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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 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

Wednesday 26 May 2021

The House met in a hybrid proceeding.

Noon

Prayers—read by the Lord Bishop of Blackburn.

Arrangement of Business

Announcement

12.07 pm

The Lord Speaker (Lord McFall of Alcluith): My Lords, the Hybrid Sitting of the House will now begin. Some Members are here in the Chamber and others participating remotely, but all Members will be treated equally. I ask all Members to respect social distancing and wear face coverings while in the Chamber, except when speaking. If the capacity of the Chamber is exceeded, I will immediately adjourn the House.

Oral Questions will now commence. Please can those asking supplementary questions keep them to no longer than 30 seconds and confined to two points? I ask that Ministers' answers are also brief.

E-scooters

Question

12.08 pm

Asked by ***Baroness McIntosh of Pickering***

To ask Her Majesty's Government what assessment they have made of the number of e-scooters currently being used illegally in London; and what steps they intend to take to address such use.

The Minister of State, Home Office (Baroness Williams of Trafford) (Con): My Lords, enforcement of road traffic law in London is an operational matter for the Metropolitan Police, according to local policing plans. The Government will continue to support the police by ensuring that they have the tools needed to enforce road traffic legislation, including relating to electric scooters.

Baroness McIntosh of Pickering (Con): Does my noble friend accept that it is totally illegal to use e-scooters in public areas in London at this time, yet they are widely used on pavements, in parks and on roads, risking casualties and deaths? The law is simply not being enforced. Will she use her good offices to ensure that before the pilots start in June for rental scooters in London, the use of e-scooters—which are illegal when owned and used in public places—is properly regulated and policed as a priority, and that the law is enforced? Is she aware that as they are not currently regulated and insured, dealing with any casualties will be a drain on the resources of the Motor Insurers' Bureau?

Baroness Williams of Trafford (Con): I totally share my noble friend's concerns. Of course, there are two categories of scooter: the rental scooter, which can be insured, and the privately owned scooter. It is perfectly legal to purchase them, but they cannot be insured. Trials have been going on all over the country, but I hope the trials going on in London will clarify the situation once and for all and prevent the problems my noble friend outlines.

Lord Lexden (Con): My Lords, how can we be confident that the illegal riding of e-scooters on pavements will be prevented when the illegal riding of bicycles on pavements flourishes almost unchecked? How about introducing compulsory training in courtesy and respect for others before anybody is let loose on an e-scooter, or indeed a bicycle?

Baroness Williams of Trafford (Con): My noble friend outlines an important problem. As a humble pedal biker of a Brompton—other brands are available—I know how frightening it is to be approached by one of these e-scooters on the road. Riding on the pavement can result in a fixed penalty notice of £50, but to my noble friend's point I recommend that everybody who rides a cycle, wherever they ride it, gets the proper training they need.

The Earl of Clancarty (CB): My Lords, I first became aware of the extensive use of e-scooters a couple of years ago, when I saw smartly dressed young men and women whizzing around the centre of Vienna, clearly on the way to the office. There, e-scooters have been legalised and integrated into the bicycling infrastructure. E-scooters are here to stay, at least for a while, so does the Minister not agree that the quicker we legalise them across the whole UK, the better—not least so that we can regulate specifications and ensure roadworthiness?

Baroness Williams of Trafford (Con): I think the trials will help towards this end. They are here to stay—nobody is denying that—but it is a question of not in any way endangering the safety of others and being ridden in a way that is safe to other motorists and cyclists on the road.

Lord Winston (Lab): My Lords, the Minister is to be congratulated on riding a Brompton bike and not contributing to climate change, but I am afraid her answers are rather disappointing. Some three and a half years ago in this House, I broached the issue of accidents with bicycles on pavements, as she may remember, and there was a huge amount of press coverage about it afterwards. Can she not say why the Government do not ensure that people driving any kind of powered vehicle, be it a scooter or a bike with a battery, are not identified and capable of being identified, with proper identification, that regulations are enforced—because there is no point in having them otherwise—and that insurance is insisted on? At the moment, accidents are happening.

Baroness Williams of Trafford (Con): This comes back to the privately owned scooter versus the rental scooter. Rental scooters have identity tags on them and are insured. The thing is that it is not legal to drive the privately owned ones on roads or pavements. I fully take the noble Lord's point and hope that the trials will go some way to addressing this.

Baroness Randerson (LD): There are 50 trial areas and only 7,608 e-scooters legally in use on our roads across the UK, but local authorities have reported over 800 incidents, including serious injuries to a three year-old child walking on the pavement. Does the Minister agree that this is an unacceptable level of risk and will she and her colleagues urgently look again at the trials taking place with the intention of speeding up the introduction of proper regulation and penalties across the whole UK?

Baroness Williams of Trafford (Con): I do think that 300 injuries is too many—one injury is too many—and, to that end, I know that the Metropolitan Police have impounded nearly 1,000 e-scooters in the two years to April this year.

Lord Rosser (Lab) [V]: Reference has been made to the e-scooter trials taking place around the country. What will be the Home Office objectives in respect of the content of any new laws and regulations on the use of e-scooters following those trials? Secondly, will the Home Office give a commitment today that, whatever laws and regulations on the future use of e-scooters are agreed and passed, they will be properly enforced by the police, who will have the staffing resources to enable them to do that?

Baroness Williams of Trafford (Con): On the noble Lord's latter point, the Government are making good headway with recruiting 20,000 more police officers, who are operationally independent of the Government. As for the number one objective, of course it will be safety. The elements that rental scooters have that privately owned scooters do not have are unique IDs, rear lights and signalling ability, and I am sure that those factors will be taken into consideration.

Lord Shinkwin (Con): Will my noble friend undertake to ensure that disability organisations, particularly the Guide Dogs for the Blind Association, are consulted by the police about enforcement of the law concerning e-scooters?

Baroness Williams of Trafford (Con): I cannot say whether there is an intention to do that, but I acknowledge my noble friend's point and will take it back. Not only are these things fast, they are also incredibly quiet and therefore difficult to detect.

Lord Jones of Cheltenham (LD) [V]: The Science and Technology Select Committee in another place, on which I used to serve, once visited Boston, Massachusetts, and met entrepreneurs developing e-scooters. We had test drives, which were—let us say—challenging for some of us. Will the Minister and other government members undergo prolonged tests on e-scooters, as well as Segways and Solowheels, with the media present, to make sure that any new regulations are fit for purpose?

Baroness Williams of Trafford (Con): I think doing that with the media present would be a recipe for disaster, particularly for some Members of either your Lordships' House or the other place. But I agree with the noble Lord's point that these things have to be well tested. He makes the point about Segways and those mono-wheels, which I think are incredibly dangerous. I agree with him.

Lord Berkeley (Lab): I fear that the Government have lost the race now. I am told by cycling groups that there will be 1 million illegal e-scooters on the roads by the end of this year. Would it not be best to make them the same as e-bicycles in the concept and concentrate enforcement on their not going on pavements and on road traffic not speeding?

Baroness Williams of Trafford (Con): All of what the noble Lord says is true. E-scooters are different from e-bikes in that you actually have to make some effort to propel the e-bike, whereas the e-scooter is self-propelling. I think they are here to stay, but at the heart of this is the safety of other people riding bikes or, indeed, driving cars, as well the as safety of pedestrians, particularly disabled ones, as my noble friend mentioned.

Lord Rogan (UUP): E-scooters are currently banned in Northern Ireland, but just last week the *Belfast Telegraph* reported that the PSNI had stepped up enforcement actions against these vehicles and their riders after noticing their increased popularity. Figures provided by local councils show that 210 people have been injured in e-scooter incidents since they were legalised in England last summer. I urge the Minister to share these statistics and any related background information she holds with the devolved Administrations, including Northern Ireland, in case they may be minded to follow Her Majesty's Government's misguided and dangerous policy on e-scooters.

Baroness Williams of Trafford (Con): My Lords, we regularly engage with the devolved Administrations, and I shall certainly take that back.

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

Overseas Development Assistance

Question

12.20 pm

Asked by ***Baroness Sugg***

To ask Her Majesty's Government what progress they have made towards legislation to reduce Overseas Development Assistance funding.

The Minister of State, Department for the Environment, Food and Rural Affairs and Foreign, Commonwealth and Development Office (Lord Goldsmith of Richmond Park) (Con) [V]: My Lords, the Foreign Secretary is looking very carefully at this issue. We will act in line with the International Development (Official Development Assistance Target) Act 2015, which explicitly envisages that there may be circumstances in which the 0.7% target is not met and provides for reporting to Parliament in that event. We have been clear that we intend to return to spending 0.7% of our national income on international development when the fiscal situation allows.

Baroness Sugg (Con) [V]: My Lords, the UK aid cuts are not only having devastating consequences for millions of people around the world but are also severely damaging our international reputation. This is all ahead of the Prime Minister hosting the G7 in just a few weeks' time. Of all the countries attending that meeting, we are the only one cutting our spending on aid in the midst of the global pandemic. The self-imposed ceiling of 0.5% is stopping us contributing our fair share on global vaccines. Given that the most recent Bank of England forecast is that the economy will return to pre-pandemic levels by the end of the year, does my noble friend agree that now, ahead of the G7, would be the ideal time for the Prime Minister to confirm that the UK will return to 0.7% next year?

Lord Goldsmith of Richmond Park (Con) [V]: My Lords, the UK economy has undergone the worst shock for 300 years, and it is against that backdrop that we were forced to prioritise public spending, including the temporary cut of ODA to 0.5%. We will return to spending 0.7% as soon as the fiscal situation allows, as confirmed in the integrated review. I hope that that is as soon as it possibly can be, but the UK remains a development superpower and will spend £10 billion on ODA. We are among the most generous countries in the world.

Lord Walney (Non-Afl): Setting aside the long-term benefit of development spending, does the Minister recognise that these cuts are having an immediate impact on vital research projects that the Medical Research Council is having to cut back on in-year, in areas such as genomic research involving UK institutions? Will he undertake to work urgently with his colleagues in the health department to ensure that these areas of funding do not suffer long-term detriment?

Lord Goldsmith of Richmond Park (Con) [V]: My Lords, the UK is, and remains, one of the most generous funders in the health sector, in terms of delivery of urgent care—particularly in the context of Covid—and of research and development. My colleagues and I are determined that that should remain the case and that any fallout in that area as a consequence of the cut is mitigated to the largest possible extent.

Baroness Helic (Con) [V]: My Lords, I declare my interests as set out in the register. The Government position themselves as global leaders in combating gender-based violence but have repeatedly cut funding in this area and neglected proactive programmes such as the Preventing Sexual Violence in Conflict Initiative. What funding allocation has been made to that initiative, and to the What Works to Prevent Violence programme? Can my noble friend assure the House that, having been cut to the bone already before this year, funding for these programmes will not be reduced even further?

Lord Goldsmith of Richmond Park (Con) [V]: My Lords, the Prime Minister has always put quality education for girls alongside climate change and the environment as top priorities, and that remains the case. This year, the FCDO will invest £400 million on girls' education in over 25 countries, advancing our leadership position on the global target to get 40 million more girls into education by 2025. I am afraid that I am not in a position to make comments on specific programmes, but the department will be in a position to do so soon.

Lord Fowler (CB): My Lords, I declare an interest as an ambassador for UNAIDS, which has had its grant cut by over 80%. Is the point not this: few noble Lords who spoke on, and voted for, the original legislation had any concept that it could be reversed by the decision of Ministers alone? If the Government want to pursue this policy, surely they should have the political courage to put it to Parliament in the proper way.

Lord Goldsmith of Richmond Park (Con) [V]: My Lords, even with the reduction in funding, the UK remains a major donor to the UN. The UK is currently the fifth biggest contributor towards the UN's regular and peacekeeping budgets. We will be maintaining all our assessed contributions to Vienna, including upholding our share of the UN regular budget. It may be the case that noble Lords did not foresee such a situation, but I suggest that, equally, most did not foresee the economic fallout that we have seen over the last 18 months as a consequence of the completely unexpected pandemic.

Lord McConnell of Glenscorrodale (Lab): My Lords, please note my entry in the Lords register and the interests noted there. The speed and scale of these cutbacks is having a catastrophic impact on the reputation of the United Kingdom. The cutbacks and closure of programmes in health, education and other areas are dangerous and costing lives. We learned just yesterday that a programme initiated by War Child—an organisation that helps children in war—to which the United Kingdom Government promised £0.5 million of match funding, has now been delayed for a further year in Afghanistan. That leaves older children there with probably no option but to head in this direction, over the English Channel, and to try and migrate to the United Kingdom and western Europe. Will the Government reconsider this decision and ensure that these programmes, which have been cut with such speed, are allowed to continue for the next year or two until 0.7% returns?

Lord Goldsmith of Richmond Park (Con) [V]: My Lords, we are continuing to support Afghanistan, with £145 million of investment next year. Since 2001, we have provided £3 billion in development and government assistance to Afghanistan. Our aid has helped significant improvements in that country. Life expectancy has increased from 50 in 1990 to 64 just two years ago. Some 8.2 million more children have been to school; 39% of them are girls. We have insulated our programmes in Afghanistan as much as we possibly can, in most part, from the effect of the reduction to 0.5%. Covid has obviously changed the balance of calculations and forced us to focus on tackling this additional threat to Afghans' health and livelihoods, but the programmes have, by and large, been protected.

Lord Purvis of Tweed (LD): Before the Minister and his colleagues halved aid to the world's poorest and most vulnerable women and children in malaria-plagued and war-scarred Yemen, which the UN Secretary-General described as "a death sentence", why was no humanitarian impact assessment carried out?

Lord Goldsmith of Richmond Park [V]: My Lords, the UK remains one of the largest humanitarian donors to Yemen as well, providing over £1 billion in aid since the conflict began, supporting millions of vulnerable Yemenis with food, clean water and healthcare. We are pushing for a lasting political resolution to the conflict. The new UK aid pledge of £87 million will, we believe, feed 240,000 of the most vulnerable Yemenis every month, support 400 healthcare clinics and provide clean water for 1.6 million people. Our support for Yemen has been at the top level, in terms of other countries, and will remain so.

Baroness Hodgson of Abinger (Con) [V]: My Lords, these cuts are resulting in many small organisations doing life-changing work at grass roots being badly hit. Can my noble friend reassure the House that, where possible, the cuts will fall on big, multilateral programmes that are not solely dependent on UK aid?

Lord Goldsmith of Richmond Park (Con) [V]: My Lords, I am sorry, but I did not hear the main part of that question. I heard the comment on multilateral commitments and, if it helps, I can say that we are honouring those. We are maintaining our major pledges to IDA, the Multilateral Debt Relief Initiative, the International Bank for Reconstruction and Development and more besides. The cross-cutting budget is made up of our contributions to over 30 multilateral institutions and we are protecting them.

Lord Collins of Highbury (Lab): My Lords, let us get one thing straight. Maintaining 0.7% would have resulted in substantial cuts to ODA. It is the speed and additional cuts that are having such a damaging effect on Britain's reputation. Is the Minister aware that nutrition projects, which help maintain the efficacy of vaccines and help in the fight against the pandemic, have been cut by 80%? How can he justify that?

Lord Goldsmith of Richmond Park (Con) [V]: My Lords, as I and colleagues have said, cutting aid from 0.7% to 0.5% is not a choice that was made easily and was not what any of us wanted to do. However, the Prime Minister, the Foreign Secretary and the Chancellor are all in agreement that they want the UK to return to 0.7% as soon as the fiscal situation allows, as confirmed in the integrated review. We do, of course, hope that that happens as soon as possible.

Lord Alton of Liverpool (CB): My Lords, how does the Minister respond to this week's *Sunday Times* report that hundreds of millions of doses of medicines for treating neglected tropical diseases, donated by pharmaceutical companies, will go to waste as funding cuts will leave these life-saving medicines in warehouses, undelivered? What is his assessment of the impact of the ODA cuts on the Government's ability to meet the 2019 manifesto commitment to "lead the way" in eradicating malaria?

Lord Goldsmith of Richmond Park (Con) [V]: My Lords, I am afraid that I am not aware of that report, but I will ensure that whichever colleague in the department in whose portfolio this sits will respond to the noble Lord. On global health more broadly, we have, for instance, pledged up to £1.65 billion to Gavi to support routine immunisations. We have also made new public commitments of up to £1.3 billion of ODA to counter the wider health, socioeconomic and humanitarian impacts of the pandemic. Of course, we have had to prioritise our Covid response because Covid is the dominant health issue today, but it not the only health issue, of course. We remain one of the world's biggest funders of health globally.

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

Rogue Landlords Register

Question

12.31 pm

Asked by ***Baroness Grender***

To ask Her Majesty's Government what progress they have made towards introducing a register of rogue landlords; and how many such landlords they have registered.

The Minister of State, Home Office and Ministry of Housing, Communities and Local Government (Lord Greenhalgh) (Con): My Lords, I declare my residential and commercial property interests as set out in the register. The Housing and Planning Act 2016 introduced a database of rogue landlords and property agents as part of a package of measures to tackle poor standards within the private rented sector. This included banning orders, civil penalties of up to £30,000 and rent repayment orders. The database went live on 6 April 2018 and currently contains 43 entries.

Baroness Grender (LD): Given the Government's original estimate that there are well over 10,000 rogue landlords and that there would be 600 banning orders a year—not seven, as is currently the case—and given that every one of these criminal and rogue landlords getting away with it means untold misery for thousands of tenants, what was the Minister's response when he found out it was such a small number? As a Minister, what did he then do to put this right?

Lord Greenhalgh (Con): My Lords, this database is not meant to be a metric of local authority enforcement work. In its current form, it is targeted at only the very worst and most persistent offenders who have been convicted of a narrow range of offences or have received two civil penalty notices within a 12-month period. I have satisfied myself that the Government have provided a lot of support regarding improving enforcement against the most egregious and rogue landlords.

Lord Whitty (Lab) [V]: My Lords, due to inadequate levels of social housing and prohibitively expensive house prices, the proportion of households living in private rented accommodation is almost certain to go on increasing. There are many problems with this sector, as the noble Baroness, Lady Grender, has said. We are talking here about rogue landlords; there are of course also good ones, but we really do not have a clue about how many landlords there are and how well they all operate. Would it not be sensible to legislate

for a comprehensive register, local authority by local authority, of all landlords and for registration to be subject to a requirement of minimum standards of safety and security and minimum terms for rental agreements?

Lord Greenhalgh (Con): My Lords, the majority of private rented sector landlords provide decent and well-maintained homes; in fact, the proportion of non-decent homes has declined dramatically from 41% in 2009 to 23% in 2019. We have committed to exploring the merits of introducing a national landlord register and we will engage with a range of stakeholders across the sector to understand the benefits of different options for introducing one.

Baroness Jones of Moulsecoomb (GP): That was a complacent answer from the Minister because this has been going on for a long time, and a national register would be an excellent thing. After hearing this debate, how much urgency will the Minister put into speeding up the introduction of that register?

Lord Greenhalgh (Con): There is no complacency; I am merely outlining that we are considering the introduction of the register as part of our commitment to introduce a White Paper in the autumn. That will contain a number of measures designed to redress the balance between landlord and tenant.

Lord Young of Cookham (Con): My Lords, I commend the excellent report *Journeys in the Shadow Private Rented Sector* by Cambridge House, which reveals the extent of organised crime in the murkier parts of this market: criminals who are wholly undeterred by local authority sanctions; the obliging of tenants who feel defenceless to pay their rent in cash; and police who are ill equipped to deal with this criminality, not just roguery. Will the Government respond to the report's recommendations, such as the better detection of unlicensed HMOs and better monitoring of online platforms advertising private rentals?

Lord Greenhalgh (Con): The report that my noble friend refers to provides valuable insights, highlighting illegal evictions and behaviours by the most criminal and irresponsible landlords and agents. Such reports will be very helpful in developing our proposed reforms. We will be publishing the White Paper in the autumn and continuing to work with these stakeholders, who have valuable knowledge in these matters.

Baroness Walmsley (LD) [V]: My Lords, I declare that I have recently let one property. Generation Rent, in its report published today, recommends a national regulator for standards in the private rented sector that has responsibility for overseeing the sector and ensuring that enforcement measures work effectively. This would include a national register of landlords. Will the Government please consider this proposal, which is also supported by Shelter and other bodies?

Lord Greenhalgh (Con): My Lords, the Government are committed to ensuring that we build back fairer and to improving the relationship between landlords and tenants. We will certainly consider the policy ideas put forward by Generation Rent as part of our commitment to that reform.

Lord Flight (Con): My Lords, I am advised that, in the two years since its launch, the Government's database to keep track of rogue landlords contains only 21 names so far, submitted by 15 local authorities, despite the Government's estimate that there are as many as 10,500. What reforms are the Government therefore proposing for a more realistic approach to identifying rogue landlords? Further, do they have any plans for a national rogue tenant database?

Lord Greenhalgh (Con): I thank my noble friend but the latest data shows that the figure is slightly higher than that: there are 43 entries by 26 local authorities. However, we will consider what we can do to improve access to the database. We currently have no plans to introduce a national tenants database. There are a number of measures we can put in place, such as the referencing scheme, which we think are sufficient.

Lord Bird (CB): Does the Minister agree with me that the reason why people fall into the hands of rogue landlords is that they are in need? They are often the most desperate people, and do not have a choice. Can we not support the decent landlords by getting them back to profitability as soon as possible—but not by Covid-inspired mass evictions?

Lord Greenhalgh (Con): We have taken a balanced approach whereby we have tried to ensure that we do not see the mass evictions the noble Lord refers to. Equally, it is important that we crack down on rogue landlords. We have invested close to £7 million to improve the enforcement powers of local authorities, because those who do overstep the mark need to feel the full force of the law, whether that is the criminal law or housing legislation.

Lord Kennedy of Southwark (Lab Co-op): My Lords, I refer the House to my relevant interests as set out in the register. Does the noble Lord think that the whole concept of the rogue landlords database has so far been a failure? Notwithstanding his answer to that, what is he planning to do to make the intent behind the concept a reality? Can we have a bit more detail on the White Paper and future measures?

Lord Greenhalgh (Con): I do not accept that it has been a failure, partly because of the time taken going through the process of charging and convicting individuals. As I pointed out in the previous answer, it is one of a number of measures that we introduced to tackle the issue of rogue landlords. Obviously, we are consulting on a number of wider measures, including increasing the scope and accessibility of this database as part of that White Paper. More will be announced later in the year.

Baroness Gardner of Parkes (Con) [V]: My Lords, I refer to my entry in the register of interests. Can the Minister comment on the position on creating a register of short-term lets, whether by council area or more generally? These now represent a significant part of the rental market; most are unknown to councils and, consequently, avoid safety checks.

Lord Greenhalgh (Con): My Lords, I believe that this is being considered by the Tourism Minister, who will be publishing a tourism recovery plan in spring. Landlords who let out accommodation on a short-term basis must do so responsibly and in accordance with the law.

Baroness Uddin (Non-Afl): My Lords, for decades, we have been all too aware of the detrimental effect on those most vulnerable of substandard, privately rented family accommodation, operated by so-called rogue landlords. Many of those who suffer the most will know nothing about the list or how to complain. There has been a raft of new housing and planning policy announcements and national adverts over the past few months, including www.ownyourhome.gov.uk. Will the Minister and his department consider widening access to this and other public information and make it available in small satellite channels, which target numerous community languages?

Lord Greenhalgh (Con): My Lords, one of the measures in our wider reform of the relationship between landlords and tenants is to make sure that landlords are all members of a redress scheme. I will look at some of the other points the noble Baroness has raised as part of that reform agenda.

The Lord Speaker (Lord McFall of Alcluith): My Lords, the time allowed for this Question has elapsed, and we now come to the fourth Oral Question.

Covid-19: Variant B.1.617.2

Question

12.42 pm

Asked by ***Lord Watson of Invergowrie***

To ask Her Majesty's Government when they will publish data on the spread of the Covid-19 variant B.1.617.2, first identified in India, in schools in this country.

The Parliamentary Under-Secretary of State, Department of Health and Social Care (Lord Bethell) (Con): My Lords, I pay tribute to the contribution of teachers, pupils and parents in the battle against infections in schools. By the application of hygienic measures, distancing and asymptomatic testing, the spread of the virus has to date been limited. We are very vigilant—we are looking at recent upticks in infection, we react swiftly to outbreaks and we have published variant data twice a week. But we continue to work on ways of having more detailed, setting-specific analysis.

Lord Watson of Invergowrie (Lab): My Lords, the DfE has just published the latest school attendance figures, which showed that the number of pupils in schools in England who had been shown to have Covid-19 had soared by some 33% in the space of a week. Those are national figures, so the increase would have been even greater in the eight hotspot areas. That surely shows the need for the Government to publish the latest data on a local government area basis to ensure that schools have the proper mitigation measures in place for their locality. The second wave of Covid caused immense disruption to children's education. To ensure there is no repeat of that, will the Government enable secondary schools to carry out lateral flow tests on all pupils in the week following half-term in the hotspot areas?

Lord Bethell (Con): My Lords, there is an enormous amount of data published. I draw the noble Lord's attention to table 6 in the table test conducted on 28 May 2020, which has an enormous amount of weekly collection data for schools. In that week, 1,967,904 LFTs were taken by schools, and they yielded 1,806 positive results. Those were all examples of where we have cut the chains of transmission. Tests are delivered through a variety of channels, including the community testing channel. Reports on infections in schools are analysed by the tracing programme, and they are then taken through to PHE and JCB. We are looking at ways in which we can aggregate all that schools data into more specific tables. But until we do that, there is already a very large amount of data.

Baroness Warwick of Undercliffe (Lab) [V]: My Lords, my noble friend has pointed out that cases are substantially concentrated in school-aged children and young adults, who of course have not yet been vaccinated. Does the Minister agree that it was premature to announce last week that face coverings will no longer be required in secondary school classrooms and communal areas? Does he accept that this policy could drive an increase in infections in our unvaccinated children and young people, as well as in school staff, families and wider communities?

Lord Bethell (Con): I share the noble Baroness's concern, but I can reassure her on a couple of things. It is, I think, a real tribute to the hard work of parents, teachers and the pupils themselves that the infection rates in schools have been relatively contained, and certainly have not shown the same kinds of behaviours that they did in September of last year. But we remain extremely vigilant, for exactly the reasons the noble Baroness explained. On the question of face coverings, it is a very difficult balance to strike—they are intrusive and disruptive but, on the other hand, they are an effective way of minimising infection. It is an area that we keep a very close watch on.

Baroness Brinton (LD) [V]: My Lords, the delayed publication of official Public Health England Covid variant data, which was slipped out during the Eurovision Song Contest results, is bad enough, but can the Minister say whether the Secretary of State for Education has the power to remove official PHE data on cases in schools? If so, what were his grounds for that removal?

Lord Bethell (Con): I really bridle at the suggestion that we run our data publication programme on the basis of the Eurovision Song Contest schedule. That really is not a credible suggestion. There is an issue with positivity rates for some of this data because not every test is registered, and, as a result, it is difficult to draw conclusions about exactly what proportion of tests have become positive. It is for that reason that we are careful about how we present some of the data, and that is behind some of the decisions that have been made about which tables to publish.

Baroness Blower (Lab): My Lords, Deepti Gurdasani, of Queen Mary University, is quoted as saying:

"We know from media reports there are many outbreaks of the so-called 'India variant' in schools but there's no systematic data. In Bolton … it looks like schools are contributing to the rapid spread of the virus".

She concludes that, in a public health emergency, it is crucial that Public Health England has the public's trust. Can the Minister say how appearing to censor scientific reports and removing mitigations, such as the wearing of masks in schools, can create and sustain that trust?

Lord Bethell (Con): My Lords, I do not quite recognise the world the noble Baroness describes. In fact, I would say that the work between Public Health England, schools, local authorities and local infection teams has never been stronger, and it has proved to be extremely effective. The noble Baroness is right that schools are often a source of infection, and we remember well what happened in September. In areas such as Bolton, we are very careful to ensure that infection measures are put in place. I do not accept that there is an issue of trust.

Baroness Masham of Ilton (CB) [V]: My Lords, are people who have not been vaccinated and who are diabetic being warned about the dangers of the deadly mucormycosis, the black fungus, which is associated with the Indian variant—and now there is a white fungus also? Is the Minister aware that antifungal medication for the treatment of these conditions has run out in India? Can the UK help? There are many children who are diabetic.

Lord Bethell (Con): I have read reports about the fungus the noble Baroness describes, and they are absolutely chilling and a source of grave concern. I am not aware of that being a threat to British public health; I feel sure that Public Health England is watching it extremely carefully. I take note of the noble Baroness's point about medicine being in short supply. I will be glad to look into it more closely and write to her with more details.

Lord Campbell-Savours (Lab) [V]: Do Ministers accept that more patient choice would help in dealing with problems over spread due to vaccine hesitancy? Having in mind data on vaccine hesitancy in the case of the AstraZeneca vaccine, when will we have a decision on the authorisation of vaccines of a different brand to deal with vaccine brand hesitancy?

Lord Bethell (Con): That has not been the feedback from the public in the round. There are significant issues around the supply of vaccine, and we very much take an approach of getting the vaccine out of the warehouse and into the arms of the public in as speedy a manner as we possibly can. We are not aware of a huge amount of brand prejudice among the public, and that is entirely right, because all the vaccines are effective: that is the view of the MHRA, the JCVI and the British public.

Lord Hussain (LD): My Lords, the latest data published by the Government show that the Indian variant was detected in 151 local authorities in the week ending 15 May, an 18% weekly increase, with 37 areas reporting the variant for the first time. What urgent action are the Government taking in all 151 areas and their neighbours to get on top of this surge in cases?

Lord Bethell (Con): The noble Lord is entirely right, and I am grateful that he has looked at the dashboard as carefully as he clearly has done and drunk deeply from the rich array of data that we have available there. On a more serious point, there are some significant outbreaks—they are listed very clearly on the PHE dashboard—where we have put in place significant outbreak management procedures, including surge vaccination, surge testing and additional communication with the community. But the noble Lord is right that the Indian variant is proving to be extremely competitive with the Kent variant, and we should expect that to start to spread around the country.

Lord Hunt of Kings Heath (Lab) [V]: My Lords, can the noble Lord update the House on the potential vaccination of secondary school children?

Lord Bethell (Con): I am afraid I do not have a specific update for the noble Lord. It is an area that we will be extremely interested in looking at, but there are regulatory processes to be gone through at the MHRA and vaccine policy procedures to be gone through at the JCVI. They will both be looking at that. At the moment, our focus is on getting the vaccine into as many arms as we possibly can, particularly among the high priority groups, but we will turn to that at some point in the future.

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

12.53 pm

Sitting suspended.

COVID-19 Variant: Travel Guidance for Local Authorities

Private Notice Question

1.01 pm

Asked by ***Baroness Thornton***

To ask Her Majesty's Government what plans they have to ensure local authorities are informed of new travel guidance on areas where the COVID-19 variant B.1.617.2, first identified in India, is spreading.

The Parliamentary Under-Secretary of State, Department of Health and Social Care (Lord Bethell) (Con): My Lords, we are always looking to see how we can communicate more effectively with local authorities. We will have discussions with local authority colleagues this week to make sure that everyone is clear what the expectations are and how we can improve communications going forward.

Baroness Thornton (Lab): My Lords, to paraphrase Matt Lucas as the Prime Minister: "Don't go to work—go to work. If you can stay indoors, go outside. Don't go outside—go on public transport. Don't go to work and then—something or other will happen." It would

[Baroness Thornton]
be laughable if it were not so serious. I have two questions for the Minister. The amended guidance asks people to minimise travel into and out of the eight hotspot areas. The previous version asked them to avoid all non-essential travel. What is the difference between those two things or is it like the amber countries—you can go there but you should not? If the Government want people to heed their advice, guidance or instructions, why were the notices posted on a website during the night without consultation or accompanying dissemination to people and organisations such as public health, councils and mayors? That does not seem the most effective way to communicate with people.

Lord Bethell (Con): My Lords, the characterisation presented by the noble Baroness is unfair. We are trusting people to be responsible and to act with caution and common sense, as they have done throughout this pandemic, and to make decisions on how best to protect themselves and their loved ones. We are seeking to avoid bringing these measures into law and instead are using guidance. The communication of that guidance could have been done better but we are working extremely hard with regional partnership teams, Public Health England, local authorities, JBC colleagues and the incident management teams to ensure that these communications are done in the most effective way possible.

