and the noble Baroness mentioned the importance of law enforcement and due process. Of course, the UK uses sanctions to change unacceptable behaviour, such as constraining and coercing as a means of sending political signals. The purpose of these sanctions is to prevent and combat serious corruption. The Sanctions Act, as the noble Lord and the noble Baroness will recall, contain rigorous due process protections and, in this regard, safeguards as well.

The noble Lord, Lord Collins, asked about parliamentary scrutiny. Of course, I welcome Members' interest. There is an important role for your Lordships' House, as well as for Members of the other place and various committees of the House, in scrutinising UK sanctions. We are open to receiving information and evidence in relation to possible future designations; I am sure that that has been demonstrated from the Government's actions over the last year or so, since we

[Lord Ahmad of Wimbledon]
brought in the global human rights sanctions regime. We have sanctioned over 78 individuals and organisations, and we will continue to remain focused in this respect.

The noble Lord and the noble Baroness also raised issues around the Russia report. As I have said before from the Dispatch Box, the Government have published their response immediately on publication of the ISC's Russia report on 21 July 2020. We have taken multiple actions against the Russian threat. We have, for example, already repeatedly exposed the reckless and dangerous activity of Russian intelligence services. We have called out Russia's malicious cyberactivity, and sanctioned individuals responsible for hostile and malign activity against the UK and our allies. Specifically, we have also introduced a new power in the Counter-Terrorism and Border Security Act 2019 to stop individuals at UK ports and the Northern Ireland border area to determine whether they have been involved in hostile state activity.

As I have said before, we are going further. We are introducing new legislation to provide security services with additional tools to tackle the evolving threat of hostile activity by foreign states, including a complete review of the Official Secrets Act. The Bill will also modernise existing offences to deal more effectively with the espionage threat and create new offences to criminalise other harmful activity conducted by, and on behalf of, states. We have already implemented the NSC-endorsed Russia strategy and established a cross-government Russia unit that brings together our various equities. I note the noble Baroness's important point about the evolving nature of cryptocurrencies. I think we are all seized by the importance of how this currency is emerging, and issues of the lack of regulation.

The noble Baroness also raised the issue of the UK overseas territories. Let me assure her that we are working very closely, as we have done previously, with our overseas territories on the importance of transparency and effective access for both tax authorities and crime agencies such as the NCA. We have received very good co-operation already. As the noble Baroness and the noble Lord will be aware, all overseas territories have committed to establishing public registers by 2023.

The noble Baroness talked of funding and support through the ODA. We will continue to support the important work of the NCA, in part through the ODA contributions that the noble Baroness referred to. She raised the importance of working with partners, including the European Union. Indeed, when it comes to specific designations in this area of anti-corruption sanctions regimes, just ourselves, the United States and Canada have such regimes. The European Union have some specific regimes for particular countries. However, we will continue to work across the scope, with our colleagues and friends in the European Union, as well as the United States and Canada, in strengthening our work on our sanctions policy to ensure the maximum impact on those who are sanctioned under these different regimes. As we all agree, the best impact is when we work in tandem with our key partners.

The noble Lord referred to a few additional matters, including ministerial interest. I know that that is due for publication shortly. I am sure that all Members of Her Majesty's Government who hold ministerial responsibility have duly complied. I am sure that that will be published in the very near future. He raised some specific matters on individuals and Russia. If I may, I will go through the detail of that and respond accordingly to the noble Lord.

Finally, I am seeking in advance, as I normally do, to arrange an appropriate briefing with some of our key officials. I will certainly seek to convene such a meeting at the earliest opportunity.

The Deputy Speaker (Lord Duncan of Springbank) (Con): My Lords, we now come to the 20 minutes allowed for Back-Bench questions. I ask the Minister and the questioners to be pithy, if they can.

4.19 pm

Baroness Altmann (Con) [V]: My Lords, I congratulate the Government on this Statement to fill the gap in the UK sanctions regime. I join in tributes to the noble Lord, Lord Hain, and Bill Browder. Sadly, victims of corruption rarely receive any justice, so I congratulate the Government on introducing the global anti-corruption sanctions. I encourage my noble friend to consider clamping down on cryptocurrencies, particularly given the environmental damage involved. I ask him specifically: what plans do the Government have for reform of Companies House and the foreign property ownership register?

Lord Ahmad of Wimbledon (Con) [V]: My Lords, first, I thank my noble friend for her support. I agree with her, and have already made the point about cryptocurrencies. As these currencies emerge, there is a need to evaluate both their regulation and their impact. I know that people across the piece are being impacted by this evolution. As I already indicated in my original answer, we have provided extra money to Companies House for register reform and transformation work. This will continue to be a key focus in strengthening our work. But I accept the premise of my noble friend's question and that there is more to be done to strengthen the environment in which we operate, including here in the United Kingdom. We will continue to act, both domestically and internationally, to strengthen regulation in this respect.

Baroness Stuart of Edgbaston (Non-Afl): My Lords, I very much welcome this Statement. The regulations specifically allow for the designation of those associated with those engaged in serious corruption. Could the Government make clear that this includes family members if they benefit from the corruption? In that context, would it be worth reviewing Section 25 and including schools and universities in the list of firms?

Lord Ahmad of Wimbledon (Con) [V]: On the second question, I will need to take that back and will write to the noble Baroness on the scope. On the specific actions we have brought forward, there are two key elements: bribery and misappropriation. They relate specifically to individuals, whether it is a person who is working to the advantage of a foreign public official or a foreign public official receiving such an advantage.

Misappropriation of a property occurs where a foreign public official improperly diverts property entrusted to them in their official role. This may, in answer to the noble Baroness's question, be intended to benefit them or a third party. "Property" can include anything of value. As to the scope and how that would be seen, each individual case will be assessed on its individual merits and considerations.

Lord Chidgey (LD) [V]: My Lords, I declare my interest as a member of the advisory board of Transparency International UK, which, together with Global Witness, is part of the UK's anti-corruption coalition. A stand-alone global anti-corruption regime in the UK will be welcomed, and an active sanctions regime will be a powerful tool in supporting democracy, the rule of law and good governance. The Statement mentions the improvement of the UK's position in Transparency International's Corruption Perceptions Index, from 20th to 11th. It points out that the system to prevent dirty money from entering the UK is failing, with an excess of £100 billion in illicit funds impacting the UK each year. Will the Government take note of and act on Transparency International's recommendations for reforming the anti-money laundering supervisory regime?

Lord Ahmad of Wimbledon (Con) [V]: My Lords, we take the recommendations seriously and will ensure that, as has been suggested, they are fully evaluated to see how we can further our own domestic regime to ensure that the issue of money laundering can be tackled head on.

Baroness Bennett of Manor Castle (GP) [V]: My Lords, I congratulate the Minister on the Statement being open in acknowledging the attraction of the City of London to

"corrupt actors who seek to launder their dirty money through British banks or through businesses."

As welcome as the individual sanctions announced on Monday are, they are very much one-sided. They target those who take the money, robbing poor communities and global south nations. But of course the ultimate robber barons in the sadly common case of bribery, and those who profit most from the transactions, are those who pay over the money for the favours purchased —they would not pay unless it paid them, often handsomely. So will the Government be actively seeking to identify and sanction those on both sides of these transactions?

The noble Lord, Lord Collins, asked about parliamentary nominations of possible sanctions. Beyond that, will the Government implement a system whereby non-governmental actors, be they from civil society, the private sector or beyond, can submit information about potentially listing targets for consideration, including by creating a secure portal and adequate safeguards to mitigate any risk for those submitting that information?

Lord Ahmad of Wimbledon (Con) [V]: The noble Baroness makes some practical suggestions, which I will of consider. On her second point, we are already working with civil society organisations, as well as other actors beyond Parliament. If people put forward the names of certain individuals who should be designated under either the global anti-corruption sanctions regime, which we have just introduced, or the global human rights sanctions regime, we will give them due consideration.

I note what the noble Baroness says about creating portals. The challenge will remain, with increasing cyberthreats and cyberattacks, to ensure not just the robustness of the system provided but that, for anyone being looked at to be designated, an early warning does not result in them being able to abscond or avoid being subject to the sanctions that are intended to be applied to them. Therefore, we keep quite a tight rein on individuals or organisations that will be sanctioned in the future. But I note the noble Baroness's practical suggestions and will take those back.

I add that we are going through an evolutionary process on the whole concept of sanctions. Two years ago, we did not have anything in this space on the specifics of the framework of sanctions. We now have two distinct sanctions regimes, and I am sure we will see the strengthening of both over the coming months and years.

The Deputy Speaker (Lord Duncan of Springbank) (Con): My Lords, that was indeed pith incarnate. All questions have now been asked.

4.27 pm

Sitting suspended.

Arrangement of Business

Announcement

7.10 pm

The Deputy Speaker (Baroness Garden of Frognal) (LD): My Lords, for consideration of Commons reasons on the Fire Safety Bill, I will call Members to speak in the order listed. As there are counterpropositions to both of the Minister's Motions, any Member in the Chamber or on the speakers' list may speak, subject to the usual seating arrangements and the capacity of the Chamber. Anyone intending to do so should email the clerk or indicate when asked. Members not intending to speak should make room for Members who are, and all speakers will be called by the Chair. Short questions of elucidation after the Minister's response are discouraged; a Member wishing to ask such a question must email the clerk. A participant who might wish to press an amendment other than the lead amendment to a Division must give notice in the debate or by emailing the clerk. Leave should be given to withdraw Motions. When putting the Question, I will collect voices in the Chamber only. If a Member taking part remotely wants their voice accounted for if the Question is put, they must make this clear when speaking on the group. Noble Lords following proceedings remotely but not speaking may submit their voice, content or not content, to the collection of voices by emailing the clerk during the debate. Members cannot vote by email; the way to vote will be via the remote voting system.

Fire Safety Bill

Commons Reason

7.11 pm

Moved by ***Lord Ashton of Hyde***

That the Commons reason be now considered.

Amendment to the Motion

Moved by ***Lord Adonis***

Leave out all the words after "That" and insert "this House declines to consider the Commons reason before a Hansard record of the House of Commons debate on this vital Bill, held only minutes ago, is available and can be properly considered by members".

Lord Adonis (Lab): My Lords, I do not wish to detain the House unduly, but I need to draw the attention of the House and, in due course, the Procedure Committee to the really unsatisfactory way that our proceedings are conducted on these important matters relating to Commons reasons.

The Commons debated this matter only a few hours ago, and there is no *Hansard* account of the debate. We were not at all clear when we were going to debate these hugely important matters affecting millions of our fellow citizens: we were told it might be at 4 pm and then 4.40 pm. Many of us have had to hang around the House for hours, waiting to be told when it might happen; we were only recently told that it would be at 7.10 pm.

Until I came into the House, half an hour ago, I was not aware of the amendments that have been tabled because they are not available, in the haphazard way that we conduct these proceedings. I and many other noble Lords have not yet had a proper opportunity to assess the amendments. They are quite complicated and we are being railroaded into taking decisions on them in the next hour.

This is a totally unsatisfactory way for this House to consider important legislative issues. Although I do not wish to detain the House unduly now, as I have said, I feel duty-bound to draw the attention of the House to the unsatisfactory nature of the proceedings. We should take this matter up with the Procedure Committee. We have proper arrangements for the consideration of Bills at all other stages, including fixed intervals between the different stages of consideration. These are in our Standing Orders and they should apply at this vital last stage of Bills, when we are engaged in interchanges with the House of Commons. I beg to move.

Lord Ashton of Hyde (Con): I start by saying that I disagree with the noble Lord: his amendment is unnecessary because there is a Commons *Hansard* transcript—it is online and has been since just after 5.30 pm. Nevertheless, the noble Lord's amendment gives me the opportunity to make it clear to the House that what is proposed for the consideration of the Fire Safety Bill today is entirely in keeping with the normal practice of the House. By "normal", I mean that this has long been the case and has nothing to do with how we have been working more recently in the hybrid House.

7.15 pm

The noble Lord mentioned Standing Orders. Standing Order 39(4) reads:

"Commons amendments to bills and Commons Reasons may be considered without notice",

and the *Companion* states that they

"may be considered forthwith on the day they are received".

The guidance on the hybrid House states at paragraph 108 that

"further rounds on the same bill may take place on the same day".

This will be the third time that this House has considered Commons reasons on this Bill. Before today, Commons messages were considered by this House on 17 March and 20 April, and the House of Commons has made clear its view on the last remaining issue three times, on three separate occasions.

Proceedings on the Bill in the Commons commenced today at 2.20 pm. Since that time, noble Lords have been able to re-watch those proceedings at their convenience on parliament.tv. In fact, in the time that has passed between the Commons finishing and our starting, any noble Lord could have watched the entire Commons debate at least three times. As I said, this is the way in which issues between these two Houses have been resolved for decades and I therefore ask the noble Lord to withdraw his amendment.

The Deputy Speaker (Baroness Garden of Frognal) (LD): I have not received any request to speak after the Minister. Does anyone in the Chamber wish to speak? Lord Adonis.

Lord Adonis (Lab): My Lords, the noble Lord is right to say that matters have been considered in this way in the past but that does not make it satisfactory. He said that the *Hansard* account was available at 5.30 pm. That was one hour and 40 minutes ago and most of us were not even aware of that fact. I did watch the House of Commons proceedings on replay and had to note down by hand all that had been said several times, so that I could get the wording correct. No ordinary member of the public would think that these proceedings are satisfactory, and the Procedure Committee should look at them with a view to improving them. Huge issues are at stake here and they should not be rushed and railroaded through in this way. On that note, I beg leave to withdraw the amendment.

Amendment withdrawn.

Motion agreed.

Motion A

Moved by ***Lord Greenhalgh***

That this House do not insist on its Amendment 4J, to which the Commons have disagreed for their Reason 4K.

4K: Because the issue of remediation costs is too complex to be dealt with in the manner proposed.

The Minister of State, Home Office and Ministry of Housing, Communities and Local Government (Lord Greenhalgh) (Con): My Lords, I should like to start this debate by paying tribute to the fire and rescue services across our country. In recent days, we have seen large fires in Greater Manchester and Shropshire, which have been dealt with by those services with exemplary bravery and professionalism. That is a reminder of why we want to get this Bill through: to help fire and rescue services do their job, and to ensure that buildings are properly and thoroughly assessed and that the risk of fire is minimised as much as possible.

I am fully aware of the pain and anguish that the cost of remediation is causing leaseholders, but all of us in this House agree that residents deserve to be and feel safe in their homes. I do not want to repeat all the Government's reasons for resisting these amendments, but I do want to reiterate that this is a hugely complex area. There is no simple solution and I am afraid that it cannot be resolved through amendments to this short, technical Bill.

The other place has now voted against these different remediation amendments put forward by your Lordships' House, the last one of which was rejected by 64 votes earlier today. That confirms that the other place has supported the Government's view that the Bill is not the right legislation in which to deal with remediation costs. There is consensus in both Houses that the fire safety order needs to be clarified. That is because we want to avoid a scenario in which defects with external walls or flat entrance doors in multi-occupied residential buildings are not identified, resulting in a potential increase in fire safety risks for everyone living in such places.

Given this consensus, coupled with the fact that the other place considers that the Fire Safety Bill is not the right place to deal with remediation costs, I again ask your Lordships to agree that this Bill should go on to the statute book. If noble Lords insist on a legal resolution to the issue of remediation costs through this Fire Safety Bill, then I am afraid that this important Bill will fall on the grounds that this could mean that responsible persons for multioccupied residential buildings can argue that it is lawful to deliberately ignore the fire safety risks of the external walls and flat entrance doors.

As noble Lords have heard in previous debates, the Government's ability to lay regulations to deliver on the entirety of the Grenfell Tower inquiry's recommendation is subject to this Bill gaining Royal Assent. If this Bill were to fall there will be a delay delivering the inquiry's recommendation in respect of external wall structure and flat entrance doors.

I place on record again that the Government are committed to protecting leaseholders and tenants from the cost of remediation. Under the plans announced by the Housing Secretary in February this year, hundreds of thousands of leaseholders will be protected from the cost of replacing unsafe cladding on their homes. The £5.1 billion in grant funding made available to leaseholders is unprecedented, but I agree that leaseholders need stronger avenues for redress. The building safety Bill will bring forward measures to do this, including making directors as well as companies liable for prosecution. I agree that the industry must play its part, and the Government agree with the broader polluter pays principle. Through our high-rise levy and developer tax, industry will pay.

I repeat my message from the last time I stood here at the Dispatch Box:

"We recognise that the … Fire Safety Bill will lead to more remediation issues being identified, but there will be occasions when other measures to mitigate the risk are required, rather than extensive remedial works."

However, the solution and the costs involved will vary depending on the corrective measures required. Not all buildings will need extensive remedial works. For example,

"the vast majority of lower-rise buildings will not require the type of remedial work discussed in the House today."—[*Official Report*, 20/4/21; col. 1377-78]

To suggest that this Bill will unleash hundreds of thousands of costs, all of which will be major and substantive, is simply not the case. It is also incorrect to suggest that the Bill will create further liability for leaseholders. The Bill does not create liability; it is a simple Bill to clarify the fire safety order and let our fire and rescue services do the job they do best, which is keeping us safe.

I ask noble Lords to reconsider their position of insisting on the remediation costs amendments days before the end of this Session, which risks the Government's ability to implement an important legal clarification that will improve fire safety and help protect lives. I beg to move.

Motion A1 (as an amendment to Motion A)

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

At end insert "but do propose Amendment 4L in lieu—

4L: After Clause 2, insert the following new Clause—

"Legislative proposals relating to prohibition on passing remediation costs on to leaseholders and tenants

(1) The owner of a building may not pass the costs of any remedial work attributable to the provisions of this Act on to leaseholders or tenants of that building.

(2) Subsection (1) has effect only until a statutory scheme is in operation which ensures that leaseholders and tenants of dwellings do not have to pay for remedial work attributable to the provisions of this Act.

(3) Within 90 days of the passing of this Act, the Secretary of State must publish draft legislation to ensure that leaseholders and tenants of dwellings do not have to pay the costs of any remedial work attributable to the provisions of this Act, and must also publish a statement on a proposed timetable for the passage of the draft legislation.

(4) Within 120 days of the passing of this Act, the Secretary of State must publish a statement confirming whether the draft legislation mentioned in subsection (3) has progressed.""

Lord Kennedy of Southwark (Lab Co-op): My Lords, I join noble Lord in paying tribute to the fire and rescue services, and the bravery they have shown recently and every day. But these heroes—they are heroes—are FBU members. They have not always been shown the respect they deserve from many people, particularly the Prime Minister when he was Mayor of London. He did not always show the FBU members the respect they deserved, and these are the same people. I make that one point.

[Lord Kennedy of Southwark]

I draw the House's attention to my relevant interest as a vice-president of the Local Government Association, a non-executive director of MHS Homes Ltd and chair of the Heart of Medway Housing Association. It is most disappointing that we are back here again, and I accept that it is very unusual for us to push this again, but I will test the opinion of the House.

My amendment is based on the amendment from the right reverend Prelate the Bishop of St Albans, and it would ensure that no costs are passed on to the leaseholders or tenants. That the subsection would remain in force until such time that we get the Government's statutory scheme. Further, it would place a requirement on the Secretary of State to come back within 90 days to publish draft legislation to ensure that leaseholders and tenants do not have to pay, and to publish a timetable for the implementation of that legislation. Finally, we would also require a progress report from the Secretary of State within 120 days of the passing of this amendment.

Now, why are we back here again? It is because the Government have been quick to promise and slow to act. We are here because they are not listening to the innocent victims of the cladding scandal, who should be at the forefront of the levelling-up agenda, if it is anything but a slogan that the Government have no intention of delivering. These people are families whose homes are blighted. They need their Government to come to their aid but, instead, the Government made promises that they have spectacularly failed to deliver. That is no way for a Government to behave. As I said, I intend to divide the House when the time comes.

"We will do whatever it takes" is a statement that the Government regularly put about, whether from the Chancellor announcing new measures or the Culture Secretary regarding the European Super League. Sadly, it is never said by the Government when it comes to dealing with the innocent victims of the cladding scandal. Perhaps, in replying to the debate, the noble Lord, Lord Greenhalgh, the Minister for Fire Safety, can explain that failure to the House, because we have never heard from the Government what the plan is, which is part of the problem. If we are informed of a clear, well thought-out pathway and route map to help the victims we could make progress, but for some reason the Government will not do that. Perhaps the noble Lord can tell the House about this road map when he responds to the debate.

I want to see this Bill on the statute book, but I do not accept for one minute that this puts it at risk. We still have days before the end of the Session. I do not want to hold the Bill up. It is good in what it does, which is to implement the first recommendation of the Grenfell Tower inquiry—the first bit of legislation since the fire, now nearly four years ago. No one can accuse the Government of acting in haste. On a separate matter, we still have six families in temporary accommodation following the fire at Grenfell Tower.

It is vital that our dwellings are safe and that people can sleep safely at night, without fear. The Government have committed £5 billion—I accept that that is a significant amount of money—but the situation is far from satisfactory and it is in the Government's gift to do something about it. Only the Government can do something about it, but they are not willing to at present. As the right reverend Prelate the Bishop of St Albans told us when we last debated this—I pay tribute to him for his leadership and for seeking a solution to this scandal—the result can be bankruptcies, enormous mental health strains and possibly worse. Part of the problem is that there have been no assurances to prevent the remediation costs being passed on to leaseholders until the Government's scheme is operational. This is what my amendment seeks: to prevent the costs of this scandal being passed on to tenants and leaseholders, the innocent victims.

We have all seen in the media the heartbreaking reports of the crippling costs that leaseholders are having to bear, such as interim fire safety costs and high insurance premiums. Surely the developers that built these defective flats, the insurance companies that provided the guarantees but no longer want to honour their commitments and the professionals who signed off the buildings as safe should be paying through their professional indemnity insurance. Instead, innocent victims are left bearing the costs of this scandal, despite the promises made to them.

This leaves them with a dilemma: sell their lease and take on the debt resulting from negative equity, or stay in their leases and face huge debts in the form of remediation bills. They might possibly declare bankruptcy. Surely that is wrong. The leaseholders are playing by the rules and paying their taxes. They are buying a home and doing the right thing, but are not being supported. They had no indication that this was coming. This is a dreadful tragedy. In the absence of an adequate plan and scheme to deal with these issues properly and fairly, there is no other way forward. I hope that the House will support me. We need to find a solution to pay these costs. I beg to move.

Baroness Pinnock (LD) [V]: My Lords, I start by drawing the attention of the House to my interests, as recorded in the register, as a vice-president of the Local Government Association and a member of Kirklees Council.