Baroness Brinton (LD) [V]: I declare my interest as a vice-president of the Local Government Association. Earlier, on the "Today" programme, Grant Shapps said that it was down to local authorities to disseminate the new travel guidance to their citizens, but local authorities reported that they had not been told about it. Do the Government expect them to develop telepathic skills? What does that say for the way government truly operates as a partner with our councils, directors of public health and local resilience forums, which are dealing brilliantly with this new, rapidly transmissible Covid variant? Are they getting extra resources to cope with the extra burdens on them?

Lord Bethell (Con): No, the noble Baroness will be relieved to know that we are not relying on telepathy. Instead we have regional partnership teams, which include Public Health England regional directors, and Contain and JBC colleagues, working together with local authorities, and these meet on a three-times-a-week basis at the regional team updates. Attendees can include government departments, including the MHCLG, the DfE, particularly REACT, and the No. 10 Cabinet Office task force. It is through this kind of extremely regular and intense collaboration between all the different parties working on this extremely complex pandemic response that we share data, provide guidance and ensure that the communications are done to the best of our ability.

Baroness Young of Old Scone (Lab) [V]: I declare an interest as a resident of Bedford borough. Bedford has repeatedly been let down by the failure of government to share information. It did not get information on test results on cases that tested positive with the Indian variant returning through airports, and now there is this communication failure, which it found out about only when the Manchester press phoned it up to tell it that it was on the website. It has been starved of the Pfizer vaccine and now denied the additional boots on the ground that it needs to deal with the crisis, which apparently have all been sent to the red-wall authorities. What ill will do the Government have for Bedford and what is the Minister doing to sort out the important relationship with key local authorities without imposing top-down lockdowns, either clandestinely or publicly?

Lord Bethell (Con): My Lords, I am conscious of having been asked questions about the vaccine, testing and lockdowns in Bedford before. However, I absolutely reassure the noble Baroness that we approach all areas on an absolutely equitable basis, and in fact I pay tribute to the people of Bedford and the local authorities there for their energetic response to this pandemic. We are working extremely hard with all local authorities to give them the effective powers and resources to deal with the pandemic on a local basis. That means that national co-ordination comes second to local implementation and that these communications are sometimes extremely complex. We should not be surprised if sometimes there are differences between how different areas implement those communications.

Lord Balfe (Con): My Lords, is it not time for the department to stop formulating rules that are neither enforced nor obeyed? Instead, if it wants to publish lists, could it not consider publishing a list of the growing waiting lists for treatments for cancer, heart problems and the many other things which are growing out of all proportion to the amount of effort put into constantly talking about Covid?

Lord Bethell (Con): My Lords, my noble friend makes an extremely pertinent point but the two things are inextricably linked. We can get back and address the backlog of operations to which he quite rightly alludes only if we are not fighting the pandemic and if our wards are not full of Covid victims. Only through the right kind of guidance, testing, the vaccine and the behaviours of the public can we contain this virulent virus, a new strain of which has arrived on our shores, and if we do not, our hospitals will be overwhelmed and we will not be able to address the backlog.

The Lord Bishop of Blackburn: My Lords, I declare an interest as resident in the area of Blackburn. After the advice last Friday, I was unsure whether I would be entitled to travel to London for duty this week and allowed to return if I did. There might have been people in both places who would have been equally delighted. There is real uncertainty, disquiet and disappointment at the unclear and mixed messages that have been received, especially among communities that are struggling with very high rates of infection. The point is not so much about information being given but about consultation. What will the Minister do to make sure that this debacle does not happen again and that, to hear the local voice, there will be proper consultation with directors of public health, not just information?

Lord Bethell (Con): My Lords, as I sought to explain to the noble Baroness, Lady Brinton, there is a huge amount of consultation with directors of public health.

There are meetings on these matters on a daily basis through the chief medical officer, the silver/gold process and the local outbreak teams. However, the right reverend Prelate refers to a serious issue. We are seeking to avoid the kind of legal lockdowns that the public are quite understandably exhausted by and naturally quite resistant to. Therefore our message to the public is that we are asking them to behave in a responsible fashion, to act with caution and to use their common sense, as he had to in his decision about whether to come to London. We are not seeking to legislate on that, and we are asking people to make those decisions for themselves. I completely sympathise with those who find that challenging and who in some cases would prefer to have some certainty. However, that is what people have asked for and it is the right approach to keep the British public on side during this difficult period.

Baroness Pinnock (LD) [V]: My Lords, I refer the House to my relevant interests. I live in Kirklees, one of the affected areas. Yesterday, the new guidance on the Government's website said, "Avoid meeting inside". Today, the amended site says, "Meet outside where possible". Perhaps the Minister can help me. Does it mean that, in Kirklees and elsewhere, pubs, cafés and restaurants must turn customers away from service inside? The Minister has just said, "We must use common sense". Does that mean that council meetings must be held virtually, not face-to-face, which is what the other part of the Government now demand?

Lord Bethell (Con): My Lords, the noble Baroness has given some very good examples of exactly where we are asking the public, and legislatures, to use their common sense. We are saying, "Avoid meeting inside", but we are not closing the pubs. We also say, "Avoid smoking", but we do not ban smoking.

Noble Lords: Oh!

Lord Bethell (Con): We have not banned smoking; lots of smoking is going on among the British public.

This is where the public have a role to play. They have agency, they are able to make their own decisions and they can make the sensible distinction between meeting inside when they could be meeting outside and making unavoidable decisions of the kind the noble Baroness alluded to.

Lord Foulkes of Cumnock (Lab Co-op): I will have a go now. The latest advice to people in these areas is to minimise travel and use their common sense. If a family have booked a trip away for the weekend, how would the Minister advise them?

Lord Bethell (Con): My Lords, I would ask them to use their common sense. I am a parliamentarian; I am not telling them or legislating for them on that particular decision. They can see the rising infection rates around them, they know for themselves how this disease spreads and we are asking them to make a sensible, reasonable, common-sense decision about whether that journey is necessary. That is not something we are legislating for, it is what we are putting in guidelines, and I think that that, at this stage of the pandemic, is a reasonable response.

Baroness Bennett of Manor Castle (GP): My Lords, given the long, arduous months of confinement suffered by the city of Leicester, compounded by the confusion caused by the apparent secret lockdown, and then the recognition that the city of Leicester should not have been included on the list, according to the figures—that arose as a result of a faulty calculation—can the Minister explain how the error came to be made in the case of the city of Leicester and how it will be avoided in future?

Lord Bethell (Con): My Lords, guidance for people in Bolton and Blackburn with Darwen was published on Friday 14 May. It was then extended on 21 May to Bedford, Burnley, Hounslow, Leicester and North Tyneside. That guidance has now been fine-tuned, in response to feedback from the local directors of public health and, as the noble Baroness will know, the website has been updated. The chronology of that is relatively straightforward. It could have been done better—that I have made plain to the noble Baroness, Lady Thornton—and we are with working directors of public health, local authorities and others to ensure that we get smoother systems for that kind of thing.

Baroness Merron (Lab): My Lords, I share a lot of the concern in the House about the confusion that has been sown. I am somewhat shocked that the Government did not work closely with those who are dealing with Covid in the affected areas, who are at the sharp end: the mayors, public health officials and councils. They are the local experts, and I implore the Minister to work closely with them. Does he accept that what is really needed in the affected areas now is isolation support, enhanced contact tracing and the rollout of vaccine for everybody?

Lord Bethell (Con): My Lords, I completely object to the false premise of the question. I cannot tell you how hard we are working in collaboration with local authorities, directors of public health and the incredible rhythm of regional partnership teams, regional team updates and the huge amount of data and interaction between all parts of government. It is absolutely phenomenal, and the characterisation by the noble Baroness is just not right. Where I completely agree with her is that we are working as hard as we humanly can to get the vaccine out to everyone, we are doing absolutely all we can to spread testing to all areas where there are outbreaks and we are working extremely hard to improve all those systems.

Baroness Fox of Buckley (Non-Afl): Does the noble Lord agree that in one regard, government communication has been brilliantly successful? In Laura Dodsworth's new book, *A State of Fear*, she exposes how the nudge unit, behavioural scientists and SPI-B weaponise fear. She quotes the statement:

"The perceived level of personal threat needs to be increased among those who are complacent, using hard-hitting emotional messaging."

I genuinely want to know: can the Minister explain why the Government are so adept at deploying huge resources to communicate scary messages but seem so inept in communicating the trust and common-sense messaging he has just explained here but did not manage to explain to local people, which is why they are so confused?

Lord Bethell (Con): My Lords, I did read that book, and it was based on the premise that the public cannot be trusted and the public cannot make decisions for themselves. That is not the Government's view.

The Deputy Speaker (Lord Russell of Liverpool) (CB): My Lords, all supplementary questions have been asked.

Assisted Dying Bill [HL]

First Reading

1.16 pm

A Bill to enable adults who are terminally ill to be provided, at their request, with specified assistance to end their own life, and for connected purposes.

The Bill was introduced by Baroness Meacher, read a first time and ordered to be printed.

Status of Workers Bill [HL]

First Reading

1.17 pm

A Bill to make provision for the creation of a single status for workers by amending the meaning of "employee", "worker", "employer" and related expressions in the Trade Union and Labour Relations (Consolidation) Act 1992, the Employment Rights Act 1996 and cognate legislation, and for connected purposes.

The Bill was introduced by Lord Hendy, read a first time and ordered to be printed.

Covid-19

Commons Urgent Question

The following Answer to an Urgent Question was given in the House of Commons on Tuesday 25 May.

"Our race between the vaccine and the virus continues. As a nation, we have taken some huge strides forward: there are now 908 people in hospital with coronavirus, a fall of 9% in the past week, and the average number of daily deaths is now six, the lowest number since the middle of March. On top of this positive news, our vaccination programme is accelerating at pace. Over 72% of all adults have now been given their first dose, and 43% of all adults have the protection of two doses.

This weekend, we reached the milestone of 60 million vaccines administered across the United Kingdom, and Public Health England also published new research showing that the effectiveness of vaccination against symptomatic disease from the variant first discovered in India is similar after two doses when compared to the B117 variant dominant in our country. As with other variants, even higher levels of effectiveness are expected against hospitalisation and death. This is encouraging data, and it reinforces once again the importance of our vaccination programme in giving us a path out of this pandemic, as well as showing just how important it is that everyone comes forward for both jabs when the call comes through. It is the progress made by the British people in following the rules, and in taking up the protection offered through our vaccination programme, that means we were able to take step 3 in our road map last week.

However, we take these steps with vigilance and caution, staying alert to new variants that can jeopardise the advances we have made. We have come down really hard on the variant first identified in India wherever we have found it, surging in testing capacity and vaccines for those who are eligible. Over the past few days, we have extended this rapid approach to even more areas: as well as Bolton and Blackburn with Darwen, which the Prime Minister spoke about at his press conference on the 14th of this month, we are taking rapid action in Bedford, Hounslow, Burnley, Leicester, Kirklees and North Tyneside. As the Prime Minister set out two weeks ago, we are urging people in these areas to take extra caution when meeting anyone outside their household or support bubble, including meeting outside rather than inside where possible; keeping 2 metres apart from people they do not live with; and trying to avoid travelling in and out of the affected areas unless it is essential, for example for work—if a person cannot work from home—or for education.

As the Prime Minister said, we want the whole country to move out of these restrictions together. We are trusting people to be responsible and to act with caution and common sense, as they have done throughout this pandemic, and to make decisions about how best to protect themselves and their loved ones that are informed by the risks. That is exactly what we should be doing. We are always looking to see how we can communicate more effectively with local authorities, and we will of course take on board the views expressed by the House over the course of this debate. By acting quickly whenever the virus flares up and protecting people through our vaccination programme, we can guard the incredible gains we have all made, and get ourselves on the road to recovery."

1.18 pm

Baroness Thornton (Lab): My Lords, we can probably all agree that the Minister has drawn the short straw today—and not for the first time, I think.

The issue I want to raise on this Question is that the Government took powers in the road map legislation to impose local lockdowns, so I ask the Minister: are any discussions taking place about whether those powers will be activated in those areas? Secondly, we know that a single dose of the vaccine is less effective against this particular variant, so I repeat the question asked earlier: what plans are there to increase vaccination in the areas most affected by the spread of the Covid variant B16172? Will the Government produce a plan with the local directors of public health to roll out the vaccines to everybody in those areas, and consider including bringing forward a second dose for a larger cohort of people?

The Parliamentary Under-Secretary of State, Department of Health and Social Care (Lord Bethell) (Con): My Lords, the noble Baroness asks two very pertinent questions which slightly answer themselves, in a way—but let me try to update the House on our plans in that area. She is right that we have powers on local lockdowns, but that is not the focus of our thinking at the moment. Local lockdowns are an important tool, but not one that we think is a priority right at this moment. We are focused on the vaccines. It is beyond doubt that this

Indian 2 variant particularly hits those who are not properly vaccinated—and by "properly" I mean "have had two doses and two weeks". Those who have forgone either their first or second dose are particularly vulnerable, and you have only to look at the infection data and, particularly, the hospitalisation data to understand that.

That is why we have rolled out surge vaccination in those areas. What that means is a huge amount of communication, a huge amount of engagement with the communities and the presence of various mobile vaccination units sent directly into the heart of the communities to provide different channels and mediums by which people can step up for their vaccine. The response has been extremely strong and I am touched, as I have said, by the videos of people in some of those communities, particularly in Bolton, where people have queued up for their vaccines. I pay tribute to the DPHs and local authorities that have facilitated that programme.

Baroness Brinton (LD) [V]: I echo the gratitude of the noble Baroness, Lady Thornton, to the Minister for his stamina this morning. Can he say whether each of the 121 local authority areas reporting cases of Covid variant B16172 are being given specific extra resources for mass surge test, trace and isolate and arrangements for surge vaccination on top of their planned allocation for this financial year? Can he say when the pilots for extra help with self-isolation will conclude? When would any likely rollout of a proper approach to supporting those who have to self-isolate, including paying their wages, start?

Lord Bethell (Con): My Lords, the noble Baroness alludes to a dilemma that we face. It is not possible to organise surge testing and have pinpoint outbreak management in 120 different areas. That is just too many and our resources do not stretch to that. Many of the outbreaks are substantial clusters. Sorry—let me phrase that better. There is a small number of very substantial clusters in the towns and cities of which noble Lords will be aware. That is where we are focusing the surge testing and surge vaccination. In the other areas, we are working with DPHs to ensure that they know the best way to target the particular behaviours of the India 2. That means that it has very high transmissibility, which requires an extremely quick reaction to school and workplace outbreaks, and within specific communities. That kind of briefing and guidance has been channelled through the Chief Medical Officer's department and the kinds of infrastructure that I described in my answers to previous questions. The response has been extremely strong and I hope we are making some impact on the spread of the India virus, but we remain extremely vigilant.

Baroness Hollins (CB): My Lords, my question is about the implementation of quarantine regulations. How many travellers have been required to repeat the 10 days required in a designated quarantine hotel for a second 10-day period, with or without a positive Covid test? What appeal arrangements are in place because public guidance does not mention any? Is there any risk of exploitation?

Lord Bethell (Con): My Lords, I must admit that I am not aware of a large number of people having to repeat their 10-day isolation, so let me look into that and I should be glad to write to the noble Baroness.

Lord Forsyth of Drumlean (Con) [V]: My Lords, in the light of the extraordinary personal vendetta that Dominic Cummings is pursuing against the Health Secretary and the Prime Minister, is it not obvious that the Government must now bring forward the official inquiry into the handling of the pandemic promised by the Government so that the public do not have to rely on a partial, self-serving account, fortified by hindsight?

Lord Bethell (Con): I am extremely grateful for my noble friend's remarks. The inquiry will, as he says, provide an important moment to look at the lessons that we can learn from the response to the pandemic. The Prime Minister has given extremely clear reasons why the timetable is as he described and we should stick to the timetable that he has suggested.

Baroness Donaghy (Lab) [V]: My Lords, I understand the Minister saying that he is focusing on the vaccines and surge testing. I even understand his reply to the noble Baroness, Lady Brinton, that one cannot have surge testing in 120 areas. However, I want to go back to the Bedford issue. Despite the director of health, the mayor and the local MP spending nearly a fortnight saying that the Indian variant was just as bad in Bedford as it was in Bolton, the surge testing took place days later. What weight is given to the advice from the local directors of health? There seems to be an imbalance here because it is the Government's decision rather than that of the local directors. Can the Minister assure us that there is not a change in policy on this? He stated:

> "We are … looking to see how we can communicate more effectively with local authorities".

Actually, the local authorities are communicating effectively with the Minister. Has there been a change of emphasis on this?

Lord Bethell (Con): Let me assure the noble Baroness that there has absolutely not been a change of policy at all. There are clear channels of communication from DPHs and local authorities to the contain secretariat at NHS Test and Trace, which can mobilise the community testing resources. I am not aware of there being a large glitch in the provision of resources to Bedford but I should be happy to look into it, given that it has been mentioned by two noble Lords. I should be glad to write to her to see whether there is anything that we should be improving specifically for the city of Bedford.

Lord Loomba (CB) [V]: My Lords, is the Minister aware of the desperate need for second vaccine doses in Nepal? While the majority of the most vulnerable old people have had their first doses, the suspension of exports from India means that they now cannot get second doses and time is running out. Will the UK offer doses to rectify that situation?

Lord Bethell (Con): My Lords, the noble Lord points out an extremely challenging situation, particularly in Nepal, but, frankly, all around the world there is a

[LORD BETHELL]
global pressure on the supply of the vaccine. Britain has contributed enormously to that through COVAX, our financial support and the AstraZeneca vaccine, whereby nearly half a billion vaccines worldwide have been run through the profit-free AstraZeneca process. However, we are aware of the situation in Nepal. My noble friend Lord Lancaster spoke movingly in his debate on the matter in this Chamber and we take note of the particular needs of that country.

The Deputy Speaker (Lord Russell of Liverpool) (CB): My Lords, the time allowed for this Question has elapsed.

Criminal Justice Review: Response to Rape

Statement

The following Answer to an Urgent Question was given in the House of Commons on Tuesday 25 May.

"I am grateful to the honourable Member for Pontypridd (Alex Davies-Jones) for her continued interest in the Government's work in this area. Rape and sexual violence are devastating crimes that impact on victims for the rest of their life. When victims take the brave step of reporting the crime, they expose their deep personal trauma in the interests of justice. The criminal justice system needs to support those victims, believe them and ensure that their needs are met at the heart of the criminal investigation.

The Government have long recognised that the decline in the number of effective trials for rape and serious sexual offences in England and Wales is a cause of significant concern. As a result, we commissioned the end-to-end rape review in March 2019 to look at evidence across the system, from reporting to the police to outcomes in court, in order to understand what is happening in cases of adult rape and serious sexual offences being charged, prosecuted and convicted in England and Wales.

Our review represents a serious commitment to change by the Government and our partners. At its heart will be a set of actions that will drive system and culture change to ensure that the victims feel supported and able to stay engaged with their case. That, combined with updated and stronger case preparation methods, as well as increased communication between all those involved in the prosecution and new charge mechanisms, should lead to more cases reaching court and, we hope, defendants pleading guilty.

To ensure that that happens, I have been tasked by the Prime Minister to take personal leadership of the actions from the review, working with colleagues across Government to ensure accountability of operational partners for delivery. I will of course regularly update the House on our progress.

On the substantive question, I was keen to publish the rape review last year. However, following extensive feedback from the Victims' Commissioner and the victim sector that we needed to take account of the End Violence Against Women Coalition's *The Decriminalisation of Rape* report and the pending judicial review judgment, we took the decision to delay publication. We have used the time since that delay to carry out further research and engage with stakeholders in order to formulate an ambitious and wide-reaching action plan, which we will be publishing shortly after recess. When we publish the report, I will present it to Parliament and write to colleagues across the House to outline our approach. I look forward to working with the honourable Member and, indeed, all Members across the House to ensure that this action plan drives the substantial change we need to see."

1.28 pm

Lord Ponsonby of Shulbrede (Lab): My Lords, there is a lamentable state of prosecutions for rape in England and Wales. Equally, there is a shared desire between all parties to see better, fairer outcomes and support for victims as they travel through the criminal justice system. The Minister in the other place spoke yesterday about a new structural and cultural change to increase the number of rape prosecutions that we see in our court system. I have a couple of questions for the Minister. First, will the rape review, which we expect to be published relatively soon, commit to indicators of progress, similar to those that we see in the violence against women and girls Act in Wales? Secondly, will the review commit to a support plan for rape survivors, as recommended in the Labour Party's recently published green paper? If the Minister can give positive responses to those questions, it will go some way towards sharing a way forward to improve this lamentable position.

The Parliamentary Under-Secretary of State, Ministry of Justice (Lord Wolfson of Tredegar) (Con): My Lords, as the Minister in the other place made clear yesterday, the underlying statistics in this area are indeed regrettable. He made it clear that he is taking personal leadership on this matter because rape is a cross-agency issue. We have the police and the CPS, both of which are rightly independent of government, and we have the Courts Service and the judiciary. Everybody must come together to improve the current performance.

The rape review will be published shortly after the Recess. I am afraid I cannot provide advance notice of its details today but I very much hope that, when they read it, the noble Lord and the whole House will welcome it because we intend it to be a transformational document that will lead to transformational change. Supporting victims of rape is an absolute priority for this Government; we have invested significant sums in that.

Let me give the House just one example of a change that can be made and which has real consequences. We have put in £27 million to create more than 700 new posts for independent sexual violence advisers. They stand with victims throughout the process. We have seen what is terribly called victim attrition. People opting out of the system goes down by 50% and more than 50% of people stay in if they have these advisers to help them. We will work, I hope with the noble Lord, to improve the statistics in this area.

Lord Marks of Henley-on-Thames (LD): My Lords, delaying the report to await the Court of Appeal judgment on CPS charging decisions is understandable, but one wonders why the report has taken two years. This is a dangerous crisis. Rape prosecutions were

down from more than 5,000 in 2016-17 to fewer than 1,500 in 2019-20, in spite of an increase in reported rapes. In 2020, more than 52,000 rapes were reported but there were only 843 convictions. Potential rapists become ever more confident of impunity, and the lives of women and girls become ever more threatened.

Without second-guessing the report, may I press the Minister on two points? The first concerns ending the culture among young men and boys that condones harassment, even rape, and expresses the arrogantly sexist view that "she was asking for it". We see it in schools, universities and colleges. Will he pledge substantial extra resources for citizenship education to turn this around and teach respect for women and girls?

The second point concerns that trauma of legal proceedings and probing the sexual history of rape victims. In his report from Northern Ireland, Sir John Gillen recommended that victims have legal representation to oppose the disclosure of their personal data, including mobile phone records, and to oppose them being cross-examined on their sexual history in cases where such issues arise. Will the Government agree to provide that?

Lord Wolfson of Tredegar (Con): My Lords, it is not correct that the review was delayed solely because of the judicial review of the CPS policy. The noble Lord will be aware that the court concluded that there had not been a policy change, although, frankly, I accept that that does not mean that there were no important issues for the CPS to address. The delay was also in part because we wanted more engagement with victims' groups. We are delighted that Emily Hunt has joined us; she can give us, and has given us, invaluable insight from her position as a victim.

As far as the culture is concerned, the noble Lord is absolutely right. This is a cross-governmental issue. It is fair to say that, in schools and colleges, there is now more understanding of what consent means and, if I can put it this way, of what consent does not mean. If I may be personal for a moment, frankly, I see that in the education my own children get at their schools. They get an education that I do not think people in this House would have got when they were at school.

On legal proceedings, the noble Lord is absolutely right. There are careful rules now over when a claimant's sexual history is relevant to the case. Often, it is not. We have put in place a number of changes to ensure that complainants are better looked after by the courts system. For example, Section 28 is currently being rolled out. It will enable vulnerable victims and witnesses who are subject to intimidation to give evidence and be cross-examined online and on-screen in advance of the trial.

Lord Harries of Pentregarth (CB) [V]: Everyone is agreed that the present system is failing badly, with only 1.6% of rape allegations leading to a charge and so many victims left traumatised by the process. The Minister called this "regrettable". To a lay person in this sphere, to put it bluntly, it comes across as quite appalling.

I want to press the Minister, if I may, on the question asked by the noble Lord, Lord Ponsonby, which I am afraid he did not answer. Does he agree that, if we are serious about the recommendations when they are published, the Government will need from the outset to do what the Welsh Government have done: put forward a number of progress indicators, with a report published each year? If it is anything like the Northern Ireland report, there could be hundreds of recommendations in a wide range of spheres, and it would be so easy for them simply to drop through the sand unless there is a proper system of prioritisation and annual reports to Parliament on the progress on their implementation.

Lord Wolfson of Tredegar (Con): My Lords, I will not quibble over the adjectives we use. The present position is entirely unsatisfactory. We need dramatic improvement, and it is my hope and that of the whole Government—particularly my honourable friend Mr Malthouse—that we will see that improvement.

On the specific point about data, we recognise the need for all partners across the criminal justice system to be held accountable for their part in improving outcomes for victims of rape and sexual violence, as well as for delivering on the action plan in the review. We will look for ways to address this. As Mr Malthouse said in terms in the other place yesterday,

"transparency is one of the key themes that we have been looking at … There will be an announcement, when the plan comes",—[*Official Report*, Commons, 25/5/21; col. 267.]

as to how we will approach and publish the reporting of data.

Baroness Gale (Lab) [V]: Is the Minister aware that an analysis of Home Office figures published this week by the *Guardian* revealed this:

"While there were 52,210 rapes recorded by police in England and Wales in 2020, only 843 resulted in a charge or a summons—a rate of 1.6%."?

Does the Minister agree that this figure indicates that there is very little sign of justice for victims, with most perpetrators just getting away with it? Is the Minister confident that, when it is finally published, the review will encourage victims of rape to come forward, give them all the support they need and mean that they can have confidence in the justice system—that is, that the perpetrator will be brought to justice?

Lord Wolfson of Tredegar (Con): My Lords, I am absolutely aware of the figures referred to by the noble Baroness and recognise the need to do more to drive up the number of prosecutions and convictions. That is why this matter is a major focus for the Government and the CPS as we work to reverse what has been a negative trend over the past few years. It is fair to say that, if you look at the very recent history over the past quarter or two, the volume of prosecutions and the proportion of suspects charged have increased. However, progress is too slow and we need to do far more. I know that the CPS is working hard to continue the current trend.

We are putting in significant extra funds. I referred earlier to the independent sexual violence advisers. We have also put in an extra £51 million to increase support for rape and domestic abuse victims. However, more needs to be done, and the Government and I are determined that more will be done.

The Deputy Speaker (Lord Russell of Liverpool) (CB): My Lords, all supplementary questions have been asked.

House of Lords Commissioners for Standards

Motion to Approve

1.39 pm

Moved by ***Lord Mance***

That the House approves the appointment as House of Lords Commissioners for Standards of (1) Martin Jelley QPM for a period of five years beginning on 1 July 2021, and (2) Karimullah Hyat Akbar Khan for a period of four and a half years beginning on 1 June 2021.

Lord Mance (CB): My Lords, the Motion standing in my name invites the House to appoint two new Commissioners for Standards. It does not relate to membership of the Conduct Committee, a subject that was recently raised by several noble Lords. I have written to them separately to address those points. Today's Motion concerns only the appointment of two new Commissioners for Standards.

The office of an independent commissioner investigating breaches of the code and guide goes back to a decision of the House in 2009. The first commissioner served two three-year periods. The current commissioner, Lucy Scott-Moncrieff, has served a five-year period and was engaged to commit five days a month. Her term expires at the end of this month.

I take this opportunity to say a word of thanks to our current commissioner for her work during her term in office. In her time, the work of the commissioner has changed radically, in particular with the introduction, in 2009, of provisions relating to bullying, harassment and sexual misconduct which, sadly, have received quite a bit of attention in the commissioner's reports since then. The size, nature and complexity of her case load is therefore quite different from when she was appointed in 2016. She has dealt with several challenging investigations, some of which have come to the Conduct Committee on appeal, which could not have been foreseen by her, or by anyone, when she took up the post. It is the changing nature and volume of the work of the commissioner that leads us to recommend the appointment of two commissioners to replace Ms Scott-Moncrieff, each with a basic commitment to five days a month. By having two commissioners, we are building greater capacity and resilience into the enforcement of the code.

I chaired the recruitment panel, which was made up of three Members of this House in addition—the noble Baronesses, Lady Anelay of St Johns, Lady Donaghy and Lady Hussein-Ece—and two external members of our committee, Cindy Butts and Vanessa Davies. After a detailed process, guided by recruitment experts and accompanied by a shortlist, and consideration of the dozen shortlisted and interviews of five, we concluded that Mr Martin Jelley and Mr Akbar Khan should be appointed.

Martin Jelley is a distinguished police officer and currently chief constable of the Warwickshire Police, with huge experience in professional standards and in Parliament, having successfully introduced new police misconduct regulations for England and Wales, which have fundamentally changed their position. He also chaired a police conduct exercise. Akbar Khan has had a diverse career, as a qualified barrister and as a qualified attorney in New York state. He is a workplace investigator for the Foreign Office and secretary-general to the Commonwealth Parliamentary Association, as well as the legal director of the Commonwealth Secretariat. Short biographies of Mr Jelley and Mr Khan are available in the Printed Paper Office and on the parliamentary web pages, setting out their career backgrounds.

This Motion asks the House to approve their appointments for single non-renewable terms. The present commissioner's term is also non-renewable. To account for slightly different circumstances—in particular when Mr Martin Jelley retires, which is only on 1 July—their terms are slightly staggered. That will also allow an overlap at the end, which is good from the point of view of continuity. I beg to move.

The Deputy Speaker (Lord Russell of Liverpool) (CB): I will now call the following Members to speak: the noble Lords, Lord Cormack, Lord Balfe and Lord Hamilton of Epsom.

1.45 pm

Lord Cormack (Con): My Lords, I am grateful to you and apologise for speaking on a similar topic three times in as many weeks, but I am profoundly concerned by the manner in which the retiring commissioner handled the issue of noble Lords who had failed to complete their compulsory training within a certain time. On both occasions when I spoke before, I raised the insensitive way in which the case of the noble Baroness, Lady Boothroyd, in particular, has been handled. It seemed to be a mixture of gracelessness, insensitivity and ineptitude. If we are to continue to have a commissioner—I accept that we are—I would like to address one or two questions to the noble and learned Lord, Lord Mance. I am delighted that he is with us in the Chamber on this occasion, so that we can talk to him directly.

I am not entirely persuaded that we need two commissioners. I wonder why we cannot have one doing 10 days a month, rather than two doing five. In that way, the person concerned would surely get to know your Lordships' House rather better. The basic problem, until now, has been an inability fully to understand the nature of your Lordships' House and how it works. I regret that we have to have outside commissioners, but I accept that what has happened will continue to happen. Within its membership, this House has an enormous range of wisdom and experience. It is unlike any other institution in the country in its size, complexity and the variegated wisdom of its Members. It is very important that, whether one commissioner or two, he or they—they are both men in this case—should get to know what we are all about.

It is a very small thing, but I am somewhat put off by the biographical notes. The noble and learned Lord, Lord Mance, rightly referred to Mr Khan and Mr Jelley, but they are referred to by their first names throughout the biographical details that we have been given. It is a small point, but there has to be a degree of formality and it is not here.

I have talked about the necessity for these commissioners to understand the nature of your Lordships' House. I hope that there will be a compulsory training course for them both to attend and that they have a proper opportunity to be introduced to the nature of your Lordships' House. I would very much like to hear what the noble and learned Lord, Lord Mance, has to say on that point.

It is also important that the five days a month include at least a couple of days of what I call acclimatisation and getting to know exactly how this House works. The noble and learned Lord, Lord Mance, referred to Mr Jelley's parliamentary experience. It was experience of putting into practice what Parliament had decreed, not of how Parliament actually works. I think it is important that he has that experience.

On paper, both these gentlemen are eminently well qualified, and I say nothing specific against their appointments, but it is crucial that they know their way around, in every sense. We should all do our bit to help them. That is very important and I hope that there is a structured opportunity for them to meet groups of Members, so that we can get to know them and can talk to them, formally but properly.

I will not oppose the Motion, as I said at the very beginning, but I go back to where I began. We have had some unhappy experiences recently and there has been widespread concern across your Lordships' House; I know that from the number of colleagues who came to me after the very brief debates we have had and said how much they shared the concern I sought to express. There must be sensitivity above all things: the issues with which the commissioners will be confronted, which will not all be black and white cases, demand that they can understand and have a sensitive regard for the Peer or Peers concerned. I would be exceptionally grateful to the noble and learned Lord, Lord Mance, if he could address some of these points; then perhaps, together with colleagues, we could meet him to discuss these things.

Lord Balfe (Con): My Lords, I will not repeat what my noble friend Lord Cormack said, except to say that I did not disagree with anything he said. I also echo that it is a pleasure to see the noble and learned Lord, Lord Mance, in the Chamber.

My first question is why we need the commissioners to spend 10 days a month looking at the standards in the Lords. Have they slipped so far? Secondly, why do we need two commissioners? Will they each have a caseload? I would have thought that it would be better if we had one commissioner, who would get to know the House better by doing 10 days a month. I would rather that he was doing the days necessary to do the job, up to 10 days a month, because I am aware, from a long life of bureaucracy, that it tends to expand to fill the gap available—he would then say that it should be 11 days, because 10 days is not quite enough. I am always concerned at the length of time set aside.

My noble friend Lord Cormack referred to the former Speaker of the Commons and the difficulties there. One of the first things that should be done is to publish, for the general public to see, this course that we have all taken, because I found it patently ridiculous, frankly. It taught me absolutely nothing, apart from the fact that there is some very easy money to be made out there by designing courses that are pretty irrelevant.

I came into contact with the commission over a much more minor, but fundamental, case; that of the noble Lord, Lord Maginnis. I always felt happy defending the noble Lord, because there was absolutely nothing I agreed with him on in politics. I did not agree with his attitudes to divorce, abortion, Northern Ireland or anything at all, so I always felt that I could look at his case as a straightforward one of whether or not he should have been suspended. To me, the way in which the procedure worked, with no opportunities for any input and no appeal, was unsatisfactory. Maybe we need some sort of private hearing—maybe we do not want it on the Floor of the House—but we cannot have a system that is quite as closed as that one.

My second point is that there does not appear to be any sort of decent trade union representation in this outfit. I know that the noble Lord can defend himself, but when I looked through his case, I saw that there were dozens of points that I would have picked up had I been a TU official. The noble and learned Lord, Lord Mance, should make some provision for people to be accompanied by, effectively, a representative to put their case.

My final two points are these. The punishments being given by this body—and they are punishments—are way out of line with those of the House of Commons. I am not saying that the House of Commons is right, but in the case of the noble Lord, Lord Maginnis, his political career was effectively ended by this body. That was also the case with Lord Lester. Their careers were ended. In the House of Commons, people tend to be suspended for a time and then they come back. In my view, the punishments here are far too harsh.

The second and final point I would like the noble and learned Lord to look at is that part of the finding against the noble Lord, Lord Maginnis, banned him from the Palace of Westminster. I have raised this before, but can the noble and learned Lord and his legal colleagues assure me that we have the right to ban a citizen of this country from entering his Parliament? We did not take his badge away; we banned him from Parliament. I do not believe that we have the power to ban a citizen of this country from approaching his elected Members, but if we do, please let us know in writing.

That concludes my observations. I look forward to meeting the noble and learned Lord. I am in receipt of one of his letters offering to meet me. I would be happy to do so, but I felt that one or two things needed putting on the public record.

The Deputy Speaker (Lord Russell of Liverpool) (CB): Before I call the noble Lord, Lord Hamilton, I will let the House know that the list has been growing exponentially. After him, I will call the noble Lord, Lord Stoneham of Droxford, then the noble Lord, Lord Kennedy of Southwark, then the noble Baroness, Lady Hussein-Ece, and then the noble Baroness, Lady Uddin.

Lord Hamilton of Epsom (Con): My Lords, I also welcome the noble and learned Lord, Lord Mance, being in the House today. I have two questions for him

[Lord Hamilton of Epsom]
to do with Valuing Everyone. I apologise, because I know that the Motion he moved has nothing to do with that, but there are very rare occasions when we can question him and his committee on what they are doing.

When I last spoke on this issue, the Valuing Everyone course was costing the taxpayer £750,000. That now seems to have gone up, and is little short of £900,000. That seems an awful lot of taxpayers' money to spend on a course of extremely dubious value. When the noble and learned Lord's committee were spending this amount of taxpayers' money, why did it not get the people it was commissioning to come and give the course to it before it signed the contract to spend all this money, so that the committee at least knew what course it was inflicting on everybody in your Lordships' House and in the other House?

The other question is this: is this really the right reaction to a handful of people behaving in a very bad way? It seems an incredibly broad-brush approach to send everybody on a rather questionable course, when most people in your Lordships' House behave, I would have thought, pretty immaculately. We are talking about a very small minority of people, yet we subject everybody in your Lordships' House to going on this course and to facing certain restrictions if they do not attend. This is where I might fall out with my noble friend Lord Balfe, but I wonder whether exemplary punishments of the few people who do misbehave would be a much better use of resources and save the taxpayer enormous sums of money.

The Deputy Speaker (Lord Duncan of Springbank) (Con): My Lords, before I call the next speaker I will rehearse the order in which noble Lords will be called. It will be the noble Baroness, Lady Hussein-Ece, next, then the noble Baroness, Lady Uddin, then the noble Lord, Lord Stoneham of Droxford, and finally the noble Lord, Lord Kennedy of Southwark.

Baroness Hussein-Ece (LD): My Lords, I declare that I am a member of the Conduct Committee and have been for the past year. I was on the appointments sub-committee which appointed the two commissioners that the Motion before the House seeks to recognise.

I want to respond to a couple of points. The appointments were made in line with the Nolan principles of public life. In addition, I want noble Lords to note that we followed the principles of the *Governance Code for Public Appointments*, which set out another layer of principles based on merit that should underpin all public appointments. I ask noble Lords to have confidence in these appointments. I understand that there is some disquiet, but I give that reassurance. I was involved very vigorously, right the way through the process, and the appointments were based purely on merit. I have no hesitation in supporting the Motion.

2 pm

Turning to "Valuing People", which was questioned by the noble Lord, Lord Hamilton, and others, there were certainly questions about it and its cost during the debate on 13 May. According to the report that we received and the House approved, the cost is for the entire Palace of Westminster, not just the House of Lords. If that has not been made clear, I am sorry, but I ask noble Lords to note that it is the cost for the House of Commons and the House of Lords. All Peers who are members of the Conduct Committee had the training at the beginning. I found it helpful, as others have said they did. The feedback from the vast majority of Peers who went on that course has been extremely positive.

Of course, there have been comments on how we could improve and update things, and we have taken them on board. I have my own comments on how we could make it more relevant to noble Lords who do not employ staff. That is something that we must look at, but every other publicly funded institution—local authorities, the police, the NHS—are all training people in these matters: how we value our staff, how we value each other and how we respond to each other. There is no suggestion that the vast majority in your Lordships' House are disrespectful to staff or to one another, but the staff are also consulted. They are part of the process, and the feedback that we get from staff is that they want Peers to go on this training. They want to be valued.

These things do not all take place in plain sight. Some cases that have come before us have been unfortunate. Staff have been mistreated and we must respect how they feel. To suggest that we should not have training, and should somehow not be in tune with what the staff are asking us to do, would be remiss. We must be sensitive, not only to each other, here in your Lordships' House—we are all very privileged to be here—but to the staff who keep this place working and functioning, if they are telling us that they want training and for Peers to be more respectful and to understand the sometimes difficult circumstances that they work in, and the power imbalance.

We must also respect that some staff have found it very difficult to report misdemeanours. I ask that we are mindful that we are not only talking about and among ourselves, but to our staff and to the general public. We all know that we are not much loved in the media or by the general public, and we must enhance our reputation in how we do business. Therefore, I ask noble Lords to support the Motion and to bear in mind that we are being scrutinised more than ever and must uphold these very high standards.

Baroness Uddin (Non-Afl): My Lords, I echo almost everything said by the noble Baroness, Lady Hussein-Ece. Given the number of questions raised so far, may I draw the House's attention to the formal training in equality matters, which has been embedded in the mainstream practice of most institutions and their governance? I welcome its inclusion for all Members and found it most informative. Given our desire for a more diverse management team in this House, I particularly welcome the appointment of Mr Akbar Khan, who will bring significant experience of managing very diverse heads of Commonwealth Governments. I hope we will give him all our support to ensure that his work is effective.

Lord Stoneham of Droxford (LD): My Lords, this group thought it important for the noble and learned Lord, Lord Mance, to be given support for this Motion,

and that we should express our thanks for the work that the Conduct Committee is doing. We fully support the independent commissioners and accept that the demand for them is increasing, as is their work. Therefore, we need extra capacity to deal with it. Every public organisation these days must have some form of independent system for reviewing grievances and complaints, and we, as unelected appointments to this House, should be particularly sensitive to this and fully support the work of the standards commissioners. This is very important.

Some aspects are not totally relevant to the Motion before us, but we have had comments on the training. I went to terrific lengths to ensure that all members of my group attended that training, because it is important to the reputation of the House and respectful of the views of staff, who particularly supported this initiative. Voices in this House are not necessarily critical of the training. The overwhelming body of this House is fully supportive of the work being done by the Conduct Committee, the training that has been initiated and these two appointments to continue the independent supervision of our code of practice.

Lord Kennedy of Southwark (Lab Co-op): My Lords, my noble friend Lord McAvoy was hoping to speak, but he has been detained elsewhere. I assume the role of Opposition Chief Whip from 1 June, so your Lordships have me a few days early.

I thank the noble and learned Lord, Lord Mance, for his report. I thank the Conduct Committee for its work and the appointments panel. The Conduct Committee is making clear recommendations to the House to appoint two Commissioners for Standards. I have read the papers setting out the eminently qualified Mr Akbar Khan and Mr Jelley QPM. I accept the points raised by the noble and learned Lord, Lord Mance: he needs greater capacity and for the code to be enforced. The Conduct Committee does important work on our behalf and the House should accept the recommendation before us today.

I listened carefully to the comments of the noble Lord, Lord Cormack, who rightly raised concerns shared across the whole House about the treatment of the noble Baroness, Lady Boothroyd, one of our most distinguished parliamentarians. We all accept his very fair point. I am sure that the noble and learned Lord, Lord Mance, will address that when he responds.

There is vast experience in the House; I accept that entirely. However, it is very important that we also have independence, which is why the appointment of these commissioners is before us today. As the commissioners take up their roles, I am sure the noble and learned Lord will report back to them the points made by the noble Lord, Lord Cormack, about ensuring that they get to know the House and how it works.

The noble Lord, Lord Balfe, asked why they have 10 days—a very fair question. I think it is about giving us capacity, but I am sure that the noble and learned Lord will respond on that. We must have confidence in what the Conduct Committee does and its recommendations, and we should support what it does today. The noble Lord also raised the "Valuing Everyone" training. We may well need to look at how it is perceived, how it works and how it is developed, but I absolutely endorse its importance and the need for every Member of this House to do it. That is not to say that it cannot be reviewed, updated, and developed as necessary, but it is very important.

The noble Lord, Lord Hamilton, raised the training. I disagree with his comments. It is disappointing that we heard words such as "dubious value" and "questionable" when discussing such matters. They do not belong in this House's discussion of the training. It is regrettable that we needed such training in the first place but, unfortunately, we do.

I endorse the comments of the noble Baroness, Lady Hussein-Ece. I agree with every word she said and support her position today, and that of the noble Lord, Lord Stoneham of Droxford. I very much hope that we will agree these recommendations without a Division. If there is a Division, however, I hope every noble Lord will back the noble and learned Lord, Lord Mance, and the Conduct Committee.

The Deputy Speaker (Lord Duncan of Springbank) (Con): My Lords, is there any other noble Lord present who wishes to speak in this debate? No. I call the noble and learned Lord, Lord Mance, to respond.

Lord Mance (CB): My Lords, I am grateful for the debate, which I listened to intently. The fundamental principle with which we are concerned is the Nolan principle of accountability, which carries with it considerations of independence and objectivity. The present system was carefully devised as a result of decisions of this House before I took over the Conduct Committee, and I will refer in a moment to the debate in April 2019.

Perhaps I should, for convenience, take the points in the order made, in order not to omit any. First, I hope I am second to none in recognising the need for sensitivity of treatment. I am not, of course, party to the individual actions or the conduct of a particular matter by the commissioner. None the less, if what has happened has caused distress, that is distressing to me and to your Lordships too, especially when individuals are named, whether they are of the distinction of the individual named, or not.

In the present case, since the noble Lord, Lord Cormack, first raised this matter in the House, we have a report from the commissioner, and I hope some of your Lordships have taken the opportunity to look at it. It is quite a short report, and not all these reports are. That is not a criticism; it is just recognition of their complexity in some cases. This is a straightforward report which communicates to the House what was always the position publicly: namely, that the commissioner would, in cases of extenuating circumstances, cease any investigation. That is what she did with the individual named by the noble Lord, Lord Cormack, and with the noble Baroness, Lady Boothroyd, and six other Members of the House. In relation to 47 Members of the House who had no extenuating circumstances, she agreed remedial action, which was effectively that they would rectify the position. In relation to only four, she concluded that it was not appropriate to think in terms of remedial action. They may have been entirely irredentist Peers—I know nothing about those cases; we will learn in due course from her final report. Since the outset of

[Lord Mance]
the recommendation to the House regarding "Valuing Everyone" training, it has been the position that extenuating circumstances would be taken into account and would lead to the cessation of investigation. That was in the report that was accepted by the House on 3 November last year.

Going back a stage, the recommendation to make "Valuing Everyone" training compulsory has been made repeatedly. It has been made by the very distinguished human resources director, Alison Stanley CBE, by Naomi Ellenbogen QC, and in reports going back to 2019 and repeated this year in Alison Stanley's second report. That is general; she recommended it across the board. The Commons have not accepted it for MPs yet, but she has repeated the recommendation that it should be compulsory for them, so, although the Conduct Committee considered the matter for itself and made up its own mind, we were endorsing a very well-grounded recommendation.

Going back to 3 November, when the House agreed to that endorsement, the procedure set out in our report then was that monthly reminders would be sent, and I have no reason to believe they were not sent. So, some five monthly reminders will have followed before, on 15 April 2021, the commissioner opened an investigation into those Peers from whom she had not heard. Obviously, in some cases that may have been, sadly, due to extenuating circumstances which would explain the position. As soon as she did hear, she dealt with the matter and issued the report which I mentioned. Although, as I said, I am not party to every step or thinking which the commissioner follows, she did point out the position clearly when she wrote, and she acted on it when it was brought to her attention that there were extenuating circumstances.

2.15 pm

I shall move on to some of the points which are more the substance of what we are debating today. I was asked why there are two commissioners. First, this is not necessarily a full-time job. These commissioners, one of whom is about to retire after a distinguished police career, may not wish to work full time and may not be able to, in view of other activities. Certainly, Mr Khan has other activities which he wishes to continue, and Mr Jelley may wish to have a retired private life. There is a synergy, a complementarity, in having two commissioners. There is also a benefit in having an outside portfolio. I am persuaded that it is an onerous job better done by two people, who will be able to discuss difficult cases together. The present commissioner's job is quite a lonely one. Having practised as a judge at first instance and for many years on appeal, I have to say that there is enormous benefit in being able to discuss difficult points informally with colleagues. Some of the points that arise in these cases are very difficult, and the borderline between conduct which is inappropriate and bullying is a good example, which the Conduct Committee has had to wrestle with.

As to the suggestion by the noble Lord, Lord Cormack, that we do not need an outside commissioner at all, may I dismiss that entirely? It is true that we have a great range of skills in this House, but I very much doubt whether we can find a paragon volunteer to act as a commissioner. During more than one month, I have spent 45 hours as chair of the Conduct Committee, and that is certainly five days a week, if not more. I do not believe that someone within the House would be prepared to volunteer. If there was a volunteer—there might be one exceptional person, but we would not have had much of a body to select from.

I am not going to comment on the use of first names, except to say that the noble Lord, Lord Cormack, will probably be appalled to hear that members of Conduct Committee, lay and Peer, address each other by their first names.

I have dealt with compulsory training courses. As to acclimatisation, I wholly agree. First, I am very willing to meet Members of the House at any time or to discuss matters by Zoom or phone. Secondly, as to acclimatising the new commissioners, we have that well in mind. At our meeting last week, we discussed that sort of subject. We believe it to be extremely important, and we are going to follow it up.

I move on to the points made by the noble Lord, Lord Balfe, which, again, are not directly related to the present issue. The noble Lord said that there was no appeal in the case of the noble Lord, Lord Maginnis. There was an appeal. If the noble Lord cares to see me afterwards, I will show him the decision of the Conduct Committee on the appeal and the original document. The noble Lord, Lord Balfe, said that there is no trade union representation. The House has taken a decision. When I and others stand in this House, we occasionally hear muttered "Not a lawyer". The fact is that we have decided as a House that we will not allow legal representation before the Conduct Committee. That point is certainly debatable—different people have different views—but that is the present position. On the other hand, you can take legal advice and have someone help you as a "McKenzie friend", as it is called in court. That does happen. We have quite elaborate, legally drafted submissions put to us.

As to the suggestion that punishments are out of line with the House of Commons, they can never be the same because MPs represent constituents, which makes it rather difficult to suspend or exclude them.

As to the level of punishment, I am afraid I must ask your Lordships simply to consider the reports. I hope that we and the commissioner are not excessively severe. We take that aspect very seriously. I am afraid to say that in previous comments in this House the noble Lord, Lord Balfe, has in my view undervalued or underestimated the significance of the findings against the noble Lord, Lord Maginnis. I have written to him on that subject but I do not think this is the place to debate individual cases.

To go back to a point made by the noble Lord, Lord Hamilton, on the cost of the "Valuing Everyone" training, I understand that three-quarters of a million pounds or £900,000 is completely out of question. The House of Lords cost is, I am told, £100,000 and the cost of the actual training attributable to Peers is £45,000. As I say, the value of this training is questioned by some but the overwhelming majority of the reception to it has been favourable. We have passed on complaints

where they have been made—we are not directly responsible for setting the course—and I understand that adjustments have been made.

It is important, if only in the interests of the House of Lords as a whole and its reputation, that even those who see little need or value in this training should co-operate in what is not a burdensome exercise. If they approach it with a degree of good will and perhaps in a spirit of intellectual or even emotional curiosity, they might be surprised and get something from it. There have been cases which suggest that it is, sadly, in some cases necessary.

I should express my gratitude to the noble Baroness, Lady Hussein-Ece, not only for the stalwart work that she does on the Conduct Committee but for her comments today. I also thank the noble Baroness, Lady Uddin, and the noble Lords, Lord Stoneham and Lord Kennedy. I assure your Lordships that we on the Conduct Committee are trying to be sensitive to the mood of the House and produce realistic changes where we think that changes are necessary. I hope this system will bed itself down so that there will not be continuous change. We have one big report with minor points to come to shortly but the present system has been carefully constructed, as I said, for very valuable reasons: to match the needs in the modern world for accountability.

I said that I would refer to the report which led to this. It was the then Senior Deputy Speaker, the noble Lord, Lord McFall, now our Lord Speaker, who said on the Motion accepted by the House:

"The independent … Commissioner for Standards should continue to investigate complaints … The role of proposing a sanction should be carried out by the commissioner, rather than the conduct committee. This is another step forward in making the process more independent of Members. Reports from the conduct committee relating to the behaviour of individual Members, including those imposing sanctions, should be decided by the House without debate. There are Members who wish us to go further and faster in delivering a system more or wholly independent of the House".—[*Official Report*, 30/4/19; col. 864.]

But, he said, this is not the time; nor am I suggesting that this is the time. At the moment the Conduct Committee works, I believe, harmoniously and sensibly with its composition of five Peers and four lay members. The fears expressed by some in the past that there might be a Peer/lay split have certainly not materialised.

Motion agreed.

Global Anti-Corruption Sanctions Regulations 2021

Motion to Approve

2.25 pm

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

That the draft Regulations laid before the House on 26 April be approved.

Lord Parkinson of Whitley Bay (Con): My Lords, as noble Lords will be aware, on 26 April Her Majesty's Government laid these regulations under the powers provided by the Sanctions and Anti-Money Laundering Act 2018. These regulations were made on 23 April.

As has been noted many times in your Lordships' House, corruption is one of the key drivers undermining human rights, democracy, development and the rule of law around the world. It undermines global trade and prosperity. The World Economic Forum estimates that corruption increases the cost of doing business for individual companies by as much as 10%, distorting markets and deterring trade and investment. Corruption also undermines our national security, by exacerbating conflict and facilitating serious and organised crime. This new sanctions regime is a significant step forward for the UK's global leadership in combating corruption around the world.

The instrument before the House will enable us to prevent and combat serious corruption around the world by imposing asset freezes and travel bans on individuals and organisations involved. The scope of the regime is deliberately targeted to combat corruption around the world, and to prevent corrupt actors and their enablers using the UK as a haven for dirty money. Its scope also draws on the corrupt practices that almost all countries in the world have agreed to combat through the UN Convention against Corruption.

As set out in the regulations, the activities which come into the scope of the regime are bribery and misappropriation. The regulations define bribery as both the giving of a financial or other advantage to a foreign public official and the receipt by a foreign public official of a financial or other advantage. They define misappropriation of property as improper diversion by foreign public officials of property entrusted to them in their official role, for their own benefit or that of a third person. Property can include anything of value, including contracts, licences or concessions.

The regulations also enable us to target those involved in corrupt acts in other ways, such as those who facilitate, profit from, conceal, transfer or launder the proceeds of serious corruption and those who obstruct justice relating to serious corruption. As my right honourable friend the Foreign Secretary noted in his April Statement:

"whatever the particular circumstances, at the heart of this lies the same debilitating cycle of behaviour: corrupt officials ripping off their own people".—[*Official Report*, Commons, 26/4/21; col. 58.]

These sanctions send a clear message to those involved in serious corruption around the world: that the UK will not tolerate them, or the proceeds of their corruption, coming into our country.

In the interests of clarity and transparency we have published a policy note which sets out how we will consider designations under these regulations, as well as an information note designed to help NGOs engage with the sanctions regime. As required by the sanctions Act, we have also published two statutory reports: one under Section 2 of that Act about the purposes of the regulations, and another under Section 18 setting out the criminal offences created by them. As with all UK sanctions, we adhere to rigorous due process and protections so that the rights of others are respected. This means that those designated under the sanctions regime will be able to request that a Minister reviews the decision and can subsequently apply to challenge that decision in UK courts.

[Lord Parkinson of Whitley Bay]

As noble Lords will be aware, the Government made immediate use of this new tool and announced sanctions last month on 22 individuals from six countries who have been involved in serious corruption. These names are published online on the UK's sanctions list for these regulations. Each designation is underpinned by evidence and meets the tests set out in the sanctions Act and the regulations.

The designations include 14 individuals involved in the diversion of $230 million of Russian state property through a fraudulent tax refund scheme, uncovered by Sergei Magnitsky—one of the largest tax frauds in recent Russian history. We imposed sanctions on Ajay, Atul and Rajesh Gupta, and their associate Salim Essa, who were at the heart of a long-running process of corruption in South Africa which caused significant damage to the economy of that country. We also designated the Sudanese businessman Ashraf Said Ahmed Hussein Ali, widely known as al-Cardinal, for his involvement in the misappropriation of significant amounts of state assets in South Sudan, one of the poorest countries in the world. His actions, in collusion with South Sudanese elites, have contributed to ongoing instability and conflict. Finally, we announced sanctions on several individuals involved in serious corruption in Latin America, including people who had facilitated bribes to support a major drug-trafficking organisation and others who had misappropriated funds which led to citizens being deprived of vital resources for development. This is just the first tranche of designations. Given the sensitivities involved, however, I cannot speculate on whom we may target in future.

All targeted sanctions are most effective when backed by co-ordinated, collective action. The steps that we have taken to expand our sanctions framework, to cover corruption as well as human rights, give us similar powers to the Magnitsky frameworks of the United States of America and Canada. This will enable even closer co-operation and co-ordination with our like-minded friends and partners to combat and prevent corruption and its corrosive effects.

I welcome this opportunity to hear the views of noble Lords on these regulations. I beg to move.

2.31 pm

Lord Anderson of Swansea (Lab): My Lords, I thank the Minister for his very clear explanation of what is a highly complex matter. In the past, I criticised what appeared to be a long delay between the passing of the 2018 Act and the regulations in respect of human rights. When I saw those regulations and the extreme care and complexity, I fully understood the delay, and I congratulate the parliamentary draftsmen on their work on those regulations and on these ones.

The final page of the document accompanying the regulations boldly states:

"The Regulations will have strong cross-party support in principle"—

and, I add, in practice. This was clear from the principal Act, the Sanctions and Anti-Money Laundering Act 2018 —SAMLA—and the Global Human Rights Sanctions Regulations 2020, which were debated in your Lordships' House on 29 July 2020.

This was pressed by a very much cross-party coalition in the other place: Andrew Mitchell and Margaret Hodge, who were joined by a then Back-Bencher called Dominic Raab, who has not lost his zeal in this respect—I congratulate him on this. In your Lordships' House, my noble friend Lord Collins has been extremely active in this respect, and the noble Baroness, Lady Northover, who regrets that she cannot be here on this occasion, has helped to lead the campaign.

The mischief is very clear: the poisoning of the well of good governance, and indeed corporate governance, by corruption. The report under the terms of the Act puts it this way:

"Corruption undermines democracy, human rights and the rule of law. It undermines good governance and the functioning of public institutions and international organisations, as well as trust in their integrity."

Of course, there is a nexus between these regulations and the human rights regulations that we debated in July last year. This is easily shown by looking at the history of Sergei Magnitsky: there were those who were responsible for his torture and murder in that Russian prison who had been dealt with by the human rights regulations, and there were the tax officials in Russia who were responsible for misappropriating the funds of the organisation that employed him.

I congratulate Bill Browder and his team on the work that they have done in this respect in honouring the memory of Sergei Magnitsky—and the number of countries that have adopted similar measures since. I had the privilege of watching the Browder team in action; tracing the trail of the corruption in that respect was an enormously complex matter.

Many of the questions that were raised in the debate in July apply, mutatis mutandis—perhaps we are not allowed to say that nowadays—or in similar measure, to today's debate. First, what is the definition of "serious corruption"? Will guidance be issued by the Government? For example, does it refer to the amount involved or the eminence of the individual who is responsible for them to be a designated person?

Obviously, the sanctions are more powerful in their effect if they are adopted by several countries: then, the regulations act as a protective shield for the one country that may be targeted by Russia or whoever in that way. The Minister has already said that there are similar regulations in the USA and Canada. I understand that there are not yet similar regulations in the European Union. Perhaps he can indicate what progress, if any, has been made in that respect.

I was disappointed that the newly appointed European prosecutor is supported by only 22 of the 27 EU members, when the €800 billion recovery fund must give very much opportunity for corruption. What is the degree of international support for similar measures? Will we in the UK be spreading the word, seeking to proselytise other countries in this respect, giving advice and assistance?

There are also questions relating to evidence: there must be a problem of obtaining evidence sufficient to support a designation in these cases. Presumably, this will involve the criminal standard of proof. Which international organisations and NGOs will be relied upon for evidence? There are to be only two new employees

in the FCDO; a very much wider information diaspora is needed to give the information. It is so easy to point the finger at someone, but it is less easy to provide sufficient and objective evidence.

Lastly, there is the question of due process, which was touched upon by the Minister—namely, how to safeguard the integrity of the process. Presumably, the safeguard provisions are included in SAMLA, the principal act of 2018.

This is a major scourge: the Panama papers, for example, illustrate the extent of the problem, as does Misha Glenny's work. Progress has been made—I can see it in the overseas territories. I noticed what was said about the British Virgin Islands, which did rather well out of their secrecy in the past; they have been leaned upon to act more responsibly.

To conclude, I welcome the Government's follow-up to SAMLA, the 2018 principal act. I hope that they will now go out and encourage other Governments to follow this precedent and provide, perhaps with the USA and Canada, advice and assistance to those Governments, where necessary.

2.39 pm

Lord Garnier (Con): My Lords, I begin by declaring an interest in that some of the casework I do in my private practice at the Bar involves acting for the Serious Fraud Office, which deals with cases involving complex financial crime, not least corruption. From time to time I have also advised others who may have thought about behaving corruptly or have been accused of it.

I have a small procedural point on these regulations, which, as my noble friend clearly and carefully explained at the outset of our debate, came into force just a month or so ago. Is there some magic in that they came into force before this House had an opportunity to discuss them? I fully accept that politically and in practical terms they are wholly uncontroversial, but I wonder whether there is some magic in our receiving them a month after the other place, or whether that is just one of those things.

These sanctions are designed to capture individuals or entities profiting from bribery or misappropriation of state funds from any country outside the United Kingdom, as well as colluding with terrorists and drug traffickers. Those who are caught by these sanctions will be prevented from entering the United Kingdom, opening bank accounts here or doing business with any United Kingdom businesses. Any assets they hold in this country are also frozen.

My noble friend mentioned the 22 designations that have already been made. They are very welcome in themselves but also because, as the noble Lord, Lord Anderson of Swansea, indicated—perhaps my noble friend the Minister did as well—they create a form of alignment and demonstrate that our sanctions regime, underpinned by the 2018 Act, is moving closer to those of the United States and Canadian, which, I think it is fair to say, are a great deal more effective than what we used to have in this country. This shift of approach is to be welcomed, and I hope that the European Union as an institution and its nation states will look carefully at what is being done in this country and in the United States and Canada to see whether there is room for closer alignment between their regimes and what is now in force here.

One benefit is that, unlike most United Kingdom sanctions regulations, which target specific countries or individuals within specific countries, this set of regulations, along with the human rights sanctions that came into force in 2020, focuses on individuals and entities who impact the economy of a country through corrupt practices. As the noble Lord, Lord Anderson, said, this mirrors the approach taken by the American global Magnitsky programme. It is hardly surprising that most, if not all, of the 22 individuals caught by the new announcement on 23 April are already impacted by the American Magnitsky programme.

The noble Lord, Lord Anderson, also mentioned serious corruption. I hope it is not too tedious or lawyerly a point, but Regulation 4(1) says:

> "The purposes of the regulations contained in this instrument are to prevent and combat serious corruption."

So far, so good. Regulation 4(2) then defines corruption as

> "bribery; or … misappropriation of property",

but it does not seek to define "serious corruption" and how it differs, if at all, from any other sort of corruption. All sorts of rather silly jokes were made about serious organised crime and why it had to be "serious". What was wrong with simply talking about organised crime?

Corruption clearly has a terrible effect, particularly on third-world economies; my noble friend the Minister mentioned this in his opening remarks. It also impacts the cost of doing business for our own businesses within this economy, so I hope I am not making a facile or light point. I think that greater clarity needs to be provided by the Government in relation to the expression "serious corruption", which is used quite a lot throughout the regulations. Of course corruption is defined, but I wonder whether there is any particular magic, as far as the policy behind these regulations is concerned, in the use of the adjective "serious".

Finally, I will touch on the Office of Financial Sanctions Implementation. This body will be needed, and is needed, to reinforce or underpin the sanctions that these regulations describe. But in the last four years, the Office of Financial Sanctions Implementation has handed down civil penalties on just four occasions, only two of which exceeded £10,000 in value. I do not know the facts of those cases, but we want to be taken seriously, both in this country and internationally, and to create a regime that deters kleptocrats and international corruption, be it serious or otherwise, and certainly the sort of serious corruption that adversely affects particularly the economies of poor countries. South Sudan was one of the examples; I am not sure about the economies of the South American states that were covered by the examples. If these regulations are to have a deterrent effect on the leaders of Belarus or other kleptocracies, for example, we need to be sure that these new sanctions will be properly underpinned by action by the Office of Financial Sanctions Implementation and that this body is given the teeth, or uses the teeth it has, to enforce our anti-corruption policies. I hope my noble friend the Minister can reassure us of that today.