On three separate occasions, this House has confirmed its view that the Government should urgently address the plight of leaseholders and tenants who will be significantly and adversely affected by the consequences of the Fire Safety Bill. The provisions in the Bill are not the issue; they are a welcome small step to address the failings exposed by the dreadful Grenfell tragedy. The Government and, no doubt, the Minister will state how important it is that this Bill is passed, as we heard the Minister say a few moments ago. Both omit to say that the Government have been tardy in regard to the passage of the Bill; the Report stage in this House took place in November 2019. If the Government had made the Bill a priority, we would not be here, in the final throes of this Session, seeking to find a just solution for those directly impacted by it.

7.30 pm

The amendment in my name reiterates the principle moved by the right reverend Prelate the Bishop of St Albans in the last debate on this matter, which this

House has supported on three separate occasions, that the leaseholders and tenants must not pay the exorbitant costs of remediation. We have listened to the Government's criticisms of the previous amendments, and today's amendment in my name takes into account the reasonable expectation that leaseholders will be required to pay for minor fire safety works up to a value of £500 in any one year.

What is so disturbing is that the Government have consistently failed to propose just how leaseholders will be safeguarded from the costs of remediation. The Building Safety Bill will come far too late to prevent untold harm to individuals and their families. Leaseholders have done everything right and nothing wrong, and must not be expected to pay for those who have profited from construction failures. The Minister will no doubt repeat that the Government have a grant fund available for the removal of cladding from high-rise blocks. But he fails to say that it will not cover the costs of putting right the construction failures that are then exposed, and that it will not include many—perhaps a majority of—blocks affected.

Individuals have shared with me the precise costs they are being asked to pay. For example, the total bill for remediation at Connect House in Manchester is £5.2 million. The average bill per flat is £78,000, to be paid in quarterly instalments by the end of this year. Then there is M&M Buildings in Paddington, where ACM cladding has been removed following a government grant, but non-cladding defects, which the building safety fund does not cover, are costing each leaseholder £40,000. Imagine living in a modern flat and discovering that, as a leaseholder, you are faced with a bill for £20,000 to put right internal steelwork and wooden balconies that the developers had failed to make fire-resistant, even though that was part of building regulations at the time. These are just three leaseholders out of thousands who are facing potential bankruptcy as a direct consequence of this Bill. No one could possibly have budgeted for additional costs on that scale. And that is not the only extra bill suddenly landing on doormats; there are demands for waking watch, insurance hikes and a fire alarm system. For Zoe, in London, that has resulted in service charges rising from £194 a month to a totally unaffordable £700 every month. For some, those service charge hikes alone are forcing them into bankruptcy.

The direct personal impacts are not the only unconsidered consequences of the Bill. In last Sunday's edition, the *Sunday Times* reported that the Bank of England is concerned about

"the scandal's effect on property"

prices. The report states that up to 1.3 million flats are now "unmortgageable" and

"three million people face a wait of up to a decade to sell or get a new mortgage".

The Leasehold Knowledge Partnership has found that 80% of auctioned fire-risk flats failed to sell or were discounted by as much as two-thirds. For social housing landlords, the total cost is estimated to be as much as £10 billion, as they are unsupported by the government scheme. The knock-on effect of that will be a dramatic reduction in the number of new builds for people who desperately need a home to rent. It is not, therefore, the Bill itself that is the problem but the consequences, which are very grave indeed for individuals and their families, as well as for the wider housing market.

In the end, it comes down to a simple question of justice. Those who have done everything right and nothing wrong must not be asked to pay the price for those developers who, in some instances, knowingly failed and profited by that safety failure. I really cannot understand the Government's obduracy in the face of a calamity that is about to fall on lease- holders. I find it hard to imagine taking a decision that knowingly forces thousands into potential bankruptcy and homelessness.

I urge the Government, even at this late stage, to listen to those who are on the brink of losing their home and everything they have worked and saved for. They have done everything right and nothing wrong. I give notice that if the noble Lord, Lord Kennedy, seeks to divide the House, he has the support of these Benches. If, however, he chooses not to do so, I will move my amendment and seek the opinion of the House.

The Lord Bishop of St Albans: Well, my Lords, here we are again. I do not want to detain your Lordships' House for too long, because everything has been said several times already, but I want to make a few comments, if I may.

I, too, want the Bill to pass. I pay tribute to Her Majesty's Government and the money they have already found and put on the table, which is very significant. But since we last gathered here, the sheer scale of the crisis, which is in its very early stages, is slowly beginning to unfold before us and become ever clearer. I believe that is why the majority in the other place declines each time an amendment goes back, because those long-serving, seasoned campaigners in the other place realise what is going on. The stories are coming out absolutely relentlessly, and new research is being published.

At a few minutes to four this afternoon, I received an email from someone who works in Parliament. I will call her Claire; that is not her real name, but she will know who she is, because she emailed me at 3.56 pm and asked if I will speak up. She said, "Will you speak up for the leaseholders again and table an amendment? I bought a flat under the shared ownership scheme. I own a 25% share, yet I am liable for 100% of the costs. I am already paying an additional amount each month, and I know this amount will soon increase as further remediation work takes place. I simply cannot afford to pay for the remediation works, nor should I have to. The stress of this situation is becoming intolerable. My mental and physical health are approaching a state of collapse". "Will you speak up?", she said. I have not met her yet—I hope she will say hello to me one day, perhaps when she guesses who I am or sees me around the place. This is someone who we bump into, who works in this place and who serves us.

It is not just the many individuals. Since we last came to this provision, research by the Prudential Regulation Authority, which is assessing the building scandal, has said that it poses a systemic risk to the UK financial sector. Some of the work done since then is finding a huge number of flats and homes which are simply unsellable. For example, it has been reported that

"a one-bedroom flat at Leftbank, in Manchester, failed to sell despite being listed for half the £330,000 its owner had paid in 2017".

[The Lord Bishop of St Albans]
What Members in the other place are realising is that, slowly, this will roll out, and it will mean that many people on whom this Bill relies to be able somehow to stump up the money to repair the buildings will not have that money. The buildings will not be repaired, because some of these people will have to walk away, probably very unwillingly.

We have not only those individual stories but some really worrying assessments coming out of the housing and financial market in our country. Some 3 million people, as we heard from the noble Baroness, Lady Pinnock, are affected. As we are paying tribute to fire and rescue officers, I have three emails from fire and rescue officers who were personally affected by this cladding. These are the people involved, along with nurses, police, teachers, care workers and many others—the House knows the sort of people we are talking about.

I believe that the intent of these amendments is the same: to accept that we have a very difficult problem and really want to see some sort of brokered agreement, whereby developers, cladding manufacturers, freeholders and leaseholders make their fair contribution. We realise that everybody will have to do that, but feel that there need to be protections for leaseholders and tenants over these coming months, before the government scheme comes in. I am minded to support this Motion if the noble Lord, Lord Kennedy, brings it to a Division, but I continue to hope and plead that Her Majesty's Government will be able either to come up with a compromise or make some sort of formal undertaking on what the building safety Bill will offer, so that we can all get behind it and get this really important Bill through.

The Earl of Lytton (CB) [V]: My Lords, I declare my professional involvement with construction and property matters and that I am a vice-president of the LGA. We should be in no doubt that the Government have triggered an issue that is destined to cause significant damage, loss and distress to many leaseholders and tenants. My comments will be aimed at Motions A1 and A2 in the names, respectively, of the noble Lord, Lord Kennedy, and the noble Baroness, Lady Pinnock. I commend them on their persistence and diligence.

I also commend the Government on committing their £5.1 billion to this matter, but the reality is that money alone is not the answer. It requires a plan that is co-ordinated, structured and comprehensive; to be honest, it was needed the day before yesterday and certainly not at some unspecified time in the future. The Government cannot, in all conscience, have been unaware that a situation would likely arise where a significant sector of property might be affected by the expansion of the fire safety regime, nor deaf to the observations of just about every informed observer, from, I believe, the Bank of England downwards, warning of the need for action.

7.45 pm

The ill effects triggered by this Bill are already plain in evidence, with insolvencies and repossessions, and bills for safety works of such improbably mind-numbing sums as to make every speaker in the time-limited debate in the other place this afternoon—everyone, that is, save the Minister—voice support for the amendment we passed last time around. These problems are only just unfolding, as the right reverend Prelate has identified. The horror story is therefore far from over. I do not accept the Government's claim that it is a small number of properties that are affected, and I do not believe the Government have demonstrated that there is any statistical backing to that claim.

The Government's own partial scheme, under the yet to be introduced building safety Bill, will neither offer relief to anything more than a modest proportion of those affected nor arrive in time to assist many of those in its intended target group, as matters stand at the present. I do not blame the Minister—I believe he is a person of great integrity—but I do blame the government machine he appears to be obliged to defend. I have to say that the stance of the Government here is not the coherent or considered response of any responsible Government, given the scale of the issues at stake and the market and financial perils that are the probable and natural outcome of the changes created by the Bill.

The Government appear to have resorted to arm-twisting, pitting the need to respond to the circumstances and death toll of the Grenfell fire against the financial and psychological terror to be inflicted on maybe a million more households. They accuse us of holding up the Bill, perhaps causing it to fall. They conflate the regular maintenance obligation of, say, changing a back-up battery in an alarm system with the fresh requirement to complete a whole new safety installation. They suggest that the matter is less than what those who have commented to me have made clear. I rather take exception to such tactics.

The Government could introduce their own scheme, and could have done so long ago. They could commit to do doing so now, and tell us that they will use the Queen's Speech at the forthcoming State Opening of Parliament to announce a forfeiture protection measure in appropriate circumstances. They could take up the suggestion in the Fox amendment in the other place that a regime akin to the "polluter pays" principle for contaminated land be introduced. They could follow up the McPartland amendment route to redress, which I tried to persuade the Government of last time we debated this.

I ask the Minister: are the Government willing to take up any of these initiatives, as opposed to indicating that they accept the principle, or will they continue to stall with arguments that all the amendments are unworkable, have unforeseen consequences or are otherwise impractical—rather like, I should say, the effects of the Bill that has got us into this pretty pass in the first place? I agree that the issues are complex, which is exactly why government-level intervention and leadership are required to corral those responsible. That is a government duty.

A few days ago, I circulated to the Minister and other noble Lords the professional indemnity insurance consequences that are unfolding. This is just another issue that is befalling the sector. I cannot conceal a sense of outrage here about inaction and, worse than inaction, about what for hundreds of people will be an absolute catastrophe. There is inaction not over money but over the need for good governance and necessary executive process.

So painfully absent is any sense of mission, purpose or acceptance of the role of government in dealing with hard cases that I find myself having run beyond empty my natural inclination to give the benefit of the doubt to the Government of the day, much as it is my normal inclination to do so. I have tried to bring my technical knowledge to bear, without success. There is not the slightest doubt in my mind that the Minister understands, and through him the Government understand, yet they choose not to act to avert terrible outcomes for innocent home owners.

I have to say, with much regret, that if it is the only way to persuade the Government to take the responsibility seriously—to oblige them to take the sort of action that any Government ought to and that only government really can take—I am left with no choice that satisfies my conscience and the directions of my moral compass other than to support Motion A1 in the name of the noble Lord, Lord Kennedy, preferably with Motion A2 in the name of the noble Baroness, Lady Pinnock

The Deputy Speaker (Baroness Garden of Frognal) (LD): The following Members in the Chamber have indicated that they wish to speak: the noble Baroness, Lady Fox of Buckley, and the noble Lords, Lord Stoneham of Droxford and Lord Adonis. I call the noble Baroness, Lady Fox of Buckley.

Baroness Fox of Buckley (Non-Afl): My Lords, while the headlines are all focusing on the scandal of who paid for the internal refurbishment work on a flat in No. 10, for me this is a far greater scandal about who is being forced to pay for the external remediation works on more than a million flats caught up in this fire safety cladding debacle. As things stand, innocent leaseholders—the only party with no hint of blame for negligence or mistakes—are the sole group to shoulder the burden. We have heard some passionate speeches about that.

Why am I back here? I just need some reassurances from the Government. They say that this is not a legislative matter and that this is not the legislation, so what are they going to do? Many of us united here usually disagree. My goodness, the noble Lord, Lord Adonis, and I are on the same side. Whatever is the matter? But we are here in good faith. This is not Tory-bashing or a cheap dig at rich developers or landowners—it is a warning to the Government.

This reminds me of the convictions of the 39 post-masters, now cleared, but after the tragedy of what befell them because no one would listen. It also feels to me like a betrayal of all those promises made to the red wall voters that this Government care about the aspirations of ordinary people. It seems to make a mockery of parliamentary priorities, and I genuinely do not understand the point of us being here and debating levelling up when many leaseholders concerned bought their flats or houses as part of affordable housing schemes. They are front-line workers who have been thrown to the wolves.

Similarly, what is the point of legislating on the welfare of veterans and supporting the police when one veteran and serving police officer writes to me explaining that he has worked every day since he was 16 and has never needed to rely on state benefit or accrued debts in any way, yet now faces bankruptcy and could even, as a bankrupt, lose his job. He describes it as a living nightmare. He says: "I am a leaseholder, and that is the biggest mistake of my life." What a terrible thing to say. He says he is disillusioned, angry and frustrated, and powerfully notes that he feels defeated and that all his attempts to be heard are ignored.

These leaseholders feel ignored. Whatever happens here today, I ask the Government to listen and not to ignore them. At the very least, I ask the Minister to listen to the Bank of England. As the noble Baroness, Lady Pinnock, noted, last week the Bank of England said it is seriously assessing whether the building safety scandal could cause a new financial crisis—hardly an encouraging sign for building back better or economic growth.

Even from a pragmatic basis, I do not understand why the Government will not note that if more than a million properties become unmortgageable, if we create a negative equity problem, if leaseholders become bankrupt and cannot pay for remediation costs, if there is a knock-on effect on property values, if there is an effect on labour market mobility because people are unable to sell their homes, are trapped and have to stay where they are, surely this is a matter that the Government, even the Treasury, might look at. We look to the Government here because only they can provide the capital up front to pay for the works now.

The Commons reason for rejecting the amendment is that

"the issue of remediation costs is too complex to be dealt with in the manner proposed."

I just want to know what manner is actually proposed. The plan from the noble Earl, Lord Lytton, seems sensible to me. I would like to hear the Government's.

I do agree that there are no easy solutions. That is why it is too easy for the Government to boast of generous loan funds and grant schemes when people are ineligible to apply for them and are facing huge bills now. Although it is tempting, it would be too easy to blame developers or whatever, and that is not my intention—I just do not want the blameless to pay.

It is also too easy to use the Grenfell tragedy to imply that those of us supporting the leaseholders or backing these amendments are cavalier in any way about fire safety standards. As a leaseholder, I assure noble Lords that I am not cavalier about my own safety. But I do note that today the Grenfell United campaign has issued a statement saying:

"Using Grenfell Recommendations to justify government's indifference is deeply upsetting for us".

As victims of the Grenfell fire, they say that they stand in solidarity with innocent leaseholders.

I know that the Bill is good and full of good intentions, but it creates liabilities for leaseholders without giving them any means of redress and, more broadly, it betrays any commitment to a meritocratic society. I appeal to the Government to listen.

Lord Stoneham of Droxford (LD): We have had some very good speeches and some very good points have been made, so I will speak quite briefly. First, I declare my own interests in property and as someone with

[Lord Stoneham of Droxford]
15 years' experience of housing association work. I am speaking tonight largely on behalf of my noble friend Lord Newby, who has been tied up in commission work for most of the afternoon.

Looking back at last week's debate, at the Minister's speech and at the debate in the Commons this afternoon, I thought there was far too much emphasis on fear of the Bill not going through rather than on trying to set out and address the concerns not only of both Houses but of leaseholders, who have the uncertainty and the fear of liability. Simple fear is prevailing, and that is what we need to address. It is why the Government are in some difficulty in getting final decisions on the Bill.

Let us not forget that a lot of the leaseholders affected by these problems are first-time buyers. Developers made a lot of money out of government deals. The Government have been very keen on first-time buyer schemes and stamp duty relief. Why is it that they are so reticent to spell out more detail and give more assurance to leaseholders in the problems that they are facing? The noble Earl, Lord Lytton, was absolutely right: the Government are very keen on plans in all sorts of areas, but they really need a plan to deal with this problem.

In just one area, pooled insurance, there is great fear of the costs for leaseholders from their insurance going up because of the problems that they are facing and the extra risk that the insurance companies assess. The Government responded very quickly when there were pictures of people with their homes flooded and residents trying to deal with their problems in specific geographical areas, and they very quickly came up with pooled insurance schemes. Why are they not doing that more in this area? These leaseholders are a very specific group and they need help.

All evidence and experience suggest that the problem will grow. We have evidence in our own ranks of a Peer whose block of flats had a cladding problem: when the cladding was taken down, the block was found to be unsafe structurally. This is a growing problem. What lies behind the cladding, I suspect, is what is scaring the Treasury rigid. However, the problem has to be dealt with.

I am afraid that a lot of these properties were designed and built for first-time buyers. The developers knew they had to keep the price down when prices were escalating, but they also kept the costs down because they wanted to make their profit. They made a lot of money, so there will be all sorts of problems in these buildings.

The leaseholders will have seen the situation last week of the sub-postmasters and will be thinking that, as time goes on, they will be left behind and hung out to dry by the bureaucracy and the government machine failing to address their problems. They need protection from eviction, and they need to know exactly how they are going to be able to access grants.

They need to see the Government putting pressure on the developers. In some respects, the Government are a bit too close to some of those developers, but they need to be seen to be taking on the developers, the companies and the contractors involved in these buildings to make sure that it never happens again.

The industry is in fact dysfunctional. It is going to demand government intervention to address skills, regulation and the whole quality of development in this country. The Government need a plan and a timescale. They need to address the uncertainty and fear among very vulnerable people, and they need to start now as the problem will grow. That is why we support these amendments.

8 pm

Lord Adonis (Lab): My Lords, the cladding scandal is turning into the next Hillsborough scandal, in terms of not only the terrible and avoidable loss of life but the failure of the public authorities to react in a timely, just and effective manner afterwards. As event after event unfolds and failure succeeds failure in terms of government inaction, I am afraid the scandal grows. Those of us who have seen these events over many years know that there will come a point where the Government will have to concede on these issues.

Anyone who watched the debate in the House of Commons this afternoon and saw impassioned speeches from a string of Conservative MPs—many of whom had encouraged first-time buyers to buy their properties in their political lives, including many of them to buy council properties as leaseholders that are now unsaleable and submerged in negative equity without even a proper schedule of works that can be agreed—will know that this position is becoming unsustainable politically. Not only that, it is becoming a moral quagmire on the part of the public authorities at large: local authorities, regulatory authorities and the Government themselves.

The Minister is in an unenviable position, and we all know why he is in that position. It is because giving the kind of commitment that has been talked about would mean that the £5 billion scheme the Government have announced so far, could, on the basis of estimates I have seen and were being quoted in the House of Commons, be £10 billion or £15 billion. But in this situation we have to work to the just solution, and the just solution is clearly that innocent leaseholders should not be held accountable for costs which had nothing to do with them, were beyond their control and purely in the authority of shoddy developers or inadequate public authorities.

Those developers should be held accountable in due course and the role of the Government is to see that, in the interim—and that interim could be many years; it could be decades before these issues are resolved—innocent leaseholders are not held to ransom. I mean that genuinely; they are held to ransom because they cannot sell their flats and properties until the cladding is sorted out, and in many cases they will be completely unable to meet the costs.

The most powerful speeches in the House of Commons this afternoon were made by Iain Duncan Smith and Liam Fox. The noble Baroness, Lady Fox, thinks that she and I are not always on the same wavelength, but I can assure the House that Iain Duncan Smith, Liam Fox and I hardly ever find ourselves in the same company. But everything that they said today was utterly compelling.

They read from accounts given to them by their constituents of estimates for works of £30,000, £40,000 and £50,000, negative equity, inadequate access to the

fire safety fund, insurance increases of 1,000%, large charges faced by leaseholders for interim measures and charges not covered by the scheme. The Government said a forced loan scheme would be announced in the Budget, but one MP—I think it was the Conservative MP for Southampton—said "Which Budget is the Chancellor talking about because it hasn't come in this Budget? Is it going to be the one next year or the one in 2030?"

These are the elected representatives of the people seeking to hold the Government to account. Our role as a revising Chamber in a matter of such huge importance as this is to see that their voices can be properly expressed and heard. The Minister said that there was a decisive majority in the House of Commons, but between today's vote in the Commons and the previous vote, the Government's majority fell by half—I repeat, by half—as a result of one further debate where these issues were properly aired. We have a duty to send this issue back and I am absolutely sure that if the Government succeed in railroading this through—they probably have the votes to do so—it is right that we see whether, with a further opportunity for discussion, more progress can be made.

It is only a matter of time before the Government will have to make significant further concessions. I say to the Minister with all due respect that they will drag the reputation of the Government and the state to a much lower level by not conceding in a timely fashion—as they should have done at some point over the last four years, but certainly must in this endgame where the issues have been raised as matters of acute concern.

With respect to the arguments, the Minister says that it is not correct or appropriate to use the Bill to legislate on this issue. My noble friend Lord Kennedy's Motion does not use the Bill to legislate for a solution; it requires the Government to come forward in due course with their own legislation. All it does in its various provisions is to set down timescales by which the Government must do this. The Government may say that they are not prepared to come forward with legislation but the arguments keep moving. Last time, the Minister said that legislation might not be required, as he might be able to take all these actions to protect leaseholders without it. If he is not prepared to accept my noble friend's amendment because of the legislative components, it is incumbent on him to give a commitment and say when the Government will come forward with a scheme.

Christopher Pincher, the Minister in the House of Commons, made a lot of spurious suggestions in his reply there just a few hours ago. He said that the proposal by the right reverend Prelate the Bishop of St Albans was ineffective because it would prevent "very minor" costs, such as replacing smoke alarms, being passed on. That is a ludicrous suggestion; the Government could come forward immediately with a scheme to deal with minor costs if they were so minded, and I see that the amendment from the noble Baroness, Lady Pinnock, specifically exempts minor costs. He also said that it would absolve leaseholders from responsibility for works that might be their responsibility. There will be cases where leaseholders have responsibilities, and they should be held accountable for them, but the much bigger issue here, which we as a Parliament have a responsibility to deal with, is where the state has failed in its responsibilities, as well as developers failing in theirs.

We are absolutely right to send this matter back to the House of Commons if there is a majority to do so. Irrespective of whether the Government resolve this matter over the next few days before the end of the Session, they will be forced by public opinion and the weight of natural justice—as with the Hillsborough disaster and the Horizon disaster—to move on this issue. It is simply deplorable that this will happen at the very end of a long period of pressure, which will bring the reputation of the state for fair play to a very low ebb indeed.

Lord Greenhalgh (Con): My Lords, we all feel the plight of leaseholders. I spend most of my time as Building Safety Minister and Fire Minister in meetings at the building level, trying to accelerate the pace of remediation. Despite the fact that we have had a global pandemic over the last year, we have also had over 150 starts on site and 95% of buildings have now either had cladding of the very same type that was on Grenfell Tower removed or fully remediated, or have workers on site who are within months are making the buildings safe.