[Lord Garnier]

As I say, these are wholly uncontroversial regulations. I see that I have gone well over my allotted time, for which I apologise. With these few brief remarks, even if they were longer than they should have been, I hope that my noble friend will be encouraged by the support he has and is able to provide us with a few brief explanations at the end of the debate.

2.47 pm

Baroness Wheatcroft (CB): My Lords, it is a pleasure to follow the noble and learned Lord, Lord Garnier, who brings his lawyerly expertise to the issue. Like him, I welcome these regulations, which are already being put to use.

Outside the EU, the UK needs its own regime to deal with corruption on the global stage, and we are getting there. Being able to freeze the assets of guilty parties and prevent them travelling to the UK has the capacity to inflict real pain on those guilty of corruption. We know that those who amass fortunes from corrupt behaviour enjoy displaying their wealth via lavish London homes, expensive public school educations for their offspring and the best private health treatment when required. Preventing them having access to that will cause genuine pain.

The instrument covers people deemed to be involved in the most harmful types of corruption. I applaud the intention but have a couple of specific questions, apart from the one raised already about the definition of serious corruption. For instance, I wonder whether the Minister can help me with Regulation 6(2)(d), which says that those covered by the regulations include a person who is

"a member of, or associated with, a person who is or has been … involved"

in serious corruption. The term "associated with" is very loose. Is there a clearer definition that could be applied?

Similarly, in Regulation 6(3)(c), a person is deemed to be

"involved in serious corruption if … the person profits financially or obtains any other benefit from serious corruption".

I can envisage scenarios in which somebody benefits without being aware of the corruption involved in bringing that financial benefit to them. Can we not be a little more specific?

Otherwise, I welcome these regulations. There was an impassioned debate in this House following the death of Sergei Magnitsky in a Russian jail. As others have commented, he had been uncovering a massive financial fraud in his capacity as a lawyer for Bill Browder. After his death the US instituted the Magnitsky law, and I am delighted that the UK has moved to implement similar legislation. As the Minister pointed out, the anti-corruption regulations have already been used against 14 Russians implicated in the $230 million fraud that Magnitsky uncovered.

Corruption and human rights abuses often go hand in hand. The UK's global human rights sanctions of last year are already being used against around 80 individuals and entities, including four Chinese officials and one Chinese state-run entity for the appalling abuse now taking place in Xinjiang province. These are the first sanctions that the UK has imposed on China since 1989; they should not be the last.

The regulations that we are debating today are designed to penalise those guilty of corruption. Of course, those people are well schooled in money laundering, but I wonder whether we are doing enough to combat money laundering in the UK. In 2018, the National Crime Agency estimated that more than £100 billion a year in illicit funds made its way through the UK every year. Are we doing enough to catch that or to penalise those involved in the process?

The noble and learned Lord, Lord Garnier, pointed out that the Office of Financial Sanctions Implementation was established in 2016, and yet, up to February last year, it had levied only four fines, three of which were miniscule. The fourth fine was a whopping £20 million-plus against Standard Chartered for violation of EU sanctions rules involving a Russian bank. That sum is enough to make even one of our big banks think hard about their practices and maybe examine them more closely. I do not believe that the crooks have stopped trying to launder their funds, so I wonder whether the Minister can tell the House whether the Office of Financial Sanctions Implementation has been a bit more active in the last year. The war against corruption has to be pursued with vigour. Could we do more to combat it?

2.52 pm

Lord Rooker (Lab) [V]: My Lords, I want to be crystal clear: Dominic Raab deserves considerable praise for his actions leading to this statutory instrument, and I have no problems with it at all. Unlike his two predecessor Foreign Secretaries, he actually understood the process and the need for the Magnitsky sanctions, having been a leading MP in the Commons campaigning to get Bill Browder's suggestions on to the statute book. Indeed, I was present when he received a reward for this work from my noble friend Lady Kennedy of The Shaws.

Bill Browder, a one-man human rights sanctions corporation, has now secured such sanctions around the world; hardly a month goes by without some new country adopting them. As he said earlier today, in an interview on the BBC's "Today" programme, the need is to go after the officials and oligarchs via their money; it is much more effective than sanctioning a country and its people. I am in total support of this view and this statutory instrument.

There was no problem in finding out about this instrument, by the way, if you googled it. The legal brief from the legal companies in London—experts in this area, on both sides, I regret to say—was majestic in its numbers.

I want to raise one issue that Nick Cohen raised in the *Observer* on 9 May, in his column. I will not go over it all—it is just one paragraph on the use of London courts by foreign perpetrators campaigning against investigative journalists. He wrote:

"One official, Pavel Karpov, sued Browder for libel in London. Browder won, but Karpov stayed in Moscow and refused to pay Browder's costs of £600,000. In other words, Russia, an actively hostile foreign power, appeared able to use the English legal system to impose the punishment of a huge fine on one of its most effective critics."

Furthermore, at the end of his column, he makes the point that the Foreign Policy Centre has described the UK as

"'the most frequent country of origin' for foreign legal threats against investigative journalists."

I give notice that I intend to raise this in an Oral Question on 14 June, so I will not go any further now.

I have a couple of detailed questions about the regulations. Can we be assured that the National Crime Agency has been given the necessary resources, at least in line with the paragraph in the de minimis form, which as I understand it was almost a doubling of the existing funds of almost £300,000 and 4.5 full-time staff up to nearly £500,000 and eight full-time staff? This is expensive, but it has to work, and without resources it will not.

Finally, can I ask for an assurance that the sanctions and regulations cover the UK as a whole? I would like to be certain that it is UK-wide and covers UK people involved in efforts that we would want to sanction in UK waters around the islands—and that the extent of it goes offshore slightly. I want an assurance that there is full co-operation with the Scottish Government, given the different legal arrangements in Scotland. As I say, these are UK-wide; it is a reserved matter, but clearly to be operationally successful they must have the support of the UK Government. Can I have an assurance that that is forthcoming?

2.56 pm

Baroness Altmann (Con): My Lords, it is a pleasure to follow the noble Lord, Lord Rooker, and I echo his support for these measures. I thank my noble friend for his clear explanation of this instrument, and congratulate the Government on this new sanctions regime, specifically targeting corruption. The way in which the measures will enhance the UK's standing in the community of global democracies is most welcome. They complement the UK's global human rights sanctions regime and our 2020 regulations, as has already been noted, and the UK will be able to take a targeted approach to combating serious corruption.

Will my noble friend join with me in echoing the words of so many other noble Lords in congratulating Bill Browder on his tireless and fearless determination to pursue justice for his lawyer and friend, Sergei Magnitsky, and to fight corruption around the world? This will result in 14 Russian individuals, allegedly involved in a major fraudulent tax scheme involving Russian state property, which was discovered by Mr Magnitsky, having sanctions imposed on them but giving them potentially the chance to defend themselves. Does my noble friend agree that Bill Browder deserves the highest national honour? His single-handed work has been an inspiration for many campaigning for an improvement in human rights and against global corruption.

I am delighted to see that the regulations are drawn widely to capture many types of corrupt behaviour, which is such a risk to individuals around the world—and, of course, in this country. The serious corruption that should be captured by this legislation includes bribery and misappropriation of assets where there are good grounds for suspicion. I would echo the questions asked of my noble friend as to whether any of this could be amplified somewhat, not least as my noble and learned friend Lord Garnier requested.

It is possible with this legislation to impose asset freezes on entities, but also travel bans and asset freezes on individuals, which can be so much more powerful in deterring this type of activity. This includes both direct and indirect involvement, which again I am delighted to see, because those who facilitate, support, conceal, disguise or fail to prosecute perpetrators, or who interfere with law enforcement, would appear to be covered. So, this covers not just those who profit or benefit from serious corruption. The harm caused by corruption, often to innocent citizens, deprives them of resources and, potentially, the right to a better life that could otherwise be enjoyed. This is profound.

I am also delighted that these measures follow the US Biden Government's use of Executive Order 13818 and the Global Magnitsky Human Rights Accountability Act, with its global sanctions programme. I congratulate the Government too on the fact that US Treasury Secretary Janet Yellen warmly welcomed our new regime, which complements the US regime and Canada's Justice for Victims of Corrupt Foreign Officials Act. This, again, should enhance our global standing.

I welcome these measures, but I have a couple of questions for my noble friend. Given that the April policy paper identifies some of the factors to be considered under these regulations, and that serious corruption will be assessed, perhaps, by the scale, nature and impact of the corruption, its sophistication and the risks of reprisals or harm to civil society, organisations, whistleblowers, human rights defenders and journalists, can my noble friend provide any further clarification, as requested by my noble and learned friend Lord Garnier and my noble friend Lady Wheatcroft? Is there a monetary amount or type of fraud, or does it depend on international co-operation? Are any more designations for serious corruption expected to follow soon, or plans for further sanctions in the near term? Finally, can my noble friend detail any further plans for widening collective international action and the UK co-operating globally on this matter?

3.02 pm

Lord Sikka (Lab) [V]: My Lords, it is a great pleasure to follow the noble Baroness, Lady Altmann. I have three broad questions for the Minister.

As previous speakers have pointed out, the SI does not define "serious corruption", although I suspect the term is likely to be interpreted by the seven categories specified in the Government's paper, *Global Anti-corruption Sanctions: Consideration of Designations*, published on 26 April 2021. One of these states that serious corruption is something that

"undermines a country's democratic governance, the rule of law and human rights".

I mention this because the Government have themselves colluded to protect organisations engaged in criminal conduct. During the passage of the Financial Services Act, I provided an example relating to HSBC which, by its own admission, was engaged in "criminal conduct" in the US. The Bank of England, the financial regulator and the then Chancellor secretly intervened and urged

[Lord Sikka]

the US authorities to go easy on HSBC. This was done without any statement to Parliament, then or subsequently. I cannot see anything in the SI that will check this kind of corruption and its threat to democratic governance and the rule of law. Can the Minister say whether UK Ministers covering up corrupt practices are subject to this legislation?

Secondly, I am concerned about the poor enforcement already referred to by some previous speakers. The Financial Conduct Authority has yet to secure a criminal conviction. The SFO continues to flounder, and there have been no corporate prosecutions under the Criminal Finances Act 2017. Under the Bribery Act 2010, the Crown Prosecution Service secured one corporate conviction. The SFO has secured just one conviction under that Act and six deferred prosecution agreements. The future prospects of law enforcement in this area are also poor. The City of London Police has now received £1.5 million from Lloyds Bank for combating economic crime. This does not inspire any confidence in the police's independence.

Numerous government and NGO reports have shown that accountants, lawyers, bankers and other professionals profit from corrupt practices, including money laundering, yet 22 of the 25 anti-money laundering regulators are accountancy, law and other trade associations. The director of the Office for Professional Body Anti Money Laundering Supervision, OPBAS, has publicly said that

"the accountancy sector and many smaller professional bodies focus more on representing their members rather than robustly supervising standards. … they believe that their memberships will walk if they come under scrutiny."

This reliance on multiple regulators and trade associations is not helpful at all. I see no clarity in the SI on enforcement or independence of regulators. Who will be enforcing this SI and prosecuting: the FCA, the Serious Fraud Office, the Crown Prosecution Service, the National Crime Agency, the police, the Office of Financial Sanctions Implementation, the Foreign Commonwealth and Development Office, or somebody else? How will all these organisations, working to different standards and benchmarks, be co-ordinated and resourced? I hope the Minister can provide some answers.

The regulations are also being introduced without reform of company formation. Anyone from any part of the world can register a company in the UK without any authentication of their identity. Numerous UK-registered companies have fronted bribery, corruption, money laundering and other crimes, and the beneficiaries continue to escape retribution. No checks are made, even when the identity of the criminals is known. A well-known convicted Mafia criminal was once a director of a company called Magnolia Fundaction UK Ltd. Its filings at Companies House show that the name of one of its officers, when translated from Italian into English, was "The Chicken Thief". The occupation given was "fraudster", and the address given was "Street of the 40 Thieves in the town of Ali Baba". Companies House routinely accepted all such returns.

On 14 September 2017, in response to a Written Question from Kelvin Hopkins MP, the Business Secretary answered:

"No action has been taken at this time against the promoters and officers of Magnolia Fundaction UK Ltd for filing inappropriate information in Italian at Companies House."

In May 2018, I discovered that the same criminal was also a director of Business Bank Italy Ltd, which had a website inviting people to invest. A quick scrutiny of the accounts showed that the whole thing was a sham and a fraud. The matter was raised in the House of Commons by Anneliese Dodds MP. The company was dissolved only in August 2019. The Government's consultation paper, *Corporate Transparency and Register Reform: Powers of the Registrar*, does not tackle any of these problems. I very much hope that the Minister will make a statement on this deficiency and how it may obstruct the fight against global corruption.

3.09 pm

Baroness Jones of Moulsecoomb (GP): My Lords, I was going to stand up and say I was going to take a slightly different tack from the presentations other noble Lords had given, but in fact the noble Lord, Lord Sikka, has completely upstaged what I was going to say and I very much look forward to the Government's response to what he said; I am sure it will take quite a few letters to clear all that up.

I am particularly concerned that we as a nation are pontificating about global corruption when it is clear we have inherent local corruption. When I say "local", I mean "national". In a sense, it is brilliant timing, with the evidence Dominic Cummings has been giving today. I have not heard all of it, and it does seem that he is talking more about incompetence than corruption—but we can look at that after this debate. So this does seem a strange piece of legislation to be coming through this House while details are still being released about the Government's VIP-lane contracts to friends of Ministers and the dubious funding of the Prime Minister's living arrangements.

These are global anti-corruption sanctions, which the Explanatory Memorandum says are to

"prevent and combat serious corruption."

I have got the same queries as the noble Lord, Lord Anderson of Swansea, and the noble and learned Lord, Lord Garnier—and I think the noble Baroness, Lady Wheatcroft, mentioned it as well—on the definition of "serious". That is going to be something I hope the Minister can be helpful on. The Memorandum helpfully defines corruption as

"bribery and misappropriation of property."

That is very useful, but it is something we see a constant stream of in our media about our Government, so perhaps we should be thinking about how to sort that out as well.

Those were the right words to be using—not the desensitised word "sleaze", which we see more associated with corrupt behaviour from the British elite. The word "sleaze" is to "corruption" what the word "expat" is to "immigrant". The words "sleaze" and "expat" are slightly acceptable and not terribly worrying, whereas "corruption" and "immigrant" are things Brits do not do, and therefore we can all take the moral high ground—which of course is complete nonsense. It is what allows the Government to claim, as they do in the Explanatory Memorandum:

"HMG is committed to tackling serious corruption, upholding good governance and the rule of law and promoting open societies."

This is clearly not true when you look at what they are doing in Britain at the moment. The Explanatory Memorandum also recognises that "serious corruption"

"has a range of corrosive effects on states, markets and societies and wherever it occurs"—

and it is occurring in Britain, and it will have a corrosive effect.

This sort of doublespeak actually leads to doublethink. The same Ministers who have been behind VIP contracts to their donors and friends—sleazy behaviour, at best—can see themselves as anti-corruption heroes taking on all the other countries doing exactly the same thing, only we label it "corruption" for them. Domestic law ought to be dealing with this here and clearly it is not. Perhaps the Minister could tell us why. Sleaze becomes just a public reputational thing—public relations, to be dealt with by press officers and spin doctors, with a couple of Ministers perhaps going on the Sunday news shows repeating buzzwords.

Corruption is a serious issue and we ought to be serious about it. The double standard—the way we think about ourselves as being free of corruption, with just a bit of sleaze, yet see other nations as indulging in corruption—is unacceptable. Corruption is corruption, whether it is here in the UK, via Ministers, or anywhere else by some sort of awful regime. So, personally, I look forward to all corrupt politicians facing justice for their misappropriation of public resources and their "corrosive effects" on public life and our respect for democracy.

3.14 pm

Lord Jones (Lab) [V]: My Lords, it is instructive to follow the committed, spirited and very relevant remarks of the noble Baroness, Lady Jones—Wales and the Joneses indeed. I thank the Minister for his informed introductory remarks, including on human rights, and one is glad to note the experience and safe hands on our Front Bench of my noble friend Lord Collins.

The FCO has prepared a helpful, detailed Explanatory Memorandum, and surely we can all support the Government's anti-corruption policy. There are moral hazards, and the Government are facing them; we are all against sin. The Secondary Legislation Scrutiny Committee and the Joint Committee on Statutory Instruments have given these regulations a fair wind, too.

In paragraph 7.1 of the Explanatory Memorandum, references are made to

"terrorism, serious and organised crime,"

as well as "national security", "the rule of law" and "trade and investment." Can the Minister confirm that GCHQ, MI5, MI6 and Defence Intelligence, for example, were involved in the making of the regulations? At what level? Is it not the case that these highly professional, highly important agencies play their part in tackling serious corruption, and in upholding good governance and the rule of law? In another place, for the best part of the decade, one served on the Prime Minister's Intelligence and Security Committee, where the economic well-being of the nation was certainly one of the priorities of the Joint Intelligence Committee. Surely, our agencies help our industries to win contracts abroad. Surely, our shrunken industrial base needs protective help. Serious corruption has a corrosive effect on both nation and markets. These regulations are, surely, welcome.

The Minister will know that the erstwhile committee of the noble and learned Lord, Lord Woolf, published an ethical business conduct report, *Business Ethics, Global Companies and the Defence Industry*. There had been a whiff of alleged corruption with a British company, the Middle East and the defence industry. The noble and learned Lord's exceptional, wise and thorough report deployed phrases such as "moral hazards" and "moral justification", and the word "secrets". So, to what extent did this report inform the making of these regulations? Surely, it is a template, a sound reference point and an important compass for an ever-growing national and global problem.

In paragraph 4.1 of the Explanatory Memorandum we are told:

"The territorial extent of this instrument is the whole of the UK."

I ask: were the Scottish Parliament, the Welsh Senedd and the Northern Ireland Assembly approached formally for discussions on anti-corruption sanctions? In what way were they consulted? Were there joint ministerial meetings, or was the business done at official level? In these national, devolved Parliaments, there are, for example, significant industries relating to defence that depend heavily on exports and are part of the defence market environment. Were the consultations conducted appropriately to the high status of, say, the Senedd?

In paragraph 3.1 of the Explanatory Memorandum, there are references to sanctions and money laundering—very topical in our newspapers and media. Is the Minister confident that money laundering is in decline, if not halted? Who is committing these subtle and collaborative crimes? Can he give any instances of success and of his Government's suspicions? What extra efforts by law enforcement agencies are under way, by, for example, deploying more person power?

I conclude: do the Government not emphasise the seriousness of these issues with reference to Russia, Iran and North Korea? In this respect, Her Majesty's Government should gain credit for the publication of their policy paper, *Consideration of Designations*. In this, they consider the status, connections and activities of the involved person. Can the Minister furnish an example? In these matters, he might write.

3.19 pm

Baroness McIntosh of Pickering (Con): My Lords, I am delighted to follow the noble Lord, Lord Jones, and I thank and congratulate my noble friend the Minister on bringing forward these much-needed regulations today.

The noble Lord, Lord Anderson, referred to the guidance; it has indeed been published but, as he might imagine, it is not incredibly clear because, I understand, it has to be read together with a number of other guidance documents from other departments issued at the same time in April.

I entirely support the point made by my noble and learned friend Lord Garnier on how "serious corruption" should be defined. It is interesting to note that the guidance—where you might expect a broader definition of "serious corruption"—says in the first line:

"The Regulations enable Ministers to designate persons involved in serious corruption",

[Baroness McIntosh of Pickering]
but then goes on simply to say that,

"For the purposes of the Regulations, corruption means: ... bribery; … or misappropriation of property".

I am sure that it will come as a disappointment to the noble Baroness, Lady Jones, that her wish list does not appear there. But it is slightly disappointing, as we could have taken the opportunity to have a broader definition of serious corruption there, as I imagine that practitioners will be relying on the guidance.

I looked at the sanctions list, which is available from the most recent guidance, and it makes for very interesting reading. I notice that there are two references—I think it is on page 106, if that helps—one in particular to The Republic of Belarus (Sanctions) (EU Exit) Regulations 2019 and one relating to The Russia (Sanctions) (EU Exit) Regulations 2019. I take the opportunity to ask the Minister, in summing up, to say whether these regulations to which those two entries refer have now been replaced by the regulations before us this afternoon? It appears that these were regulations that already applied following our departure from the European Union which permit sanctions to be imposed on citizens of Belarus.

Obviously, I would be particularly interested to know, given the appalling incident of the hijacking of the Ryanair flight from Athens to Vilnius, whether there is a legal basis under these regulations. I welcome the report in the *Financial Times* today that the Chancellor of the Exchequer is minded to consider that sanctions be imposed pretty urgently on Belarus, in light of the fact that two private citizens were escorted off a plane—it was a civilian aircraft taken under duress, so effectively an international hijacking incident—and taken to the capital, Minsk. Do these regulations provide that legal basis, or would the Government have to look elsewhere?

I join with others in congratulating the Foreign Secretary and the Government on bringing forward the regulations before us today and the guidance that was issued at the same time. I hope that my noble friend will undertake to make sure that the guidance is updated regularly and perhaps made a little more user-friendly. With those few remarks and questions, I support the regulations before us in the strongest terms.

3.23 pm

Baroness Smith of Newnham (LD): My Lords, last week in the debate on the hybrid Parliament, the noble Baroness, Lady McIntosh of Hudnall, explained to the House that she was, in effect, understudying for the leader of the Labour group, the other noble Baroness, Lady Smith. This afternoon, I feel as if I am understudying for my noble friend Lady Northover. As the noble Lord, Lord Anderson of Swansea, pointed out, my noble friend has worked very hard pushing the Government on Magnitsky sanctions over the years and she is very sorry not to be here this afternoon.

I am leading on the Liberal Democrat Front Bench, but my normal forays into probing the Government's views on sanctions have been limited to sanctions associated with human rights abuses and, in particular, genocide. So I come to wind up from the Liberal Democrat Benches with similar questions to many other noble Lords. I welcome the statutory instrument but, like the noble and learned Lord, Lord Garnier, I wonder why we have to debate a statutory instrument under the affirmative procedure when it has already come into effect. It was laid on 23 April and came into effect on 26 April; we are meant to debate it within 28 days of its being laid. I realise that there was Prorogation, but there seems to be a practice of Members of your Lordships' House being required to scrutinise statutory instruments after they have come into effect. I realise that it might not be the noble Lord the Minister's job to give an answer on this today, but can he take back to the usual channels the question of whether the Government can look again at tabling statutory instruments in a timely fashion?

This statutory instrument has been broadly welcomed and it is clearly appropriate that the United Kingdom is able to impose sanctions for corruption, precisely for the reasons outlined by the Minister and the noble Lord, Lord Anderson of Swansea, at the outset: corruption undermines democracy, human rights and the rule of law. I am minded to ask the Minister whether he is able to opine on some of the comments raised by the noble Baroness, Lady Jones of Moulsecoomb, because we are looking at a statutory instrument that clearly has a territorial extent of the United Kingdom, but we are talking about global sanctions understood to be for third countries—that is how I have read the statutory instrument. Am I correct in that reading and, if I am, what thought have the Government given to similar legislation on corruption within the United Kingdom? Are we looking at double standards between what we say we want to support and advocate globally and what we have on the statute book domestically?

Overall, the statutory instrument is welcome. There are very few points that I want to raise specifically, but I do have one question about Regulation 9, "Confidential information in certain cases where designation power used". This relates back to Regulation 8, which talks about a designation being made and, essentially, a restriction on anybody knowing that a person is a designated person. Given that a lot of the statutory instrument requires people who are not the designated person and businesses to act in particular ways if they believe that somebody is a designated person, is it not somewhat strange to have a provision that somebody is a designated person and it not be known to other people? How can they then act appropriately?

These provisions are welcome. There are some questions, as the noble Baroness, Lady McIntosh of Pickering, raised, about the extent to which we might also be looking at other sanctions. I had assumed that the statutory instruments on sanctions that came in in 2019 would be extant and that the statutory instrument brought forward today is an additional one. Are we expecting a suite of documents to be coming forward? Can the Minister explain to the House whether the Government envisage not just bringing forward sanctions for corruption but looking at how we deal with a country like Belarus?

Finally, apart from joining everybody else in asking what counts as "serious" in the context of corruption, there has been a lot of comment about the fact that this statutory instrument will bring the United Kingdom in line with the USA and Canada. What action have the Government taken to work with our neighbours in the EU 27 to ensure that, where possible, sanctions are

done in co-ordination with the EU? Inevitably, the more countries that impose sanctions simultaneously, the more effective such sanctions are likely to be.

3.29 pm

Lord Collins of Highbury (Lab): My Lords, I too join other noble Lords in welcoming these regulations. During the passage of the 2018 Bill we argued very strongly for these measures. Sadly, we got defeated in this House on Magnitsky sanctions, which we had pushed to a vote. Fortunately, colleagues down the other end, in a bit of a reversal of roles, stood firm and pushed for and agreed these sanctions. This was no doubt due in part not only to my friends down there but to the fact that it was done on a cross-party basis, and I certainly acknowledge that these regulations have full support across this House.

The Minister referred to the 22 persons who were initially mentioned in these sanctions. During the passage of the Bill and the subsequent Brexit regulations, my noble friend Lord Hain pushed hard for sanctions on the Gupta brothers in South Africa. He made numerous speeches—perhaps even against the rules of the House—on that subject. But at least he has now been rewarded with these sanctions, which is very welcome.

The noble Baroness, Lady Smith, raised the point that these regulations also revoke the Misappropriation (Sanctions) (EU Exit) Regulations 2020. Those Brexit regulations included sanctions in relation to Tunisia, Egypt and Ukraine. The Minister himself mentioned that working with others is vital: can he confirm that the Government will work closely with our allies in the European Union on future sanctions, to ensure that our targets are absolutely covered and that the sanctions are effective?

I know that the Minister will not be drawn on future designations but, during questions in this House on the Oral Statement announcing these sanctions, I encouraged the Government to work closely with Parliament on future designations and to be open to suggestions from Members of both Houses. In his response at the time, the Minister told me that they were

"open to receiving information and evidence in relation to future designations".—[*Official Report*, 27/4/21; col. 2200.]

Do the Government intend to open a formal channel for Parliament to put forward information, and how will they encourage NGOs and others involved in the fight against corruption to put forward information?

During the passage of the original Bill, we also put forward amendments on the need for greater transparency on designations. It is not actually that easy to find out who is subject to sanctions; certainly there is an annual report. When I met NGOs a week ago, they were very keen to ensure greater transparency and reporting to Parliament on whom we designate and how the designations will continue. So I hope that the Minister will respond on that.

That the regulations allow designations in relation to corruption is, of course, extremely welcome, but the Government's sanctions regime is still not as expansive as those of some of our closest allies. Unlike the US Magnitsky powers, our equivalent regime still allows only the sanctioning of officials involved in some—not all—human rights violations. Is the Minister able to confirm whether the Government intend to bring forward further legislation on these powers?

As I said earlier, and as my noble friends Lord Anderson and Lord Rooker highlighted, for sanctions to be effective we must—as the Minister said—work in co-operation with others. Unfortunately, not all of our closest allies have provisions for Magnitsky-style sanctions. Here I join with others in congratulating Bill Browder on his commitment and hard work in achieving so much progress on the implementation of these sanctions. Like my noble friends, I would like the Minister to update us on how the Government are encouraging other nations to introduce such a regime.

I will make one final point. The fight against corruption has to go beyond sanctions. Sanctions are not the only tool. Good governance, the involvement of civil society and how we support civil society in the fight are vital. One element of course is the United Nations Convention against Corruption, which came into force in 2005. Despite being ratified by almost every member state, most Governments are still not yet participating in the implementation review mechanism. So what steps are the Government taking to promote the convention and encourage all UN member states to support its implementation?

3.35 pm

Lord Parkinson of Whitley Bay (Con): My Lords, I am very grateful to all noble Lords who have taken part in the debate on these regulations. Like the noble Baroness, Lady Smith of Newnham, I feel rather like the understudy here. I hope I will be able to rise to the occasion, as she did.

It would be appropriate to start, as my noble friend Lady Altmann did, by paying tribute to Sergei Magnitsky, who was, I believe, the same age as me when he died at the end of the ordeal he went through. Like many noble Lords, I also pay tribute to the long campaigning work of Bill Browder, which has brought about regulations such as these. The honours process is, of course, separate from government, but my noble friend's point about it will have been well heard.

The noble Lord, Lord Anderson of Swansea, started off with a generous understanding of why we have taken the time we have to get these regulations right. This is a complex and important matter and I am grateful to the noble Lord for his understanding of that and for his congratulations to the parliamentary draftsmen who were involved in it. I am sure that they will have heard that with gratitude. I am also grateful for his tribute to the zeal and work of my right honourable friend the Foreign Secretary, who has taken a long-standing interest in this from the Back Benches through to the Cabinet table.

A number of noble Lords asked about the definition of "serious corruption". It is not, as my noble and learned friend Lord Garnier said, a tedious or lawyerly point; it is an important one. These regulations focus on serious corruption in order to target the worst offenders and the most harmful cases of corruption. As is the case with the Global Human Rights Sanctions Regulations, the term "serious" is not defined in these regulations, but we have published a policy note which

[Lord Parkinson of Whitley Bay]
sets out factors that are likely to be relevant to the consideration of designations. I will not cite them all, but they include

"whether the conduct is systemic, for example involving senior officials or political figures with broad powers and responsibilities;"

whether, in response to the point made by my noble friend Lady Altmann about financial value,

"the financial value of the bribe(s) or assets diverted or the benefit derived are significant relative to the local context"

and also whether

"the conduct is sophisticated and/or systematic, requiring a degree of planning".

So I hope noble Lords will feel that the policy document fleshes that out in the way they were seeking.

A number of noble Lords also asked about our engagement with the European Union. Although the EU does not currently have the powers to impose sanctions for corruption, we would welcome any co-ordination if it gained such powers in the future. The UK will, of course, continue to seek opportunities for international co-operation on sanctions, including with the EU, as well as with our close allies such as the US, Canada and Australia. As a number of noble Lords have said, sanctions are most effective when multiple countries act together to constrain or coerce a target's ability to carry out unacceptable behaviour. In relation to the sanctions that I mentioned at the outset, 20 of the 22 individuals have also been sanctioned by the United States, which we welcome.

My noble and learned friend Lord Garnier and the noble Baroness, Lady Smith, asked about reasons for the delay in scrutinising these regulations under the affirmative procedure compared with another place. As the noble Baroness, Lady Smith, pointed out, we did have Prorogation before the start of the new Session—but I will take her point back to the usual channels.

My noble and learned friend Lord Garnier, the noble Baroness, Lady Wheatcroft, and others asked about resources for the OFSI. There is no target level for resources as such; rather, it is based on operational requirements and is continuously evaluated to make sure that they are being met.

The noble Baroness, Lady Wheatcroft, asked about Regulation 6(2)(d) and the term "associated with". The use of that term is mandated by Section 11 of the sanctions Act; it is required to be included in all regulations, and has its usual legal meaning.

The noble Lords, Lord Rooker and Lord Sikka, among others, asked about resources for law enforcement agencies and those following up the sanctions. The Government are investing in their economic crime capabilities. Last year's spending review allocated an additional £63 million to the Home Office to fund the continuing expansion of the National Economic Crime Centre and other initiatives; £20 million was also allocated to Companies House to support register reform transformation work. The Government have further announced proposals for an economic crime levy on firms regulated for money-laundering purposes, to raise up to £100 million a year for money laundering prevention and law enforcement efforts. So we have robust mechanisms in place to ensure that sanctions are adhered to.

The noble Lord, Lord Rooker, and others asked about co-operation with the devolved Administrations. This is a reserved matter for the UK Government but the regulations have force in the whole of the UK, including in Northern Ireland. We have no concerns about the co-operation of the devolved Administrations in implementing the regulations and tackling the corruption that they are aimed at.