These are hard yards. I have worked with colleagues at all levels of government, with the GLA and the deputy mayor, with the appropriate lead in London Councils and with Mayor Burnham in Greater Manchester. There is a huge effort. Very often it involves difficult, brutal conversations, telling building owners and developers to get a move on. In over half the cases of buildings that had aluminium composite material, we saw the building owners step up and either fund the remediation or carry the works ahead, covering this with warranty schemes without passing the costs on to leaseholders.

These are very difficult times for leaseholders, but that is why, in answer to the noble Lord, Lord Kennedy, the Housing Secretary announced a very comprehensive five-point plan in February. Essentially, we have increased the building safety fund by some £3.5 billion to £5.1 billion. Details of how the revised fund will be spent will be announced very shortly. In addition, we have announced a high-rise levy, which will form part of the building safety Bill, and a tax on developers, because it is important that the polluter pays. There needs to be a financing scheme for medium-rise buildings of between four and six storeys. That is the plan that we have put on the table.

I also point out in answer to the noble Earl, Lord Lytton, and the noble Baroness, Lady Fox of Buckley, that the Bill does not create liability. This is a simple Bill clarifying the fire safety order to let our fire and rescue services do the job they do in keeping us safe. The Bill clarifies an existing regime. I want to be absolutely clear that it does not create a new liability.

I agree with the noble Earl, Lord Lytton, that we need to strengthen redress to stop this all falling on the taxpayer. I have been very clear that we will bring forward measures that will do that as part of the building safety Bill. They will make directors as well as companies liable for prosecution in some instances. The reality is that it is absolutely ludicrous that the

[Lord Greenhalgh]
statute of limitations under the Defective Premises Act is only six years. That is the statutory period of redress. We will bring forward measures to deal with that point. When I buy a pair of tweezers I get a lifetime guarantee, but when a poor leaseholder invests their life savings and makes the most significant payment in their lives to own their own home the period for statutory redress is simply not acceptable.

I come back to Amendments 4L and 4M. I am afraid that they are unworkable, impractical and do not deliver the solutions for leaseholders. As noble Lords have heard before, it is impractical and confusing to amend the fire safety order to try to resolve the issue of who pays. These amendments seek to cover the very complicated relationship under landlord and tenant law, including financial obligations and liabilities between freeholders and leaseholders. Frankly, these matters do not sit naturally with the fire safety order.

The right reverend Prelate the Bishop of St Albans spoke very eloquently to his amendment and to the two amendments that have been proposed. None of these amendments works because, once again, they orphan the liability of works until such time that a statutory scheme is in place that pays for the work directly attributable to the Act. In answer to the noble Lord, Lord Adonis, both his amendments reference the provisions of the Act in so doing. I have talked about the difficulties of defining which works might be directly attributable to the Fire Safety Bill's provisions. I have gone over that ground several times. Orphaning liability simply delays essential fire safety works.

In addition, the proposed scope of the works remains too broad, even with the £500 threshold proposed by the noble Baroness, Lady Pinnock. It simply does not resolve the issue. Some of the works that may be required will be very low cost and anyone would reasonably expect the leaseholders to pay. That, frankly, could be more than £500 a year. As no taxpayer scheme for such minor works will be forthcoming, we then reach deadlock.

There is an additional issue which has not been raised by noble Lords: subsidy control. It is a small but important point. Depending on the specific details, it is possible that such a statutory scheme would not be permissible under subsidy control rules. Some leaseholders have undertakings—for instance in buy to let—and subsidy control rules limit how much benefit can be conferred on undertakings. In effect, it may not be possible to relieve leaseholders and tenants from all costs of remedial works attributable to the Bill without breaching subsidy control. As the noble Lord, Lord Kennedy, knows, further detailed consideration is needed.

8.15 pm

Since these amendments are not sufficiently detailed and would require extensive drafting of primary legislation, they would continue to delay the implementation of the Fire Safety Bill and the important reforms it intends to carry out. These amendments would ultimately be self-defeating, as the pace and progress of all fire safety works would be stalled, leaving leaseholders still in an invidious position.

Once again, I ask noble Lords to exercise sound judgment. These amendments are well intentioned. However, the Fire Safety Bill is not the silver bullet to resolve the issue of remediation costs being passed on to leaseholders. This is the wrong place for this kind of legislation. In any case, the amendments are likely to be ineffective and possibly risky for some leaseholders, and even for the taxpayer. I emphasise once again that this is not the solution for leaseholders, nor what the taxpayer deserves.

This House has a choice. On the one hand, we face more dither and more delay, and the very real risk that the Fire Safety Bill will fall. On the other, we support this vital clarification of the fire safety order and a Bill that ensures that the Grenfell Tower recommendations are delivered and homes are made safer.

Lord Kennedy of Southwark (Lab Co-op): My Lords, I thank all noble Lords who have spoken in this debate. I must say that I am disappointed by the response of the noble Lord, Lord Greenhalgh. I noted that not one speech from the Government Benches—other than the Minister's—supported the Government's position. If I were over there, I would not support the Government either, and so I understand why Members on the Government Benches are sitting very quietly. I do not wish to defend them, but I think they are being very sensible. Frankly, the Government's position is indefensible, particularly when you look at the promises that they have made. That is part of the problem: the Government think that they can get away with making promises and that, because no one will think anything else of it, they can then mess about a bit. I am sorry, but this issue is not going away.

There is a disappointing lack of understanding of the plight of the innocent victims—I repeat "innocent" —of the cladding scandal. People are really in trouble here. We have heard it tonight and we have heard it before. They need their Government to help them. The right reverend Prelate the Bishop of St Albans highlighted another case—that of Claire, who works somewhere in the Palace of Westminster. She bought a 25% share in what was probably her first property, and she is now trapped. These are innocent victims.

Why have we not had a summit at No. 10 to sort this out? I asked that last time, but I did not get an answer. We were going to have a summit about the football problems, so why not about this? If the right reverend Prelate is right, we need a meeting of COBRA to talk about the financial crisis that is on its way on the back of this. But no, there has been nothing from the Government. Why are the Government not standing up for innocent victims? Why can they not set out a route map—a pathway to say how the levelling-up agenda would help these first-time buyers, these innocent victims? We hear nothing.

I want to ask the Government to think again. There is no risk to the Bill. This is the House of Lords doing its job—asking the other place, on a matter of the utmost importance, to think again. That is really important. If the Government would spend a bit more time addressing the seriousness of the issue, we could move forward. My noble friend Lord Adonis made the point that the Government had these amendments weeks ago. They brought the Trade Bill back, but this Bill just sat there. It now turns up this week and they have said that we

have to be careful because we are going to run out of time. They sat there for weeks, doing nothing with it, when they could have brought it back here.

These may not be the cleverest amendments. I am not a lawyer or a parliamentary draftsperson, nor are other noble Lords. But the Government know what we are trying to achieve. There are a lot of really clever people working for the Government; they could sort it out if they wanted to. I wish to test the opinion of the House.

8.20 pm

Division conducted remotely on Motion A1 (as an amendment to Motion A)

Contents 329; Not-Contents 247.

Motion A1 (as an amendment to Motion A) agreed.

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8.33 pm

Motion A2 (as an amendment to Motion A) not moved.

Financial Services Bill

Returned from the Commons

The Bill was returned from the Commons on Monday 26 April with a reason and an amendment. The Commons reason and amendment were ordered to be printed.

National Security and Investment Bill

Returned from the Commons

The Bill was returned from the Commons on Monday 26 April with a reason. The Commons reason was ordered to be printed.

Overseas Operations (Service Personnel and Veterans) Bill

Returned from the Commons

The Bill was returned from the Commons with a reason and amendments. The Commons reason and amendments were ordered to be printed

House adjourned at 8.35 pm.

Grand Committee

Tuesday 27 April 2021

The Grand Committee met in a hybrid proceeding.

Arrangement of Business

Announcement

2.30 pm

The Deputy Chairman of Committees (Baroness Healy of Primrose Hill) (Lab): My Lords, the hybrid Grand Committee will now begin. Some Members are here in person and others are participating remotely, but all Members will be treated equally. I ask Members in the Room to respect social distancing. If the capacity of the Committee Room is exceeded or other safety requirements are breached, I will immediately adjourn the Committee. If there is a Division in the House, the Committee will adjourn for five minutes. The time limit for the following debate is one and a half hours.

Turkey: Free Trade Agreement

Motion to Take Note

2.31 pm

Moved by ***Lord Purvis of Tweed***

That the Grand Committee takes note of the Free Trade Agreement between the United Kingdom of Great Britain and Northern Ireland and the Republic of Turkey, laid before the House on 24 February.

Relevant documents: 8th Report from the International Agreements Committee (special attention drawn to the agreement)

Lord Purvis of Tweed (LD): My Lords, it is a pleasure to move this take-note Motion on the UK-Turkey trade agreement, and in so doing I thank the Members who will participate in today's debate. I note the breadth of experience that they bring on trade issues. I am also grateful to the committee for its report. The International Agreements Committee is one of the most valuable in the House at the moment, and it is serving a great role in drawing to our attention issues that we should debate. It is my pleasure to move this debate in accordance with the committee's recommendation that we take note of the agreement.

I am also grateful to the Minister for keeping to his word in emailing me and keeping me informed of developments in his department, and I am grateful to his office, and to the noble Lord, Lord Ashton, and the Government Whips' Office for facilitating the debate in such good time. I am not used to that happening, and it will not go to my head—I reassure the Minister that I will not expect the Government to allow debate on any Motion within a week.

The agreement is now ratified. It was agreed on 29 December, so businesses did not have sight of it before it was operational two days later. This continuity agreement is unlike others in that it is temporary and the parties are committed to review it no later than two years after it enters into force—effectively 18 months from now—with the aim for an enhanced agreement covering services, agricultural goods, investment, subsidies, labour, sustainable development and climate. Given that the average time that it took the Government to make continuity agreements was over two years, it would be helpful to know what timescale they are working to for a full permanent agreement with Turkey.

The agreement also covers goods. Turkey is a relatively small but important trading partner with us. ONS data published on 13 April shows that, in 2020, we exported £4.8 billion of goods to Turkey, down from £5.4 billion in 2019, and imported £8.2 billion, down from £9 billion. In 2020, trading goods with Turkey represented 1.75% of all goods trade for the UK. As the Committee can see from the figures, we operate a considerable trade deficit with Turkey, so the motivation for the agreement was from Turkey and thus leverage was with us. We chose not to use that leverage.

Our trading relationship with Turkey is unique, owing to its membership since 1996 of a partial customs union with us, which reduced barriers to trade. That has now ended and those barriers have been re-erected. Therefore, downgrading to a lesser FTA arrangement has meant businesses now needing to adjust to higher import and export administration costs, more bureaucracy, slower port of entry and exit procedures, and complex rules of origin requirements.

This latter point, which the committee picked up specifically, is of great significance given the categories of imports and exports and the fact that the largest elements—vehicles, machinery and engineering—are all part of complex supply chains with EU manufacturers. The fact that we have only a temporary allowance on rules of origin, because of our failure to secure this in the TCA, will mean that there is a stage 2 level of greater burden coming with our trade with Turkey in the permanent relationships.

There is a great line in paragraph 2 of the Government's parliamentary report:

"It is in no one's interests to disrupt existing trade flows."

I agree. This was also highlighted in paragraph 10 of the committee's report, quoting from the parliamentary report:

"HM Government has worked closely with Turkey to ensure that customs processes are as simple, clear, and predictable as possible, and that any changes do not affect current trade flows."

They demonstrably have. The ONS data released on 13 April has the latest figures showing the disruption. UK imports of goods from Turkey fell 27% from December 2020 to January 2021, down from 967 million to 714 million, and they fell further in February. Exports in the same period fell 8%, before picking up again in February, and this is on top of the year-on-year falls I cited earlier. For Turkey, we have a double-stage downgrading of free trade. The committee's recommendation in paragraph 6 for wide consultation is very important.

The Government, in their response, said that they would consult stakeholders, but if it is simply stakeholders, that is limited. They also said that they would consult in a similar approach to the US proposed trade agreement. That had a wide consultation open to the public; I even went on to it and submitted a response. Will the

[Lord Purvis of Tweed]

Minister clarify what level of consultation there will be for the permanent trade agreement, with not just trade stakeholders to be included, but all those with an interest in the wider aspects? This is to be a comprehensive trade agreement, so as wide a consultation as possible will be necessary. I also fully endorse the recommendation in paragraph 16 of the report calling for a full impact assessment. We need to know which of the effects that we have witnessed are likely to be temporary effects, and which are systemic, because of the new barriers in perpetuity. That needs to inform differing policy responses.

The two major areas, as the committee pointed out, are short-term disruptions and long-term increased barriers. I am afraid that the Minister completely ignored that recommendation in his letter to the committee, so if he can respond to it today it would be helpful. Given the evidence that the committee received from manufacturers and those in supply chains, the Government owe the committee a response.

Given that businesses that have traded with the EU can access some form of support package and lending to tackle the Government's new barriers with EU trade, these are the same kinds of barriers that businesses will now see for trade with Turkey, so will businesses be able to access those trade support areas too—for example, the SME Brexit Support Fund? That is contracted out to PricewaterhouseCoopers. I emailed three weeks ago, on its online inquiry form, asking for details of the fund, how PwC was being paid and how it was being administered. I have received no reply. I hope that businesses are faring better at getting a response from PwC than I have. I would be grateful if the Minister would write to me to say how much the Government are paying it for the administration of this fund.

Critically for this debate, are this scheme and the others open to businesses which trade with Turkey and which have new barriers as a direct result of the TCA with the EU? Also, there is continuing guidance now being issued to businesses exporting to the EU. Will there be the same guidance to businesses exporting to Turkey? For example, HMRC outlined, in an email to me and all others who have registered for its updates, on 1 April:

"When exporting goods from a roll-on roll-off port or any other listed locations, you, or the person submitting your customs declaration, must submit your declaration as 'arrived'. The declaration must be submitted as 'arrived' in order to finalise the declaration process before your goods reach border locations, where customs controls are being staged in. If the declaration isn't 'arrived',

customs

"will not recognise that the goods have left the country."

I have to admit that I thought this was HMRC's April fool's joke but it seems as if, unbelievably, if we are exporting now to the EU, we have to declare that the goods have arrived before they have left the country. Can the Minister confirm that? Is the same approach being taken for goods exported to Turkey?

Another area where the Government need to provide more information is on rules of origin. The committee has picked this up and has done us a service for analysing it carefully. The system for pan-Euro-Mediterranean cumulation of origin allows for the application of diagonal cumulation between the EU, EFTA states, Turkey, the countries that signed the Barcelona declaration, the western Balkans and the Faroe Islands. That free trade measure has now been ended for UK trade. The committee is right in paragraph 22 to call for comprehensive and detailed guidance on any new arrangements, but what is the impact assessment on trade with the other countries with which we can no longer have diagonal cumulation with the EU?

I mentioned the trade deficit that we currently have with Turkey. We operate a wide trade deficit with many other countries too, and there will of course be some areas where a deficit is not a major worry, such as in certain areas where the UK does not or cannot produce. In other areas, however, it is a concern. The answer is not in protection measures, but in securing better terms for UK exporters to market access in those countries, often through them levelling up on standards. So far in the Japan agreement, worth £15 billion, the Government say that only £2 billion of that is widening UK market access to Japan, while £13 billion is for Japanese access. The Minister replied that it was good for the UK because it allows for cheaper imports; this is in line with what was repeated by Liz Truss on Sunday when she was asked to comment on the Australian trade deficit as well.

Free trade in the 21st century should be fair trade, too. When it comes to the UK negotiating FTAs, we should do it for the benefit of UK exporters and consumers. If not, what was the point of Brexit? So far, the agreements reached by this Government will see competitive trade advantage decline as deficits grow. As an example of this agreement's lack of using leverage, we are abolishing in it the long-standing entry-price system, designed to prevent seasonal low-cost fruit and vegetables below an agreed floor price from flooding the UK market, rendering domestic soft fruit and vegetable producers uncompetitive. Given that we have sought to have higher standards of seasonal agricultural workers' conditions than, say, Turkey, this is important. What was the response by the soft fruit producers in Scotland and across the UK to this? Also, the EPS allows for a competitive playing field to the least developed countries, which already benefited from preferential access. What was the Government's modelling for the impact on this? The Government have failed in this and other areas in seeking reciprocity on competitiveness. On subsidy control and others, we see Turkey having an advantage, and are yet to see what the Government are signalling to the benefit of UK exporters.

Finally, on human rights, last week the noble Lord, Lord Ahmad, said that we had values-based trade. The Minister has repeatedly said that trade is not at the cost of human rights. The Government have promised draft human rights clauses on trade and human rights approaches. If any agreement requires this, it is the permanent Turkey agreement. If the Minister can respond to these points and others that will be raised in this debate, I will be most grateful.

2.43 pm

Lord Goldsmith (Lab): My Lords, I congratulate the noble Lord, Lord Purvis of Tweed, on obtaining this debate; I thank him for it because I speak as chair

of the International Agreements Committee. In that capacity, I thank him also for the kind remarks he made about the committee's work. We are very fortunate with the quality of our members, who are engaged and knowledgeable, and the quality of our staff. It is therefore important that these debates take place; I am glad that this is taking place, although three minutes is hardly adequate for other members of the committee to be able to respond to this debate.

Turkey is the United Kingdom's 19th-largest trading partner, accounting for 1.3% of total UK trade. It represents a valuable market, especially for goods, and it was therefore important to conclude an agreement to preserve the maximum access for UK exporters and manufacturers. I accept that, because of Turkey's close relationship and alignment with the EU, the rollover process was complex. I would have liked to be able to congratulate the Government wholeheartedly on delivering such a complex agreement in time, but there are deficiencies, to which the noble Lord, Lord Purvis, has already referred.

The committee reported the agreement for the special attention of the House because it considered it politically important, and because it is significantly different from the precursor EU-Turkey agreements so as to warrant debate.

Our pre-Brexit trading relationship with Turkey was governed in part by the EU-Turkey customs union. That had to be transformed into a free trade agreement —by definition and, unavoidably, that means less favourable trading terms than under a customs union. For example, there are now new rules of origin and paperwork requirements for traders. Fellow members of the committee will cover that issue and others in more detail. Although in converting the customs union to a free trade agreement the EU arrangements have been preserved as far as possible, areas that one would usually expect to see covered in a modern, comprehensive trade agreement have been excluded: services; trade in agricultural goods; investment; sustainable development. Again, colleagues will reflect on these omissions.

Two key omissions that I want to focus on are human rights and workers' rights. Although they did not feature in the underlying EU agreements, the Government had an opportunity to push for their inclusion when negotiating the new agreement and, as the noble Lord, Lord Purvis of Tweed, has said, the negotiating advantage lay with us—we had the leverage. Their absence, therefore, appears at odds with the Trade Secretary's vision of "values-driven free trade". In its latest *World Report*, Human Rights Watch provided a damning assessment of Turkey's continued attacks on human rights and the rule of law. Thousands of people in Turkey face arrest or worse for daring to criticise the President or the Government, with terrorism widely used as a pretext to restrict the rights of Turkish citizens. The Joint Committee on Human Rights has also previously highlighted child labour, refugee labour and hostility towards trade union membership as issues of concern.

The Minister has previously said that

"trade does not have to come at the expense of human rights".—[*Official Report*, 23/3/21; col. 752]

Well, I shall ask him the first of three questions. What reassurances can he give that these matters will be pursued in the negotiations for an expanded UK-Turkey agreement, which are due to begin within two years? We welcome plans for an expanded agreement and the Government's commitment to undertake a public consultation to inform future proposals, but my second question is: can the Minister also confirm that the Government plan to publish their negotiating objectives for the expanded UK-Turkey agreement and that, should the International Agreements Committee call for a debate on these objectives, such a request would be met? Finally, what plans do the Government have to extend their commitments to facilitating parliamentary scrutiny of negotiating objectives to all agreements that are subject to renegotiation?

2.47 pm

Lord Hannan of Kingsclere (Con): My Lords, I congratulate the noble Lord, Lord Purvis of Tweed, on bringing this important Motion before us. His argument that Turkey was the demandeur because we run a trade deficit with it strikes me as one that was answered by his countryman Adam Smith 245 years ago in that little phrase,

"Consumption is the sole end and purpose of all production".

What is the benefit of having a trade surplus? It is not as though you can keep silos filled with extra stuff. Cheaper imports are a terrific way of raising living standards for all of us, especially for people on low incomes. Exports are the stuff you want to get rid of to pay for those cheaper imports. Understanding that point, now 245 years old, seems to me the way to get to a world where we are lifting restrictions and allowing people to prosper.

Equally, trade is a remarkably poor instrument of foreign policy. Let us all accept that there are at least questions to answer when it comes to human rights in Turkey. Any kind of generalised sanctions—and I would call refusing to have an FTA the weakest form of trade sanction—are almost always counterproductive. They create a siege mentality. They hurt the wrong people—ordinary folk in the other country and in your own—while driving support to the regime of which you disapprove. There are sanctions that you can take, but generalised trade sanctions almost always fail for the same reason that they kept Castro in power in Cuba: they create a sense of people needing to rally to the authorities.

Let me make a final point on Turkey's relationship with the customs union, which, as noble Lords have said, came to an end with this FTA. It is important to understand quite how disadvantageous Turkey's position within the customs union was. Turkey was obliged to follow all EU concessions in talks with third countries. When the EU did a trade deal with Japan or South Korea, Turkey was required to match all the concessions, but there was no reciprocal obligation on Japan or South Korea or whoever to make the concessions vis-à-vis Turkey that they were making vis-à-vis the EU.

That position was negotiated transitionally. It was supposed to be a step to full membership. It was acceptable—indeed, it made very good sense—in those terms. However, it makes very little sense as a permanent situation for Turkey. We have huge opportunities to do what both Trade Ministers—our own and her Turkish counterpart—said when this deal was negotiated at

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the beginning of this year remains our ambition: to have a much deeper, more ambitious and more comprehensive commercial relationship with Turkey.

It seems pretty clear that Turkey's EU ambitions are over; that is clear whether you talk to people in Brussels or in Ankara. I suspect that Turkey will therefore look to change the terms of its trade relationships with the European Union because, once they cease to be transitional, they become deeply unattractive. Britain should have no qualms about seeking the closest trading relationship possible with a country that for a long time guarded NATO's flank against the horror of Bolshevism and to which we may one day look to guard our flank against religious extremism.

2.51 pm

The Earl of Sandwich (CB) [V]: My Lords, the noble and learned Lord, Lord Goldsmith, the noble Lord, Lord Purvis, and the IAC itself have already pointed out flaws in this agreement: no assessment of the effects on business of a transition from the customs union; no subsidies chapter; and the need to review TBTs and rules of origin.

I shall focus briefly on the absence of human rights. Turkey has a historic role in Europe; some even still see her as a potential member of the EU following the long tradition begun by Atatürk. More recently, President Erdoğan's repressive Government have made that impossible because of their flagrant abuse of human rights and imprisonment of opposition leaders, activists, journalists and others.