The noble Lord, Lord Sikka, asked who in government has responsibility for this. The Foreign, Commonwealth and Development Office holds policy responsibility for sanctions, asset freezes are enforced by Her Majesty's Treasury through the OFSI, and travel bans are enforced by the Home Office, but there are of course roles for the National Crime Agency, HMRC and others in enforcement.

In her rather wide-ranging speech, the noble Baroness, Lady Jones of Moulsecoomb, asked what the UK is doing more broadly to tackle corruption. The UK was the first G20 country to establish a public register of the beneficial owners of firms, so that secretive shell companies could not be used to hide the real owners of assets and companies. Now, 109 countries around the world have made commitments on beneficial ownership disclosure. We have some of the strongest anti-corruption law enforcement powers, including a gold standard Bribery Act and new powers such as account freezing orders, which enable investigators to freeze money quickly during complex financial investigations. London is home to the first ever International Anti-Corruption Coordination Centre, which was set up in 2017 to boost collaboration between our national law enforcement agencies to pursue the corrupt people who launder money across jurisdictions. We are taking serious action.

The noble Lord, Lord Jones, asked about engagement with the security and intelligence agencies and others. As noble Lords would expect, these regulations were developed in consultation with a range of departments and agencies with a stake in anti-corruption work, and we work across government to implement them.

My noble friend Lady McIntosh of Pickering asked about the situation in Belarus. As the Foreign Secretary said yesterday, the scenario as reported is a shocking assault on civil aviation and international law. The regime in Minsk must provide a full explanation for what appears to be a serious violation of international law. We have already a separate UK sanctions regime for Belarus and, as the Foreign Secretary said yesterday, we will not speculate on specific action in advance. We are, however, consulting our allies and seeing what evidence we have, which is of course needed for targeted sanctions. But we have done this before: we imposed 99 sanctions after the rigged elections in Belarus. The UK led the way on that occasion and we stand ready to do so again.

The noble Baroness, Lady Smith of Newnham, asked whether people or companies in the UK can be designated under these regulations. Yes, they can; they can be designated for involvement in serious corruption if the criteria are met, but involvement in corruption

falling within the UK's jurisdiction would of course be covered through our domestic law and law enforcement measures.

The noble Baroness and others asked what further steps we might take—what next? As my noble friend Lord Ahmad said in a Statement repeat on 27 April,

"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".—[*Official Report*, 27/4/21; col. 2204.]

Of course, in implementing those regimes, we keep our minds open to what more can be done.

The noble Lord, Lord Collins of Highbury, paid tribute to his noble friend Lord Hain, as I do, in particular for his work on the Guptas. I hope that he will welcome the action that is being taken now. The noble Lord also asked about parliamentary engagement. I repeat what my noble friend Lord Ahmad said about our willingness to listen to Parliament. I hope that he and other noble Lords will also see that some of the sanctions we have brought in have responded to concerns raised in your Lordships' House and in another place. Noble Lords and Members in another place can of course write if they wish to raise matters in further and more formal detail.

I am running close to my time limit. I hope that I have covered a number of the points made by noble Lords. I will of course consult the *Official Report* and make sure that I pick up any other questions and follow up with further details. With those answers, I thank noble Lords for their contributions.

Motion agreed.

Dormant Assets Bill [HL]

Second Reading

3.47 pm

Moved by ***Baroness Barran***

That the Bill be read a second time.

The Parliamentary Under-Secretary of State, Department for Digital, Culture, Media and Sport (Baroness Barran) (Con): My Lords, this Bill delivers on the Government's commitment to expand the dormant assets scheme. Not only does the scheme provide a great opportunity to support industry's work to reunite more people with their assets but it also has the potential to unlock hundreds of millions of pounds for good causes.

The dormant assets scheme takes a pragmatic approach to forgotten money. Rather than leaving funds to languish in dormant accounts, money can instead be channelled into long-term initiatives that address some of the UK's greatest challenges. Since the scheme was established a decade ago, more than £1.4 billion has been transferred voluntarily into the system by banks and building societies. Of the total transferred, £106 million has been reunited with owners. The scheme responds to the imperative to put any money that is not reclaimed or reserved to good use. So far, £800 million has been released, including £150 million for coronavirus response and recovery.

I hope noble Lords will indulge me for a few minutes as I reflect on the impact of the original scheme. In England, funding is distributed via expert organisations. The first, Big Society Capital, was established in 2012. It received £425 million of dormant assets funding with the explicit aim of growing the social investment market. Since then, with partners, it has been able to invest more than £2 billion in social impact organisations. This includes around £200 million directly targeted at place-based investments, supporting left-behind communities to develop vibrant, local, social economies that reduce poverty and inequality.

The second, Access—The Foundation for Social Investment, seeks to support the development of enterprise activity and improve access to social investment. It has developed a £21 million programme of flexible recovery finance for the social sector and has made £7 million available for emergency Covid support through social lenders. Together, these organisations have grown the social impact investment market from £830 million in 2011 to more than £5 billion today.

More recently in 2019, the scheme supported the establishment of Fair4All Finance and the Youth Futures Foundation. By 2025, Fair4All Finance will have supported community finance providers to increase their lending capacity from £300 million a year to over £900 million, enabling more than 800,000 people to access affordable loans and escape high-cost credit. It is also working to grow the financial services market to support 14 million people in vulnerable financial circumstances. The Youth Futures Foundation is targeting support to young people from marginalised backgrounds facing barriers to work. By the end of this year, it will have directed £40 million towards funding and evaluating the largest range of youth employment interventions ever initiated in England.

Scotland and Wales use dormant assets funding for projects focusing on young people, climate change and sustainability, while Northern Ireland has worked with the National Lottery Community Fund to establish a £20.5 million Dormant Accounts Fund NI for the voluntary, community and social enterprise sector.

I thank in particular all those involved in the development, passage and implementation of the 2008 Act, several of whom are in the Chamber today; without their vision of what could be achieved, this would not have been possible. I am proud of what the current scheme has achieved to date and I hope that the Bill will continue to build on its notable successes.

With 34 banks and building societies now participating in the scheme, including all major high street banks, the current scheme is reaching a mature state, with significantly fewer funds flowing into the system each year. Over £300 million was transferred in 2011, but this will decrease to around £42 million per year in future. Expansion means that the flow of funds is not only maintained but will be increased substantially.

Consumer protection remains at the heart of the expanded scheme, with the continued priority being to locate and reunite people with their financial assets. Where that is not possible, expansion will enable more responsible businesses to redirect money to some of the nation's priority issues. Full restitution will also continue

[Baroness Barran]
to be a core principle. Asset owners will always be entitled to reclaim what they would have been owed, had their assets never been transferred into the scheme.

Industry expects that around £1.7 billion-worth of dormant assets could be eligible for transfer after expansion. Once transferred, a proportion is held back to satisfy any future reclaims and around £880 million could then be released. Money must fulfil the additionality principle, so it cannot be used as a substitute for central government funding. We have worked closely with industry leaders on how best to design expansion. I record my warm thanks for the support we have received throughout this process. I also thank everyone who responded to the public consultation, whose contributions have informed the shape of the Bill.

I shall now outline the main contents of the Bill. Currently, the dormant assets scheme accepts transfers only from dormant bank or building society accounts. The Bill expands the scope of eligible assets, so certain assets from the insurance and pensions, investment and wealth management, and securities sectors will be eligible for transfer. Our consultation response committed to considering how legislation could best provide the flexibility to expand the scheme further in the future. In reply, the Bill introduces a new power to broaden further the pool of eligible assets through future regulations.

The Bill also enables the specific focus of the English portion of funds to be set through secondary legislation, subject to statutory consultation. This harmonises the mechanism in England with the devolved Administrations and will allow the scheme to respond more flexibly to changing needs over time.

After 10 years of operation, we are at a critical juncture in considering the scheme's overall operation, and now is the right time to think about how the scheme can deliver the greatest impact once it has been expanded. Therefore, subject to the Bill passing, we will launch a public consultation on the use of funds in England. The current restrictions of youth, financial inclusion and social investment will continue until any new arrangements come into force.

The Bill also includes provisions to improve the operation of the scheme: for example, by making owner reunification efforts a requirement before funds are transferred, with the exception of situations where efforts are considered disproportionate or unnecessary.

The Bill also reflects Reclaim Fund Ltd's recent establishment as a Treasury non-departmental public body. It names Reclaim Fund Ltd as the scheme's only authorised reclaim fund, and as a result the Government are seeking a power to enable the Treasury to add, substitute or remove an authorised reclaim fund in future through secondary legislation. The Bill also enables the Government to cover the liability for reclaims should any authorised reclaim fund face insolvency, in the form of a loan. Such a liability will be established following the usual parliamentary process.

In closing, I emphasise our mission to support industry efforts to reunite owners with lost money and to provide a practical way for unclaimed and unwanted funds to be put to good use. I hope that the Bill receives strong support from your Lordships so that we can proceed swiftly with its passage and continue to build on the scheme's success. I look forward to all noble Lords' contributions to this debate but in particular to the maiden speech of my noble friend Lady Fleet. I beg to move.

3.57 pm

Lord Blunkett (Lab): My Lords, I very much look forward to the maiden speech of the noble Baroness, Lady Fleet. I already welcomed it last week, thinking that she was going to speak, so forgive me if I ensure that I do not miss it on this occasion.

I welcome strongly this small but important part of the legislative process, which expands availability of and access to these funds, as the Minister has explained so clearly. I pay tribute to all those who have played a part over the last 13 years in making this a successful venture, and to those who have worked with organisations such as the Youth Futures Foundation, as the Minister described, using the money to find ways to improve people's lives.

First, I will say a word about the important contribution that the noble Lord, Lord Field of Birkenhead, made in originating this programme. As noble Lords will know, he has been seriously ill but I understand and hope that he is now well on the mend. If he is not watching this afternoon, perhaps he will read in *Hansard* that we send our very best wishes to him. He pressed very hard for this under the Blair and Brown Governments, and he will be very pleased indeed with the work being done on reclaimed assets and putting them to proper use. He will be disappointed, as am I, that we have not been able to raise greater funding to undertake this valuable work and to put to use money that, as described in the legislation, lies dormant.

When we talked about this in 2004-05, we anticipated that as much as £8 billion to £10 billion and beyond would be accessible. That has not proved to be the case, but this legislation enables us to raise additional funds up to £1 billion, as the Minister described. However, as the Association of British Insurers points out in its briefing, in excess of £2 billion could be available. That obviously depends on the successful outreach to those who have not claimed funds to which they are entitled. While I understand that the dashboard being developed in the insurance and pensions industry will take up that important task of reuniting people with their resources, it would still be a very significant and, I hope, a beneficial outcome if we can raise substantially more than the anticipated figures given this afternoon.

It is almost as if we are facing two ways. We want to ensure that we reunite people with their legitimate funds, particularly in the pensions and insurance industry, where the number of people who do not notify their change of address when they move is staggering. If the figures are correct, 4% of people have not given notice of the change after a number of years. No wonder difficulties arise in reaching out and finding them, although I hope that the Minister will briefly indicate that it will be possible, even with data protection, to encourage the use of other data platforms, including local government, to ascertain where people have moved to and therefore reunite them with their funds. That apart, the critical element here is being able to put to work the

massive dormant resource that still exists. I still believe that it is much greater than the amounts that the ABI has talked about.

The Minister mentioned Big Society Capital. Its predecessor, which the right honourable Hazel Blears and I were involved in establishing with the then Chancellor, was designed, as has happened since, to ensure we use that capital literally to kick-start the development of social capital, and the ability of communities to develop their capacity not only to fend for themselves but to create new initiatives that build from the bottom rather than the top.

The National Council for Voluntary Organisations has suggested that there might be the development of a community wealth fund. I hope that we might look at the existing community foundations. For instance, South Yorkshire's Community Foundation does an enormous amount of good in my area. Making resources available to it for grant giving and establishing social capital funding that would enable community organisations to develop, flourish and become self-sustainable would be an extremely good move. I would be very grateful for the Minister's confirmation that her department would be prepared to look at that as part of the development and use of the NDPB.

We have made good progress with the lottery over the years. It is much more likely to reach out to the parts that the Government now describe as requiring levelling up. It has certainly been true that it was, as so much of our nation is, southern and London-centric for understandable reasons to do with capacity to put in bids. In the past—not so much currently—the complexity of the bidding process provided a barrier to those who were not familiar with it. I hope it will be possible to make that much easier, perhaps through community foundations.

This is something that we all agree with and support. Clause 29 offers the opportunity of consultation, which the Minister mentioned. Perhaps she will confirm that it will be built into, and be a critical part of, the process. It is important to establish that that is the case, because Ministers move on and departments get reconfigured.

If, from this afternoon, we can have even greater optimism about being able to put this money to use while reassuring people that, if they reappear, their investment and contribution will still be available to them, that would be very good. I also hope that, although we are widening the criteria for access, it will be possible to continue with the existing programming criteria, because so much has been done, particularly on financial inclusion. Many of us have been engaged over the years in promoting social inclusion, and in avoiding exploitation and the way that misuse of domestic credit—and worse—has exploited people in greatest need. The answer to that has to be education on financial matters in school. KickStart Money and the APPG have been doing a really good job, and so have those working in teaching citizenship, which covers financial inclusion and the economy, as well as personal, social and health education.

This afternoon we give a very warm welcome to this legislation, building on what already exists and empowering and freeing people to be part of the solution to the challenges they face in their lives by providing the resources, funding and capital to turn themselves and their communities around through self-help and building from the bottom. It is by civil action that we ensure that, whoever the Government of the day, people remain in a position to fend for themselves, to build for themselves and to be creative in building safe, clean, green and functioning communities.

4.07 pm

Baroness Barker (LD): My Lords, I draw attention to the fact that I am an officer of the All-Party Group on Social Enterprise. I thank the Minister for the helpful way in which she introduced the Bill and for the briefings that she and her officials gave to noble Lords recently.

It is good that this Bill is starting its passage through Parliament in this House, because on one level it is impossible to object to it. The use of dormant assets—long forgotten, probably not missed and therefore not urgently needed—being redistributed to places where they are needed and can be used is something with which it is impossible to disagree. Moreover, the Bill builds on approximately a decade of experience of financial institutions transferring dormant cash assets to the Reclaim Fund Ltd for disbursal by four funds appointed in each of the nations of the United Kingdom. It is estimated by them and the Government that if we go ahead with the Bill, a further £2 billion-worth of other assets could be released.

However, there are some assumptions behind the Bill that the House should look at before we give the Government the freedom to go ahead. Some elements of how the scheme is currently working are not thoroughly explained. It is our duty, before we give Ministers the Henry VIII powers that they are asking for in this Bill, to ensure that we are satisfied that each of the Bill's component parts is working to maximum effect and cannot be more efficiently and effectively undertaken by other people.

It is right to bear in mind that this is a limited source of money set out for a limited purpose. Throughout the debate, we will hear lots of suggestions of ways in which it should be extended, but this will never be a source of long-term sustainable funding for voluntary organisations or social enterprises. It is a one-off and therefore it has to be targeted. I like the focus on financial inclusion and the idea of transferring assets between generations in a targeted way, but we need to ask ourselves, and particularly to ask the Government, exactly how well the scheme has worked in the past.

Although the headline figures in the briefings that we have been given are compelling, we do not, for example, know the costs to industry, to the relief fund or to the distributors, nor do we know important things such as the quantum of the assets put into the recovery fund or the frequency with which they are put into it, only for them then to be rightly reclaimed by somebody who turns up and having to be returned to the institution. We should have that kind of information at our disposal before we move on to more complex assets. I leave it to other noble Lords, including those on these Benches, to talk about the much more complex difficulty of bringing in assets that cannot easily be crystallised because they are not in cash.

[Baroness Barker]

The Government have an obligation to bring this sort of detail to Parliament, so that we can avoid the temptation to use this as a fallback or piggyback fund for government when times are tough. The Government did themselves no favours last year when, in the first lockdown, the sector said that it could see that it would lose £4 billion of funding. The Government responded with £750 million of funding, £150 million of which was taken from these sources and thrown into a pot. They really need to think about that.

We are now 10 years on. We know now that one of the most pressing needs of poor communities is access to resources. There is no indication in the Bill of a responsibility to make sure that the voluntary sector bodies carrying out this work on financial inclusion will themselves be sufficiently viable for a number of years. That is missing. One of the problems is that we have relied, yet again, on the National Lottery as the distributing body in England, but this has never been part of what it does. I want to see us looking into how to get greater flow from this source into social enterprises. I agree with the noble Lord, Lord Blunkett, that, right now, there is a desperate need in communities for a source of capital to get viable social enterprises off the ground so that they can create employment. I therefore ask the Minister to make sure in her consultation that those bodies are included as a matter of right.

Finally, I am never a fan of Henry VIII powers in principle, and certainly not when there is not much obligation on Ministers to come back and report to Parliament. If we are going to let this Bill go through—and inevitably we will—I think that Members of your Lordships' House should ask for a greater degree of reporting than the five-year post-legislative scrutiny given to the 2008 Bill that is responsible for this. We should ask them to come back with much greater detail about the costs and operations of the scheme and its benefits.

We are talking of billions of pounds, but the one thing missing in all that I have read on this is any estimate of the impact that this funding has had in communities, against the objectives set for it. It would be remiss of us to go ahead with this scheme if we do not even ask the question that would be asked of any little charity that applied for any funding: how is it going to demonstrate that it is making the difference that it says it will? With those caveats, I look forward to some detailed work on the Bill, which I am sure deserves to pass, but perhaps not in the form that is before us today.

The Deputy Chairman of Committees (Baroness Watkins of Tavistock) (CB): The noble and learned Lord, Lord Mackay of Clashfern, has withdrawn, so I call the noble Baroness, Lady Wheatcroft.

4.15 pm

Baroness Wheatcroft (CB): My Lords, I thank the Minister for introducing the Bill so clearly and enthusiastically. Its purpose, in extending the scope of the dormant assets regime to other sectors, is perfectly sensible. I look forward to hearing the comments of the noble Baroness, Lady Fleet, which I am sure will add significantly to the debate. Her dedication to the arts over the years makes her a very good addition to the House.

If assets have lain unattended and forgotten for 15 years, they should be put to better use, but I was intrigued to learn that the extension of the regime could affect an additional £3.7 billion of dormant assets and that the enhanced tracing of assets required under the regime could mean that, of the £3.7 billion, perhaps only £2 billion might be returned to the owners. If £2 billion could be returned to the owners under the new regime, can we be comfortable that financial institutions are doing what they can to trace the owners of assets? It seems to me that if such a significant portion could be traced under the new regime then what has gone before, over the past 15 years, has been somewhat slack.

What does this imply for the financial institutions and the need to do something before the 15-year threshold? Could the Minister say whether she believes that financial institutions should be prevailed upon more to return that money? However, if efforts to trace owners have genuinely failed, putting the assets to good use makes sense, and it would appear that, since the scheme was established, it has made good use of the funds. The operation of Reclaim Fund has been paid for through income on its investments, rather than depleting the assets being reclaimed, and there seems no reason why this should change because of RFL's change of status to become a non-departmental public body.

Under the asset scheme, smaller institutions are allowed to deploy unclaimed assets to work directly with local charities. This seems to me to be wholly admirable, but, so far, only two institutions have opted to do so. I would be enthused to hear that others are interested in joining the Newcastle Building Society and the Cambridge Building Society in using unclaimed assets to benefit their local communities. Financial institutions that are close to the communities they serve can be very useful in building society and can play a part in the community.

Most of the money, however, is designated for social or environmental purposes—a very broad category. For England, which receives more than 80% of the cash, in line with the Barnett formula, the demands have been more clearly spelled out. It is specified that the money should be used for youth projects, financial inclusion or social investment. The Bill repeals this, and it is reassuring to know that there will be public consultation on how the increasing funds should be spent before the Government change the stipulations.

It is fair to say that those whose assets are being reclaimed would espouse a variety of good causes, varying from international aid agencies to those charities dedicated to looking after donkeys. But it is perhaps appropriate that these funds, which are available only because of the failure of individuals, either through carelessness or circumstances, to manage their money effectively, should be directed, at least in part, to financial education.

In particular, some of the money could fund vital schemes to make sure that all children in primary schools learned about how to manage money. KickStart

Money, which backs this plan, claims that money habits are formed by the age of seven—when so much of a childhood is formed. A lack of financial education in the early years may in part be responsible for the fact that, prior to the pandemic, 11.5 million people in the UK had less than £100 in savings. That will not see them through a rainy day—or, worse still, through the sort of weather that we are experiencing now.

The situation has worsened. The Rowntree Foundation reported that 2.4 million people in the UK experienced destitution in 2019—a 54% increase since 2017. One in seven of those experiencing destitution was in paid work. In many cases, they have little idea of how to manage the money they have. They take on loans at onerous rates of interest. They use hire purchase schemes. A nationwide scheme to teach children about finance would have real benefits and might result eventually in there being fewer dormant assets to be employed in the way in which we are discussing—but that would be no bad thing.

4.21 pm

Lord Adonis (Lab): My Lords, we are much looking forward to the speech of the noble Baroness, Lady Fleet, and to the great contribution that she will make to the House on the basis of her long experience of the cultural and media sectors. She is extremely welcome here.

We strongly welcome the Bill. Indeed, I cannot think of any good reason why anyone would oppose it unless they think that it is a great idea for dormant assets to sit untouched. Short of them being in some Swiss vault, having been improperly gained in the first place, why would anyone welcome that? This is a thoroughly welcome Bill and, as my noble friend Lord Blunkett said, it builds on a cross-party initiative that was taken nearly 15 years ago seeking to deploy dormant assets. The then Government sought to unlock assets that were in bank and building society accounts, and this legislation expands the range of assets that can be brought forward. I strongly welcome it and I hope that it has a speedy passage.

However, the noble Baroness who opened the debate invited us to look at the wider voluntary sector and the work that is being supported by these good causes. I should like to enlarge the scope of the debate in that direction. This is the principal measure in respect of the voluntary sector that the Government are bringing forward in this Session. It is one of the first measures that they have introduced after the Queen's Speech, and the first measures introduced after a Queen's Speech are a good guide to the priorities of a Government. I am at one with Iain Martin, who was quite insightful in his column in the *Times* last week. He said that the problem with the Queen's Speech is that it lacked big themes and reform directions. He quoted a Conservative MP who said to him that the Speech was like reading from the *Yellow Pages* the first five or six items on the list. He compared that unfavourably with the Thatcher Government, who had a big and bold programme of reform of the public and private sectors in the 1980s, and the Blair Government, who had a similar level of reform after 1997.

What struck me as I was reading that and thinking about the Bill is that it is true of the voluntary sector, too. The Thatcher and Major Governments had a bold approach to that sector. Indeed, the National Lottery was one of the biggest and boldest reforms of the voluntary and third sectors—and the injection of funds into them—that we have seen in the history of this country. In the 27 years—or whatever it is—since the lottery has been in operation, an estimated £42 billion has been raised for good causes, and that of course has had a dynamic effect. The lottery has massively energised the voluntary life and good causes of this country and it dwarfs the resources that can be made available under the Bill.

The Blair Government sought to be as bold in their vision. The two particular bold things that we sought to push forward included the engagement of voluntary, private and religious-based organisations in the delivery, as appropriate, of public services. When I was Education Minister, we put a huge effort into developing public-private partnerships in respect of schools—particularly independently managed state schools, or academies, which I am glad to say have now spread far and wide. With the enormous partnership of my noble friend Lord Blunkett, we established more than 400 academies and raised more than half a billion pounds in charitable contributions, with huge energy from the sponsors, including notable Members of this House—the noble Lord, Lord Harris of Peckham, is a formidable academy sponsor—and I was very proud of the work that we did there.

The Charities Act 2006 sought to enlarge the scope of charitable endeavour. The single biggest form of charitable endeavour in this country is in education. That Act sought, in particular, to introduce the public benefit test into the definition of the charitable activities of private schools to enlarge their work. I want to come back to that in a moment, because it is a significant piece of unfinished business.

The Cameron Government started well. The idea of the big society is one that I should have thought everyone in the House would embrace as a direction of travel. It built on the National Lottery, on the engagement of the voluntary sector in the delivery of public services and on the Charities Act to enlarge the scope of what could be done by voluntary effort in meeting big, national objectives. I was a strong supporter of the National Citizen Service; indeed, I am a patron, and wish for it to be extended much more boldly than it has been, so that all young people get an opportunity to make an organised contribution to society which will set them on a track that, I hope, will live with them for the rest of their lives, bring our communities together in the way in which we need to—they are so divided, and have become more divided, in this country over recent years—and, in the jargon of today, engage them in levelling up. The tragedy of the big society is that it was a great idea but the policy was not there to follow it up and it essentially fizzled out.

The problem at the moment is that, under the present Government, there is no real strategy beyond a few measures of this kind that are fairly minor in the big scheme of things. The Minister said that perhaps £800 million or so may be raised from this measure over many years to come. That is all very worthwhile but the amount is small by comparison with the big measures that I have talked about. In some respects, we are going backwards.

[Lord Adonis]

Of particular concern to me is that the area of charitable endeavour in which we are going backwards is education. An attempt was made by the Charities Act 2006, which was long overdue, to focus the huge charitable assets invested in the education sector on the provision of genuinely charitable activity—by which I mean engaging in poorer communities and giving poorer students opportunities that they do not have. Unfortunately, that big policy emphasis has moved backwards in the past 15 years because of the rigid determination of private schools—which are of course charities, most of whose assets were given in the form of charitable donations, mostly for the education of the poor and underprivileged—and the failure to ensure that those assets are properly applied. That is a constant problem at the heart of our charitable sector, which we were seeking to get at in the 2006 Act.

That policy, by legal action on the part of the private schools, was reversed. Then, under the present Government—including through the appointment of a former Leader of this House as chairman of the Charity Commission; an unusually political act—the policy was actually put into reverse. The obligations that we had sought to impose on those private schools have now been entirely lifted. The private schools sector, which is substantially charitable, is now more focused on simply delivering education for the very rich and privileged in our society than it has probably ever been in the history of this country.

The British Sociological Association, in a paper published last month which is hugely important in order to understand what is happening to the charities sector in this country, estimates that £1 billion a year—I repeat, £1 billion—is spent on fee relief for less-advantaged children attending private schools. These are charitable institutions to start with, and command about £1 trillion-worth of assets between them. But according to the study of 142 schools by the association, 97% of the £1 billion is spent on subsidies to essentially middle-class families who can afford substantial fees; only 3% goes on the relief of fees in their totality, or up to a level of 75%, for families who have very low means. So what starts off as a hugely privileged sector, even in the work that it does that is supposed to be charitable—in relieving fees and giving access to these charitable assets—is not meeting those objectives.

While I welcome the Bill and think that what it does in its own small way is worth while, and while I welcome the laudable objectives for the charitable and voluntary sectors which have been played out in noble Lords' speeches throughout the debate, we are being deeply complacent if we think that we are moving broadly in the right direction on these issues. We are moving backwards not forwards when it comes to the expansion and engagement of the charitable and voluntary sectors in the life of the country. It is a big part of the problem we have in levelling up across different parts of the country and different parts of the community. The Government need a much bolder and more coherent policy if we are to meet these big social objectives.

4.32 pm

Baroness Fleet (Con) (Maiden Speech): My Lords, I am grateful to follow the noble Lord, Lord Adonis, who spoke so passionately, and for the opportunity to make my maiden speech. I begin in the traditional way by thanking the doorkeepers and the staff who have guided me more than once up and down the different corridors and made me feel so welcome. Black Rod, the Clerk of the Parliaments and officials here have all helped me to begin to understand how this place works. I also thank the Prime Minister for nominating me; my supporting Peers, my noble friends Lord Black of Brentwood and Lady Morgan of Cotes; and my mentors, my noble friends Lady Chisholm of Owlpen and Lady Sanderson of Welton.

I trust noble Lords will indulge me for a moment before I return to the business in hand. I would like to pay tribute to my ancestor Sir John Bowring. Although he left school at the age of 13, he became a protégé of Jeremy Bentham and was later elected MP for Bolton and, thanks to the patronage of Lord Palmerston, was appointed governor of Hong Kong. Sir John was well known for his progressive views on free trade, his ambition that the United Kingdom should have a decimal currency and his remarkable knowledge of languages. He spoke 12 fluently and understood 12 more. He also had an unfashionable enthusiasm for women's participation in politics.

I hope that Sir John would have approved of my elevation to this House and perhaps also of my decision to take up a trade, for journalism is indeed a trade. Inspired by the formidable Clare Hollingworth, I headed for southern Africa, arriving shortly before the Soweto riots, and later I went to southern Sudan when it was on the brink of famine and civil war. As editor of the London *Evening Standard*, I too adopted unfashionable causes. In 2003, the newspaper backed London's bid to host the 2012 Olympics and Paralympics. The view then was that Paris was bound to win and that even if we won we would not be able to build the facilities on time. Another unfashionable cause the *Evening Standard* supported was the wild-card Conservative candidate who wanted to become Mayor of London. The rest is history.

Music and music education now fills much of my life. During the pandemic, music has been a source of great joy and comfort to many. This last year has indeed been devastating, but the work of my noble friend Lord Mendoza as commissioner for cultural recovery and renewal has played a vital role in giving hope and funds to music and the arts. Teachers have valiantly persevered, maintaining music tuition wherever possible, often online. They recognise the important role that music plays in a child's education, boosting mental health and self-esteem and improving cognitive ability to raise attainment in maths and English. Students from low-income families who take part in musical and creative activities are three times more likely to get a degree and a job. I live in hope that there will be renewed government support for music education, following the recent publication of the Department for Education's *Model Music Curriculum*. I played a part as chair of the expert panel and believe that the document is an important step in helping our teachers

to ensure that every child can access high-quality music education. Concert halls and village halls across the country are ready to take up the challenge of being part of the national rebirth through music and the arts. Like all those for whom culture and the arts are so important, I take this opportunity to urge the Government to negotiate speedily amendments to the visa restrictions and work permits for the EU for all our musicians, actors and artists. They are critical to the livelihoods of tens of thousands of wonderful people and vital to global Britain.

I also take this opportunity to give my full support to the Government's proposal further to extend the dormant assets scheme in the Bill. I congratulate the Minister on the success so far. It is a remarkable achievement. I am very proud to have been very involved with the voluntary sector, so I look forward to an active role in the debate. Expanding this scheme is crucial to maintaining its impact and to contributing to the levelling-up agenda. Additional funds would make a real difference to so many communities and to the cultural economy. Is this not the moment to level up music education and ensure that children from all backgrounds and all regions can benefit from the power of music?

I am immensely grateful to all those who have welcomed me today, and I look forward to the rest of the speeches in this debate and the many debates to come.

4.38 pm

Lord Vaizey of Didcot (Con): My Lords, since I was introduced to your Lordships' House in September I have been given many opportunities, but I did not realise that I would have the wonderful opportunity to follow my noble friend Lady Fleet and to sing her virtues, although after her maiden speech I feel I should now praise her in 24 different languages on the basis of her distinguished ancestor.

As my noble friend indicated, and as the noble Lord, Lord Adonis, pointed out, she has an immensely distinguished career both in the media and in the arts. She was deputy editor of the *Daily Telegraph* and the *Daily Mail* before becoming a campaigning editor of the *Evening Standard* and helping to secure two great adornments to this country: the London Olympics and our current Prime Minister. When I dabbled in freelance journalism, I occasionally sat at her feet writing the odd editorial under her instruction, but she and I worked most closely together when I was lucky enough to be Minister for Culture when she was taking up prominent roles in the arts, as chair of Arts Council London for almost 10 years and as a senior adviser to the then London mayor, now the Prime Minister. She set up the London Music Fund, which was originally called the mayor's music fund, but it should really have been called the Wadley music fund. It has delivered more than 500 music scholarships for young musicians in London. Her latest work on the music curriculum has also been incredibly important. I wholeheartedly second what she said about how important music education is for young people, not just to give them a love for and appreciation of music but to give them some of the skills and qualities one needs to succeed in wider life.

My noble friend served as a distinguished board member of the Yehudi Menuhin School and is now on the council of the Royal College of Music, chaired by my noble friend Lord Black of Brentwood. I can say only, as I have said before in this House, that it is a wonderful privilege to serve here with so many experienced and distinguished people, but to have my noble friend join our ranks and bring her expertise in culture is a particular pleasure to me.

I turn to the substance of the Bill. I am grateful to the noble Lord, Lord Blunkett, for reminding the House of the important role played by the noble Lord, Lord Field of Birkenhead—mainly on a personal basis, as I have known him all my life as a close family friend. It is a great testament to the success of the scheme that it has been broadly uncontroversial, very much welcomed and has channelled many hundreds of millions of pounds to good causes. I echo the noble Lord, Lord Adonis: it is hard to think of any reason to oppose the Bill, although there may be opportunities to improve some of its detail. Nobody can oppose the need to extend the remit of the dormant assets scheme to insurance and pension products and potentially to unlock a further £2 billion for good causes.

I take on board the remarks of the noble Baroness, Lady Barker: it would be interesting to know what one could learn from how the dormant assets scheme has been working in the past decade or so and how effectively the money has been used. Partly on a financial basis, I should be intrigued to know—I may be going a bit off piste here—whether we can learn anything about what type of financial assets are unclaimed and why. I think this will become rarer as we move into a digital age. Noble Lords have mentioned the digital dashboard. As more and more of us manage our finances online, there will be no need to write to our insurers to tell them that our address has changed, because our digital address should, broadly speaking, remain the same.

I was also musing, because I am obviously thinking ahead to my speech on public service broadcasting in tomorrow's debate, that some of the great causes that the dormant assets scheme has supported so far are exactly the kind of programme that the BBC should be making, so I think we can elide the dormant assets scheme with the future of the BBC.

I want to use this opportunity to raise one specific point that has been a hobby-horse of mine for several years, and I think I may have played a tiny role in nudging things along. As I do not tell need to tell your Lordships, because you all know what I am about to say, I am talking about the National Fund, which is on everyone's lips. The National Fund was started by a man called Gaspard Farrer in 1928. He was a member of the distinguished Farrer family, the solicitors, but he was a partner at Barings Bank, and he gave half a million pounds to the National Fund, intending it to pay off the national debt. That half a million pounds attracted a few other public subscriptions, and it was then promptly forgotten about, although I think it was managed for years by Barings Bank, which probably claimed useful fees from it. It was actually managed extremely well, because in 2019, before the stock market boom, it was worth £519 million.

[Lord Vaizey of Didcot]

We have had one dormant assets Bill in the past decade which has unlocked about £700 million or £800 million. We now have a Dormant Assets Bill which might unlock £2 billion, but we do not have a National Fund Bill, which at one stroke could unlock £519 million, which I know that my noble friend Lady Fleet and I would deploy very effectively to support the arts and music.

What on earth are the Government going to do about the National Fund? At the moment, its future is the subject of a modern-day Dickens novel as it grinds slowly through the courts. I lobbied the Attorney-General, he forgot about it. I lobbied him again, he forgot about it. He finally went to court. At a court hearing at the end of last year, the High Court judge decided that the National Fund could potentially be wound up and its funds deployed to causes other than the national debt. He concluded that because the National Fund represents 0.03% of the national debt, despite the excellent management of Barings and others, it was highly unlikely to achieve its purpose of paying off the national debt, which I think is now £2 trillion. It has even been spotted by the Prime Minister's former private secretary, Danny Kruger, now a distinguished Member of Parliament, who in a recent report on community service asked why we cannot deploy the National Fund.

I am afraid that I have slightly hijacked the debate on the Dormant Assets Bill to once again bring the National Fund to the Government's attention. I know that there is no more able and effective Minister than my noble friend on the Front Bench this afternoon to grab this issue, run with it and bring forward appropriate government amendments in Committee to unlock the National Fund and, at a stroke, double the assets available to good causes.

The Deputy Speaker (Baroness Watkins of Tavistock) (CB): My Lords, I am aware that, due to the reduced capacity of the Chamber, many people were not here earlier, when the normal rules for the current situation were read out. I remind Members in the Chamber that all Members are expected to respect social distancing, as everybody is doing, but also to wear face coverings while in the Chamber, except when standing to speak—unless, of course, they are medically exempt.

4.46 pm

Baroness Bowles of Berkhamsted (LD) [V]: My Lords, it is a great pleasure to welcome the noble Baroness, Lady Fleet. She is singing the right tune in everything that she said about the value of music education. I also pay tribute to how she has practised what she just preached to us.

I welcome this Bill as a follow-on to the Dormant Bank and Building Society Accounts Act, and I am aware that it is welcomed by the industry responsible for the assets, as well as the charitable bodies that hope to put the funds to good use. Participation by industry is voluntary, but it is still expected to be significant, more than doubling the volume of the funds released by the original scheme.

The two main aspects to the Bill are enlargement of scope to include dormant insurance, pension, investment, securities and client account assets and to make the approach to distributing the assets more flexible. A contemporaneous matter is that as from 30 March, Reclaim Fund Ltd has transferred its shareholding from Angel Square Investments—formerly the Co-operative Banking Group—to HM Treasury.

The new dormant assets each have their own clause, but the general principle seems to have been to include at this stage only assets that already have contractual mechanisms that can determine a cash reference value or, as in the case of a collective investment, have an established formula for valuing compensation at a subsequent date. That strategy makes sense in terms of managing liability. I was concerned whether seven years was the right length of time for deeming an asset dormant with regard to pension and insurance-type assets, but, on balance, perhaps I can see the benefit of bringing forward the point at which greater attempts are made to reconnect people with their assets. In theory, that should make it less likely that, for example, the notifier on a death certificate has moved, which is one way of tracing connected people.

Regarding the assets that are not included, the Bill includes the ability to expand to further asset classes. That creates an incentive for industry to develop new contractual terms relating to dormancy and "gone away" in these other kinds of investments so that, ultimately, if that was pursued to the extreme, it could apply to everything. What safeguard is there to make sure that there is not a perverse incentive to change future contractual terms to the detriment of asset owners in general?

One matter that does not appear in the Bill is that directors are free of fiduciary duty in respect of decisions to transfer dormant assets. It may be more complicated for some assets than for cash deposits if there are other, possibly unforeseen, consequential effects—for example, of reducing assets under management. Perhaps the Minister can say something about why there is nothing specific other than with regard to the cash liability.

I have an interest around how risk is determined and managed by the authorised reclaim fund. The Explanatory Notes make it clear, as in the 2008 Act, that reclaim funds are responsible for managing reserves to meet customer reclaims. Presently, 40% of the dormant assets received by Reclaim Fund Ltd are reserved for potential reclaim, which is based on actuarial calculations and recommendations from the FCA. Reclaims actually run at a much lower percentage. According to the 2020 accounts, the dormant assets received were some £89 million, £36 million was reserved for reclaims, and actual reclaims were just shy of £13 million. It is more representative to look at the cumulative figures for reclaims, as obviously they relate to a spread of years. The 2020 accounts show a cumulative liability provision of nearly £474 million against total reclaims since inception of just over £105 million, which is for 10 years of operation.

This low level of reclaim was attributed in the response to the consultation as due to the due diligence in trying to unify assets with their owners. It makes me wonder whether the calculations around that 40% rate should be revisited, at least for the bank and building society assets where there is a track record, presumably

not just of the reclaims but of the ages and other data surrounding who has reclaimed. I acknowledge that for the new assets the same reclaim rates may not apply, but I am curious to know how the reunification rates are fed into the retention calculations and how far additional prudence was previously built in—for example by the FCA in order to protect the financial services compensation fund.

I would also like to ask what the attitude is of the Treasury towards the current level of prudence, given the provisions of Clause 27 and the new Treasury ability to provide a loan in the event that a reclaim fund is unable to meet its liabilities. I am not suggesting there should be a gung-ho approach, but with the government loan facility, a future stream of dormant assets and no financial services compensation protection to consider, does that also point to lower provisioning and higher release of funds for good works? Even if half of the 40% retention rate is released, it is a lot more money.

Also on this point, although under Schedule 2 to the 2008 Act there is no profit distribution to the shareholders of an authorised reclaim fund that could distort retention incentives, there is a cost to managing the retained assets as well as, if you like, a charitable lost opportunity cost.

I cited just now some 2020 figures. In fact, in 2020 the amount of £89 million of dormant assets represented a remarkably low year for dormant assets received—the lowest since 2013, when it was £87 million. The intervening years averaged £121 million, although I note that the Minister said that a rather lower £42 million steady state is expected. The year 2020 followed a somewhat bumper year of £147 million in 2019. I am wondering where these projections and steady state numbers come from. I can accept, and maybe it is the case, that projections show more digital banking is likely to keep people better attached to their money but, so far, none of the expectations, whether of the reclaim amount or the general level of the fund, seems to follow the projections.

A related question with regard to pensions and projections is: what effect does the Minister think the pensions dashboard will have in terms of reducing the number of accounts that go dormant because of loss of address? When would it be expected for that effect to kick in?

On the distribution of assets, I accept that a more flexible approach has benefits. However, even with consultation—and I think it should probably be in the Bill—surely the underlying strategic objective should be within the legislation. Ten years on from the 2008 Act, the definition could usefully be widened, but I am concerned about repealing Section 18 of the 2008 Act and leaving no structure. Focusing on a few areas, as the 2008 Act did, should potentially enable a game-changing investment that has a multiplier effect, which is an idea worth hanging on to even if realised partly in a different form. There are proposals around, as the noble Lord, Lord Blunkett, mentioned, relating to a community wealth fund, and that might be one such vehicle. Like him, I would be interested to hear about any thinking that the Government have done on the community wealth fund idea and how better to gain multiplier effects.

4.57 pm

The Earl of Devon (CB) [V]: My Lords, it is a pleasure to follow the noble Baroness, Lady Bowles, and, before her, the excellent maiden speech of the noble Baroness, Lady Fleet, who is warmly welcome, particularly for her wisdom and support for music and the arts.

It is a rare treat to contribute to such a positive debate on a piece of legislation that finds widespread support across the House and the country. The dormant assets scheme has clearly been a success, as confirmed by the Dormant Assets Commission some years ago, permitting the distribution of hundreds of millions of pounds towards good causes in the categories of youth projects, financial inclusion and social investment. I understand that the expansion of the scheme to include insurance and pension products will allow potential access to over £2 billion of further dormant funds, so it is a great shot in the arm for the scheme and those good causes. I see that it meets the approval of the Association of British Insurers and that the financial industry more generally is supportive, too.

I note my membership of the All-Party Parliamentary Group for Social Enterprise. Dormant assets have played an invaluable role in the development of social enterprises over the past 10 years, and the sector is keen to ensure that they continue to do so. Social enterprises are critical to the levelling-up agenda; they ensure investment in people and projects across the United Kingdom and are often located in our most deprived communities, creating considerable employment and routes out of poverty. Since 2010, many millions in dormant assets have been invested this way, supporting more than 1,500 organisations, 82% of which are outside London.

The demand for social investment remains strong, particularly given the impact of the pandemic on our most fragile and vulnerable communities. Over the coming months, the social enterprise APPG will be conducting an inquiry, which I am honoured to be chairing, to assess the performance of the sector during the pandemic.

Over 5,000 new community interest companies have been registered since March 2020. Of particular importance to these institutions is access to long-term financing, which is exactly the support that the dormant assets scheme can provide. That is why this legislation is so important and why it is key that the Government consider the role of social enterprise in the context of the dormant assets scheme. To that end, can the Minister please confirm what level of engagement has taken place with the social enterprise sector in developing this updated legislation?

Given the importance of dormant assets to the funding of social enterprise, can the Minister confirm that their use for its development will not be diluted by this legislation? In particular, what assurances can the Minister give that social enterprises will remain a primary beneficiary of the use of dormant assets?

It is of particular concern that, under Clause 29, the Government propose to move the power to change the use of dormant assets from primary to secondary legislation. I know that the Government have committed

[The Earl of Devon]
to consult with the National Lottery Community Fund and hold a public consultation, but this is very different from requiring a change via primary legislation and, thus, debate in this House.

There also appears to be no obligation to consult specifically with the social enterprise sector, which is concerned that it may lose this crucial source of funding without consultation or the ability to voice its concerns. I ask the Minister to do what she can when she responds to put this very important sector's mind at rest.

5.01 pm

Lord Bates (Con): My Lords, it is a great privilege to speak in this debate. I very much welcome the Bill and support its Second Reading today. It is a great privilege to hear the maiden speech of my noble friend Lady Fleet; she brings incredible experience to bear on this important issue. I look forward to her future contributions in Committee.

I draw the attention of the House to my non-executive and non-financial charitable interests as listed in the register. I pay tribute to my noble friend Lady Barran for introducing the Bill and for her willingness to meet with us and officials beforehand to consider its contents and answer our questions. That courtesy was very much appreciated and extremely useful.

As has been said, the Bill has support on all sides of the House, and, after the past few Sessions, we need to see more of this type of legislation. It arrives here in excellent shape, building on the proven success of the 2008 Act. I wish all Bills were like it. Of course, that is to be expected when it is prepared by my noble friend Lady Barran, given her experience in the charitable sector and finance, and John Glen, who is simply a brilliant Economic Secretary to the Treasury. Given that preparation, I hope that the Bill can move quickly along its parliamentary journey so that people can be reunited with their forgotten assets.

I note that *The Dormant Assets Scheme: A Blueprint for Expansion*, a report that the industry champions presented, mentions the difficulty of tracking down the owners of these assets. I am sure that that is an issue, but if they thought that the owners of the assets owed money to them—banks, building societies and insurance companies—they might have a better success rate in tracking them down. This is a difficult issue, and we very much welcome the Bill.

When we have a Bill that is so universally welcomed and so clearly good-news legislation, one of the problems is that Second Reading speeches tend to range a little more widely than the Bill itself, and I tend to follow that theme. I will make four points about how the use of these proceeds could be improved. First, we need to remember that the Queen's Speech that introduced the Bill had an overarching theme: levelling up. While the Covid pandemic has hit all communities, it has hit the poorest and most marginalised most. Few would deny that because of the pandemic, the challenge of levelling up has become much harder and far greater resources will therefore be required in order to recover.

My second point is that if left-behind communities in Britain have suffered disproportionately, it is the children and young people in those communities who have suffered most. I want to pay tribute to children and young people in this country. They sometimes get a raw deal and a bad press. They have been wrongly described as a "snowflake generation", but they have shown discipline and resolve throughout this crisis in following the guidance and making sacrifices—more than most—despite being statistically at least risk from the virus. When our children and young people have made such a sacrifice and such a contribution to beating this pandemic, it behoves us to do all we can to level up for them.

Thirdly, we should devote our efforts to increasing the rate of return on these assets to honour the sacrifice of the former owners. I have two suggestions in this regard. The first is that we use the assets not so much as a fund per se but as a catalyst to generate further funds, perhaps through match-funding of projects. The second is that we give people who have been reunited with their dormant assets the option of donating them to the scheme for good causes.

Before people suggest that this would not be taken up, I should remind the House—not that noble Lords need reminding, but I will mention it—that the British people are among the most generous on the planet. The Charities Aid Foundation reported that in the first six months of the pandemic, donations to charities in the UK increased from £4.6 billion to £5.4 billion, a quite extraordinary £800 million increase compared with the same period during the previous year. In passing, I should say that this statistic slightly scuppers the justification for reducing the overseas aid commitment from 0.7% to 0.5% because of the economic crisis. The British taxpayers have demonstrated through their actions that they wanted to be more generous to good causes and those in need in hard times, not less.

Fourthly, volunteering is the greatest dormant asset in the United Kingdom. There have been two notable occasions in the past 10 years when we have called upon people to volunteer. The first was for the London 2012 Olympic and Paralympic Games, when over a quarter of a million people volunteered for 70,000 roles, a response that almost caused the system to collapse. The Games-makers of London 2012 did indeed make the Games. The second time the call went out for volunteers was for 250,000 people to support the NHS during this crisis; 750,000 signed up.

On 28 February this year, the *Sun* newspaper, which has been running an excellent campaign, "Jabs Army"—the noble Baroness, Lady Fleet, is probably wishing she had thought of that as a headline for a campaign—reported that almost 12 million people had volunteered during the pandemic and that a third, 4.6 million, had done so for the first time. Jill Rutter, who led the Talk/together research, was quoted in its piece:

> "With 4.6 million people volunteering for the first time and keen to do so again, there is massive potential to harness this positive legacy. You can achieve a lot with four million people helping out. We know that volunteering helps people feel more connected to their community and offers a chance to meet new people from different backgrounds too—so this surge in volunteering could help to build closer and more connected communities as we come out of lockdown."

I say amen to that.

My final point is that, having been born and educated in the north-east of England, and having worked and represented left-behind communities there, I have seen that some of the most successful groups in transforming the life chances of our young people have been faith groups, churches, sports clubs and uniformed youth groups such as the Sea Cadets, Scouts, Brownies and Guides. We do not hear a great deal from them because they are too busy getting on with their work, and perhaps they do not have vast comms resources to do that, but there are almost 500,000 Scouts in the UK and 120,000 adults who volunteer with them. Brownies and Girl Guides account for a further 240,000.

Just as we must be careful that government funds do not crowd out private capital in our markets and economy, we should ensure that government schemes do not crowd out charitable initiatives and volunteering in our communities. We must maintain open spaces for our communities, to encourage people to volunteer and invest their time and money. This is not just because it tends to yield better returns but because—to paraphrase Shakespeare—it is twice blest: it blesses both the giver and the receiver alike.

This is an excellent Bill whose impact can be strengthened still further by focusing on levelling up in left-behind communities; having a bias towards children and young people, who have sacrificed so much; adding an opportunity for owners reunited with dormant assets to donate them to the scheme; and, most of all, having a programme to celebrate our outstanding volunteers, who care about their communities and seek only the opportunity to serve them. They are the engines of social capital and we cannot let such an incredible human asset remain dormant any longer.

5.10 pm

Baroness Noakes (Con): My Lords, it is a pleasure to follow my noble friend Lord Bates, because it gives me an opportunity to wish him a very happy 60th birthday.

If my noble friend Lady Fleet will forgive me, I am going to stick with the guidance in the *Companion* that my noble friend Lord Vaizey's congratulations to her were made on behalf of the whole House. I have noticed recently that noble Lords seem to have forgotten that this is the way we used to do things.

This is a Bill that the whole House can celebrate. It harms no one and will do much good. When the Dormant Bank and Building Society Accounts Act 2008 was considered in your Lordships' House, I led for the Opposition. We fully supported the Bill's principles, but our main critique was that its scope was too restricted, covering only bank and building society accounts. It was known then that there were other significant dormant asset classes, and we wanted to include them. Despite the welcome addition of extra assets with this Bill, the same basic criticism applies.

I particularly single out dormant accounts held with National Savings & Investments. Some 14 or 15 years ago it was estimated that around £1 billion was sitting in dormant National Savings accounts. If that was the correct figure then, it must be very much higher now. Can my noble friend the Minister say how much is now held in dormant National Savings accounts?

The Treasury's position has been that the money has already been used, in its words, for public benefit—but that is a weaselly formulation. The Treasury borrowed money from you and me and used it to finance public expenditure, some of which will have been of dubious public benefit. If people forget about their savings—which is easy to do, especially for things such as premium bonds and prizes, and certainly before the advent of online accounts and apps—the Government get to keep that money in perpetuity. I believe that the right destination is the good causes supported by the dormant assets scheme.

The Bill includes a power in Clause 19 to widen the scope of the dormant assets scheme, and I welcome that. The Labour Government rejected our modest request for that power in 2008. Will my noble friend the Minister say when the Government next plan to review further dormant assets? It seems to me that the Bill ought to provide for this, to ensure that we can maximise the assets within the scope of the Bill.

As has been pointed out, the asset classes in this Bill are more complex than those to which the 2008 Act applied. That is likely to mean that there will be more disputes about the value an owner will receive if an asset is reclaimed. It is not clear to me that all the assets now coming within the scheme will be covered by the Financial Ombudsman Service. Can my noble friend say how disputes about amounts due to asset owners will be dealt with?

The main issue I want to raise today concerns the structure of the scheme and whether it is unduly restricting the amounts released for good causes. The 2008 Act envisaged that there would be several reclaim funds, all independent of government. In the event, the Government had to rely on the Co-operative Bank to set up the company known as Reclaim Fund Ltd, or the scheme might not even have got off the ground.

After another eight years or so, the Office for National Statistics decided that Reclaim Fund Ltd had to be classified to the public sector, and it is now an NDPB. Since then, the Treasury, as we heard earlier, has become the legal owner of the company and it is now going to be the only officially recognised reclaim fund. Since it is now clear that the body handling the dormant assets is a public sector one, it is not clear to me that the fiction of a separate legal entity needs to be maintained. My question to the Minister is why they are keeping this separate legal entity. The importance of this question lies in the way in which huge sums of money accumulate in Reclaim Fund Ltd and are not transferred for distribution to good causes—my comments echo those of the noble Baroness, Lady Bowles of Berkhamsted. Some £1.4 billion has been transferred from banks and building societies since the scheme got going, but only £800 million has been released for good causes. As we heard from the noble Baroness, Lady Bowles, the difference mainly lies in the reserves that the company maintains against the legal obligation to repay when owners come forward. At the end of 2020, that reserve amounted to £475 million.

In the context of private sector reclaim bodies, it was obviously right that the reclaim reserves were set with prudence. That is how, initially under the supervision of the Financial Services Authority and more recently

[Baroness Noakes]
of the Financial Conduct Authority, highly conservative reserving policies were determined. Despite the fact that only around 7% of the £1.4 billion has been reclaimed to date, for every £1 that is transferred to the reclaim fund, only about 60p gets transferred for good causes—40% gets held back. And due to very conservative investment policies within Reclaim Fund Ltd, the amount earned on those reserves is very small. This is highly inefficient.

If we were starting again, I am not sure that a limited liability company would be the vehicle of choice, given that it is now in the public sector, although obviously some kind of organisation is needed to gather the money in and distribute it. The public sector does not need conservative reserving policies. If the Minister says that, legally, restructuring is off the table, the same result could be achieved if the Treasury issued a formal guarantee to meet any shortfall in the company. In practical terms, now that the Treasury owns Reclaim Fund Ltd, it already stands behind it under normal public sector principles. The sums that could be released are huge. Nearly £500 million is already sitting there and another £800 million is likely to be reserved and could therefore be released under this expanded dormant assets scheme.

While I am on the subject of Reclaim Fund Ltd, will the Government now switch from using private sector auditors to using the Comptroller and Auditor-General, like they do for most other public sector bodies? I believe that several areas of Reclaim Fund Ltd's operations would benefit from a value-for-money audit from the NAO. It would be the right thing to do now that the company is in the public sector, and it requires only an order under Section 25 of the Government Resources and Accounts Act 2000.

Lastly, I welcome the removal of restrictions on how the released moneys can be spent. The 2008 Act reflected the priorities of the then Labour Government. It was short-sighted to restrict it in that way, and I support the replacement of those restrictions, as proposed in the Bill.

5.19 pm

Baroness Lister of Burtersett (Lab): My Lords, like others, I welcome the Bill and I will focus my remarks on how the funds it will release will be invested. However, first, even if it is not in the traditions of the House, I congratulate the noble Baroness, Lady Fleet, on her maiden speech.

Colleagues may know that I have long been an advocate for a more inclusive society, one that enables those who are most marginalised to thrive, regardless of their race or ethnicity, gender, social class, generation, disability or the place where they live. With at least £880 million of dormant funding being made available, and possibly much more, the question that the Government now have to answer is how to use this funding so as to have the largest impact on the most marginalised people and places, so that the benefits are felt right across the country.

Research and work undertaken in this House testify to the importance of strong communities in responding to the pandemic. As the Biden Administration has recognised, strengthening the social infrastructure is as important as, if not more important than, the physical infrastructure, if we are to build back better, as the Government say that they want to do. Such social investment is also crucial to the Government's levelling-up agenda, mentioned by the noble Baroness, Lady Fleet, and the noble Lord, Lord Bates. The Legatum Institute, among others, has made the point that, in its words, levelling-up cannot just be about bridges and trains. Just as social infrastructure—the places to meet and the local institutions that bring people together—is a key pillar of community resilience, so too does it underpin much socially beneficial activity that goes on within our communities every day. It is, in essence, the foundation upon which people can thrive.

The All-Party Group for "Left-Behind" Neighbourhoods., of which I am a member—though I dislike "left-behind", as it can be taken to imply that these neighbourhoods are somehow too slow to keep up, rather than being held back by processes of social and economic marginalisation—has identified 225 places which suffer from both the worst levels of economic deprivation and a severe lack of social infrastructure. Recent research found that just over a quarter of residents in these neighbourhoods are going on to higher education, compared with over 40% nationally and over 30% in those areas that are similarly economically deprived but benefit from a foundation of social infrastructure. This suggests that barriers to educational advancement are greater where social and community support networks are weak.

As my noble friend Lord Blunkett mentioned, much of this is because social infrastructure is vital to developing our social capital, the network of trusted social connections that can play such an important role in improving job prospects and enabling people to pursue their aspirations, as well as improving economic performance and productivity. In a recent letter to the Prime Minister on the proposed levelling-up White Paper, the Public Services Committee emphasised the importance of expenditure on social infrastructure such as childcare services, libraries, youth and community centres, and higher education institutions. Here I echo the point made by the noble Lord, Lord Bates, about children and young people. They have been the main victims of austerity. The facilities available to them have been heavily weakened.

One proposal that is key to building a strong social infrastructure in marginalised neighbourhoods is a community wealth fund, already mentioned by several noble Lords, as proposed by the Local Trust and supported by the Community Wealth Fund Alliance. I am grateful to the trust for its help with this speech. This fund would use a portion of dormant assets funding to invest in the social infrastructure of our most deprived communities over a long-term period. Using learning from previous place-based schemes such as the New Deal for Communities and the Single Regeneration Budget, and charity schemes such as Big Local, would help to ensure that there is a lasting legacy of change in the most deprived neighbourhoods across England.

Importantly, it would ensure that local residents were actively involved in the development of that social infrastructure, with support where necessary, as a key principle of the proposed fund is

"community-based decision-making".

Again, the Public Services Committee has consistently emphasised the importance of genuine consultation in the development of public services. It suggests that

"the pandemic has shown that designing public services without consulting the people who use them embeds fundamental weaknesses such as inequalities of access … Involving user voice in service design increases the resilience of those services … Co-production can embed service delivery innovations of the kind that have developed since the pandemic began".

In its letter to the Prime Minister, the committee stated:

"The Government should set out in its 'Levelling Up' White Paper how local people in areas receiving 'levelling up' investment will be consulted on how that money is spent. It should involve civil society organisations in the design, delivery and evaluation of 'levelling up' funds. It should work with the local voluntary sector to consult marginalised groups on how 'levelling up' money should be spent in their areas."

The same principle should apply to the money released from dormant assets.

I am aware that the Government intend to set the mechanisms for distribution of dormant assets funding via secondary legislation and to consult on what this secondary legislation contains. While I have some reservations about reliance on secondary legislation, I welcome the commitment to consultation. Building a better society cannot be a top-down exercise but must involve a public conversation with those who live in that society and, in particular, its most marginalised members, such as those located in these so-called "left-behind neighbourhoods".

Will the Minister give a commitment that the consultation will include specific reference to the possibility of a community wealth fund as one of the possible recipients of funding? Given the importance of the consultation process, I would be grateful if she could provide some clarity on the detail. In particular, the Bill currently stipulates that the Secretary of State must consult only with

"the Big Lottery Fund, and … such other persons (if any) as the Secretary of State thinks appropriate."

It is difficult to believe there would not be "any" other appropriate people to consult. Could she give us some idea of who these appropriate people might be? She did mention public consultation in her opening speech, and that was very promising, but could she confirm that it will include public consultation with interested civil society and local community organisations?

Would she also consider adding a duty to consult when powers granted under Clause 29 are deployed in future, as called for by NCVO and others? And what is the proposed timeline for consulting on funding purposes once the Bill has Royal Assent? In addition, when does she foresee funding from the expanded scheme being distributed to new causes?

In conclusion, the Bill offers a golden opportunity to provide resources to the most marginalised neighbourhoods to enable them to start to build back better through the development of social infrastructure in line with their own priorities, through the vehicle of a community wealth fund. I hope and trust the Government will not squander that opportunity.

5.27 pm

Lord Taylor of Holbeach (Con): My Lords, I am pleased to have the opportunity to speak in this Second Reading of a Bill that has such widespread support for its purpose. My interests are listed in the register. In common with most noble Lords, I retain an active community involvement, but I believe that at a personal level I am unlikely to be the beneficial owner of dormant assets. If, at some stage, gambling winnings were included, there would still in my case be no chance, I fear.

I approve of the custom whereby people wishing to participate in the passage of a Bill speak on Second Reading. I was drawn to get involved because the Library briefing made me realise that this was a very worthwhile piece of legislation. Not for the first time, I thank our Library—for laying out the Bill's nature and its origin in building on the Acts of 2008. I am grateful for the contribution of the noble Lord, Lord Blunkett, who reminded us of the origins of the 2008 Acts, and the role of our noble colleague, the noble Lord, Lord Field of Birkenhead. The brief that the Library produced contained much of the department's clearly expressed Explanatory Memorandum produced for the Delegated Powers and Regulatory Reform Committee.

Compared with many other pieces of legislation that have come before us, this one is particularly free of contention. It does what most Ministers would love to have the opportunity to do: not change the practice of the law or even reinforce it by change, but build on the success of an already existing dormant assets scheme—a scheme that has been described well in documents and by my noble friend the Minister in her introduction and other noble Lords in this debate.

The Explanatory Memorandum repeats that the primary purpose at the heart of the scheme is to reunite customers with their property, but it does this by building on joint action between government, the private sector and civil society, whose collaboration and shared objectives are at the heart of the scheme. As the Minister told us, by expanding and broadening the Bill and the measures flowing from it, a further £1.7 billion could be brought into the scheme, with social and environmental causes across the UK receiving around £880 million.

Like other noble Lords, I therefore do not find it surprising to have received a number of submissions from groups generally welcoming the Bill, even though they differ in their specific interests. The Association of British Insurers makes a very good point: when moving house, many pension holders do not inform providers of their change of address. It points out, as previous speakers have done, that the pensions dashboard exists to mediate this situation but is unlikely to have an immediate effect. It suggests that a step change in reconnection might be achieved through the use of government data. It might be less controversial if conveyancing and rental agreements came with a prompt list of things that parties should do at the time. It would be interesting to hear the Minister's comments on the ways in which we might be able to map people's movements more accurately.

The Government have already consulted widely on the pattern of legislation that commits to consultation. It will be a target for amendments to the Bill, I am

[LORD TAYLOR OF HOLBEACH]
sure, because most Bills get demands for amendments on consultation. However, there has been a commitment from the Minister to a consultancy process. The National Council for Voluntary Organisations promotes the idea that powers in Clause 29 should bear a legal duty to consult, but we already have the commitment to consult. I would be interested to hear whether my noble friend the Minister feels that this is justified.

Along with other organisations, including the Local Trust, the NCVO supports the idea of a community wealth fund, which has its own alliance of supporters. Again, it would be useful to know my noble friend the Minister's thoughts on this point.

I cannot buy the suggestion of Social Enterprise UK in its view on distribution that the funds may become, as it calls it, a slush fund for government projects or schemes. This flies in the face of the creation of the RFL, which is a single-claim fund and will, through the Bill, be reconstituted as a non-departmental public body kept separate from the Treasury, with surplus funds going—as now—to the National Lottery Community Fund.

As this Bill looks to the future, the review by the Dormant Assets Commission pointed the way to an expansion of UK-domiciled financial products to be included in the scheme. The advantage is that the Bill provides for an expansion by secondary legislation in Parliament on an affirmative procedure. That is the right way, ensuring that the co-operation that I mentioned before between government, the private sector and civil society is continued.

I have enjoyed the speeches of a more general nature from the noble Lord, Lord Adonis, who is not in his place at the moment, and my noble friend Lord Bates, both looking at a wider view. I agree with them, and indeed the noble Baroness, Lady Lister, that the modern, young generation has done itself credit. I have grandchildren of school age and I know how calm they have been in difficult circumstances and how diligently they have sought to maintain their education through a difficult time. We should be proud of that generation and the way that they have handled the crisis that has come on us.