The TUC has called for a suspension of the trade deal and our own IAC has received written evidence from trade unions. According to Unite:

"Over 160,000 judges, teachers, police, and civil servants have been suspended or dismissed, together with about 77,000 formally arrested."

These figures may be out of date because a lot of prisoners have been released due to the pandemic but the European Commission's *Turkey 2020 Report* came down heavily on Ankara, saying that there had been "serious backsliding" on the rule of law and fundamental rights. It mentioned the "deterioration of democracy", the exclusion of civil society and new problems with refugees. That report may have prompted the recent promises from President Erdoğan to write a new constitution, apparently turning over yet another new leaf. We on the committee were also concerned to hear that Turkey has withdrawn from the Council of Europe convention on violence against women, signed in Istanbul; this issue came up again in our debates on the Domestic Abuse Bill.

Despite all this, human rights and workers' rights are unspecified in this agreement for some reason, which must be a bad mistake. Our committee report was too polite to insist on a more specific reference; we simply asked the Government to make greater use of the review clause to update the agreement and introduce a full section on human rights.

There seems to be no argument for treating Turkey any differently from other countries with which we have new trade deals—on this, I part company with the previous speaker—and I hope that the Minister will agree that this is a lacuna. Therefore, as the noble and learned Lord, Lord Goldsmith, said, we look forward to hearing exactly what the Government's negotiating objectives are in the new agreement.

2.54 pm

Lord Morris of Aberavon (Lab) [V]: My Lords, it is good for the democratic process that the International Agreements Committee, of which I am a member, scrutinises treaties and that we should have a timely debate today, which I welcome.

I suggest that there are at least three templates that we should develop for the foreseeable future: first, that the Government publish their negotiating objectives quite clearly; secondly, that there should be explicit advice that the Government have raised human rights and workers' rights, as already mentioned—as the noble Earl, Lord Sandwich, said, we urge the Government to use the review clause in the agreement to introduce human rights and workers' rights provisions; thirdly, that in the absence of successfully achieving our negotiating objectives and where we have to fall back on WTO terms in all our treaties, it should be tabulated, and we should have a running score on what we are falling back on.

On the first issue, we were concerned at the lack of an explicit confirmation that the Government would publish their negotiating position. Since then, we have received information in the terms already referred to, and I am concerned about the words of the reply. I am not quite sure what to make of the assurance received that:

"The Government will be able to comment in due course on how the publication of negotiating objectives will be handled in the case of our existing FTA with Turkey."

It sounds more like Mandarin than English to me. Perhaps the Minister will give me a translation.

Secondly, on human rights and workers' rights provisions, we have made our position quite clear, as other noble Lords have done already. I fear that these issues are sometimes approached with a tick-box mentality, bowing to them, as I suspect one does, when world leaders meet but getting very little in return. The TUC expressed great concern last year that Turkey was ranked among the 10 worst countries for workers' rights according to the International Trade Union Confederation. I need not go further than what we have heard in this debate; I certainly assert in the same way.

Over the past few months, we have developed a good relationship with the Government as regards the devolved Assemblies. I am anxious to ensure that that is pursued and followed up, because it is important not only that they are consulted but that we are informed when they have concerns. This is now coming through loud and clear. It is vital that Belfast, Cardiff and Edinburgh are all consulted as part of the economic development of this country. I am certainly hawkish on this matter, for which I make no apology, having been one of the architects of Welsh devolution. With those few words, I indicate my agreement with the committee's report.

The Deputy Chairman of Committees (Baroness Healy of Primrose Hill) (Lab): I call the next speaker, the noble Lord, Lord Kerr of Kinlochard. Lord Kerr? No? As the noble Lord, Lord Oates, has withdrawn, I shall call the next speaker, the noble Lord, Lord Lansley, and perhaps we can return to the noble Lord, Lord Kerr.

2.58 pm

Lord Lansley (Con): My Lords, I join in thanking the noble Lord, Lord Purvis of Tweed, for securing this debate and for the way in which he introduced it. I also thank our chair, the noble and learned Lord, Lord Goldsmith, for his introduction to the report, albeit necessarily brief.

I want to complement it by talking about just one issue, that of subsidies, which I hope will illustrate what we are keen to see happen in the year or two ahead. Obviously, the rollover agreement does not carry forward the EU state aid regime, since we are departing from that, but it puts nothing in its place. That is not entirely surprising, not least because the EU-Turkey report from October 2020 says at page 58:

"Legislation to implement the State Aid Law, originally scheduled to be passed by September 2011, has still not been adopted",

adding that there is no state aid inventory in Turkey. It notes that the administrative mechanism for the state aid legislation has been abolished, and that government support for certain priority investments, including a national automobile factory, is going ahead under the 11th development plan, including 400 product groups in strategic sectors where, as the European Commission's report says,

"The amount of state aid granted for this investment is not disclosed, contrary to the commitments under the EU-Turkey Customs Union."

So putting in place a state aid or subsidies agreement with Turkey at present does not work for the EU and it would not work for us.

However, that does not mean that we should not clearly put it in our negotiating objectives. It would not suffice for us to leave it in a WTO subsidy format because, as we know, the WTO format leads only to complaints by countries and is essentially retrospective, and damage must first have been established before the point at which any subsidy can be challenged. By contrast, the UK-Japan agreement, in articles 12.5 and 12.6, has specific provisions about sharing of notifications and the ability for each party to seek further information and to engage in consultation. That, of course, can mean, if necessary—I hope it will not be necessary too often—a complaint at the WTO that a subsidy is contrary to its provisions or some mitigating measures being taken by agreement.

At the moment, I think that we as a committee and the All-Party Parliamentary Group for Trade and Export Promotion—its chair is to speak next; I am a vice-chair—are very interested in moving from continuity agreements to full free trade agreements and seeing what those objectives will look like for a free trade agreement in the future. In this particular instance, I am keen to see something like the Japan agreement reflected into our negotiating objectives with Turkey.

3.02 pm

Viscount Waverley (CB): My Lords, it is a pleasure to follow the noble Lord, Lord Lansley, and to contribute to the debate of the noble Lord, Lord Purvis.

It has always seemed to me that the debate on Turkey is split into two intractable camps. I have noted carefully the remarks of those critical of Turkey but consider that the noble Lord, Lord Hannan, struck the right note. If one had to draw up a priority list of countries around the world with which we should ally for multiple strategic reasons, Turkey would without question be in the champions' league. Having done the rounds in Ankara, it is clear to me that Turkey is a country that looks equally favourably towards the UK. Simply put, the UK needs Turkey for multiple reasons as we embark on a world journey, with Istanbul being one of the geostrategic hubs ranking alongside London, Dubai, Mumbai, Singapore or São Paulo.

Turkey commands influence beyond its frontiers. We always have regard to our values, but some detractors might cite one kind of challenge or another, some of which we have been hearing about this afternoon. However, this agreement allows interest from both sides to get this show on the road, from which values and understanding will emanate. Sir Dominick Chilcott, our ambassador in Ankara, sums it up well in his briefing. I hope he will forgive me for quoting it:

"What influence we will have will best be done through contact and dialogue. Boycotting Turkey or imposing sanctions is unlikely to be productive and risks alienating a country that is a NATO ally and an indispensable partner in the fight against terrorism, organised crime and illegal migration."

For all the above reasons I am opening a regional hub for Eurasia for a global project covering 224 countries. The rapprochement between the UAE and Bahrain with Israel, combined with the President's improved overtures towards Israel, make for a more harmonious region at large and is certainly helpful.

As to the question "Why Turkey?", the country has a population of 83 million, a highly educated population at large and a huge pool of skilled and low-cost labour with production diversification potential. It is a central corridor of the silk road, with an exchange rates advantage. It has NATO's second largest military and a burgeoning defence technology sector, and it has borders with many of our front-line issues—Syria, Iraq, Iran, Armenia, Azerbaijan, Georgia and the Balkans, with Russia and Ukraine across the Black Sea.

In conclusion, there can be no greater anticipation and mystique than, having traversed the continent, to be pulling into Istanbul station on the Orient Express, taking in the first sight of the Bosporus, visiting the Blue Mosque and Hagia Sophia, putting a toe-hold into Asia and being enchanted by the swirling dervishes after an excellent dinner. I wish this FTA well.

3.05 pm

Lord Kerr of Kinlochard (CB) [V]: I wanted to raise three points and one more general one. First, British goods exporters are now at a disadvantage compared to their EU competitors because we are outside the 1996 EU-Turkey customs union and hence European rules of origin cumulation. I understand that; what I do not understand is why in this agreement, unlike the original 1963 EU-Turkey association agreement, there is nothing on services. The balance of trade in goods heavily favours Turkey, and that is likely to worsen. Could we not have got something in exchange on services? Could the Minister say whether we tried and, if so, why we failed?

Secondly, the agreement contains nothing on human rights, as other noble Lords have mentioned. During our debates on the Trade Bill, the Minister assured us that human rights would be at the heart of trade

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policy. President Erdoğan's Turkey, flouting ECHR calls for the release of civil society leaders, is surely a paradigm case, or at least should be. So why the lacuna in the agreement? Did we try to fill it? If so, why did we cave in?

Thirdly, I predict that the Minister will remind us that an enhanced agreement is to be negotiated and the gaps in this one can be filled then—but is that plausible? Precedent is a powerful weapon in negotiation. Passes once sold are not easily recaptured. Moreover, have not we missed the moment of maximum leverage? Precisely because the balance is in the Turks' favour, they will have been anxious that we should not revert to WTO terms, bringing in new UK tariffs on their goods. Our hand was stronger in 2020 than it will be when negotiations restart. How come we missed the boat?

That brings me to my more general point. When roll-over agreements do not duplicate previous arrangements, they seem on the whole to make them slightly worse. The Mexico agreement is another which leaves UK exporters less competitive than their EU rivals will be. Did the department, in its rush to prove that it can negotiate agreements, sacrifice quality for quantity and content for quantum? Did we put ourselves under time pressure, and are there lessons to be learned from that—for example, for our negotiation with Australia? Are not we again risking seeming overly eager? I look forward to the Minister's replies.

3.08 pm

Baroness McIntosh of Pickering (Con): I, too, congratulate the noble Lord, Lord Purvis of Tweed, on securing the debate before us today. I echo the concerns expressed by the chair of the International Agreements Committee on Turkey's human rights record. What was particularly embarrassing was the blatant flouting of women's rights by the recent treatment of the EU President on her recent visit there, which does not show Turkey in the best light.

I focus my remarks on the asymmetry of the deal that has been reached in this albeit temporary free trade agreement with Turkey. That is against the backdrop of seeing the latest food and drink exports to the EU—our largest exports sector—suffering a fall of 76% in January and down nearly 41% in February. I struggle, against the detail of the agreement before us today, to see the advantages of these rollover and so-called enhanced agreements. Perhaps I am missing something, so I should be very grateful if the Minister could point out the particular advantages of the deal before us. Obviously, it is a matter of regret to me, working so closely with the farming community, that agricultural goods have not been included, and I urge my noble friend to give us a date when they will.

I have a couple of specific questions relating to paragraphs 27 and 28 of the excellent report of the International Agreements Committee, about the fact that the UK-Turkey agreement reverts to World Trade Organization arrangements for addressing technical barriers to trade, which is apparently a

"consequence of Turkey's alignment with the EU and the lack of mutual recognition of conformity assessments in the UK-EU"

trade agreement. The committee heard that this

"will result in significant costs for some UK businesses trading with Turkey and that it will affect supply chains."

I ask my noble friend: is that the case and can he put a figure on those costs or any disruption to the supply chain? I imagine that it is not as severe as that with the existing European Union, but it behoves an answer. I also ask: what specific progress has been made given that the committee concluded that

"Continued cooperation between the UK and the EU on technical barriers to trade is … critical for the UK-Turkey trade relationship"?

3.11 pm

Lord Foster of Bath (LD): My Lords, I, too, serve on the committee and pay tribute to our excellent chairman. I also thank the Minister for his constructive engagement with the committee and my noble friend for securing this debate.

As we have heard, this is a rather modest FTA, which is explained only in part by Turkey's continued customs union with the EU. The limited negotiating objectives rather suggest that the Government wanted a quick deal rather than a quality one and, frankly, nothing that the noble Lord, Lord Hannan, and the noble Viscount, Lord Waverley, said changes the fact that, given the strong hand we had, it is surprising that, rather than waiting two years before negotiating a more comprehensive deal, we did not seek more in this deal.

After all, the deal is vital for Turkey—its most important since the 1995 customs union with the EU, it says. They export more to us than we do to them. Without a deal, tariffs on exports to the UK would have cost Turkish losses of £1.7 billion, so it is disappointing that we did not seek to include more in the deal. After all, we are a service economy, yet trade in services is not covered, nor is investment, public procurement, digital trade and much else. As we have heard, Turkey has a poor record on human rights, yet, despite the Government's vision of a values-driven free trade and the Minister's claims that trade does not have to come at the expense of human rights, they are not covered. Given Turkey's equally poor record on workers' rights, it is disappointing that they too are excluded.

I very much hope that in the Minister's response, as others have requested, he will say how all those issues will be discussed in the forthcoming discussions on an enhanced agreement, but there are a number of remaining questions. The committee sought an assessment of the additional cost of the FTA to UK businesses. While acknowledging that the administration costs of new customs paperwork, such as declarations of origin, could have "substantive impacts" on trade in goods, the Minister has still not provided any estimate, so I hope he does today. As with other agreements, the committee is anxious to compare the situation pre and post Brexit.

The Government are also confident that the impact on supply chains will be minimal, yet they describe the ending of the cumulation of content from other PEM signatories as "a notable difference". Can the Minister tell us how a notable difference has only a minimal impact on supply chains?

On tariff rate quotas, which were resized and calculated on historic usage, can the Minister explain whether the new TRQs contain sufficient headroom to support

UK businesses which seek to expand trade with Turkey? The noble Lord, Lord Lansley, discussed subsidy and state aid in detail, so I ask one simple question. We know that, under the deal, any disputes will now have to be referred to the WTO. Can the Minister explain how that will be done when there is no requirement for the parties even to notify each other of subsidies that have been granted?

Finally, picking up the point made by the noble Baroness, Lady McIntosh, I hope that the Minister will also update us on the current review of technical barriers to trade.

3.15 pm

Lord Janvrin (CB) [V]: My Lords, I too thank the noble Lord, Lord Purvis, for introducing this debate. It is timely, given that the Turkish free trade agreement was ratified by both sides and came into force last week. I draw the Committee's attention to my relevant interests in the register as the Prime Minister's trade envoy to Turkey. I certainly join other noble Lords in welcoming this most useful report from the International Agreements Committee, which draws attention to some important points. I look forward to the Minister's comments on those.

I want to use my limited time to make one simple plea. I urge the Minister to continue to make a follow-on, more comprehensive Turkish FTA a high priority in his department's very full trade policy agenda. I do this for three obvious reasons. The first is to help British business. British companies engaged in the Turkish market certainly need the more stable trading environment and level playing field that a trade agreement can bring. They are in this market because they see Turkey as a strong long-term opportunity despite short-term headwinds, including, as we have heard, concern about the rule of law and human rights. I echo the remarks of the noble Viscount, Lord Waverley: those companies see an entrepreneurial trading nation of more than 80 million people, half of whom are under the age of 31, with a high standard of education, excellent technical skills and an economy that has in the recent past shown itself capable of economic growth rates of more than 5%.

My second reason also echoes points made by other noble Lords. The UK's interest in moving to a more comprehensive deal is strongly reciprocated by those on the Turkish side. They will undoubtedly be tough negotiators, but we are Turkey's second-largest export market. Also, the Turkish Government and certainly Turkish business recognise the potential for deepening the trading relationship, not only in areas such as services and agriculture but in more innovative sectors such as cleaner energy, tech and data science. So we continue to have leverage.

My third, more general point is that, if we are to make a success of global Britain, surely Turkey is the kind of country with which we need to engage more closely and openly. Certainly there are these headwinds around, but we are long-standing NATO allies with shared concerns about terrorism, migration, regional instability, organised crime and many other issues. An open, innovative, comprehensive free trade agreement with Turkey will be an essential part of this important wider relationship.

3.18 pm

Viscount Trenchard (Con): My Lords, I thank the noble Lord, Lord Purvis of Tweed, for introducing this debate. Turkey is our 19th-biggest trading partner, with the total trade volume amounting to £18.7 billion in 2019. The Government stated that they intended

"to ensure that customs processes are as simple, clear, and predictable as possible".

Does my noble friend the Minister agree that this is most encouraging? However, notwithstanding these additional customs checks, Turkish exports to the UK increased by nearly 13% in the first quarter. The benefits of trade derive from imports as well as exports, as my noble friend Lord Hannan of Kingsclere explained so well.

I congratulate the International Agreements Committee on its report, which drew the UK-Turkey agreement to the special attention of the House because it is politically important and because, although its overarching objective is to maintain provisions in the precursor EU-Turkey agreements, it differs from them in certain important respects. It introduces rules of origin requirements on industrial goods traded between the UK and Turkey. It also omits certain technical barriers to trade and aspects of competition policy. Some provisions of the agreement rely on the EU-UK trade and co-operation agreement and are subject to review after the TCA formally enters into force. The agreement does not cover services, which account for only 19% of the UK's trade with Turkey, but it is good news that a review intended to enhance the agreement is set to start within two years. Does my noble friend the Minister agree that services trade and subsidy notifications similar to those in the Japan CEPA might be useful enhancements?

It is welcome that the Government have issued guidance to assist firms exporting to and importing from Turkey but the new rules of origin declarations, particularly against the background that Turkey is not allowing one single declaration for multiple shipments but is requiring separate declarations for each shipment, create difficulties. Credit is due to my right honourable friend the Secretary of State, my noble friend the Minister and their team for sorting out such a large number of continuity free trade agreements during December, including this complex deal with Turkey, which is, I understand, the fifth-biggest trade deal that we have negotiated since Brexit.

Turkey is also an important partner for geostrategic, security and other reasons beyond trade, as was pointed out by the noble Viscount, Lord Waverley. I look forward to hearing other noble Lords' contributions and the Minister's winding-up.

3.21 pm

Lord Hannay of Chiswick (CB) [V]: My Lords, it is good that we have an opportunity to debate this trade agreement because that fulfils a commitment given by the Minister as the Trade Bill passed through this House, and more particularly because this agreement is a seriously disturbing one. I note, incidentally, that it was not the object of the surge of hyperbole from the Secretary of State for International Trade which usually greets the conclusion of an agreement; this is not surprising when you look at the content.

[Lord Hannay of Chiswick]

Why so? Many recent trade agreements fall into the category that I would describe as running to stand still: they just roll over the trade access which the UK already had as an EU member state. But this agreement does not clear even that low bar. The new requirements for rules of origin checks and the absence of cumulation provisions with other countries in the region will in fact leave British exporters to Turkey worse off than they were when we were inside the EU-Turkey customs union, and therefore at a competitive disadvantage to EU exporters to Turkey with which they were previously on a level playing field. Will the Minister confirm that that is in fact the case and say where the UK will be left if and when the negotiations between the EU and Turkey to strengthen and possibly expand their customs union, which are, I understand, likely to begin soon, lead to agreement?

The other equally if not more disturbing feature is the absence of any provisions covering human rights. Did we seek such provisions? There can be few countries in the world with which we are currently seeking to conclude a preferential trade agreement in which some provisions on human rights are more necessary. I recall the Minister's eloquence about such provisions in trade agreements when we debated the Trade Bill. Here is a country which is locking up journalists, members of parliament and academics, all with scant or no due process, and we have no locus for raising these matters. Will the Minister at least give an assurance that human rights issues will be raised when the two-year review of this agreement falls due, and that the UK will press in those negotiations for this lacuna to be filled?

As a final thought, I hope that the noble Lord, Lord Hannan, will send a copy of his contribution to this debate to President Trump in Mar-a-Lago. It is fortunate, perhaps, that Mr Trump has had his Twitter account cut off because the response might be a little startling.

3.25 pm

Lord Moynihan (Con) [V]: My Lords, I thank the noble Lord, Lord Purvis, for securing this debate. I echo those who have welcomed this first-stage agreement, set in the context of the wider political ramifications. Turkey is an important and valued trading partner for this country, a member of NATO and politically and strategically critical to our interests. Her territories span the great divides of the world: to the north, the states once tied to the former Soviet Union; to the east, the volatile areas of the Middle East; to the south, the occasionally turbulent north African countries; and to the west, Europe. Our bilateral relationship is long-standing and important in this context, for, as the noble Viscount, Lord Waverley, has said, it is in both our and Turkey's national interests to continue to encourage stability and prosperity through trade.

One reason this initial agreement is so important is that it can bind our aspirations closer to Turkey, with immeasurable consequences for Cyprus, NATO, Europe and peace in the eastern Mediterranean. So, the context of this welcome agreement is important as we debate its merits and wider ramifications, fully recognising, as others have, the importance of our negotiating ability to fill the gaps identified today in the follow-on agreement. Freed from EU constraints, we have a remarkable opportunity to improve this critical partnership. As suggested by Ayhan Zeytinoğlu, the chair of the Economic Development Foundation, it is possible that Ankara and London could develop a special relationship in the post-Brexit period, using the free trade agreement and the more comprehensive trade and economic ties built on this deal as its backbone.

While we recognise the potential for enhanced political relationships, this FTA should be praised for entrenching co-operation in key areas of mutual interest, including the automotive sector, engineering and white goods, while recognising that there is much more to be done. Deeper economic co-operation can now be pursued, and this should not be regarded lightly in the negotiations to come, for the UK ranks second among Turkey's export partners. However, this FTA is unfinished business. It signals the start of a new relationship and a new negotiation. Opportunities now exist for working closely together, blending, for example, the strengths of the UK's expertise in the fields of investment and finance and Turkey's agricultural, manufacturing and textile industries. There will be opportunities for mutual co-operation, which should be grasped and strongly supported by the Government.

As the noble Lord, Lord Foster, alluded to, it was no passing platitude for President Erdoğan to welcome this deal as the most important trade deal since its 1995 customs union with the EU. The opportunity now exists to pursue closer economic and political ties while being frank and open about our differences. Turkey has gained an important and influential bilateral friend where, as fellow members of NATO, we can work with greater freedom and energy to build stronger Mediterranean, African, Caucasian and Middle Eastern policies than ever before. I congratulate the Government on this initial step.

3.28 pm

Lord Bilimoria (CB) [V]: My Lords, the UK and Turkey are both close neighbours of the EU. This will be an important economic relationship in the years ahead for both our countries. We are both members of NATO, as we have heard. The continuity agreement was a huge relief for many sectors just before the transition period ended. A wide range of manufacturers were naturally nervous, from textiles to automotives. For example, auto manufacturers would have faced a 10% tariff, so full credit goes to the Department for International Trade for getting the agreement secured in time. The continuity programme has been a success, with the vast majority of the EU FTAs rolled over. We now need to plan and look ahead, and the CBI, of which I am president, sees potential to increase investment flows and strike a modern agreement to include digital and services trade. Global trade and investment will be critical for our economic recovery. The Government's ambition to open doors for UK companies globally, particularly in services, where we have huge advantages, is important. Does the Minister agree?