All in all, I am delighted to have been able to speak in this Second Reading. I was delighted to hear from the noble Baroness who spoke here for the first time—I will not name her because I have been implored not to do so—and I am sure that she will make very valuable contributions to this House. All the contributions that we have heard so far give me reason to look forward to the further consideration of this Bill.

I am a builder of a brighter Britain with small bricks. The noble Lord, Lord Adonis, wanted to build a very big building. This Bill may be a small brick but walls are built with bricks—and we can argue about the colour of the wall. The Bill is worth supporting and I am pleased to be able to do so today.

5.37 pm

Lord Hodgson of Astley Abbotts (Con): My Lords, it is always a pleasure to follow my noble friend Lord Taylor of Holbeach. I have a long-standing interest in the charity and voluntary sector. I have written a number of reports for the Government on it, so a Bill that proposes to provide just short of another £900 million for the sector obviously has my support, as it does from everybody else around the Chamber.

Before I come to my remarks, may I ask my noble friend, when she comes to wind up, just to pick up a point made by the noble Lord, Lord Adonis? I think he said that this was the only charity piece of legislation planned for this Session. I have a certain proprietorial interest in a Law Commission Bill on charity law which picks up a number of the recommendations in one of my reports. I think—I hope—that she will be able to say that it is in the programme and that, therefore, that point from him is not correct. I look forward to hearing her comments on that.

I have two areas which I wish to probe and on which I hope that my noble friend can reassure me and the rest of the House, both now and in Committee. The first flows from my chairmanship of the Secondary Legislation Scrutiny Committee. The committee has noticed increasing use of skeleton legislation, where you get a broad idea of the direction of travel but the detail—what it really means to people on the ground—is left for secondary legislation from regulations. With great deference to my noble friend Lord Taylor as an ex-Chief Whip, let us be honest: secondary legislation has virtually no effective scrutiny at all—affirmative or negative or whatever. The nuclear nature of the scrutiny means that no party will press the button to blow the thing up. You cannot amend it, so you are left with a situation where you really have to—as my children would say—suck it up. We need to bear that in mind as we consider the provisions of this very worthwhile Bill.

The Bill starts with good will. We all think that it is wonderful. We all know that my noble friend will do her stuff and that the Opposition have good intentions, but we are making primary legislation. This will be on the statute book for years, and who knows what comes after us? We need to make sure that sufficient checks and balances are built into some of the provisions to ensure that less worthy people than currently populate our Front Benches are controlled in the way they may wish to use the proceeds from the Bill.

I am concerned about Clause 19, under which the Secretary of State can extend the scope of the dormant assets scheme both by regulation and by amending the provisions of the 2008 Act. I know that I will get knocked about by my noble friend Lady Noakes, who thinks that we are not being brave enough, but we need to be prepared to look at and examine the dangers of adding categories of assets that might change not only the shape of the scheme but the processes under which it operates, the way that it is managed and the impact it has. That is the point that the noble Baroness, Lady Barker, made in her comments. We need to probe all these things in Committee, not because we want to stop the Bill, but because we want to make sure it remains true to the purposes we are discussing.

My second area of concern is Clause 29, on the distribution of money and the way it can be controlled by regulation, which the noble Earl, Lord Devon, referred to. When all present are gone there can be a danger of the slush fund that my noble friend Lord Taylor referred to, and which is referred to in the briefing sent

to us all, because when it is convenient and expedient Governments find ways to say, "We can wriggle our way around this." Regulations do not provide enough protection from that, unless we find ways to buttress them in some form or another. My noble friend the Minister will be aware of the principle of additionality: that funds should not be made available merely to replace other funding. I cannot clearly see any provisions in the Bill that ensure that the additionality principle cannot be infringed so that the Government cannot say, "Let's take a bit out of this and the dormant asset boys will fill the gap."

That is my first area of concern. My second is whether the Bill's purposes, as laid out in the 2008 Act, are still sufficiently focused on and relevant to the urgent needs of the social conditions prevailing today. Since 2008 we have had the financial crash and the pandemic, and, in the background as we sit here, the inexorable wave of the fourth industrial revolution of artificial intelligence and robotics is sweeping through our society, with all the changes it will make to the way our society lives, operates and collaborates.

I had the privilege of chairing your Lordships' Select Committee on Citizenship and Civic Engagement. I am pleased to say that a number of its members are participating this afternoon: the noble Lord, Lord Blunkett, the noble Baronesses, Lady Barker and Lady Lister, and my noble friend Lady Eaton, who is to speak. The group of us are not cut from the same political cloth by any manner of means, but we produced a unanimous report. Sadly, there has been pretty limited follow-up on its recommendations to date.

Our evidence sessions and, indeed, our trips around the country, brought home starkly how very unevenly social capital is distributed across the country. The noble Baroness, Lady Lister, may not like the title "'Left Behind' Neighbourhoods"—I am a member of the APPG too—but it does carry with it a clear nomenclature of what we are trying to achieve. As we visited these areas, and met people, it was clear that it was not just about money. Money was, of course, important, but it was also about structure. The lack of knowledge and experience and, even more importantly, a lack of self-confidence and self-belief, meant that practical help was needed, often very locally based, along the lines mentioned by my noble friend Lady Wheatcroft. That is a precondition of the long and often painful process of rebuilding local social capital. Like many other noble Lords, I argue that this is an essential plank in the levelling-up process on which the Government are placing such emphasis. I am not yet sure that the Bill, as presently drafted, has enough focus on the deployment of patient, long-term capital to enable the provision of the practical experience and help need to provide remedies for these deep-seated structural challenges.

My final question is about the expanded asset list. I have served as a director of a number of listed companies and the unclaimed dividend register is the most awful administrative pain. I am not clear how private companies, public companies and private shareholders who do not have dividends due to them but have disappeared now fit into the scheme. I have read through the proposals for these unclaimed assets and the expansion of asset management companies. Nominee names may be one way that they could be attracted, but a lot of the people who have held shares for a long time still have them in their own name. They are registered with the company and they remain there. I would like to hear whether companies are joining the scheme, are encouraged to join it, are being told about it, are being told how they can provide or meet the provisions of it, or how they can delegate someone to do that on their behalf. Perhaps my noble friend will devote a word or two to that when she comes to wind up.

I conclude by saying that this Bill has absolutely worthy objectives and it has my support. Without wishing to delay the Bill or destroy its objectives, there are one or two areas where, in Committee, we just need to probe, explain and perhaps, from time to time, tighten it up.

5.47 pm

Lord Triesman (Lab) [V]: My Lords, it is a real pleasure to follow the noble Lord, Lord Hodgson of Astley Abbotts, not least because I feel at one with a number of the sentiments that he expressed. I thank the Minister for introducing a very good Bill with such clarity. I also send my good wishes to the noble Lord, Lord Field of Birkenhead, and hope that he recovers from his illness speedily. It may not be convention, but since London generally gets a very bad press and I am an unrepentant Londoner, I welcome the noble Baroness, Lady Fleet, and anybody who has edited the London *Evening Standard*.

This is a welcome extension, through the Bill, to what has been a very good and useful scheme. The original concept was strong and very careful in what it set out to do. The safeguards for those who, for one reason or another, had left funds dormant, avoided them facing unnecessary mistakes and that has given great confidence to the processes which have been in existence. Confidence increased because everyone in 2008 could understand and applaud the objectives which were set out: the funding of social investment, of youth schemes and of helping people up the first rungs of the financial ladder. The variations of practice in Scotland, Wales and Northern Ireland are, in their way, testimonials to the varied thinking of devolved inspiration that has also added confidence in what we might now do as a result of this Bill. The somewhat broader schemes that they have demonstrated that there was no threat in extending a good idea. I am convinced that the extension will work equally in England.

The concept will reach further into areas of need through access to and use of a wider pool of dormant funds. They will obviously be subject to the same safeguards, although, like the noble Lord, Lord Hodgson, I think the Government should be very careful and could be unwise to change confidence in this bit of the bedrock by, as they put it, laying a new order to vary the restrictions. As we have all observed, orders are typically not subject to the same scrutiny as, for example, this primary legislation, and the changes may be thought to provide wriggle room which we would not intend.

Of course, new circumstances may occur—Covid is demonstrating this on a daily basis—but the restrictions should not become potentially so elastic that they distort the intention of the Bill. Confidence and consent

[Lord Triesman]
are built around the good sense and cultural appeal of the existing restrictions. Perhaps the Minister could provide some real-life illustrations of the variations that the Bill when enacted would permit and how they would be identified in future.

None the less, I start by welcoming the sequence of prioritising restrictions on funds. The first of course is the restitution of the funds to their owners if they can be identified; and restitution if the owners of assets reappear. I also welcome the exclusively voluntary involvement of the financial industry players. The Explanatory Notes set out the sums that have been released by the scheme, and they are reasonable, but not decisively significant.

My main reason for wanting to see more deployed is that, in any vibrant and modern economy, or in an economy which sometimes can struggle to modernise for all its members, in the face of the greatest need the last thing you want is significant pools of dormant assets. While it is obviously prudent to hold something in reserve for inclement times, idle resources never motor growth and change. That is something we understand broadly in the economy. In general, even assets thought of as being in safe reserve, often in the form of savings, are in fact actively deployed. They may be deployed with great caution and little risk appetite, but the institutions that deploy our savings are actively, if modestly, putting money to work. Idle money helps neither its owners nor anyone else. Unlocking nearly £900 million is a very prudent step, even if it has been the case that relatively small amounts have been given in any one year, but it will be a much more significant step if the sum is larger.

I wonder whether I might suggest two concrete ways, wholly in the spirit of the legislation but possibly requiring modest amendment, through which this could be achieved. I would welcome the Minister's observations and at least an undertaking that they could be considered. I first draw your Lordships' attention to my entries in the register, as they bear on some of what I want to say. It follows from the view of my noble friend Lord Blunkett that we are looking for base-up change. For several years, I had the privilege of chairing an organisation developing new social housing for housing associations, which, post 2008, had unusual difficulties in raising new capital for building.

Post 2008, housing was an unpopular and probably oversized asset class in the experience of financial institutions. They had caught a cold from a lot of it, and they did not want to do so again. It was also unpopular for short-term investors. Indeed, there is still a mismatch between their preferred exit timetables and the intrinsic long-term nature of returns in social housing. The cornerstone in the investment of the funds was the quite remarkable financial organisation Big Society Capital, to which I was introduced by the equally remarkable Sir Ronald Cohen. They shared our aspiration for incremental provision rather than simply the replacement of an existing source of money. It was new money for new provision, and therefore very unlikely to be done in the normal markets with the quoted REITs—it needed a new approach.

Big Society Capital, which was largely created to invest dormant funds in incremental social intervention, with some funds from other sources, had exactly the impact you would hope for in a cornerstone investment. It encouraged other investors and in my view was even more dynamic than simple philanthropy, however welcome; it did a great deal more. It potentiated greater private investment in social housing. The scale of social issues will inevitably demand more than £900 million, large as that amount in general will be thought—although maybe not in this day and age. This must mean encouraging impact investors to come hand in hand with organisations such as Big Society Capital, for example. The cornerstone that it provided led to over £172 million of additional social housing—new housing. It rehoused 1,431 families, and 40% of our projects were in 20% of the most deprived areas.

I will give one example from Tottenham, the area I come from. In Tottenham, a class in what is usually a well-run, well-organised school at the beginning of the year will have 30 students in it—not more, not fewer—and you will find by the end of the year that three-quarters of them have gone to another school. As you travel across Tottenham by bus, with every bus stop you can calculate that, roughly speaking, half a year will be knocked off your life expectancy. Many of the issues around schools and health are to do with the really impoverished housing, with people not having settled or firm places to live.

The impact of course means that the impact on people with pressing needs is not met. However, it is also not just the impact on them but the impact on investors, and on their willingness to impact invest over long periods. Some outstanding organisations, such as Philanthropy Impact, without doubt build together charitable giving with the private capital concept of an element of long-term return at very modest levels, rather like bonds. The value created can be reinvested to do still more; even if on occasions a very modest dividend is paid, it encourages more investment.

Impact has to be evidenced, and we found with Big Society Capital that it demanded that—and it was quite right that it did so. We had to measure outcomes. What we did had to be demonstrable: not marking our own homework but showing that you do what you say you will do—a point that the noble Baroness, Lady Barker, made very well. We got an organisation, The Good Economy, to measure, manage and report on the social impact of investments in affordable housing. One of the impacts that we set for ourselves and which was measured by The Good Economy was the formation of tenants' associations so that people in the houses would be authors of their own futures—in short, building from the base up.

That impact inspires investment, including matching investment, or increases the scale of investment. So I wonder, in the context of this legislation, whether it can consider how partnership between the deployment of dormant assets and impact-led philanthropy could be encouraged? This may need some careful choreography around charity law, but the attraction could be a major inflow of funds for socially critical projects.

Aside from supporting the noble Baroness, Lady Noakes, in her excellent points on National Savings dormant assets, my other proposal concerns the investment demanded of high-net-worth individuals who are seeking the right to remain in this country. Broadly, these incoming funds are sent in the direction of holdings in bonds. That is a very reliable method of logging in funds, and of course these funds are used by the nation for a variety of purposes. However, it lacks the dynamism that is plainly needed for incremental provision in the most challenging social needs, where it is needed the most.

It could be a strong addition to the Bill if a formal mechanism could be introduced with the following characteristics. First, it would permit incoming sums from those seeking the right to remain, who have a requirement to invest in the United Kingdom, if this could be added to the pool created by the dormant assets. Secondly, the Government could guarantee a level of return at an appropriate duration matching a specified government-issue bond, and therefore at no disadvantage to the person coming in and making the investment. Thirdly, in the event that the Government achieve this outcome through a bond itself, it should be a hypothecated bond stating the special purpose for which the bond is issued, so it would be used for the purposes that the Bill wishes to see matured and advanced.

I know that the Treasury does not like hypothecated bonds—but then, the Treasury always feels it knows best, and perhaps on this occasion it does not. If it did, social housing would not be the unresolved, still-growing problem that we see. The Treasury has always failed to resolve these kinds of problems over the decades. If it understood them better, it would see that businesses can grasp how to do these things better and in far more timely ways. A big-society capital methodology has a huge amount to commend it: more focus; more direct social value. It may make this branch of immigration more transparent and attractive, both to the host population and to wealthy immigrants. It is hard to disrespect people contributing to reducing homelessness or keeping kids on the right side of the law. Let us try to build on the opportunity the Bill provides to achieve those social outcomes.

6.02 pm

Baroness Eaton (Con) [V]: My Lords, it is a pleasure to follow the noble Lord, Lord Triesman. I welcome the Bill and the Government's commitment to expanding the dormant assets scheme. Bringing the purposes for which this funding can be distributed in line with those of Scotland, Wales and Northern Ireland is to be welcomed, and I commend the Minister for all the work she has done on the Bill. It represents a vital part of our bold and ambitious agenda to level up the country over the coming years.

I wish to speak briefly today about how I believe the Bill can best be put to use to support some of the most left-behind places in England. The long-term nature of dormant assets funding means that it is well-suited to bold objectives, and one such objective should be to create stronger, more resilient communities through a strengthening of our social infrastructure. This would be an investment in the places for people to meet and the locally rooted organisations that bring vibrancy to our communities. It is essential to create a strong and thriving society. We all know how important local football clubs, scout groups, youth centres, faith groups and knitting circles are to our sense of well-being and our community life. However, these things are not just nice to have; they are fundamental to the strength, resilience and prosperity of our communities.

As a nation, we have a history of uniting in times of great adversity, but our communities require the foundations strong enough to allow us to do so. We saw this during the early outbreak of the Covid-19 pandemic, with many communities across the country coming together to keep each other safe through little more than good will and neighbourliness. Research from the Third Sector Research Centre investigating how grass-roots community groups responded to the pandemic found that having strong social infrastructure was vital to a comprehensive response to the crisis. It allowed these groups not only to ensure that no one fell through the cracks of service provision, but to plan for a future beyond Covid-19.

Comparatively, those areas that lack strong social infrastructure struggle to respond as comprehensively. The APPG for "Left Behind" Neighbourhoods, of which I am a member, advocates on behalf of the 225 areas across England that suffer from significant economic deprivation as well as severely lacking social infrastructure. These areas saw just one-third of the number of mutual aid groups springing up in the first few months of the pandemic compared with the English average, and half compared with areas that are similarly economically disadvantaged and deprived but that benefit from strong foundations of social infrastructure. Similarly, these left-behind neighbourhoods got half the charitable grant funding per head, compared with other deprived neighbourhoods.

It is clear that residents in these areas had to struggle much harder in the early weeks of the pandemic to receive the same basic support as elsewhere. This suggests that community resilience and the ability to respond to crises relies not on economic factors alone but on the strengths of the local networks and organisations that tie us together. If we are to level up opportunity and prosperity across the country, we need to focus some attention on strengthening these networks. Without improving social infrastructure in left-behind neighbourhoods, the brilliant work being done by this Government to improve skills, access to jobs, transport and healthcare will simply not reach those places that need it most. Opportunities will continue to be missed in places where the social fabric is most frayed.

As we have heard from several noble Lords today, the funding set out in this Bill represents our greatest opportunity to address this. One proposal we have heard about this afternoon, supported by a number of colleagues across both Houses, is for a community wealth fund. This would create a permanent endowment capable of fortifying the foundations of our communities, directly improving their social infrastructure and building social capital, while providing the long-term support to enable these areas to make better use of other opportunities being brought forward by this Government.

[Baroness Eaton]
I hope my noble friend considers taking the creation of the community wealth fund forward and I look forward to hearing her response.

6.07 pm

Baroness Bennett of Manor Castle (GP): My Lords, it is a pleasure to join many others in welcoming a fellow former newspaper editor to your Lordships' House. I am sure that the noble Baroness, Lady Fleet, will be a great addition to our ranks and I particularly welcome her comments about encouraging the creative industries and, I hope, creative education. I hope that she has considerable influence on the government Front Bench of both your Lordships' House and the other place. She arrives on the day that we heard the dreadful news that the University of Sheffield plans to close its world-leading, world-renowned archaeology department. I hope that she also picks up advocacy of archaeology as a subject that explores and helps us to understand the creativity of the past, which can inform our lives in the present.

We have had an interesting and wide-ranging debate, but I have to pick up a point made by the noble Lord, Lord Bates, and echo his praise for the volunteers who contribute so much to so many of our communities. However, I am afraid that I do not share his confidence in the capacity of volunteers to pick up more and more responsibilities, when we have an increasing pension age and the pressures of low wages, high rents, long working hours and reduced government services, which leave many with increased care responsibilities within their families and among their friends. From libraries to lunch clubs, volunteers have been asked to do more and more.

I find myself today in the unusual situation of welcoming a government Bill and entirely agreeing with the Minister's introduction. Proposed here we have a sensible use for money parked in obscure places doing nothing. We are talking about potentially a further £880 million for social and environmental initiatives. We are building on an existing scheme that has provided more than £745 million for charities and social enterprises in the past decade. That is £75 million a year. It sounds nice when you say it like that, but I would like to put that figure in the context of the financial sector, of which we are drawing on a very small part here.

The amount of money lost in corporate tax revenue because of money placed in tax havens is estimated to be between $500 billion and $600 billion a year. It is estimated that lost tax revenues from high net worth individuals are about $200 billion a year around the globe. The Minister spoke about money languishing and sitting around doing nothing. That is what that money is doing in tax havens—not being used to fund the real economy or to circulate in the kind of communities we are looking to enrich. For full clarity, those figures come from a September 2019 article called "Tackling Tax Havens" by Nicholas Shaxson in *Finance & Development*, a journal published by the IMF. What we are talking about here is not so much peanuts as the crumbs of peanuts. The warmth with which this Bill has been greeted in your Lordships' House is a measure of the public hunger even for crumbs.

Looking at the detail of the Bill, I will focus particularly on Clause 29, as does the briefing that I am sure many noble Lords received from the National Council for Voluntary Organisations. As many noble Lords have said—I cannot list them all, but they include the noble Baroness, Lady Barker, and the noble Lord, Lord Hodgson of Astley Abbotts—it focuses on the way in which we are once again in the Henry VIII territory of Governments being able simply to readjust the direction and change what is happening with very little reference to any kind of democratic structure.

Clause 29 contains a legal duty to consult. I suggest—and I would very much like to talk to other noble Lords who might like to join me in this—that there should be a legal duty to see this money directed towards the most disadvantaged areas of the country, as measured by objective, agreed and academically accepted means and criteria, not something dreamed up by the Government. This is one of the ways in which the European Union was always much more democratic than the UK, in that money explicitly allocated to disadvantaged communities actually had to go to disadvantaged communities, using objective and agreed criteria.

The noble Lord, Lord Taylor of Holbeach, said one campaign group had expressed concern that there was a danger of this becoming a slush fund. I can only agree with that campaign group and thank the noble Lord for highlighting this, because it reflects the concerns in many quarters. What we have seen with other funds originated by the Government are essentially pork barrels dropped by helicopter into chosen places.

The noble Baroness, Lady Lister of Burtersett, focused on the idea of a community wealth fund. She explored that at considerable length, so I will not go to the length I was planning to. I note that 400 community groups have backed that idea. As the noble Baroness stressed, what is really crucial is local decision-making and how these funds are allocated and used. We have the most centralised polity in western Europe. Far too much power and resources are concentrated here in Westminster. We need to transfer the power, resources and decision-making out into communities.

In my final short section, I feel like I probably need to declare my position as a vice-president of the Local Government Association. In her introduction, the Minister said that they were making sure that this could not be used as a substitute for central government funding. I would like to see that as a theory, but I would say that there is absolutely no alternative but that this money will be used in that way, given the level of austerity over the past decade. From 2010 to 2020, we have seen a reduction in funding to local government of £16 billion. I contrast that with the kind of total figures that we are talking about through this Bill. Local councils have lost 60p in the pound of money from Westminster to spend on local services.

What we are seeking to do with the money from these funds is to put a plaster on a gaping wound of deprivation and destruction of community services. None the less, this is a small positive. But if we really want to tackle the issues that affect so many communities on these islands and really want to spread prosperity around our land, what we actually need to do, to

circle back to where I started, is to ensure that rich individuals and multinational companies pay their taxes. That requires a Government who want to make rich individuals and multinational companies pay their taxes.

6.15 pm

Lord Patten (Con): Lots of barbs are sometimes chucked at the House of Lords from different directions, sometimes quite rightly, but there seems to be a consensus among most people when they say that at least it is a House of experts and that they should listen to the experts thrashing out these difficult issues. This debate this afternoon has shown absolutely that this Chamber is a Chamber of experts, with one exception, which is me in this particular area. No one can be more expert than my noble friend Lady Barran, and it is worth remembering just how expert the Minister is in this world of the voluntary sector and of charitable organisations, not from some grandstanding chairing of this or that charity but for setting one up and taking 12 years or more to build up SafeLives, a notable charity devoted to dissemination of more information about domestic violence and harassment. She was there at the workface, recruiting people and trying to scratch around and find money. We are very lucky to have her to lead us in this debate.

I welcome this Bill, which of course builds on a considerable consensus that has developed since the then Labour Administration back in 2008, much encouraged by my noble friend under the political skin, the noble Lord, Lord Field of Birkenhead—one of my parliamentary heroes, although not one of my political heroes. He did so much to get this going, as was said by the noble Lord, Lord Blunkett, who is not in his place. It is always good to see a consensus when it is there.

I have four issues that I would quickly like to raise. First, I greatly approve of the new flexible approach which this legislation wants to introduce to extend the areas where new dormant assets may lie—and may be undiscovered still—using secondary legislation, particularly in England, rather than waiting another 13 years for changes to be made, as we have had to since 2008. None the less, the pressure not to do something and not to shelve, to wait until we have a good selection of things to bring the new secondary legislation into play, must be resisted. One way in which to do that is to publish annually through some Ministerial Statement to both Houses the progress made in identifying new targets in shorthand for this secondary legislation to be applied to.

Secondly—this is not something that I have raised with the Minister before; it just came to me, as things sometimes do—I would like to see all online self-investment platforms included in this Bill. These sometimes hold very substantial amounts of client moneys and levy pretty chunky fees on them. I am told that, during the recent lockdown, the sector saw far more people investing in these platforms than before. I do not know whether they are covered or not—I will not start making a Committee stage speech—and this particular point could well be covered in Clauses 12 and 13, as they deal with client moneys. However, I would like my noble friend, perhaps today or at a later stage, to deal with a straightforward policy point: is it the policy of Her Majesty's Government to embrace investment platforms and drag them into this legislation?

Thirdly, has my noble friend or her officials come across any notable reluctance on the part of potential new entrants to get involved? Of course, we cannot name and shame because dealing with dormant assets is a voluntary process, and we value the co-operation there has been in these voluntary schemes. However, I wonder whether more can be done to involve active consideration of dormant assets, using the framework of ESG—environmental, social and governance practices of all sorts—in the financial services world and its institutions. In other words, consideration of what we will do about dormant assets this year should be an automatic part not of box-ticking but of the checklist of good ESG policies.

Fourthly and lastly, I hope that, in this territory and the others, when money is realised and distributed by the different bodies, smaller, newer and sometimes innovative outfits will not be overlooked, provided they have strong governance.

It is good to see in the Bill all the provisions that have been set out as part of a full legislative process. It is also good to see this Chamber getting progressively fuller week by week; that is very heartening. We will see more debates with more people able to be here in—to use the Whips' Office's phrase—their physical presence, rather than the deathly presence of Zoom, with due respect to the people who cannot get here.

I suppose that we are now edging, little by little, towards a new normality, whatever that turns out to be. However, I know that at least one noble Lord has said that he does not think the new normal will turn into total normality until the Bishops' Bar is no longer a dormant asset but is brought back into full use.

6.22 pm

Lord Davies of Brixton (Lab): My Lords, first, I welcome the maiden speech of the noble Baroness, Lady Fleet. I made my maiden speech in what is more like a school language lab than the Chamber, so it must have been particularly intimidating for her. She made a point to which I will return.

My noble friend Lord Adonis set me a challenge to oppose the Bill in principle. Of course, I do not: why should these dormant assets hang around unused or, worse, potentially fall into private hands? However, I do wish to raise two issues—I fall short of calling them concerns. First is the issue of where this money comes from; I feel that insufficient attention has been given to this. I feel some queasiness about the source of it: why have we constructed this system whereby ordinary people end up losing contact with unfeasible amounts of money?

It is all too easy to blame the individuals. One speaker referred to people's failure to "manage their money effectively". I question a system that ends up with this sort of result. There is something particularly odd about a system whereby we end up having to use dormant assets to solve the problem of dormant assets, when it might be better not to create the problem in the first place.

[Lord Davies of Brixton]

I am particularly interested in the provisions of the Bill on pension scheme assets, which we will return to in Committee. I think the Government have got this just about right, at least at the initial stage. The provisions are particularly limited, and I think that is right. Pension scheme money is there to provide pensions, and that should remain the focus. A number of references have been made to the potential impact of the pensions dashboard, which is currently under construction. The initial focus of the dashboard will be to put people in touch with their money; the problem here is money needing to be put in touch with individuals. It will happen in due course, but not particularly soon.

I have expressed my unease about the source of the money. I also have concerns about its destination. I have a problem because, as a proponent of high levels of public provision, I find it very difficult to see examples of where charities should take the leading role. There will always be room for charitable action on the part of individuals and organisations, but regarding the issues raised in this debate for which the money should be used, my question is: why are we not doing it anyway? Why do we have to rely on dormant assets to achieve these public goods? Would it not be better just to achieve them anyway? Strengthening the social structure, which a number of speakers have referred to, is certainly worth doing, but it is worth doing in any event—public action should take the lead.

It is very easy to agree in principle with the aim of always having additionality, but it is perhaps more difficult to agree what things count as additionality and what the public sector should be doing in any event. For example, under the current regime we have financial inclusion and youth employment. The state certainly has an important role in the latter; financial inclusion is slightly different, to the extent that it is not part of the normal curriculum of schools and further education. Perhaps this is an area where the finance industry as a whole should be doing more.

Of course, the Bill raises the possibility of new objectives for the use of dormant assets. I hope the Minister can provide us with more information about what possibilities have been floated—this can probably be done in Committee.

There is also the issue of how the money should be used. The noble Baroness, Lady Fleet, mentioned music education in her maiden speech. I am sure we can all agree that the education we provide in this area should be strengthened but, as a past leader of the Inner London Education Authority, I must say that, back in the day, we took it for granted that this would be done by the local authority. Unfortunately, this has fallen by the wayside, so maybe we do have to rely on the dormant assets. But to me this is most regrettable. My noble friend Lord Triesman gave another example, social housing, which I wonder why the state is not providing, as I would expect it to.

Finally, regarding the use of the term "social capital", I have been involved over the years in making grants to voluntary organisations for worthwhile objectives, and the problem you always encounter is that the capital expenditure is always a lot more exciting than the routine running expenditure. I want some assurance from the Government that in establishing whatever structure they have for the use of this money, sufficient attention is given to running costs as well as capital funding. Where you have a capital fund, there is this ease of making capital grants, but providing the running costs is always much harder work. Can the Government respond on that issue?

6.30 pm

Lord Bellingham (Con): My Lords, it is a pleasure to follow the noble Lord, Lord Davies, and it was a particular pleasure to hear the quite superb maiden speech of my noble friend Lady Fleet, which was well worth waiting for. I congratulate the Minister on how she presented the arguments and made the case that, although the Dormant Bank and Building Society Accounts Act 2008, which I strongly supported in my role as an Opposition spokesman at the time, unlocked very substantial assets—so far about £750 million—and has been more successful than expected, now is the time to extend the scheme. I support the consultation process that took place and its recommendations, and the Government's extending the scheme to those other asset classes.

Obviously the potential is huge, and the figure of about £800 million has been mentioned. However, I was looking at some work by Bruce Cane of Monimine, an organisation which tries to reunite individuals with their unclaimed assets. It pointed out that the UK's insurance and long-term savings industry manages investments of £1.9 trillion. I then looked at the FCA's thematic review of 2017, which pointed out that up to 10% of customers in the life and pensions market have gone away, meaning that all contact with them has been lost. That is an incredible number, and 10% of £1.9 trillion comes to about £200 billion. Even if that figure is fanciful, at 1% that figure goes up to £2 billion, compared with the £750 million that it has been suggested this could raise, so we are talking about a very large amount of money indeed.

It is obviously very important that this is channelled in the right way, and that the Reclaim Fund works effectively. I am troubled to some extent that there are a lot of people out there who have gone away and are not claiming their money; other noble Lords have raised that point. I certainly expect extra efforts to be made to find them. As my noble friend Lord Vaizey pointed out, perhaps there will be more scope for tracking them down as we move into the digital world. I do not know, but one certainly is left thinking that the banks would be going after them if they were overdrawn. That reminds me of a story of a Norfolk farmer who got calls from his bank manager—in the days when we had bank managers managing local banks—about his £2,000 overdraft every day for a number of weeks. On about the sixth occasion, the farmer asked the bank manager to tell him the exact state of his account on 1 May last year. The manager said that it was £2,000 in credit, and the farmer said, "Well, did I ring you every five minutes?" When the boot is on the other foot, the bank will go after people, but there is a lot of money out there and it is quite right that a significant amount of it will now be captured by this new scheme and by the Bill, which we hope will become an Act of Parliament.

Maybe the Minister can respond to my concern that the Reclaim Fund must keep the vast majority of its money in cash. I understand that when it was set up in 2008, interest rates were 4.5% and there would have been a lot more money accumulated during the course of a year, but now, when you practically have to pay banks to keep money there, why can the funds not be invested in bonds or government-backed instruments of some kind, and bring in a reasonable income? Even it were a very conservative blue-chip portfolio with 80% invested in tracker funds, you would still bring in a very substantial income indeed, and there would still be enough money in the fund to pay out quickly to people who came forward to reclaim those assets.

I would also like to ask the Minister about the fund only being able to hold cash. It cannot hold assets such as shares and bonds; they have to be liquidated. I am slightly troubled by the example of somebody who goes away and does not come back for many years but then comes back to try and reclaim their share portfolio—which they are entitled to do—which would then be in cash. Would it not make sense to keep some of these assets—shares and bonds—in the original format? It is obviously more difficult with products such as insurance products. That would be welcomed by the small number of people—we gather it is only about 5%—who come back to reclaim those assets.