In my role as CBI president, I have been pleased to work with its Turkish counterpart, TÜSİAD. Together, our organisations will support the Governments in the talks that are continuing to ensure business interests are maximised. I thank the noble Lord, Lord Purvis,

for securing this debate. As we have heard before, Turkey is the UK's 19th largest trading partner—so, top 20—with 1.3% of the UK's total trade. In 2019, trade in goods and services between our two countries was worth almost £19 billion. To put that in context, it is similar to Canada, with around £20 billion, Australia, with around £20 billion, and India, with around £24 billion. Almost 8,000 UK businesses exported goods to Turkey in 2019, so this agreement ensures that we can continue to import under preferential tariffs compared with no agreement. This supports importers of textiles, where the annual increase in estimated duties would have been around £102 million under WTO terms. Tariffs applied to UK imports of washing machines and televisions will remain at 0%, compared to up to 2% and 14% respectively under WTO terms.

It is vital that the UK-Turkey supply chains are protected for automotive manufacturers. For example, car parts for Ford are imported from the UK into Turkey to be assembled into Transit vehicles, and one-third of those vehicles are then re-exported back to the UK. In under two years, we have now reached agreements with 62 countries and the European Union. That is almost £900 billion of UK trade. I give full credit to the Department for International Trade. The Government's ambition is to secure free trade agreements with countries that cover 80% of UK trade within three years. This is ambitious, but it is possible. Australia, for example, has 70% of its trade covered by free trade agreements.

In conclusion, Andy Burwell, director for international trade and investment at the CBI, said:

"This agreement will maintain bilateral trade worth over £18 billion … Businesses and government must now look to growth, creating the trading relationships which will build a competitive, dynamic and progressive future economy."

3.31 pm

Lord Lennie (Lab) [V]: My Lords, I join the chorus of approval of and appreciation for the International Agreements Committee for its excellent report on the UK-Turkey trade agreement. I thank the noble Lord, Lord Purvis, for securing today's debate. The parliamentary scrutiny of such agreements is crucial and an important part of what has come to be known as the Grimstone rule, the current rule by which we are able to scrutinise trade agreements, as agreed during the passage of the Trade Bill. As the Minister said in February, the Grimstone rule includes the commitment for the Government to,

"facilitate requests, including those from the relevant Select Committees, for debate on the agreements."—[*Official Report*, 23/2/21; col. 724.]

I therefore thank the Minister and the Government Whips for demonstrating how quickly a debate can be organised.

Just as scrutiny is necessary, clarity about how quickly debates can be arranged is also necessary. This would allow Ministers to inform partners and businesses of accurate timelines for ratification and allow them to plan accordingly. Parliament is just doing its job today, and it is in the Government's power to improve the Grimstone rule to clear up any uncertainties.

Turning to the detail of the agreement, we believe that it is very important from the economic point of view. As we heard from my noble and learned friend Lord Goldsmith and the noble Viscount, Lord Trenchard, Turkey is our 19th largest trading partner. In 2019, trade in goods and services between Turkey and the UK was worth £1.87 billion. It is welcome that the agreement will allow the key imports and exports to continue. However, the committee states:

"It is therefore not a comprehensive free trade agreement: it does not cover services trade, investment, substantive public procurement provisions, or digital trade."

Moreover, we do not know its full economic impact, like many of the new continuity agreements or even the UK-EU FTA. Why do Ministers have an aversion to publishing economic impact assessments of agreements that they negotiate?

The UK-Turkey trade agreement does not roll over the EU-Turkey customs union, but introduces new rules of origin requirements, as we heard. These changes have certainly been felt by business. SMMT has said that automotive businesses have reported significant challenges since the agreement was provisionally applied and faced additional burdens related to origin certificates. The IAC asked the Government to provide an impact assessment of additional costs on UK businesses as a result of these changes. In response, the Government have said:

"if traders fulfil the Rules of Origin requirements, then the tariffs they are charged will stay the same as previously. The very few exceptions where there are minor changes to tariffs … will have minimal impact on trade flows."

What are these exceptions? What trade flows in which sectors could be affected? When will updated business guidance on rules of origin be published?

The other notable differences are in human rights and workers' rights, as we have heard. The agreement does not include provisions on human rights or workers' rights, with the Explanatory Memorandum stating that the agreement

"covers trade in goods only".

I remind the Minister that the International Trade Union Confederation has named Turkey as one of the world's top 10 worst countries for workers. The International Agreements Committee's report said:

"We regret the absence of any reference to human rights and workers' rights in the Agreement and call on the Government to explain how it proposes to uphold its vision of 'values-driven free trade' in respect of the UK-Turkey relationship."

We share that concern. What is becoming abundantly clear from the Government's approach is that they have sought to do the bare minimum to replicate the human rights requirements in existing EU trade agreements.

This all raises the obvious question of whether the Government still believe in the principle that the UK has supported and which has been adhered to by the EU since 2009—that all trade agreements should contain as an essential element a human rights clause. The Minister told the House during the passage of the Trade Bill that trade does not have to come at the expense of human rights. So what happened here?

As the IAC noted,

"the UK-Turkey Agreement is not intended to be permanent"

and the Government aim to develop an "enhanced" agreement following a review within two years. As part of this, why will not the Minister accept the committee's recommendation for the Government to hold an early public consultation?

[Lord Lennie]

Since the agreement was negotiated, the Government have published their integrated review, which outlines how they want to work with Turkey going forward, stating that it should be a partnership on a

"focused set of interests where we can find common cause, such as values, free trade and a commitment to transatlanticism."

Values and trade are to be considered equally when the Government look to improve the economically important agreement for businesses and workers alike—and there is significant room for improvement.

3.36 pm

The Minister of State, Department for Business, Energy and Industrial Strategy and Department for International Trade (Lord Grimstone of Boscobel) (Con): My Lords, I am pleased to be here today to discuss the UK-Turkey free trade agreement and respond to this debate. I very much welcome the fact that the business managers found time for this debate today, and I hope that it illustrates to noble Lords our commitment to parliamentary scrutiny of free trade agreements.

As ever, I thank noble Lords for their contributions, which were, as always, erudite and perceptive, and I extend my thanks to the noble Lord, Lord Purvis of Tweed, for tabling today's Motion. I also thank the noble and learned Lord, Lord Goldsmith, and the International Agreements Committee not just for their work in general but for drawing special attention to the UK-Turkey FTA. It would be remiss of me not to make a point of thanking the noble Lord, Lord Janvrin, for his contributions today, because of his work, which we value very much, as the Prime Minister's trade envoy to Turkey, for which we are very grateful.

Noble Lords have raised a number of detailed questions, and I suspect that I shall not have time to deal with them all. Those I am unable to answer during this short debate I shall of course deal with by writing to noble Lords and placing a copy of the letter in the Library.

The UK-Turkey free trade agreement plays a vital role in providing continuity of effect of our trading arrangements as far as is possible and, through doing so, helping to benefit a range of sectors. It is gratifying that this agreement is already having a tangible impact. For instance, Ford has said that the UK-Turkey FTA is "extremely significant" for its business, following the very good news that engines for a new Transit van model will be built at the Dagenham plant and exported for vehicle assembly in Turkey. Of course, it is business such as that which is at the essence of why we have trade agreements.

Ratification of the agreement has now been completed by the UK and Turkey, and the agreement entered into force on 20 April 2021, thereby ending uncertainty for business. A new rules of origin protocol was implemented in domestic regulation on 14 April—I completely understand that some noble Lords may not have been completely familiar with that. It will bring the agreement in line with the rules of origin under the UK-EU TCA, which will help to streamline the operation and implementation of the FTA. In answer to noble Lords' concerns, which I completely understand, I hope that these new rules of origin address the teething issues experienced by some businesses during provisional application of the FTA.

I can confirm for the noble Lord, Lord Lennie, that updated and detailed guidance for business on the new rules of origin protocol has been issued on GOV.UK. I am confident and hopeful that this extensive guidance and the FTA as a whole will serve small and medium-sized enterprises and large businesses alike.

In answer to the points made by my noble friend Lord Lansley and others, I note that subsidies could not be adopted in our FTA with Turkey under our continuity mandate as this would have required the UK to continue to follow EU state aid rules after Brexit. This would not have been consistent with the UK's policy direction in leaving the EU, and would limit our ability to set our own rules. As I will touch on further in a moment—I hope that this answers the question from my noble friend Lord Lansley—we have the opportunity to agree more bespoke terms on subsidies with Turkey in due course. In the meantime, as has been noted, subsidy issues between the UK and Turkey are governed by the WTO Agreement on Subsidies and Countervailing Measures, providing obligations to notify goods-related subsidies. Of course, it is important that countries respond to their obligations under these rules.

With the news that the European Parliament will be voting on the UK-EU TCA today, and in answer to my noble friend Lady McIntosh, the Government look forward to commencing a review of the "Technical Barriers to Trade" chapter of the UK-Turkey FTA. It was agreed with our Turkish friends that this review will occur within three months of entry into force of the UK-EU agreement, as per the agreement text.

As we have heard, the UK-Turkey FTA includes a broad review clause that commits both parties to commencing, within two years of entry into force, a review of the agreement with a view to modernising and expanding it. This is highly important because, of course, the agreement that we rolled over to form this present agreement was a customs union agreement. As such, it dealt only with goods, which is why it does not have in it the wide range of topics that we would expect to find in a comprehensive FTA and why our negotiators did not cover this area. It would have been impractical to do so under our mandate.

This is why it is important that, as per the review clause—I hope that this answers a number of noble Lords' fears—the UK and Turkey have committed to considering trade in agricultural goods, trade in services, investment, subsidies, sustainable development, the environment, climate change, labour, anti-corruption, the digital economy, small and medium-sized enterprises and intellectual property as part of the review. I am pleased to say that this is not an exhaustive list and absolutely does not preclude other areas being discussed.

Perhaps I may make a special reference to climate change in the review clause. I suggest that noble Lords note that the preamble of the UK-Turkey FTA recognises the importance of urgent action to protect the environment and combat climate change and its impacts, and the role of trade in pursuing those objectives.

It would be premature for me at this stage to predict the ultimate scope or outcome of negotiations on the comprehensive agreement, but I assure noble Lords that my department will at the appropriate time, as we

have done before and as we have committed to do again, undertake wide stakeholder engagement to ensure that views are properly gathered and represented. Of course, I will make sure that noble Lords have a full opportunity to participate in that.

The Government will at the appropriate time make it clear how the publication of negotiation objectives will be handled in the case of enhancing our existing FTA with Turkey. I am happy to reassure the noble and learned Lord, Lord Goldsmith, that the Government will keep Parliament and, most importantly, the IAC updated on these developments. I look forward to discussing with him nearer the time how the appropriate scrutiny and transparency will be maintained in respect of this agreement. I can also confirm that we will of course engage with the devolved Administrations, as we always do, throughout this process on areas of devolved interest. Naturally, once negotiations are concluded, the usual scrutiny and ratification process will be followed. It would not surprise me if we were here again in a couple of years' time redebating the new agreement.

As a final point of reflection, a number of noble Lords have raised the important matter of human rights and labour rights. Given the huge importance that we mutually attach to these issues, I am happy to deal with them now.

As noble Lords have heard me say many times before—but there is no harm in reiterating it—the UK has long supported the promotion of our values globally. The Government are clear—and I make it clear again today—that more trade does not have to come at the expense of human rights. It is not a binary choice.

Our experience is that political freedom and the rule of law are vital underpinnings for prosperity and stability, and that, by having strong economic relationships with partners, we are able to have open discussions on a range of issues, including—I stress this—human rights and labour rights. On this basis, these matters will remain an important issue in our relationship with Turkey and we will continue to raise human rights and labour rights where necessary with the Turkish Government at a senior level.

It should be noted that EU-Turkey trade arrangements, as underpinned by the 1963 association agreement between the EU and Turkey, did not contain human rights clauses. As I explained previously, it was essentially a customs union matter, so there were no human rights clauses to carry over into a UK-Turkey FTA at this stage. I should make it absolutely clear that this should in no way be taken as an indication that we do not take extremely seriously the question of human rights.

In conclusion, the UK-Turkey free trade agreement provides continuity of our trade arrangements with Turkey post Brexit so far as is possible at this stage. I believe that we have achieved a successful outcome that has been welcomed by business. Most importantly, we have secured a strong commitment from Turkey to engage before the end of next year in a further enhancement of the agreement which, I am happy to re-emphasise, the Government will consult further on in due course.

I assure the noble Lord, Lord Kerr, that it is always substance, not the clock, that determines our trade negotiation strategy.

I thank all noble Lords for their contributions to this important debate. As I said at the beginning, I will of course write to noble Lords, including the noble Lord, Lord Purvis, on some of the detailed points that were raised. I look forward to engaging with noble Lords on UK-Turkey trade relationships in the future.

3.50 pm

Lord Purvis of Tweed (LD): My Lords, I am grateful for the Minister's final comment. He always honours his commitment to follow up things in writing, and I am sure that the noble and learned Lord, Lord Goldsmith, and his committee will reflect on his closing remarks.

I wish to reflect briefly on two points made in the debate. First, of course, it was a delight to have the noble Lord, Lord Hannan, reference Adam Smith in a trade debate. I think that Adam Smith totally nailed it on consumption—I am a free trader—but he was weak on diagonal rules of origin cumulation, regulatory equivalence and supply chain standards, which is the realm of trade in which we now have to operate. Of course Smith said that

"Consumption is the sole end and purpose of all production",

but not all production is fairly competitive in terms of subsidy control—as the noble Lord, Lord Lansley, referred to—labour rights, environmental standards and supply chain human rights approaches, which have all been addressed in contributions throughout the debate. I live in the Scottish Borders and have close links with the textile industry there. We know that approximately 60% of workers in the garments industry in Turkey are unregistered. We wish to see improvements in the production of Turkish garments so that our consumers can make informed choices.

Even if the purpose of the FTA is to seek continuity, my noble friend Lord Foster and other noble Lords indicated that we wish to see further improvements. It is right to ask what the Government's intentions are for supporting UK exporters as well as UK consumers. If we are to have a fair approach on subsidy control, as the noble Lord, Lord Lansley, indicated, it is of great importance that we have more information from the Government. It is of interest to me that, under the United Kingdom Internal Market Act, there are now greater strictures on subsidy notification and control for a business in Scotland selling to a consumer in England than there is for a Turkish business selling to a consumer in England. That cannot be sustainable if we have a trade policy that is looking for subsidy control to be equitable internally and externally.

It was not entirely convincing for the Minister to say that the Government had a limited mandate for some of these decisions. The Government set their own mandate, which was different from the one that they had for the discussions with Japan, so I think it was valid to highlight how the Japan agreement included elements which are not in the Turkey agreement.

Those two points having been made, and given the Minister's commitment that he will come back to address some of the other points, I close by mentioning the valid request made by the noble and learned Lord, Lord Goldsmith. I welcome the Government's intention to publish negotiating objectives and that they will have a discussion with the committee about parliamentary

[Lord Purvis of Tweed]
scrutiny of those. I think that there is great interest not only in the House but among the public about our trading relationship with Turkey, and I hope that, if the committee calls for a debate on those mandates, we will have a full debate in the House on what should be a good deal for the UK and for Turkey. The Minister is right on that point: we will be returning to this topic.

Motion agreed.

The Deputy Chairman of Committees (Baroness Healy of Primrose Hill) (Lab): The Grand Committee stands adjourned until 4.05 pm. I remind Members to sanitise their desks and chairs before leaving the Room.

3.54 pm

Sitting suspended.

Arrangement of Business

Announcement

4.05 pm

The Deputy Chairman of Committees (Baroness Fookes) (Con): My Lords, the hybrid Grand Committee will now resume. Some Members are here in person, others are participating remotely, but all Members will be treated equally. I ask Members in the Room to respect social distancing. If the capacity of the Committee Room is exceeded or other safety requirements are breached, I will immediately adjourn the Committee. If there is a Division in the House, the Committee will adjourn for five minutes.

International Accounting Standards (Delegation of Functions) (EU Exit) Regulations 2021

Considered in Grand Committee

4.05 pm

Moved by ***Lord Callanan***

That the Grand Committee do consider the International Accounting Standards (Delegation of Functions) (EU Exit) Regulations 2021.

Relevant document: 46th Report from the Secondary Legislation Scrutiny Committee

The Parliamentary Under-Secretary of State, Department for Business, Energy and Industrial Strategy (Lord Callanan) (Con): My Lords, these regulations, which were laid before the House on 1 February, aim to address matters relating to company reporting arising from the UK's exit from the EU. I shall refer to these regulations as the delegation SI.

International financial reporting standards—IFRS—are a set of international accounting standards used in over 125 countries around the world, including Australia, Canada and across the EU. In a world with growing economic interconnectivity, accounts prepared in accordance with high-quality international accounting standards provide the consistency and reassurance that investors require to confidently invest in capital markets. The Government are committed to IFRS as standards that drive improvements in the quality and comparability of financial reporting, facilitate investment across borders and build links for investors and regulators between capital markets. The UK is the largest single user of IFRS, with over 15,000 economically significant UK companies now using the standards. This includes all publicly traded companies, which are required to use them to prepare their consolidated accounts.

Legislation made in 2019 provided post-transition period continuity for IFRS by transferring all existing EU-adopted IFRS into UK law to form "UK-adopted international accounting standards". I shall refer to these regulations as the principal regulations. The principal regulations also provided a mechanism for IFRS to be adopted for use in the UK after the end of the transition period. This action meant that the Secretary of State has been able to adopt crucial amendments to IFRS for use in the UK, including amendments relating to the ongoing interest rate benchmark reform. This was, however, intended only as an interim measure. The principal regulations also provided for the delegation of the adoption functions to an expert body.

The purpose of the delegation SI is straightforward. In line with the intent of the principal regulations, it will delegate decision-making powers on the adoption of IFRS to the recently established UK Endorsement Board. The board will have two primary responsibilities: it will be responsible for the analysis and adoption of IFRS for use in the UK, and for influencing the development of IFRS by the International Accounting Standards Board.

To adopt a standard, the endorsement board will need to be satisfied, first, that its application is likely to be conducive to the UK's long-term public good; secondly, that the standard meets the criteria of understandability, relevance and comparability; and thirdly, that its application would not be contrary to the principle that accounts provide a "true and fair" view. In addition, decisions on the adoption of IFRS can be taken only following consultation with stakeholders with an interest in the quality and availability of accounts.

I turn to the endorsement board's influencing work. While it is beneficial for the UK to maintain alignment with international standards, it is also important that those standards work for the United Kingdom. That is why influencing the development of IFRS by the International Accounting Standards Board is one of the board's key responsibilities. Effectively performed, this will mean that UK interests are addressed during the development process and final standards reflect the needs of UK stakeholders.

These are substantial responsibilities, but the endorsement board has been equipped to meet those needs. Clearly, the calibre and expertise of those involved in the decision-making process is vital. The appointed board, led by Pauline Wallace, is talented, experienced and diverse. Its membership includes preparers of accounts, members of accounting firms and academics and investors; an economist will also be recruited over the coming months.

Further, we recognise that the board's decision-making, although independent, cannot overlook the regulatory context. As such, those in attendance at endorsement

board meetings will also include representatives from the relevant government departments, the FCA and the Bank of England. These observers will be involved in discussions but not the final decision-making stage, in order to maintain the board's independence.

The endorsement board's terms of reference were adopted at its first meeting in March and are available on the board's website. The terms of reference are structured around guiding principles of accountability, independence, transparency and thought leadership. They provide for an active and transparent adoption process that is receptive to the views of stakeholders and reflects the long-term public interest. In drafting the terms of reference and the establishment of the endorsement board, we involved a broad range of stakeholders with an interest in IFRS, including regulators, at each stage of development. We are grateful for their insight and commitment.

I now move to the oversight of the endorsement board. The board is an independent unincorporated association supported by a subsidiary of the FRC via a service-level agreement. This agreement will include support in the areas of HR, finance and IT equipment to enable the board to carry out its work.

I have already stressed that the endorsement board's decision-making will be independent. However, this does not mean that it should be beyond the reach of those with wider responsibilities for the integrity of company reporting. As such, a key principle of the adoption process will be transparency, with both the discussions and the outcome of adoption decisions being made publicly available.

The endorsement board will be accountable to the Secretary of State for how it performs its delegated functions, and the Secretary of State will, in turn, lay the endorsement board's annual report before Parliament. The board will also report, in a publicly available document, on its governance and due processes to the FRC. I should add that the Secretary of State will also retain the ability to make regulations to amend or withdraw the delegation if it appears to the Secretary of State that the delegation is no longer in the public interest.

With the appointment of an interim chair, board members, the recruitment of a secretariat and adoption of the terms of reference, we have completed important steps to establish the endorsement board. The cost of this has been approximately £2 million over the past two years and we expect future ongoing costs of £2.9 million per year. These ongoing costs will be funded using the FRC's levy on preparers of accounts. This will put the cost of the endorsement board to those who benefit most from IFRS.

In conclusion, I hope noble Lords will agree that delegating statutory powers to the UK Endorsement Board will support the UK's long-term public interest and maintain high standards of UK company reporting. I commend the regulations to the Committee and ask it to support and accept them. I beg to move.

4.14 pm

Lord Davies of Brixton (Lab) [V]: My Lords, I must declare an interest as a practising actuary, as the remit of the UKEB extends to actuarial matters. Accounting standards are important, but it needs to be understood that they are not a neutral revelation of some absolute underlying truth. They inevitably incorporate views that, overtly or covertly, represent a particular view of how the economy should be run. In effect, they play a role in determining how economic power gets allocated and who gains and who loses. Hence the need for strong democratic oversight, including a role for Parliament. In other words, accounting standards are too important to be left to accountants.

This point was acknowledged by the Government, with the claim that parliamentary accountability has been built into the constitution of the UKEB, as the Minister just explained. Unfortunately, experience makes us doubtful that what is proposed will be sufficient. Too much of the involvement occurs after the event and is reactive rather than proactive. In my brief time in the House, I have already referred on several occasions to the phenomenon of regulatory capture; I see nothing here to allay my fears.

A couple of points arise directly from these regulations. First, once again, we see the delusions of the Brexiteers laid bare. The claim that the UK can exercise greater autonomy in accounting standards because it is outside the EU is nonsense. In practice, we have become rule takers rather than rule-makers when we worked with our European partners. International accounting standards are set far from our shores where, in reality, there is Hobson's choice.

Secondly—this is my main point—the record to date of international financial standards does not inspire confidence. I am sure that my noble friend Lord Sikka will provide chapter and verse, but I want to say something about the standard with which I am most familiar: International Accounting Standard 19, on employee benefits. This comes of course under the aegis of the UKEB.

There are many reasons for the regrettable decline of defined benefit pension arrangements in the private sector over the past 20 years. We have ended up with the vast majority of private sector defined benefit schemes closed completely, closed to new members or closed to future accrual. Increases in life expectancy and low interest rates have certainly had a role in bringing about the increased cost for corporate sponsors.

Nevertheless, one of the key drivers in this decline has been how pensions are accounted for, as laid down by the international standard. The International Accounting Standards Board says that it sets accounting standards within

"a conceptual framework of understandability, relevance, reliability, comparability and timeliness."

That is fair enough, but this has been interpreted as meaning an emphasis on the use of market prices, whether actual market prices or derived market prices where the thing being valued is not traded in a market. In valuing pension costs, what we have ended up with is a discounted cash-flow valuation using a market-determined discount rate to estimate pension liabilities and market prices to value pension assets.

The problem is that this disregards the true nature of a pension scheme, as it plays out over many years into the future. Such an approach has been detrimental to the sustainability of defined benefit schemes because

[Lord Davies of Brixton]
it removes any respect for the interaction between pension assets/liabilities and asset liability cash flows when both are valued at a single point in time using discounted cash flows. Corporate accounts should recognise amounts that better reflect the long-term nature of a defined pension obligation.

The result of this approach is volatility in assets and liabilities, hence the need to recognise substantial and often volatile pension deficits in the statement of the sponsor's financial position. These deficits are an artefact of the valuation method, but it leaves corporate managers to wish to divest the company of such liabilities. Therefore, applying fair-value accounting to defined benefit pension obligations has hastened the decline of such schemes as corporate managers increase the rate at which these schemes are closed to new members and to future accrual.

From this one example, I hope that noble Lords will forgive my lack of confidence in the international financial standards. Perhaps the Minister could give us in his reply a bit more detail on what real advantages we will gain from proceeding along the lines set by these regulations.

4.20 pm

Baroness Neville-Rolfe (Con): My Lords, it is a pleasure to follow the noble Lord, Lord Davies of Brixton. I agree that the decline of defined benefit schemes, which he outlined, is something to be regretted; they were extremely valuable to millions of employees but, sadly, action by both parties over many decades has led to their virtual demise. However, today's debate is about the broader issue of international accounting standards, and I thank my noble friend the Minister for his explanation. I refer to my interests in the register as a director of Secure Trust Bank and Capita, and a shareholder in some international companies, including Tesco, where I served for many years, hence my knowledge of pensions, and lived through the introduction of international accounting standards.

As a supporter of free trade and the benefits of comparative advantage, I favour global standards, for the reasons the Minister highlighted. I also favour using UK strength in financial services to participate in the international standard-setting process for accounting conventions; we have done so for many years, and that has been beneficial. Now that we are out of the EU, it is essential that we play our part directly. There is, however, a major problem: an enduring fight between the proponents of prescription, often favoured by Brussels, and principles-based rules which are essentially meant to reflect common sense. I have always been in favour of the latter because I worry about burdens and costs, which always end up being passed on to the consumer.

I am also keen on learning from history, and I have two lessons for today and then a couple of questions on the regulations before us. The first lesson reflects the introduction of Sarbanes-Oxley in 2002 in the United States—a typical example of overreaction to a financial crisis. There had been a failure to enforce accounting rules properly in the case of Enron, WorldCom and others, but the correct response to that was to enforce the rules properly, not to make them excessively complicated. I know from direct experience that Sarbanes-Oxley stopped some companies listing in New York at the time and encouraged others to delist, admittedly with the welcome effect of boosting growth in London. The extraordinary prescriptions it introduced were costly and bureaucratic and yet it did not prevent the 2008 financial crisis. Remember: accounting standards affect most businesses of any size, not just financial services; some 15,000 are subject to them in the UK, according to the Minister's helpful introduction.

The second lesson of history is the emerging evidence that economic growth, which is how we can make everyone better off, can be explained in part by the stripping away of impediments. There is a fabulous book on this subject, free from modern fashion, which I borrowed from the Lords Library: *Barriers to Growth* by Eric L Jones, published in 2020. It explores the slow dissolution of such barriers in English history. In brief, the book suggests that the increase in the rate of economic growth in recent centuries reflects the removal of institutional and environmental barriers that held it back before the Industrial Revolution and which were then progressively relaxed over the following centuries. This is not the occasion to set out the many fascinating strands of the thesis developed in the book, although I would commend the section on how tithes retarded increased productivity in agriculture. The essential point is that all ages have their concerns and obsessions which have as a major—perhaps the major—effect the retarding of economic growth. My concern is that, in our age, what I call bureaucratisation is such a failing, and that today's SI is an example of it.

I am not really convinced that we need a quango to endorse international standards—this new UK Endorsement Board. I understand that it will enable us to make sure that international standards are not missing a vital dimension and to reflect UK stakeholders' needs, as the Minister explained. However, when you create such a body it will find work to do; people will want to write strategies and have a work programme. It will have a comprehensive diversity programme, although I note that it will be served, on HR, IT and finance, by the FRC. I would have left the work with BEIS and its civil servants, some of whom are extremely talented and will no doubt be conducting the international negotiations on accounting standards. We have too many regulators.

We are, however, where we are today. I ask my noble friend, who I know takes a welcome interest in corporate governance, from a practical perspective to enlarge on the criteria he will set. Page 3 of the Explanatory Memorandum says:

"the Secretary of State retains the function to amend the criteria for determining whether the use of an IFRS is conducive to the long term public good of the UK."

What sort of things are we talking about? My main concerns would be: first, relative UK competitiveness; secondly, simplicity and clarity, to the extent that that is possible; and, thirdly, sensible timing in the introduction of new IFR standards, with more flexibility where that is justified. In my experience, IFR standards, while welcome conceptually, have often come in at difficult times, been expensive in accountants' fees and diverted management damagingly.

Will Ministers be able to control any of these things, or will they just be in the hands of the new body, the new chair—Pauline Wallace—and anyone she appoints? If so, how will we ensure that a common-sense business voice, including the voice of smaller business, is heard?

While I am on my feet, I take this opportunity to remind the Government of interest in this House about the nature of the audit and governance package which is now out for consultation. It would be extremely helpful to have an oral briefing from BEIS on this subject while there is still some time to influence the content.

The Deputy Chairman of Committees (Baroness Fookes) (Con): I understand that the noble Baroness, Lady Bennett of Manor Castle, has withdrawn, so I call the noble Lord, Lord Sikka.

4.26 pm

Lord Sikka (Lab) [V]: My Lords, it is a great pleasure to join this debate.

The Government claim to be "taking back control"—that slogan has been used quite a few times—but there is no sign of that in this statutory instrument. In common with the Financial Reporting Council, the newly created Accounting Standards Endorsement Board will primarily rubber-stamp the international accounting standards, better known as the international financial reporting standards, or IFRS. These standards are produced by the International Accounting Standards Board—the IASB.

The IASB is a subsidiary of the International Financial Reporting Standards Foundation, and it is registered in the US state of Delaware. The sole reason for that was actually to avoid tax on its income. That fact alone disqualifies the IASB from acting as a standard setter, but the Government permit it to effectively set standards for the UK. The IASB is subsidised by the big four accounting firms and major corporations, among others. This enables the funders to pull levers and exercise undue influence—in other words, the IASB is already captured.

One of the UK's biggest failures has been to build durable accounting institutions. We had the Accounting Standards Steering Committee, which morphed into the Accounting Standards Committee, the Accounting Standards Board, the Accounting Council, and now the Accounting Standards Endorsement Board. The names have changed but the entity remains colonised by scandal-ridden big accounting firms and corporations. There is no independence from corporate interests. The legislation does not require the endorsement board to hold open board meetings and it does not owe a "duty of care" to any individual stakeholder. The statutory instrument exempts it from liability, which means that there are weak pressure points upon it to advance the welfare of various stakeholders or even consider the negative impact of accounting standards.

The US has robust accounting standards which are set by the Financial Accounting Standards Board. This enables the authorities to respond to scandals. By contrast, the UK has abandoned its capacity to set accounting standards and the Government look to the IASB to respond to UK scandals. The Parliamentary Commission on Banking Standards highlighted the failures of IFRS, including fair value accounting and the demotion of prudence. We are still awaiting meaningful reforms. The collapse of Carillion also highlighted failures of fair value accounting, good will and reverse factoring; we are still awaiting reforms some two years later. The Government can say only that they are waiting for the IASB to act; meanwhile, accounting scandals continue.

Regulators such as the Prudential Regulation Authority have already learned to ignore some aspects of corporate financial statements of banks and regulated entities, especially items such as good will and capitalised software costs. Just think of the costs of looking through these documents and working out entirely different numbers. The end result is that we have two sets of financial statements: one published by companies in accordance with international accounting standards and another modified by the PRA. I hope the Minister will tell us which one is more credible.

The Government's recent consultation paper *Restoring Trust in Audit and Corporate Governance* mentions possible reform of distributable profits, which requires consideration of capital maintenance. However, IFRS have no clear concept of capital maintenance. Company financial statements add up random numbers based on historical costs, amortised costs, net realisable values, present values, fair values and just plain guesses. The end result is that companies are not maintaining any financial or real capital. It is impossible to address issues around illegal dividend payments within the Government's policies. The international accounting standards are the residue of their political games rather than what stakeholders or any set of investors might need. Contrary to what the Minister, the noble Lord, Lord Callanan, said earlier, they do not improve the quality of financial reporting.

I will illustrate that with an example relating to accounting for related party transactions. These are the material transactions that occur between a company and the parties who are in a position to exercise significant control over it. There was a time when such transactions were disclosed, but they are not disclosed now. As the US refused to accept IFRS, the IASB sought to enrol China in its project. Many Chinese companies are controlled by the Chinese Government. They did not like the related party accounting standard because they were not keen to disclose transactions between them and the companies they controlled. Did the IASB make a stand? No. It exempted Government-related companies from disclosing related party transactions. It is hard to understand the UK Government's enthusiasm for adopting accounting standards shaped by the Chinese Government.

We all know that accounting rules affect the calculation of profits, leverage, liquidity, solvency, risks, wages, dividends, pensions and taxes. These have a direct impact on the distribution of income and wealth. Only Parliament has a democratic mandate to adjudicate on such matters. However, the Government have transferred such authority to unaccountable corporate elites and weakened Parliament. This legislation is against our national interest.

4.33 pm

Baroness Bowles of Berkhamsted (LD) [V]: My Lords, it is a pleasure to follow the noble Lord, Lord Sikka, and to agree with everything he has said.

Under what the Minister referenced as the principal regulation, Regulation 7 states that an international accounting standard may be adopted only if it is not contrary to the principle that accounts must give a true and fair view of the undertaking's assets, liabilities, financial position and profit or loss. The same provision applies for consolidated accounts, taken as a whole, as far as concerns members of the undertaking. The Secretary of State is now delegating adoption power to the endorsement board; the board and its members are being exempted from liability for getting it wrong, unless it is in bad faith.

Some might find it strange that, while there is a consultation going on about the liability of auditors and company directors for getting it wrong, those endorsing the standards that can well be part of it going wrong are absolved, unless it is in bad faith—and I think that there is some of that about, or at least conflict of interest.

The Brydon review categorically said that accounting standards are forward-looking accounting estimates and judgments, and therefore cannot be true in the literal sense. This is quoted in the restoring trust in audit consultation, which also says that

"consideration of 'true and fair' needs to go beyond … compliance with the financial reporting framework".

It goes on to say that the Government are

"not aware of any systemic issues"—

so let me give a few.

Accounts that are prepared on a going-concern basis require an audited assessment of whether a company is capable of being a going concern or not. If accounts contain unrealised gains, as allowed by IFRS, those gains are not cash and cannot be used to service debt, pay down debt, invest in other assets or make distributions to shareholders. How, then, can auditors sign off the accounts of a company as a going concern if the facts required to assess that position are totally masked by the standards? The incurred loan loss provisioning problem had that effect in banks that collapsed: losses were hidden and banks were not going concerns. Even now, the PRA makes adjustments to get to the true loss-absorbing values.

With the proposed new insurance standard IFRS 17, the issues go further than unrealised profits and credit is given to reduce liabilities not merely for unrealised gains but for anticipated future income, giving the appearance of capital. This cannot be proper accounting. These unrealised gains and this anticipated income cannot be used to service debt, pay down debt or invest in other assets, and nor do they have any value as collateral. No way is this true and fair, and anyone endorsing it would surely have to be nobbled.

This seems to aptly describe the UK Endorsement Board. Three were members of the former Accounting Standards Board, which has approved defective accounting standards in the past. Several were partners in accounting firms at the time that banks were collapsing. Mr Ashley, a former ASB member, was also a career KPMG partner, which the UK Endorsement Board website fails to note. Of course, KPMG was the auditor of Carillion and HBOS. In the case of former ASB member Ms Wallace, at least the website references her connection to PwC, the auditors of Northern Rock, but it is silent about her time at Arthur Andersen. The board includes another recent PwC partner, and a partner from Grant Thornton, which is currently defending itself in connection with the auditing problems of the collapsed Patisserie Valerie. There is no mention that board member Kathryn Cearns worked for the ASB and then for the law firm Herbert Smith Freehills which, as well as providing defence advice to PwC and KPMG, also instructed the ICAEW's counsel to give the dubious true and fair legal opinions for the FRC, from which the Government eventually distanced themselves, as I discovered in FoIs. Liz Murrall, an employee of the Investment Association, and Paul Lee, a consultant to the Investor Forum, are also on the Endorsement Board, and both those organisations are dominated by insurance companies, the accounts of which will benefit from using IFRS 17.

Who is there to represent the public interest and act on the known lie that Brydon and the Government's consultation acknowledge—that accounting standards alone cannot be true and fair? Who is there to represent the policyholders of insurance companies who, barring more government bailouts, will be the victims if accounting standards cause them loss? One could hardly wish for a more biased view, and no wonder they need protection from liability. This is a bad SI and we do not need this UK Endorsement Board.

4.40 pm

Lord Lennie (Lab) [V]: This instrument delegates current functions of the Secretary of State in relation to international accounting standards to a new UK accounting standards Endorsement Board, making the UKEB responsible for the adoption of international accounting standards for use within the UK.

We see the need to ensure that the international standards, which have now been put in place across the world, are properly placed in the UK context, particularly given the UK's withdrawal from the EU. There is also a context in terms of being an independent body that can bring those standards forward and into the mainstream of UK accounting life in good order. With confidence behind it, the UK can be seen to be playing its part in international structures that are now the norm for those accounting standards.

While not looking to oppose the change, I have some questions for the Minister. The Explanatory Memorandum states:

"The Secretary of State sets the terms of reference for the UKEB."

I have seen that the draft terms of reference for the board have been published, so when will the final terms of reference be published? The draft terms of reference say that the Secretary of State will appoint a chair. What advice did the Secretary of State get, and from whom, concerning the appointment of its inaugural chair, Pauline Wallace? The only activity of the UK Endorsement Board so far has been to bring itself into being, and that has been done via a rather curious route. First, the chair was appointed by the Secretary of State, and the chair then essentially constructed her

own board. That is not absolutely normal practice. The board normally elects the chair rather than the chair electing the board.

The noble Baroness, Lady Bowles, produced a lot of research about the members of the board. How can the board's independence and accountability be guaranteed? Most members appointed to the board are accountants, so there is the potential danger for the board to reflect its own view of the profession on the profession itself. How will the Government ensure that this will not happen?

The Explanatory Memorandum states that

"the UKEB will be funded by increasing the FRC's levy on preparers of accounts using IFRS."

How much will the levy be increased by and how much will it be raised by annually? It has been reported that the FRC expects the overall cost for the financial year to increase by £6.1 million—not the £2 million that has been stated by the Minister—of which half will cover the cost of setting up the UK Endorsement Board. I wonder whether the Minister recognises this cost.

The Secondary Legislation Scrutiny Committee drew the SI to the attention of the House. It said that the UKEB

"will operate as an unincorporated association with support of the Financial Reporting Council … We note that these changes will mean additional responsibilities for the FRC at a time when the FRC itself will be undergoing transformation into the new Audit, Reporting and Governance Authority."

Can the Minister explain what will happen when the new audit, reporting and governance authority is set up? Will it continue to fulfil the support functions?

The UKEB's terms of reference will be set by the Secretary of State and will require the UKEB to report at least annually to the Secretary of State on its technical decision-making and to the FRC on adherence with its governance and due process. How regular does the Minister expect these reports to be? Would once a year be enough? I hope that the Minister will be able to provide some clarity to these questions.

4.44 pm

Lord Callanan (Con): My Lords, I thank noble Lords for their insightful contributions to this debate. The many points raised have demonstrated the need for the measures contained in the delegation SI and the support that they will give to users and preparers of accounts. Businesses up and down the UK continue to face uncertain trading conditions, particularly in light of the Covid-19 pandemic. The delegation SI provides reassurance for UK-registered companies using IFRS, on a mandatory or voluntary basis, that the Government remain committed to these global standards and their role in the UK's company reporting framework. Further, we will use the strengths of the UK's accounting and finance sectors to contribute to the future development of IFRS and to ensure that UK company interests are taken into account. I believe that the board will develop a reputation as a major voice on the global accounting stage.

I will now deal with some of the points raised in debate. The noble Lord, Lord Davies of Brixton, asked a question on parliamentary accountability. As I set out in my opening speech, Parliament will have oversight of the Endorsement Board's activities and the board will be required to report on its technical decision-making to the Secretary of State on at least an annual basis. The Secretary of State will, in turn, be required to lay that report before Parliament. The Secretary of State must also, separately, lay a report each year on the carrying out of responsibilities related to the adoption of international accounting standards.

The statutory criteria for the Endorsement Board means that it must consider the long-term public good when deciding to adopt a standard, together with the costs and benefits, and any effects on the economy. The whole point of the UKEB is for the UK to decide on its adoption for use in the United Kingdom. While the UK was a member of the EU, the European Commission decided on adoption; now, the UK can make its own decisions on what standards are used.

The key advantages of IFRS are the high-quality, transparency and comparability that the standards bring to financial statements. They are now in use in over 125 countries, including the majority of the G20 states, all EEA member states and 93 major securities exchanges around the world. If the UK is to continue attracting international investment, it is in our interests to maintain alignment with these international standards. This was recognised by Parliament when continued use of IFRS in the UK was approved in 2019. A dedicated and independent Endorsement Board is more easily able to recruit the expertise needed for decision-making and influencing the future direction of IFRS. It is also better placed to conduct the outreach required to assess the impacts of adoption in the UK. A separate board is also consistent with the approach taken by many other countries that use IFRS, including Australia and Canada.

My noble friend Lady Neville-Rolfe referred to the Sarbanes-Oxley regime on internal controls in the US. I understand that this has had some benefit in terms of fewer US companies having to restate their accounts, but I respect my noble friend's knowledge of potential negative impacts. The Government's current audit reform and corporate governance White Paper includes proportionate proposals on internal controls. I would be very happy for my officials to brief my noble friend on the White Paper as a whole; I know that she has already had some meetings on it.

The regulations set out what is meant by long-term public good. They particularly require regard to be paid to the following matters: whether the use of the standard is likely to improve the quality of financial reporting; the costs and benefits likely to result from the use of the standard; and whether the use of the standard is likely to have an adverse effect on the economy of the United Kingdom, including on economic growth. The board will be required to consult with those representatives of users and preparers of accounts before adopting a standard, including smaller business where that is relevant.

Regarding the points made by the noble Lord, Lord Sikka, the Endorsement Board will be bound by the same assessment criteria that Parliament approved for the Secretary of State. These are based on established principles for financial reporting, including that the standards are not contrary to the principle to provide a true and fair view of an undertaking's financial position, and that they are conducive to the long-term

[Lord Callanan]
public good. There is also an obligation to consult persons representative of those with an interest in the quality and availability of accounts.

It is true that the IFRS Foundation is registered as an overseas company incorporated in Delaware, where it is classified as a not-for-profit, tax-exempt organisation. In the UK, the foundation's tax is calculated on the basis of notional trade, where publications revenue is offset by the costs of developing the published materials. This was agreed with the UK authorities in 2006 and is set out in the foundation's latest annual report. The terms of reference require meetings and decisions to be held in public. Its initial meetings have been held in public and are available to view on its website. The key advantages of IFRS are the high quality, transparency and comparability they bring to financial statements; they are prepared following extensive consultation and consideration.

Regulated entities are required to prepare separate accounts for investors and the market at large. These are separate from those produced for the regulator, which is considering the entity's solvency and liquidity position to understand the impact on the system as a whole, and the two have two separate purposes. Accounts prepared under IFRS are general purpose accounts designed to meet the needs of a wide range of investors, finance providers and stakeholders. The proposals in this SI do not change the existing capital maintenance and distributable profits regime in the Companies Act. As I said earlier, the international standards are used in more than 125 countries, including Australia and Canada and across the EU.

Moving on to the points made by the noble Baroness, Lady Bowles, the conditions of the EU withdrawal Act do not provide the powers to create a new statutory body to endorse IFRS. The Endorsement Board is therefore an unincorporated association, comprising the chairman and the board members. Resources and funding are provided by the existing body, the Financial Reporting Council. The Endorsement Board has been designed to be accountable and open to scrutiny by government and stakeholders, and there are statutory requirements for reporting to the Secretary of State, to the FRC and to Parliament.

IFRS are not incompatible with the requirement to show a true and fair view in UK company law. Section 393 of the Companies Act 2006 sets out the overriding requirement that directors must not approve accounts unless satisfied that they give a true and fair view of a company's financial position, notwithstanding the accounting standards used in their preparation. Additionally, the legal criteria for adopting a new or amended IFRS for use in the UK already includes a provision that a standard cannot be adopted if it would be contrary to the requirement for accounts to provide a true and fair view of the undertaking's financial performance and position. Accounts prepared under IFRS are general purpose accounts, designed to meet the needs of a wide range of investors, finance providers and stakeholders and, as I said earlier, the proposals in this SI do not change the existing capital maintenance and distributable profits regime in the Companies Act.

The Endorsement Board secretariat has commenced some of the foundational work that will be needed to inform the assessment of IFRS 17. This includes conducting a survey of insurance companies and establishing an insurance technical advisory group. The work is expected to escalate in the coming months and will include outreach with representatives from stakeholder groups across the UK's insurance sector, including preparers of financial statements and investors. As the recent announcement of the board members demonstrated, membership is representative of areas with an interest in the quality and availability of accounts. This naturally includes representatives with experience in the biggest accounting firms, as their expertise and insight will be invaluable. However, as the board composition demonstrates, those with experience in smaller firms are also valued as board members, and no one on the board has an existing role at any of the big four accounting firms.

Pauline has over 30 years' experience in the development of accounting standards and I am delighted that she is the inaugural chair of the Endorsement Board. Her experience and technical knowledge of the standards has been invaluable during the work so far and there is no question in my mind that she is the right person to lead the board. She retired from PwC in 2013 and in my view this provides a sufficient gap between the end of Pauline's employment by a big four firm and appointment as chair of the UK's Endorsement Board, without any danger of being unduly influenced by the policies of a former employer. In addition, the terms of appointment for members of the board require it to comply with the terms of reference. The Secretary of State could take action if the terms of reference were being disregarded, including the ultimate ability to revoke the delegation.

Moving on to the comments of the noble Lord, Lord Lennie, the terms of reference are already published on the UKEB website, and these are intended to be finalised after the completion of the parliamentary debates. All board members are, of course, required to act independently and in the UK's long-term public good, including not showing preference to special interests. The Endorsement Board has been developed with Sir John Kingman's review of the FRC in mind, and we envisage ARGA's role in relation to the board to be similar to the FRC's role.

To close, I reiterate that the action taken by these regulations represents the best way forward for adoption of IFRS in the UK's long-term public interest. The endorsement board is ready, now is the time for it to take on its functions, and I commend this statutory instrument to the Committee.

Motion agreed.

The Deputy Chairman of Committees (Baroness Fookes) (Con): I remind Members to sanitise their desks and chairs before leaving the Room.

4.55 pm

Sitting suspended.

Arrangement of Business

Announcement

5 pm

The Deputy Chairman of Committees (Baroness Fookes) (Con): My Lords, the hybrid Grand Committee will now resume. Some Members are here in person, others are participating remotely, but all Members will be treated equally. I ask Members in the Room to respect social distancing. If the capacity of the Committee Room is exceeded or other safety requirements are breached, I will immediately adjourn the Committee. If there is a Division in the House, the Committee will adjourn for five minutes. The time limit for the following debate is one hour.

Employment Rights Act 1996 (Protection from Detriment in Health and Safety Cases) (Amendment) Order 2021

Considered in Grand Committee

5 pm

Moved by ***Baroness Bloomfield of Hinton Waldrist***

That the Grand Committee do consider the Employment Rights Act 1996 (Protection from Detriment in Health and Safety Cases) (Amendment) Order 2021.

Baroness Bloomfield of Hinton Waldrist (Con): My Lords, I beg to move that the order, which was laid before the House on 17 March 2021, be approved.

I want to begin with some important background to this statutory instrument. The UK is unique in having three employment statuses for employment rights—self-employed, limb (b) worker and employee—when most other countries, including in the EU, have two: self-employed and employee. Those in the category of workers known as limb (b) workers have a more casual employment relationship than employees and are entitled to a basic set of rights, such as minimum wage and holiday pay. The limb (b) worker employment status allows for much-needed flexibility in the labour market.

Sections 44(d) and 44(e) of the Employment Rights Act 1996, which implements the EU health and safety directive into domestic law, gives employees the right not to be subjected to detriment by their employer for leaving or refusing to return to their workplace. It also gives employees the right not to be subject to detriment for taking steps to protect themselves or others in circumstances of danger that they reasonably believe to be serious and imminent.

Moving on to what this statutory instrument does, in May 2020, the Independent Workers' Union of Great Britain brought a judicial review against the Secretaries of State for the Department for Work and Pensions and the Department for Business, Energy and Industrial Strategy. Following comprehensive proceedings, the High Court found in November 2020 that the UK had not fully implemented the EU's health and safety framework directive into domestic law in Section 44 of the Employment Rights Act 1996, concluding that some protections were available only to employees while the court held that they should also extend to limb (b) workers.

The claim succeeded only in part: the court accepted that the UK was not required to extend unfair dismissal to limb (b) workers and had properly implemented the general obligations of the health and safety framework directive. The Government accepted this judgment and are therefore proposing this order, which will extend these protections from detriment in health and safety cases to all workers, not just employees—as had previously been the case. The court also held that the Personal Protective Equipment at Work Regulations 1992 should also be extended to limb (b) workers. I am assured by officials at the Health and Safety Executive that work is under way to consult and extend these regulations to all workers through an additional statutory instrument due to be laid later this year.

These important protections have proved even more essential for employees who have continued to work throughout the pandemic and for those who are returning to work as businesses emerge from lockdown. It ensures that employees have the legal protection that they need to act to ensure their own safety and the safety of others without fear of suffering detriment for doing the right thing. This includes protecting them against being denied promotion or training opportunities.

Having considered the court judgment, we agree that limb (b) workers should also benefit from these protections. This does not represent a major change as limb (b) workers represent a small share of the workforce. However, that does not make it less important, as these workers will undoubtedly have a significant role to play in our economic recovery from the Covid-19 pandemic. That is why the Government would like to clarify the UK's understanding of the health and safety framework directive by amending Section 44 of the Employment Rights Act 1996.

This Government are committed to protecting workers' rights and supporting workers through the challenges created by the Covid-19 pandemic, making the UK the best place in the world to work. Clarifying our interpretation of this directive in the light of the High Court judgment will mean that more people are protected by these provisions.

On scope, the changes made to Section 44 of the Employment Rights Act in this SI will apply in England, Scotland and Wales. Employment law is devolved in Northern Ireland. However, we have discussed this statutory instrument with the Northern Ireland Administration; they have laid legislation to the same effect, which will come into operation in parallel subject to the Northern Ireland Assembly procedure.

Given that limb (b) workers represent a small share of the workforce, the direct cost to business of this change is expected to be very low. We also do not expect the amendments to have a significant and disproportionate cost or impact in any region across England, Scotland and Wales.

In conclusion, this change is necessary to clarify the Government's interpretation of the health and safety directive. It will ensure that all workers are covered by these protections and that we build back better from

[Baroness Bloomfield of Hinton Waldrist]
the pandemic by maintaining the highest standards when it comes to workers' rights in the UK labour market. I therefore commend this order to the Committee.

5.05 pm

Lord Blunkett (Lab): I thank the Minister for her explanation of what she quite rightly describes as a small but important change. I congratulate the Independent Workers' Union on its court victory and the work done in relation to tackling what is not a new challenge but something that emerged many years ago with the lump, the dock labour schemes and the challenges of ensuring that those who were not self-employed but not directly and fully employed obtained the rights that the rest of the nation and employees take for granted.

Thinking back to my time as Work and Pensions Secretary, it is strange that we always assumed that workers and employees were one and the same thing. It has to be said, I had never come across "limb (b)" before. I hope I do not again, because I do not find it a very attractive proposition. With the vast changes now taking place in the labour market, securing rights for these workers—who, strictly speaking, are not employees, at least at the moment, but have the partial rights that employees have—needs to be taken with the view of what is happening, the challenges that will come and the way in which people find themselves in a kind of limbo.

I hope that, when she winds up, the Minister will concede that there is still much to be done; for instance, on the TUPE, or transfer of undertakings, rights of these workers—let us call them limb (b) workers—where there is a change of owner of the company that, strictly speaking, employs these workers, whose health and safety rights we are securing today with this clarification arising from the court judgment last November.

It is important that we get on the record that there is still work to be done in this area. I note that there will be a further statutory instrument later in the year, but it would be really helpful—given the Minister's welcome commitment to workers' rights in the context of being a great country in which to work and to be employed—if we indicated that consideration of these further areas is being undertaken. This will ensure that the flexibility in the workforce that she described morphs into something more acceptable in terms of the Ubers of this world, and that those who find themselves working in entirely different ways to the past—sometimes knowingly and with their consent, sometimes because of necessity and without their wholehearted willingness to do it—obtain the rights and privileges that others have.

The better off you are, the more lucrative your employment is likely to be and the more likely you are—until you reach the dizzy heights of portfolio working—to have really secure conditions and effective rights. Of course, the corollary at the other end of the spectrum is that you do not. Those who have are once again given unto, and those who have not sometimes see the little they have taken away. I hope that the Minister will reflect on this in responding.

5.10 pm

Lord Bourne of Aberystwyth (Con) [V]: My Lords, it is always a great pleasure to follow the noble Lord, Lord Blunkett, who clearly knows a thing or two in this area, not least from his time as Secretary of State for Work and Pensions. I thank my noble friend Lady Bloomfield for setting out so clearly the effect of the order. There is a particular significance in these provisions. At the moment, the effect of the order is to extend protection, or to recognise the extension of protection, which according to the law—and I agree with it—should have been there anyway, to workers as well as to employees, or limb (b) workers as they are termed. Like the noble Lord, I do not particularly like the term.

Many of those workers will be working in the gig economy, and they will now share the right not to be subjected to a detriment if they leave their workplace or refuse to return to it because they believe that they are in serious or imminent danger. This could be, for example, protection from disciplinary action or suspension of pay. Thus if a worker were reasonably to believe that Covid-19 posed a serious and imminent danger, refusing to return to work would be protected. That seems to me entirely right.

As my noble friend noted, in the case involving the Independent Workers Union of Great Britain last year, the High Court recognised that many members of the union who are in the gig economy, often acting as private-hire drivers or couriers and providing essential services during the pandemic and who have been feeling at risk, should be protected by these provisions along with people who have contracts of employment. Such feelings could be due to inadequate PPE, for example, or failure to implement social distancing by particular businesses, making workers fearful of their position.

These regulations may therefore be much used as we emerge from lockdown, despite the R rate coming down. I hope they will help highlight the importance of social distancing and hygiene as we emerge from the shadow of Covid. I applaud the Government for being committed to updating the legislation and taking this action following the court case—quite rightly.

What are Her Majesty's Government doing to ensure that appropriate publicity is given to this measure? Specifically, what are HMG doing to ensure that trades unions, employers' organisations, citizens advice bureaux and other relevant organisations are prepared for the coming into effect of these provisions at the end of May this year?

5.13 pm

Lord Hendy (Lab) [V]: My Lords, I join the applause for the Minister and the Government for introducing this statutory instrument, but the Government need to go further than this limited extension of rights. They should also remedy the unjustifiable exclusion of various classifications of workers for other key rights. A worker's legal status determines the suite of rights to which she is entitled. Many employers seek to arrange for their workers the status to which the fewest rights attach—hence the profusion of litigation, most recently in Uber and in the case brought by the IWGB as to what the status of given workers is. The law on workers' status is both complex and illogical, a situation that benefits only employers and lawyers.

There are now in fact five classifications of worker, by which I mean those who earn their living by supplying their labour to another. They are: the employee, with full statutory rights; the limb (b) worker, with limited statutory rights—this designation relates to Section 230(3)(b) of the Employment Rights Act; the false self-employed worker, with next to no statutory rights; the personal service company worker, who has no statutory employment rights other than hypothetically against the company of which she is the owner; and, lastly, the genuinely self-employed, in business on her own account with her own customers or clients but without statutory employment rights.

We need legislation to sort this out which adopts a binary solution, with, on one side, workers entitled to all statutory employment rights and, on the other, those genuinely self-employed, in business on their own account with their own customers or clients. I hope the Minister will tell us that the long-awaited employment Bill will do that and that it will be announced in the Queen's Speech in May. In case not, I have entered such a Bill in the Private Members' Bills ballot. Otherwise, anomalies will persist, as this statutory instrument shows. It gives protection against detriment for refusing dangerous work to both employees and limb (b) workers, but protection against dismissal for the same refusal—Section 100 of the Employment Rights Act—is reserved to workers only while limb (b) workers remain excluded.

5.16 pm

Baroness Ritchie of Downpatrick (Non-Afl) [V]: My Lords, it is a pleasure to follow the noble Lord, Lord Hendy, who is very knowledgeable from his legal background in employment law. I thank the Minister for her explanation of the regulations, which I welcome. I welcome the extension of the protection to workers as well as employees, but, like the noble Lords, Lord Hendy and Lord Blunkett, I believe there is a need to go further.

There is a belief that by making only this limited change the Government have failed to address other, similar shortcomings in the law that disadvantage a vulnerable group of workers. While supporting these regulations, I, like other noble Lords and the TUC, believe that the Government need to go further. They should also remedy the improper exclusion of workers from other key rights, which should include protections when a business is taken over and rights to collective consultation in redundancy situations that have been the subject of legal cases.

There is now an important opportunity to remedy some key unfairnesses in UK employment law that disadvantage many of the most exposed members of our workforce. Limb (b) workers should be accorded the same basic rights as employees. What steps will the Government take to remedy this anomaly in future legislation—perhaps bringing forward an employment Bill in the Queen's Speech? This issue has become more apparent during the pandemic because many limb (b) workers have limited employment rights. They include carers, food delivery workers and parcel delivery workers. Many of these people have been the backbone of our economy during the pandemic and have been most exposed to the risks of Covid. They took many risks and placed their health and security in jeopardy. It is important that they are not forgotten as the UK rebuilds its society and economy.

It is worth noting that an employment tribunal recently found, in a non-binding judgment, that a limb (b) worker falls within the scope of "employee" for the purposes of TUPE, something that has already been referred to by the noble Lord, Lord Blunkett. What legislative steps will the Government take to address this anomaly in relation to the TUPE rights highlighted by that tribunal?

5.20 pm

Baroness McIntosh of Pickering (Con): My Lords, I am delighted to follow the noble Baroness, Lady Ritchie. I join in the thanks to my noble friend the Minister for her clear and comprehensive introduction to the regulations.

Like the noble Lord, Lord Blunkett, I had not been familiar with the term "limb (b) workers", but I recall that when I was first elected as a Member of the European Parliament there was a group of workers—known at the time, as I understand it, as agency workers —who gave rise to particular concerns. I believe that that has now been addressed in both UK and European legislation. There was a particularly tragic case where a worker from Essex went to work on a site in Germany which had dangers and, very sadly, was fatally injured. That was a catalyst for changing those regulations to make sure that agency workers were brought within the remit.

I welcome the regulations and want to pursue a couple of questions with my noble friend—I would be grateful for her response. If I understood her correctly, she said that the rights extended to limb (b) workers were restricted. I think I heard her say that there would be minimum rights and holiday pay. To what extent might other statutory rights be extended? I imagine that minimum rights include sick pay and other statutory rights that any worker is entitled to.

Secondly, in what regard can limb (b) workers be equated to or differentiated from zero-hour contract workers where they are excluded from other rights—if not in respect of danger—to which permanent and full-time workers are entitled? I entirely endorse my noble friend's desire for a flexible workforce, and I know that there are many part-time workers, particularly women, who may be returning to work either having had a child or having completed caring duties for parents and other relatives. It is in the interest of the Government and especially employers to ensure that we are deemed to be as flexible as possible.

I thank my noble friend for bringing forward these regulations. It is important that we bring limb (b) workers within the terms of reference as set out in the court judgment. I will be delighted to lend the regulations my support.

5.22 pm

Lord Bhatia (Non-Afl) [V]: My Lords, as the Explanatory Memorandum states, this SI has been prepared by the Department for Business, Energy & Industrial Strategy, or BEIS. It amends Section 44 of the Employment Rights Act 1996. The Act currently gives employees the right not to be subjected to a

[LORD BHATIA]
detriment by their employer for leaving or refusing to return to their workplace or for taking steps to protect themselves in circumstances of danger which they reasonably believe to be serious and imminent. This amendment will repeal Section 44(1)(d) and (e) and insert a new provision at Section 44(1A) which will provide other employees and limb (b) workers with the right not to be subjected to detriment in health and safety cases. The territorial application of this instrument is to England, Wales and Scotland.

Following the judicial review brought by the Independent Workers' Union of Great Britain against the Secretaries of State for BEIS and the Department for Work and Pensions, this order is being introduced in response to the High Court's judgment. The High Court found that the UK had failed to fully implement two EU directives in domestic law, as protections were applied only to employees, while the court held that they should also extend to limb (b) workers. Limb (b) workers tend to have a more casual employment relationship and are entitled to a basic set of rights such as the minimum wage and holiday pay.

As a result of the High Court judgment, the Government have committed to updating the legislation quickly to ensure clarity as to workers' rights and will consult directly key trade unions, ACAS and the citizens advice bureaux in preparation for employers and workers contacting their organisations.

This is an important instrument to protect workers from bad employers who have used zero-hours contracts and other tactics to exploit workers.

5.25 pm

Baroness Gardner of Parkes (Con) [V]: My Lords, having served for a number of years—about 20 I think—as a member of an industrial tribunal, I have a particular interest in this subject. I read with interest yesterday a *Times* article headed, "U-shaped pandemic jobs crisis hits older and younger workers". My comments today focus on what steps the Government can implement to help workers, whether employees or limb (b) workers, in the current climate and beyond.

It is clear that those over 50 years old, and the 16-24 age category, are being hit by job losses at a greater rate than the others. While some of these jobs may return, many will do so in the gig economy as flexible workers rather than as employees. In some cases—mostly the youngsters—this may suit the person in question; but in many cases, it is all that is on offer, so workers have a stark choice. The changing nature of our workforce needs to be reflected in legislation and move with the times. We ought not to see permanent employee jobs replaced with flexi-workers just to avoid employment rights and protections. I fear that as furlough ends, we will see many employers looking for this softer option. Today's order recognises the rights of workers to protections currently afforded to employees, and I urge the Government to look beyond this to see what else they could introduce to help people as we emerge from this pandemic.

5.27 pm

Baroness Bennett of Manor Castle (GP) [V]: My Lords, it is a pleasure to follow the noble Baroness, Lady Gardner of Parkes. We make up what might be called one of the smaller unions in your Lordships' House, being the two Australian-born women in it. It is seldom that I can with so few qualifications welcome a statutory instrument in Committee. It is such an important statutory instrument for workers who have been trapped in often low-paid, dreadfully insecure, exploitative employment, fearing for their safety. When this comes into effect, they will be in a better position.

The background to this statutory instrument is interesting. Huge credit, as others have said, goes to the International Workers' Union of Great Britain, with subsidiary credit to our judges, increasingly forced into defending the legal rights of the vulnerable in our society against the inaction—or outright oppressive action—of the state and big business. Of course—dare I say it—credit also goes to the two EU directives that the court held should also extend to those who are known as limb (b) workers.

The chief credit, however, goes to the International Workers' Union, with which I have been delighted and honoured to work with for many years, from some of the delightfully musical protests with the University of London cleaners to the ground-breaking pickets by City Sprint bicycle couriers back in 2015. Seldom have I used the hashtag "campaigning works" with the good-news hashtag with such pleasure as in this case.

However, given the general level of agreement in this debate, and the clear legal framework here, this seems an appropriate time to ask the Minister about the Government's plans for further protections for workers—about which the noble Lord, Lord Hendy, was inquiring—particularly insecurely employed workers and particularly in the light of the Covid-19 pandemic, as a number of noble Lords alluded to, that has left so many workers in a parlous and desperate financial situation, making them even more vulnerable to exploitative employers.

Given the important role of that innovative union in securing this statutory instrument, what consideration have the Government given to removing some of the restrictions that make the UK the most difficult place for workers to organise in western Europe—a situation that has existed for decades under Governments of multiple political hues? Given the low pay and un-unionised status of workers in some of the most deprived areas of the nation—South Yorkshire, with its low wages and high levels of job insecurity, comes to mind—strengthening the possibility for unions to co-ordinate and organise workers and secure their rights would be a positive way forward in delivering the Government's levelling-up agenda.

5.30 pm

Lord Bradshaw (LD) [V]: My Lords, we have heard some very interesting speeches, a number of which have focused on the position of workers at the bottom of the pile—I do not like the term limb (b) workers any more than anyone else. The Government must ask themselves what sort of society might emerge if we allow a large proportion of the workforce to be sunk in a situation where they do not earn enough money to afford a house or put any money away for a pension. In the end, these things will come back to haunt the Government, unless they intend—I hope they do—to bring forward some sort of employment rights measure. I would not go as far as the noble Baroness, Lady

Bennett, in my description of what is necessary, but I think most workers who are doing a good job are entitled to a certain amount of security and protection in what they do, and to enjoy holidays and other benefits that their colleagues enjoy.

So I hope that, in summing up, the Minister will give us some indication, as the noble Lord, Lord Hendy asked, that there will be something in the Queen's Speech which will put our employment rights legislation on a better footing than it now is.

5.32 pm

Lord Lennie (Lab) [V]: My Lords, limb (b) workers, which this instrument relates to, can be found in any sector, but, as we have heard, they are particularly common in the gig economy. The TUC estimates that one in 10 adults—about 4.7 million people—engage in gig economy work. It can be fragile, insecure work, with one-sided flexibility. Working people need a Government who will stand behind them, not a Government who fail to protect them or who correct mistakes far too late.

This statutory instrument represents a failure of government: a failure to ensure that workers have the same rights as before Brexit, and a failure to protect workers during a pandemic. These changes were made only following a judicial review brought by the International Workers' Union for Great Britain against the Government, in which the High Court found that the UK had failed fully to implement two European Union directives in domestic law, as protections were applied only to employees when they should have been extended to limb (b) workers.

This instrument proposes amendments to Section 44 of the Employment Rights Act to correct this mistake and extend the right to protection from detriment to limb (b) workers if they are in circumstances of danger when coming to and going from work. I want to understand from the Minister, first, why the Government, during a pandemic, wanted to take a case concerning the health and safety of workers to the High Court. Can the Minister confirm when the Government were first made aware of the issue with implementation? How much did the court case, which the Government lost, cost the taxpayer?

Sadly, this mistake is being only partially rectified today. The EM states:

"Work is also underway to consult and extend The Personal Protective Equipment at Work Regulations 1992/2966 to all workers through an additional statutory instrument due to be laid later this year."

Why has this not been a priority? When will the regulations be published?

Such a mistake cannot happen again. Therefore, will the Government conduct a review into the implementation of all EU directives concerning workers' rights which are retained in domestic law to ensure the rights have not been diluted? We need insecure workers to be properly protected, so I hope the Government will bring forward their long-delayed employment Bill straight after the Queen's Speech.

5.34 pm

Baroness Bloomfield of Hinton Waldrist (Con): I thank noble Lords for their valuable contributions to this debate. I am glad there is broad agreement in this Committee that the UK has a strong record for setting high standards on workers' rights. We have always been clear that we will continue to ensure that workers' rights are protected. We are proud of our limb (b) worker status, which allows much-needed flexibility in the labour market while providing "day one" workers' rights and protections, which undoubtedly will have a significant role to play in building back better from the Covid-19 pandemic.

This statutory instrument will ensure that all workers are protected from detriment in health and safety cases in the workplace. In particular, this includes having the right not to be subjected to detriment by their employer for leaving or refusing to return to their workplace. It also includes the right not to be subjected to detriment for taking steps to protect themselves or others in circumstances of danger which they reasonably believe to be serious and imminent.

I thank the noble Lord, Lord Blunkett, for his thoughtful and supportive contribution which, as always, was well informed by his experience. There is always a delicate balance to be struck between protecting the rights of workers while retaining the flexibility of the labour market that makes the UK an attractive place to do business.

The UK has a strong record for setting high standards on workers' rights and we have always been clear that we will continue to ensure that workers' rights are protected. As laid out in our manifesto, we will bring forward measures, when parliamentary time allows, to establish an employment framework that is fit for purpose and keeps pace with the needs of modern workplaces.

My noble friend Lord Bourne of Aberystwyth asked about government plans to ensure the change is publicised. We have plans to engage organisations to publicise the amendment and help businesses and individuals understand the new regulations. In particular, we have plans to engage ACAS and Citizens Advice. We have also engaged the CBI, TUC and IWGB following the laying of this legislation.

The noble Lord, Lord Hendy, asked about legislation to resolve employment status and when the employment Bill will be introduced—a question asked by a number of noble Lords. The rationale for having a separate limb (b) worker status for rights is that it allows, as I have said, for increased flexibility in the labour market. A limb (b) worker has fewer obligations and responsibilities to their employer and, as a result, they are entitled to a basic set of rights, including national minimum wage and holiday pay et cetera, rather than the full suite that employees get.

We are clear that any reforms we bring forward will require us to consider the needs of our labour market today. This is why we continue to work with stakeholders to understand the needs and challenges of modern workplaces to ensure that our vision of a labour market is fit for purpose. The reforms will form part of the Government's plan to build back better, enabling a high-skilled, high-productivity, high-wage economy that delivers on our ambition to make the UK the best place in the world to work and grow a business. We intend to bring forward the employment Bill when parliamentary time allows.

[Baroness Bloomfield of Hinton Waldrist]

The noble Baroness, Lady Ritchie of Downpatrick, asked about the Government's legislative plans. I thank the noble Baroness for her useful contribution on the important topic of TUPE. I will have to write to the noble Baroness on this topic because I do not have enough briefing to give a sensible response at this stage. I have laid out our commitment to the employment Bill already, which we will bring forward when parliamentary time allows.

My noble friend Lady McIntosh of Pickering asked to what extent other rights would be extended to limb (b) workers and how limb (b) workers could be equated to or differentiated from zero-hours contract workers. Zero-hours contract workers have a part to play in a modern, flexible labour market. They help support business flexibility and provide choice and opportunity of employment for young people, students, those with caring responsibilities or those wishing to retire early.

These contracts are useful where work demands are irregular or where there is not a constant demand for staff. Some types of work are driven by external factors that are out of the employer's control. This can happen in a range of sectors, including, for example, hospitality, leisure and catering. However, they should not be considered an alternative to proper business planning and should not be used as a permanent arrangement if it is not justifiable. An individual's employment rights are determined by their employment status and not the type of employment contract they have, such as a zero-hours contract.

My noble friend Lady Gardner of Parkes asked what else can be introduced to help workers as we emerge from the pandemic. The Government are committed to bringing forward an employment Bill that will help us to build back better. This will enable a highly skilled, productive workforce and ensure that the flexibility of the labour market is not impeded by any encroachment on workers' rights.

Since the publication of the *Good Work Plan*, the Government have made good progress in taking forward a range of commitments that support our flexible labour market while ensuring the protection of workers' rights. These have included measures such as: extending the right to a written statement of core terms of employment to all workers; quadrupling the maximum fine for employers who treat their workers badly; closing a loophole that sees agency workers employed on cheaper rates than permanent ones; introducing key information documents that give agency workers more information about how they may be engaged and paid before they join an agency; and reforming rules to align the incentives of employers and workers when applying for and taking annual leave.

We have also banned the use of exclusivity clauses in zero-hours contracts to give workers more flexibility. This means that an employer cannot stop an individual on a zero-hours contract looking for or accepting work from another employer. It also prevents an employer stipulating that the individual must seek their permission to look for or accept work elsewhere.

We have provided unprecedented support to workers throughout the Covid-19 crisis. So far, the furlough scheme has helped 1.2 million employers to pay the wages of 9.9 million jobs across all sectors of the economy.

The noble Baroness, Lady Bennett of Manor Castle, asked about plans for further protections for workers, especially those in insecure employment in the light of the pandemic. The Government recognise concerns about employment status and are considering options to improve clarity, making it easier for individuals and businesses to understand which rights apply to them.

The noble Lord, Lord Lennie, asked about the IWGB case in the High Court, including how much the case cost the taxpayer and when the Government were first made aware of it. He also asked about the PPE regulations. It is right that the courts were able to consider all details of the case before coming to a conclusion. The claim succeeded only in part: the court accepted that the UK was not required to extend unfair dismissal to limb (b) workers and had properly implemented the general obligations of the health and safety framework directive. The Government chose not to appeal the judgment and are clarifying their understanding of the EU directive when transposing into domestic law.

The amendment to the PPE at work regulations contains a legal duty to consult, which is why we are not bringing the SI forward just yet. The Health and Safety Executive and the Department for Work and Pensions expect to lay this legislation later in the year. Covid has had a profound effect on the labour market, so it is only right that we take time to consider the impact of our reforms to ensure that they address the challenges of today and achieve change that works for all. We will continue to work with stakeholders, and we will bring forward detailed proposals in due course.

As I mentioned, officials at the Health and Safety Executive have assured me that work is also well under way to extend the protections of the PPE directive to limb (b) workers, as well as to employees, to align with the court ruling. This work is on schedule.

To close, I underline once more that these regulations will help workers across the country during this coronavirus pandemic and beyond, providing all limb (b) workers and employees with the right not to be subjected to detriment in health and safety cases. I commend these draft regulations to the Committee.

Motion agreed.

The Deputy Chairman of Committees (Baroness Henig) (Lab): My Lords, the Grand Committee stands adjourned until 5.55 pm. I remind Members to sanitise their desks and chairs before leaving the Room.

5.43 pm

Sitting suspended.

Arrangement of Business

Announcement

5.55 pm

The Deputy Chairman of Committees (Baroness Henig) (Lab): My Lords, the hybrid Grand Committee will now begin. Some Members are here in person, others are participating remotely, but all Members will be treated equally. I ask Members in the Room to respect social distancing. If the capacity of the Committee

Room is exceeded or other safety requirements are breached, I will immediately adjourn the Committee. If there is a Division in the House, the Committee will adjourn for five minutes. The time limit for the next debate is one hour.

Money Laundering and Terrorist Financing (Amendment) (High-Risk Countries) Regulations 2021

Considered in Grand Committee

5.55 pm

Moved by ***Lord Agnew of Oulton***

That the Grand Committee do consider the Money Laundering and Terrorist Financing (Amendment) (High-Risk Countries) Regulations 2021.

Relevant document: 51st Report from the Secondary Legislation Scrutiny Committee

The Minister of State, Cabinet Office and the Treasury (Lord Agnew of Oulton) (Con): My Lords, the Government are committed to combating money laundering and terrorist financing and recognise the threat that economic crime poses to our financial system. Illicit finance not only damages our reputation as a global financial centre but can impact on our national security by undermining the integrity and stability of our markets and institutions. Furthermore, illicit finance can impact opportunities for legitimate business in the UK and cause serious social and economic costs through its links to serious and organised crime.

That is why the Government are focused on making the UK a hostile environment for illicit finance. As part of this work, we have taken significant action to tackle money laundering and to strengthen the whole system response to economic crime. Underpinning these efforts are the money laundering regulations, the legislative framework which sets out a number of requirements that businesses falling within its scope must take to combat money laundering and terrorist financing. These requirements include the need for firms to implement measures to identify and verify the people and organisations with whom they have a business relationship or for whom they facilitate transactions.

Additionally, the regulations require financial institutions and other regulated sector businesses to carry out greater scrutiny or "enhanced due diligence" in respect of business relationships and transactions involving so-called "high-risk third countries". These are countries that have been identified as having strategic deficiencies in their anti-money laundering and counter-terrorism financing regimes and that pose a significant threat to the UK's financial system. The statutory instrument under discussion today amends the definition of a high-risk third country in the money laundering regulations.

Let me explain the background to this instrument, which I note was reported by the Secondary Legislation Scrutiny Committee as an "instrument of interest". At present, the definition of a high-risk third country in the money laundering regulations is linked to retained EU law and references the list of countries identified by the European Commission as high risk. This list was previously updated via EU law, which now no longer has an effect in the UK. If our legislation is not amended, the list will become outdated and could leave the UK at risk from those with poor money laundering and terrorist financing controls. Furthermore, the UK will risk falling behind international standards set by the Financial Action Task Force, the global standard setter for anti-money laundering and counter-terrorist financing measures.

This instrument will therefore amend the money laundering regulations to remove references to the EU's high-risk third countries list and instead insert a new list of countries identified in Schedule 3ZA. This will be the UK's new autonomous high-risk third countries list. It will mirror exactly the list of countries identified by the Financial Action Task Force as having strategic deficiencies in their anti-money laundering and counterterrorist financing regimes, and it will keep the UK in line with international standards.

The change which I have just outlined will allow us to continue to protect businesses and the financial system from those who pose a significant threat, while ensuring that the UK remains at the forefront of global standards in combatting money laundering and terrorist financing.

I thank all noble Lords for their examination of this important legislation. In summary, this instrument will create a new autonomous list of high-risk third countries. Businesses that fall under the scope of the money laundering regulations and that deal with these countries must take extra scrutiny measures. In addition, this instrument will ensure that the money laundering regulations remain up to date and ready to respond to the threat posed by nations with poor money laundering and terrorist financing controls.

This instrument will enable the money laundering regulations to continue working as effectively as possible to protect the UK financial system. It will allow the UK to continue playing a full part in the fight against economic crime. I hope that noble Lords will join me in supporting this legislation. I beg to move.

6.01 pm

Baroness Wheatcroft (CB) [V]: My Lords, I thank the Minister for introducing this statutory instrument in his usual straightforward manner. I support it and, for once, I cannot quibble with its need for a hasty introduction within the 21-day limit. In the fight against money laundering and the financing of terrorism no time should be wasted. The need to add new countries to the list surely takes precedence over the need for a 21-day period before the legislation can come into force.

The Government have decided that they no longer want to be bound by the European Commission's list of states which require extra money laundering precautions. They have opted instead to adhere to the Financial Action Task Force list although, in practice, this amounts to a very little change.

The need for vigilance is clear. The threat of terrorism is omnipresent. The Islamic State in Iraq and the Levant—ISIS—continues to pose a threat, as it has access to resources which enable it to carry out or inspire terrorist attacks. Al-Qaeda and its various affiliates

[Baroness Wheatcroft]
still pose a threat, and there are countless hostile forces, both organised and rogue, which can do harm to civilised nations. The proceeds of money laundering are their cash in hand. Money laundering is certainly not a victimless crime. It needs to be hounded out and this legislation is part of the process.

The Financial Action Task Force has set itself up as the global money laundering and terrorist financing watchdog. More than 200 countries and jurisdictions are signed up to its policies. However, I wonder whether its methods are any longer entirely reliable in giving us the list we require. For instance, Russia does not feature on the list of countries which should be subject to increased vigilance. I wonder why. We are told by FATF that Russia has an in-depth understanding of its money laundering and terrorist financing risks and that it has policies and laws to address these risks. That might be enough for the FATF, but can the Minister tell us whether it is enough for the British Government? Do they feel comfortable with the FATF list about where particular vulnerabilities lie? It seems to me—and to others—that Russia has a framework aimed at preserving what it wants to preserve and not at protecting the rest of the world from money laundering.

Richard Gordon, the director of the Financial Integrity Institute at Case Western Reserve University, points out that what the FATF endeavours to measure is not results but the processes that are in place to detect and deal with money laundering. None of the measures takes account of political concentration or a lack of independence of the judiciary. They would not serve to protect external countries from a threat posed by money laundering to fund terrorism.

Terrorism comes in many shapes. Russia is known to like to interfere with electoral processes, both in the US—where sanctions are now being imposed on it because of that—and in the UK, where its interference in our elections and our referendums is now clear. That interference is funded by money laundering. Does the Minister think that the FATF list should be the one on which we place such reliance, or should we go further with our new-found independence and construct our own list?

6.05 pm

Lord Robathan (Con): My Lords, I am delighted to follow my noble friend Lady Wheatcroft, and to agree with her, as I turn to the same subject of Russia. In broad terms I certainly support the order before us today, but Russia is an astounding omission, if I may put it that way. I declare an interest in that I am banned from going to Russia, as of about six years ago, I think because of something somewhat disobliging that I said while I was still a Member of the House of Commons. I am not quite sure what it was, but I may have been a little bit rude about Mr Putin. Anyway, I was surprised to be banned because I thought I was so unimportant; I still think this, but they obviously feel I am a good person to ban. I would have liked to go to Leningrad—that is, St Petersburg—since I have never been there.

The *Times* reports today that the Foreign Secretary has announced sanctions against 14 Russians involved in massive tax fraud, as was exposed by Sergei Magnitsky who, of course, was tortured to death in prison. If any noble Lord listening has not read *Red Alert* by Bill Browder, I commend it. It is very readable but also extremely concerning about the behaviour of Putin's regime. What about money laundering? Well, you do not have to be an aficionado of "McMafia" to know about Russian oligarchs in this country, some of whom I am sure—perhaps all—have made their money legitimately, although that is not what we are told. They have come here and bought up high-end property and much else: football clubs, newspapers, all sorts of things. We need to look at how this money came to be here; frankly, it is extremely concerning.

In the latest edition of the *New Statesman*, which is not a publication that I often quote, an article about Alexei Navalny says:

> "Imagine if Western governments were to show a shred of Navalny's bravery; by closing loopholes facilitating money laundering… Imagine if Britain dammed the flow of hot money through London's financial and property markets; if Germany halted the … Nord Stream 2 gas pipeline".

Of course, that is a journalist writing, but I regret to tell my noble friend the Minister that the UK's reputation, to which he referred, has been damaged. It is known throughout the world that a huge amount of hot money has been laundered through the UK. This measure is intended to prevent a certain amount of that, but a lot of that hot money has come from Russia.

Putin's regime is known as—and is—a kleptocracy. He and his cronies have enriched themselves enormously in the last 20 years, and we should be looking at that. This is about money laundering and terrorism. What was the attempted murder of Skripal, and the actual murder of the woman in Salisbury, if not state-sponsored terrorism with money that should not have been available to use? Can the Minister tell us what measures Russia has in place to prevent money laundering? He said that this is the criteria for being on the list. It seems to me that few, if any, such measures are in place. I regret to say that we have allowed a huge amount of Russian money—stolen money—to be laundered in this country.

6.10 pm

Lord Chidgey (LD) [V]: My Lords, I also thank the Minister for his introduction to this debate. It was very precise and to the point. I declare an interest as a member of the advisory board of Transparency International UK.

The Explanatory Memorandum to the SI makes clear that it is intended to update the provisions of the fourth money laundering directive and the Money Laundering Regulations 2007. A principal policy objective is to update and enhance European legislation in line with international standards on combatting money laundering and terrorist financing. Billions of pounds of suspected proceeds of corruption are laundered through the United Kingdom each year. Money laundering is a key enabler of serious and organised crime. Over 100,000 businesses covered under the regulations are required to know their customers and manage their risks.

The UK Anti-Corruption Coalition believes that in terms of perceived gaps in the Government's approach, they should bring forward economic crime legislation at the earliest opportunity to implement the reforms,

together with the foreign property register. I understand that the legislation for this is now waiting to be put through Parliament, having originally been committed to be completed and in operation by 2021. Perhaps the Minister could provide us with an update in his reply. There is also a call for legislative reform to the Criminal Finances Act to ensure that loopholes in it exposed by the latest unexplained wealth order judgment are addressed urgently.

There is a sense that too many professional body supervisors have no appetite to enforce the regulations and are riven with conflicts of interest. There is also the concern that the money laundering supervisors do not meet the specific criteria for effective supervision laid out by the Committee on Standards in Public Life in 2016. Overall enforcement of the money laundering regulations appears, at best, to be patchy.

Transparency International points out that the United Kingdom banking sector acts as an entry point into the UK economy, with leaked banking data showing the movement of billions of pounds in criminal and suspicious funds. Analysis revealed that clients at 72 UK banks and branches sent or received over £750 million in suspicious funds, mostly between 2005 and 2015. Clients at just 10 banks were responsible for sending or receiving more than 90% of these funds. These transactions involved more than 3,100 British bank accounts. However, more than £575 million was paid into just five bank accounts. Surely, this is a clear, transparent case of money laundering on a grand scale. When questioned, all these banks insisted they had strict anti-money laundering measures in place.

The United Kingdom's anti-money laundering supervision system is disjointed, with real issues regarding conflicts of interest, the quality of supervision, and insufficient and inadequate civil sanctions. Will the Government take note and act on Transparency International's recommendations for reforming the anti-money laundering supervisory regime? I asked that question in an earlier debate. In particular, will they strengthen the ability of supervisors to provide a credible deterrent, protect the independence of anti-money laundering oversight and remove conflicts of interest, remove weaknesses in the supervisory regime, and ensure that police and supervisors pursue breaches of money laundering regulations through prosecution?

Finally, an overhaul of the United Kingdom's anti-money laundering regime is vital for preventing money laundering and protecting the United Kingdom's international reputation. Revelations in the latest FinCEN files leaks, including that the US Treasury considers the UK a high-risk jurisdiction, should serve as a wake-up call.

6.14 pm

Lord Tunnicliffe (Lab) [V]: My Lords, I am grateful to the Minister for introducing this measure and to other noble Lords who contributed to the debate. The statutory instrument, although a formality in many senses, returns us to an area that your Lordships' House has taken a great interest in over a number of years. This instrument has been laid under the "made affirmative" procedure. While we are never huge supporters of that way of doing business, I am grateful to officials for providing a justification in the Explanatory Memorandum. It is useful to know that the relevant firms were forewarned of the change. It is also reassuring that the Government have acted swiftly to align with the list agreed by the Financial Action Task Force.

This is another of the areas affected by the UK's withdrawal from the European Union. We have always tried to play a constructive role as the Government seek to replicate or redesign the structures that came through EU membership. Given the extent of cross-border transactions in the modern age, tackling money laundering necessitates international co-operation such as that provided by the FATF. Despite the use of "made affirmative" procedures, it seems that this mechanism for specifying high-risk countries works. Whether other aspects of the Government's new regime will function as intended remains to be seen; we will keep a watchful eye on this in the months ahead. Of course, this list will need to be updated periodically to reflect any changes made by the international task force, as is acknowledged in paragraph 6.3 of the Explanatory Memorandum. Can the Minister confirm the anticipated procedure for future change?

If I may, I want to ask about money laundering matters separate to the designation of high-risk countries. While other commitments limited his involvement in the Financial Services Bill, he will know that the topic was explored in Committee. In response to amendments from my noble friend Lord Eatwell, the Government outlined several steps that are being taken to strengthen the UK's hand in this fight. Can the Minister provide a progress report on these initiatives either in his response or in writing? He will be aware that, in recent years, the FATF has made a number of recommendations to the UK Government. We would not expect all these changes to occur overnight but I am sure that noble Lords on all sides would be comforted if signs of progress were able to be seen.

We must leave no stone unturned in our fight to combat money laundering and terrorist financing. Designation of these countries under the new UK regime is a welcome first step, and I look forward to the Minister's response on the Government's wider efforts.

6.18 pm

Lord Agnew of Oulton (Con): My Lords, I begin by thanking all noble Lords who have taken part in the debate for their thorough consideration of the statutory instrument. It is an important subject and some excellent points have been made.

My noble friends Lady Wheatcroft and Lord Robathan asked about the challenge of ensuring that the UK's new autonomous list mirrors those countries that have been identified by the Financial Action Task Force in its public documents as having deficiencies in their anti-money laundering and counterterrorism financing controls. By aligning its approach with that of the Financial Action Task Force, the UK is in line with international standards, and the identification of countries is underpinned by the FATF's methodology and assessment processes. It remains open to the UK to review the list and amend it according to our own assessment of risks if necessary.

On the FATF's assessment of Russia, the judiciary's lack of independence and corruption were both highlighted in its report. For example, the FATF noted

[Lord Agnew of Oulton]
that levels of corruption are especially high in Russia. The money laundering regulations require enhanced due diligence in a range of situations that present a high risk of money laundering or terrorist financing, not just where a transaction or business relationship involves a country that is listed as high-risk.

When assessing if there is a high risk of money laundering or terrorist financing, a number of factors are taken into consideration, including geographical risk, when countries have been identified by credible sources as having high levels of corruption, such as terrorism. The high-risk third countries list should not be viewed in isolation. Enhanced due diligence, which comes through the money laundering provisions, is applied regardless of geographic risk in certain situations, such as when a customer or potential customer is a politically exposed person, family member or known close associate of a politically exposed person. Under the money laundering regulations, the regulated sector is also required to apply enhanced due diligence in any other case which by its nature could present a higher risk of money laundering and terrorist financing, including where there are geographic factors.

The noble Lord, Lord Chidgey, is also concerned and asks about transparency and beneficial ownership. The Government are committed to ensuring that our anti-money laundering regulations support the identification of criminal and terrorist financing activity, without placing disproportionate burdens on the regulated sector. In answer to the challenge from the noble Lord, I want to be clear on the Government's intention to introduce a package of reforms to limit the risk of misuse of companies, including by verifying the identity of people managing or controlling companies, providing the registrar with new powers to query and remove information and investing in investigation and enforcement capabilities. This was set out in September last year in our response to a consultation on Companies House reform. We will legislate on that reform programme when parliamentary time allows.

On AML supervision, we remain committed to ensuring that our AML/CTF regime is robust and responsive. The Treasury already works closely with the Office for Professional Body Anti-Money Laundering Supervision, known as OPBAS, to ensure high standards of effectiveness and consistency among supervisors.

I turn to the noble Lord, Lord Tunnicliffe, and how the list will be updated. The Government intend, before updating the list, to use the affirmative procedure to ensure alignment between the UK's high-risk third countries lists and the Financial Action Task Force lists, which are updated three times a year and, therefore, we have the flexibility to do the same.

On implementing the FATF's recommendations in the UK following the report of July 2019, the Government and private sector have jointly published a landmark economic crime plan, which provides a collective articulation of the 52 actions that the UK is taking to tackle economic crime and, in particular, prioritises risk areas by filling in the gaps identified by the Financial Action Task Force's mutual evaluation report. Key actions include the reform of the suspicious activity reporting regime and improving supervision of anti-money laundering compliance in the regulated sector.

On progress, the Government are bolstering the UK Financial Intelligence Unit with an addition of more than 70 new staff, enabling more feedback of reports and better analysis of suspicious activity reports. As outlined earlier, these regulations introduce a new, autonomous high-risk third countries list, which will ensure that the UK legislation remains up to date and continues to protect the financial system from money laundering and terrorist financing. This legislation represents the UK's new approach to high-risk third countries; it will allow the UK to take its own view on which countries are high risk without referencing EU legislation and remain in line with international standards in the fight against money laundering and terrorist financing.

Motion agreed.

The Deputy Chairman of Committees (Baroness Henig) (Lab): That completes the business before the Grand Committee this afternoon. I remind Members to sanitise their desks and chairs before leaving the Room.

Committee adjourned at 6.24 pm.