The Minister was very eloquent in explaining how the funds are dispensed, and she spoke warmly of the main bodies doing this. This is a point echoed by the noble Lord, Lord Triesman, who spoke in support of Big Society Capital and the Youth Futures Foundation. Other noble Lords have touched on the work done by these organisations that come under the banner of the National Lottery. I do not doubt that many of them have been doing a really good job but, as a former constituency MP dealing with a lot of small charities and organisations, I can tell the House that trying to access lottery funds is often incredibly bureaucratic. It is intimidating for small charities; it is sometimes a labour of love to achieve what you set out to.

This may not be a popular point, but the Minister could take it away and have a look at it: this could be an opportunity to reset the dial and set up a completely new organisation, because many of these charities have suffered horrendously during the Covid outbreak. Many of them are on their knees; many are small, innovative charities of exactly the sort my noble friend Lord Patten was talking about a moment ago—tiny charities operating below the radar screen, many of which are going to go out of business unless they get urgent help. Can we not use this opportunity to set up a new organisation separate from the lottery and have in place a form of governance to leverage the new guidelines that have been put in place, in terms of the organisations and causes that can be helped? A number of noble Lords have mentioned to me that it would be a good idea to do this, although during the debate other noble Lords have spoken highly of existing arrangements.

The other point I would like the Minister to examine is whether the Bill could be extended on a voluntary basis to the Crown dependencies. Obviously you have the Isle of Man, Jersey, Guernsey and all the major offshore banking centres. It would perhaps be a step too far to take it to overseas territories—places such as the Cayman Islands, the Turks and Caicos Islands or Bermuda—but these competencies are devolved to the Crown dependencies. On the other hand, by a voluntary initiative, I would have thought there would be quite a lot of appetite within them to enter a scheme that could benefit a lot of more vulnerable people. It would be done on a completely voluntary basis and would not in any way compromise their integrity as banking centres. Maybe the Minister could take that away as well and have a look at it in her closing remarks.

This is a phenomenal opportunity for the charitable sector, and I hope we can look forward to the UK being an absolute world leader and setting an example to many other countries.

6.39 pm

Lord Bhatia (Non-Afl) [V]: My Lords, the UK dormant assets scheme was established by the Dormant Bank and Building Society Accounts Act, and is administered by Reclaim Fund Ltd. The scheme was originally predicted to bring in almost £400 million, but contributions to date have exceeded this by 250%. Over the last decade, more than £745 million has been released for social and environmental initiatives across the UK. The scheme allows responsible businesses to have a positive impact on society in their environmental contributions. The Government have forced systematic change. Expanding the scheme is crucial to maintaining its potential impact in the UK by supporting industries to reunite people with their forgotten assets.

The Bill will deliver the Government's commitment to enable additional types of dormant assets from the insurance and pensions, investment, wealth management, and securities sectors to be transferred into the scheme. This has the potential to make around £889 million available across the UK as it recovers from Covid-19.

I would like to praise the speeches of the noble Lords, Lord Adonis and Lord Blunkett, who covered the core of the Bill. I too ask the Minister: what will be the cost of administering the scheme, and which Minister will be responsible? Also, should these funds be transferred to a new charity, which could distribute them and be monitored by the Charity Commission?

6.41 pm

Lord Polak (Con): My Lords, I congratulate my noble friend Lady Fleet on her terrific maiden speech. It reminded me of my school days in Liverpool, at King David High School, where music was key. We had 500 pupils and four orchestras; in fact, when a new pupil arrived and they were not holding a violin case, we knew that they were a pianist.

I also congratulate my noble friend the Minister on her introduction of the Bill this afternoon and refer the House to my interests as set out in the register. I will focus my brief remarks on the benefits that the Bill can bring. Like other noble Lords, I am grateful to the organisations that have sent in information. I commend them all on the work they undertake to keep noble Lords updated and informed.

Like the noble Lord, Lord Blunkett, and the noble Baroness, Lady Wheatcroft, I was particularly struck by the material I received from KickStart Money—a

[LORD POLAK]
coalition of savings and investment firms with an important mission that I fully support. The goal is simple and clear: to ensure that every primary school-age child leaves school at the age of 11 having received a high-quality and effective financial education. The coalition of supporters of KickStart Money was brought together by the Investing and Saving Alliance in response to research which found that habits and attitudes towards money can be formed in children as young as seven, thus making education at a young age vital to their future financial capability.

Just a few weeks ago, KickStart Money was fortunate to have had a meeting with the right honourable Gavin Williamson MP, the Secretary of State for Education, to discuss how financial education at primary school level helps to form positive attitudes towards money and establish important saving habits for future life. KickStart Money also won the Good Money Award last December, at the 2020 Better Society Awards, for its work in championing early-intervention financial education and funding vital money management lessons for almost 19,000 primary-aged children, delivered by MyBnk.

The Bill, which the Government have brought forward, is to be welcomed and provides an exciting opportunity to educate young people. The Bill will rightly expand the dormant assets scheme across the financial sector to make, as we have heard, potentially just under £900 million available for good causes—and clearly there must be more. What better cause could there be than using some of the funds to ensure that all primary school children receive that high-quality and effective financial education? It seems to me that the lost assets of those who have not managed their money effectively should be used to ensure that the next generation builds strong money-management skills and positive saving habits. In fact, I suggest that it is deeply appropriate.

As a result of the economic impact, more than one in four UK adults has low financial resilience. That comes from the FCA's Financial Lives survey of February 2021. It also seems that the pandemic has had an impact on the younger generation, where six in 10 young people are saying that Covid-19 has made them more anxious about money issues. Research by the Money and Pensions Service has shown that money habits are formed at the age of seven, as I said, and evaluation of KickStart Money's financial education programmes has shown how money management lessons can close the gap in financial capability, levelling up the playing field between those who receive some form of financial education at home and those who do not.

I hope that my noble friend the Minister will agree that this type of education is vital and will find a way to ensure that the opportunity is not missed to use the assets of financial mismanagement to create a society where young people can be given tools and skills at an early stage to prevent people falling into debt or financial vulnerability by focusing these dormant assets to ensure that primary schoolchildren develop a positive money mindset as early as possible.

6.46 pm

Baroness Sater (Con) [V]: My Lords, it gives me great pleasure to follow my noble friend Lord Polak. I thank my noble friend the Minister for bringing forward this Bill, which will enhance and continue to support so many good causes. I pay tribute to her and her colleagues at the Department for Digital, Culture, Media and Sport for all the work they are doing to support the charity sector, particularly in these challenging times. I also add my welcome to my noble friend Lady Fleet and congratulate her on her excellent maiden speech.

We know that, in addition to the unprecedented £750 million package of support specifically for charities, a further £150 million from dormant bank and building society accounts has already been unlocked to help charities, social enterprises and individuals in vulnerable financial circumstances during the coronavirus outbreak. Expanding the scheme through the Bill means that even more people will reconnect with their assets. At the same time, it will provide more money for good causes, helping us to build back stronger in the years to come—a clear win-win.

The dormant assets scheme, established in 2008 and administered by the Reclaim Fund, has distributed assets from bank and building society accounts to good causes, while ensuring that sufficient funds are retained to meet any future claims on them. It has been a great success to date, and has unlocked and contributed more than £800 million for social and environmental causes in the UK. It operates, as we know, on three main principles, which remain unchanged in this expansion: reunification, full restoration and voluntary participation.

We are told that expanding the scheme through this Bill has the potential to unlock a further £880 million over the coming years through enabling additional types of dormant assets, including investments, insurance and pensions. This proposed expansion has also gone through a lengthy consultation, with each of these new types of assets having their own appropriately tailored definition of dormancy. Importantly, the Bill enables the social and environmental focus of the English allocation of the funds to be set through secondary legislation, in line with the model used in the devolved Administrations, which allows the scheme to consult on, and in turn be flexible to, the changing environmental and social needs in England into the future.

I welcome the additional measures in the Bill, which include making reference to the requirement for firms participating in the scheme to make attempts to reunite assets with their owners. It also makes necessary changes to reflect the Reclaim Fund's recent establishment as a non-departmental public body of Her Majesty's Treasury.

I am pleased to see through the consultation that there is consensus that tracing, verification and reunification —TVR—should continue to be a cornerstone of the scheme. We know that the evidence demonstrates that TVR has improved over time under the existing scheme. However, I would be grateful to hear more from my noble friend the Minister about the plans to enhance it even further. While we recognise the value of delivering funds to good causes, it is also crucial that more people are reunited with their assets.

We know there is much more to be done to help individuals and good causes across the country, particularly as we recover from the pandemic. This funding is already changing lives for the better, and expanding it further will help more vulnerable people to benefit. Instead of gathering dust, this money, if it cannot be reunited with its rightful owner in the first instance, is, among other good causes, being invested to help our young people into employment and to tackle problem debt. I support the Bill and I hope it obtains a very swift and successful passage through this Parliament.

6.50 pm

Baroness Kramer (LD): My Lords, one of the wonderful things about this House is that there is always a way to say what you want and stay within the rules. So I thank the noble Lord, Lord Vaizey, not currently in his place, for welcoming, on behalf of the whole House, the noble Baroness, Lady Fleet, on the occasion of her maiden speech. She joins quite a cabal of noble Lords all across this House who are very focused on the issue of music education; I hope that her addition will help them take that issue over the transom, as it were, and make sure that we get a secure basis for funding music education in the future—though, like some others, I think that it should be less a charity issue and more a fundamental issue of funding from central and local government.

I also thank the noble Baroness, Lady Barran, who was kind enough to provide a briefing to those of us with an interest. It was a thorough and very open briefing, and we on these Benches very much appreciated that opportunity. As she said in her opening comments on that briefing, this is a technical bill. Usually, when I hear those words, I am immediately suspicious—we have just dealt with a Financial Services Bill described as "technical" and it was anything but—but, in this case, I accept that that is an accurate description of the Bill. As the noble Lord, Lord Hodgson, said, it has worthy objectives that none of us could possibly object to, and I have heard no fundamental objection in any of the speeches in this House.

We all understand that there are principles that were established in the original dormant assets Act, and we understand that the intention is that those will remain consistent in this new Bill. The most important of these is almost certainly that reclaim is an absolute priority—the rights of the gone-away are in no way trammelled—but there has to be positive action to try to relink people to their lost assets.

I take some objection to the comments of the noble Lord, Lord Polak, though he is not the only person who said that if people cannot manage their money, let us at least do something useful with it. In the incredibly complex financial world that we deal with, and one that has changed in so many ways—just look at the whole pensions environment—it is not surprising to me that people have lost track of assets that should rightfully be theirs. There needs to be real pressure on the industry to make sure it does a much better job in reconnecting them. As the noble Lord, Lord Bates, said, were the shoe on the other foot, it would be hunting people down to pay their various obligations.

I found it interesting that, in the briefing we had from the AIB, the insurance lobby group, there was a plea for access to government data where that is possible without trammelling privacy regulations, and to make that an easier process. Now, with the addition of new assets, this is becoming more and more important, as well as, frankly, more and more of a challenge. It is also a principle that participation in the scheme by asset holders is entirely voluntary, and it seems to me that that is upheld.

The noble Baroness, Lady Barran, also talked in her briefing about the importance of the additionality principle. I will say a little more on this later, but I am somewhat in the camp of the noble Lords, Lord Hodgson and Lord Davies of Brixton, in asking: what is additionality? It is a rather fuzzy concept, and one of which I think we have to be aware and wary. My noble friend Lady Barker pointed out that during the Covid crisis—Covid became an excuse for many things—that principle was openly breached. I do not think that any of us in the House today want to see that become an underlying pattern. We all know through common sense what additionality is, and let us hope that, by the time the Bill leaves this House, we end up feeling that it is well embedded in this new legislation.

On the expansion of the scheme to new classes of assets, we heard a number of suggestions for additional new classes of assets that have not been dealt with in the Bill. Yet others were cautious about taking the scheme too far, particularly where there is no easy way in which to crystallise the value of the asset and where there is no established principle within the current industry on how gone-away owners will be dealt with and how the value of their assets, if they come to reclaim them, will be set. That will be important, and I hope that we can press the Minister on it a bit, because the Bill essentially gives power to the Minister to make those future decisions; it no longer brings them in front of Parliament. It will be critical that we understand what the principles are that would lead to expansion. I am not saying that it should be an anti-expansion measure; it is just important to understand before we sign off on the Bill exactly how that process will happen and what the underlying principles will be.

I should say on behalf of my party that my noble friend Lord Foster of Bath, who was unable to speak today, will, in Committee, raise the issue of whether unclaimed winnings and dormant betting accounts would be appropriate assets to bring into the pool. The Dormant Assets Commission in 2017 promised that it would look again at that issue in three years' time—and here we are, four years later. It would be worthwhile.

Almost nobody raised the issue of the Reclaim Fund Ltd entity. It is now, as we know, a non-departmental public body, and that is right; a public interest element should be embedded in whatever organisation handles the reclaim process. But we are also giving powers to the Government to replace that body with additional bodies. As far as I can see, there is little constraint on what the character of that new player might be. Forgive me for being an old cynic, but look, for example, at recent legislation on what happens in bankruptcy. I have watched financial institutions manoeuvring to

[Baroness Kramer]
put themselves into positions where they can maximise commissions and fees that offer a whole variety of opportunities. I am cynical enough to think that, if we do not have some sort of standards or criteria for a group behaving as a reclaim fund, we could certainly see entities coming forward that would find ways in which to exploit the opportunity of managing this.

We must understand better why the current retention rate is so high—the noble Baroness, Lady Noakes, was eloquent on this issue and my noble friend Lady Bowles spoke to it—particularly as the Government stand behind a reclaim fund. A simple guarantee would serve, and that might release a great deal more money. It all becomes much more complex as we go into a more diverse set of assets, and we need much better understanding.

That leads me to the point originally made by my noble friend Lady Bowles and others in this House: the entity is rather opaque. We do not understand quite how it is functioning and making its various decisions. We do not understand the level of efficiency. The noble Baroness, Lady Noakes, said that there should be value for money. Perhaps a private audit firm is the wrong way in which to look at this; we need something with a shape that is much more in the public interest. I very much hope that the Government will explore that.

I shall draw my comments to a close by considering the distribution of funds—an issue that has occupied most of the discussion in this House. I have no intention of repeating the wide range of proposals for ways in which the money should be distributed, but a lot was said about social capital, the need for money for long-term patients, local input and control, and music education. The noble Lord, Lord Vaizey, I think, talked about the BBC as a possible recipient. There was reference to the community wealth fund proposals that we have all received. There are many different ways in which this could go as the distribution of funds is expanded.

I want to pick up a point made by the noble Lord, Lord Triesman. He said that the existing distribution has sitting behind it confidence and consent. That principle must extend into any changes to the way in which the assets are distributed.

I also want to pick up the point made in detail by the noble Baroness, Lady Lister, and many others. The Minister described the consultation process promised in this Bill as a public consultation, whereas that is not what the Bill says. The Bill says that

"the Secretary of State must consult … the Big Lottery Fund, and"—

as the noble Baroness, Lady Lister, said—

"such other persons (if any) as the Secretary of State thinks appropriate."

I do not think that will survive Committee stage, quite frankly. There is too much opportunity for this to become a game of favourites, and we cannot let that happen. That principle of confidence and consent seems absolutely fundamental to all of this.

I welcome this Bill. It has many useful purposes. I accept that it is a technical Bill. We will support it but, again, we will do so in principle. I can see areas that will be explored in Committee. I am delighted that those areas have been identified by speakers on several different Benches across this House, because the fundamental concept of the first dormant assets Bill was cross-party, and I believe that this Bill very much needs that characteristic too.

7.01 pm

Lord Bassam of Brighton (Lab) [V]: My Lords, first, I start by drawing the House's attention to my interests as set out in the register. I work as a director for the charity Business in the Community. I am also a trustee on a number of charitable boards that may potentially benefit from funds disbursed from dormant accounts.

Secondly, I thank the Minister for the way in which she introduced the Bill: with care and not a little passion. We truly have a Minister who understands the value of the NGO and charitable sector and draws richly from her own personal experience.

Next, I congratulate the noble Baroness, Lady Fleet, on her maiden speech, which reminded us all of the rich experience that Members bring to this House—in the particular case of the noble Baroness, her championing of the arts with passion and enthusiasm. I must say I liked her call for levelling up in musical education. It only made me wish that my younger, tuneless self had been musically levelled up.

Before I turn to the detail of the Bill, I think that this an opportunity to give our thanks to the thousands of charities and community groups across the country for their amazing work during the Covid pandemic. Much of this has been done in the face of severe financial constraints—as the noble Lord, Lord Bellingham, made clear—and in the face of unprecedented public health restrictions. They have persevered and found creative ways to continue running vital services and supporting local communities. We should express our gratitude to those involved, just as we have saluted the heroic efforts of the National Health Service and our key workers.

As we have heard, the dormant assets scheme was established under the last Labour Government in a moment of cross-party support. Recognition of the crucial role played by civil society and the importance of properly supporting those organisations that do so much to help people and communities across the UK is at its root. We are proud that, to date, hundreds of millions of pounds have been unlocked and passed to good causes. For some charities, extra funding has given a greater sense of financial security, providing greater freedom to focus on service delivery. For others, it has meant expansion either in reach or in the range of services provided.

When designing the original scheme and the list of assets included in it, reunification was a key consideration. If somebody has a rightful claim to assets that become dormant, of course every effort should be made to ensure that the money returns to its rightful owner. If that is not possible, there is a clear moral justification for putting it to good use elsewhere. It may be a simple principle, but we welcome that it remains untouched in this Bill.

On a slightly different note, I was taken by the comments on reunification and reserve rates made by the noble Baronesses, Lady Bowles, Lady Noakes and Lady Kramer. This suggested overprovision, and I ask whether the Minister can explain why.

While we welcome the introduction of the Bill, can the Minister shed any light on its timing? The post-implementation review of the 2008 Act was published in 2014, and the Dormant Assets Commission published its recommendations in early 2017. While we appreciate the need to consult widely and consider civil society finance in the broader political and economic context, we have had to travel an extraordinarily long road to find ourselves here today. Why? Is it, for example, because departmental resource has been focused on other matters, such as preparing for Brexit, perhaps?

It is an interesting time to discuss funding for good causes. Despite some support from the Government, whether through grants or the furlough scheme, the past 14 months have been incredibly tough for the charitable sector, as I said earlier. For many, coronavirus support grants were slow to arrive and insufficient to allow business to continue as usual. While the economy may be gradually reopening, it is important for a degree of government support to remain in place until the charity sector's ecosystem is fully rebooted.

We must be thankful that, despite the challenges of the past year, fundraising has not ground to a complete halt. Many charities have been creative in hosting virtual events or promoting individual sporting challenges, in the absence of occasions such as the London Marathon. Nevertheless, money has been tight and, despite the characteristic generosity of the British public, with so many people furloughed or losing their jobs as a result of Covid-19, charity income has taken a big hit, just as many organisations have experienced a surge in demand.

On the Labour side, we very much support the Government's intention to unlock further funds through the measures in this legislation, but we must consider the Bill in context, as I have outlined. Earlier this year, for example, the Chancellor unveiled spending plans reminiscent of the coalition Government's austerity years. With this in mind, can the Government assure us that the new money derived from the dormant assets listed in the Bill will be in addition to other forms of public support for charities, rather than being used as a rationale to scale back other initiatives?

While we support the thrust of the legislation, can the Minister provide a rationale for the decision to exclude some of the asset classes recommended for inclusion by previous consultations and industry champions? On pensions, for example, the justification seems to be that we need time to take stock of the introduction of pensions dashboards. How long does the Minister believe is needed to assess the changing pensions landscape? If conditions are favourable, is this an area where the Government may wish to utilise the powers in Clause 19?

The dormant assets eligible for this scheme are generally financial products. What consideration are the Government giving to including other asset types? Does the Minister see, for example, a case for including the proceeds from government land disposals? Similarly, is there scope to pass some of the proceeds of crime confiscated under other legislation to community groups, in recognition of the harm that crime has on the area in which it is committed? I am particularly interested to hear the Minister's response to the bid from the noble Lord, Lord Vaizey, to bring the National Fund into scope and, similarly, to the case made by the noble Baroness, Lady Noakes, for NS&I unclaimed assets and, by the noble Lord, Lord Hodgson, for unclaimed dividends.

These questions lead us to a more fundamental debate: should funds continue to be disbursed by the National Lottery Community Fund, as they have been since the inception of the scheme? Is it time, as others have suggested, to look at alternative models? The Minister is no doubt aware of proposals drawn up by civil society organisations for what they call a community wealth fund, which invests in left-behind areas. A number of Peers, notably the noble Baronesses, Lady Lister and Lady Eaton, refer to the proposition, as did others across the House. What is the Minister's response to that, given that it is consistent with the Government's stated aim of levelling up, which the Minister drew attention to in her opening speech?

During the passage of the Bill, we intend to probe the operation of Clause 27 to gain a better understanding of what oversight the Treasury and Parliament have of Reclaim Funds Ltd's finances and operations. We will also seek to amend proposed new Section 18A, which is inserted into the 2008 Act by Clause 29. The consultation requirements included in the draft appear inadequate and we would therefore welcome the opportunity to discuss this with the Minister and her officials in due course. The case for a broader consultation was well made by my noble friend Lady Lister.

As I said at the outset, we welcome this Bill as it builds on the scheme which Labour launched back in 2008. We think there are some missed opportunities in this new, additional proposal. We hope the Government will recognise this, and we commit to probing the opportunities the Bill could unlock and to constructive engagement throughout the Bill's passage through both Houses. As the noble Lord, Lord Hodgson, observed, we, as the Opposition, have good intentions in examining the Bill, not least because the Bill has good intentions behind it. We will be its critical but supportive friend, seeking to improve its content and impact.

7.11 pm

Baroness Barran (Con): My Lords, with the leave of the House, I thank all noble Lords for their valuable contributions today. The debate has indeed been very wide-ranging, and your Lordships have set me a difficult challenge in trying to cover your points in the time allowed. If I may, I will therefore follow up with a letter to noble Lords after this debate.

I join other noble Lords in congratulating my noble friend Lady Fleet on her excellent maiden speech; I look forward to listening to her speak many times in future. I also echo the best wishes expressed by the noble Lord, Lord Blunkett, to the noble Lord, Lord Field, and wish him well. I congratulate the noble Baroness, Lady Bennett, on starting a new trend of supporting, agreeing with and welcoming government legislation.

[Baroness Barran]

I shall touch on some of the broader points that went beyond the direct scope of the Bill. The noble Lord, Lord Adonis, challenged the Government on their ambition in relation to levelling up. The Queen's Speech had a very strong theme of levelling up going through it. I highlight in particular the changes we have already made to the social value legislation and the potential it gives for social enterprises, charities and SMEs more broadly to benefit from £49 billion of government commissioning.

My noble friend Lord Vaizey managed to combine Dickens, the BBC and the National Fund in an incredible bit of knitting. As he is aware, the National Fund is currently subject to court proceedings, so there is no more that I can do to release it, but perhaps when we get there it will be a combination of "Sleeping Beauty" and *Hard Times*, if that is not too bad a combination.

Finally, and importantly, I thank my noble friend Lord Bates for stressing the incredible generosity of the British people over the past year in donating to charities and in volunteering for the NHS responder scheme to help with the vaccination rollout. I am sure that we will shortly see an incredible outpouring when volunteering options for the Commonwealth Games open in a couple of weeks.

The first area of discussion by your Lordships related to the size of the assets that will be released; that was raised by the noble Lord, Lord Blunkett, and several other noble Lords. To reiterate, industry valuations show that expansion has the potential to make £1.7 billion available to transfer to Reclaim Fund Ltd, which is based on an estimated £3.7 billion of dormant assets in the new asset classes that will be included in the Bill. The industry believes that, with enhanced tracing and verification efforts, £2 billion could be reunited with its rightful owners. The noble Baroness, Lady Wheatcroft, talked about whether we could do more, as did other noble Lords. This represents an important step forward. Obviously, in the regulations we propose to make further expansion of the scheme more flexible and, when that happens, the money will of course increase.

I listened intently to the noble Lord, Lord Triesman, talking about social housing and was writing down all the good things that Big Society Capital had done—but of course that was exactly where he was going with his comments. However, it is also important to recognise the multiplier effect that some of these specialist distribution organisations have had and the additional funds that they have brought into areas such as social housing, where the market is now I think over £800 million. I absolutely agree with him about the potential for both impact investment and impact philanthropy.

My noble friend Lord Bellingham also talked about the greater potential both to reunite people with their assets and to release money for good causes. I reiterate the point that the Bill includes the principles not just of reuniting but of full restitution.

The noble Lord, Lord Blunkett, and my noble friends Lady Sater and Lord Taylor of Holbeach asked about increased efforts in relation to tracing, verification and reunification. The requirement to make efforts to trace, verify and reunite the owner with their asset before transfer is set out in the agency agreements between current participants and the authorised reclaim fund, and that will be mirrored in future. However, the Bill strengthens that position by ensuring that the reclaim fund can accept transfers from a participant only if it has made satisfactory contractual or other arrangements with it.

A newspaper—not my noble friend Lady Fleet's former employer but another—has a supplement called *How to Spend It*, and here we come to the "How to spend it" section of the debate. It is absolutely right that we should bring this focus if we are to expand the scheme and review where those funds can be spent. We have had such a rich and knowledgeable debate, and I thank in particular my noble friend Lord Bates, the noble Baroness, Lady Lister of Burtersett, the noble Earl, Lord Devon, and my noble friend Lady Eaton for their contributions here. During the consultation on expanding the scheme, we received multiple calls to change the current restrictions. There was some concern from a number of your Lordships about the restrictions in Section 18 coming to an end and there being a gap before the new restrictions would apply. That is not correct; they will apply until a new order has been made.

There was a lot of discussion about the additionality principle. This is set out in paragraph 9 of Schedule 3 to the 2008 Act and remains unchanged. There was perhaps a misunderstanding on the part of the noble Baroness, Lady Barker, reiterated by the noble Baroness, Lady Kramer, in suggesting that there had been a breach of that principle in the last year. There was absolutely no breach. I am not quite sure where that idea comes from, but it is not correct. The additional £150 million that was given to the dormant asset distribution organisations came from dormant assets themselves. Their mission was absolutely as set out in the legislation. There was no government interference whatever.

The noble Earl, Lord Devon, commented on the valuable role played by social enterprises. I share his support for that sector, with which I engage very regularly. The Act does not currently specify social enterprises as particular beneficiaries of the funds; rather, they will often deliver in the social and environmental areas which are the funds' focus. Since that broad area of focus will stay unchanged—the restrictions may change beneath it—we would very much expect them to continue to be part of the ecosystem.

There were a number of questions about the consultation, particularly from the noble Baroness, Lady Lister. The position was made clear in the press pack, which noble Lords may be forgiven for not having read. It is absolutely in the public domain that we have committed to a full public consultation with all the groups that the noble Baroness talked about. Regarding the comments made by the noble Baroness, Lady Bennett, it is important to remember that dormant asset funding is entirely dependent on industry participants who voluntarily transfer into the scheme, as well as the general public's trust in it. It is therefore very important that we listen to those groups as well as the others that were cited.

The noble Lord, Lord Davies of Brixton, asked about capital versus revenue funding. To clarify, it is up to the distribution organisations to decide what

they want to make grants to; the Government do not interfere as to whether it is capital or revenue. They will use their expertise to find the best way to have a positive impact on the issues they are seeking to address. On the points raised by my noble friends Lord Patten, Lord Polak, Lord Bellingham and other noble Lords, the distribution to small organisations already happens through those four distribution organisations.

I turn to the expansion of the scheme. My noble friend Lord Patten asked about industry participation and support for the scheme. There has been very strong interest from industry in participating in the expanded scheme. It has, in the nicest possible way, been nudging us along very politely and it backs the swift progression of the Bill. We are continuing to work closely with the dormant assets expansion board, as well as the Reclaim Fund, trade bodies and regulators, as we prepare to operationalise the expanded scheme.

There were a number of specific questions about additional types of assets, including online investment platforms, raised by my noble friend. I will respond in writing to these, including on the proceeds of crime, raised by the noble Lord, Lord Bassam, and gambling proceeds, raised by the noble Baroness, Lady Kramer.

The noble Baroness, Lady Bowles of Berkhamsted, the noble Lord, Lord Davies of Brixton, and others asked about the relationship between the scheme and the pensions dashboard. The consultation cited ongoing changes in the pensions landscape, including the introduction of the dashboard, as needing "time to fully develop". Many responses asserted that the dashboards would interact positively with the scheme. Both initiatives have the primary aim of reuniting owners with their assets, and the dashboards will make it even more likely that only genuinely dormant pension products that will not be reclaimed will be transferred to the scheme.

The noble Baroness, Lady Bowles, also asked about safeguards against perverse incentives. Legislation may indeed incentivise firms to change their terms in order to participate, but the Bill tightly prescribes the circumstances in which an asset is eligible, including dormancy definitions and reclaim values. If the terms of an asset align with these, it is obviously appropriate for it to be in scope.

My noble friend Lady Noakes asked about dormant national savings accounts. She may be aware that money invested in National Savings and Investment products is passed directly to the Exchequer and used to fund public services, which means that any unclaimed balances are already being used for public benefit. There is also the My Lost Account scheme, which seeks to reunite customers with their money and premium bond winnings. In the past 20 years, £840 million has been reunited in that way.

My noble friend Lord Hodgson of Astley Abbotts asked about the inclusion of shares and dividends. The Government have been engaging with the sector on plans to include them since 2018. More recently, share registrars have joined forces to think about how they will work with companies to operationalise the scheme, which includes thinking about what kind of register would be needed to ensure full restitution.

I turn to the Reclaim Fund and focus on the reserves policy, raised by my noble friend Lady Noakes, the noble Baroness, Lady Bowles, and the noble Lord, Lord Bassam. I absolutely share your Lordships' wish to see more money distributed. As your Lordships are aware, the Reclaim Fund is legally obliged to retain a portion of the funds that it receives to repay owners. That portion has been declining over time: initially, 60% of assets were reserved, but that has now reduced to 40%. In relation to the point of the noble Baroness, Lady Bowles, that explains the bumper year in 2019, when there was a large release of assets because of a reduction in the reserving policy, which allowed the establishment of Fair4All Finance and the Youth Futures Foundation.

We expect the approach to reserves to evolve over time. It remains the responsibility of the Reclaim Fund to set the reserves at the right level. My noble friend Lady Noakes asked about whether the guarantee from the Treasury affects this. There is a balance to be struck here, but the principle of additionality and separation of the assets means that the current structure is sound.

I turn to the issues of secondary legislation raised by my noble friend Lord Hodgson and the noble Baronesses, Lady Barker, Lady Kramer and Lady Bennett. We have kept the provisions and the number of delegated powers in the Bill to a minimum and have only included those powers that are necessary for a successful operation of an expanded scheme. Where it is possible and practical, we have implemented future changes in the Bill. However, in a way, the answer to the question from the noble Lord, Lord Bassam, about timing and why it has taken such a long time to get to this point lies in the need for secondary legislation to make this more flexible. It has been about five years since the industry started to encourage us to expand the asset classe,s and obviously through the consultation recently, we heard the calls for more flexibility in deployment of those assets. The secondary legislation will give us that flexibility.

I have appreciated enormously the tone of a generous but critical friend in this debate and I look forward very much to working with your Lordships as we pass this important piece of legislation. I am also able to put my noble friend Lord Hodgson out of his suspense as I look forward to introducing the Charities Bill. With that, I beg to move.

Bill read a second time and committed to a Grand Committee.

Charities Bill [HL]

First Reading

7.32 pm

A Bill to amend the Charities Act 2011 and the Universities and College Estates Act 1925; and for connected purposes.

The Bill was introduced by Baroness Barran, read a first time and ordered to be printed.

Telecommunications (Security) Bill

First Reading

A Bill to make provision about the security of public electronic communications networks and public electronic communications services.

The Bill was brought from the Commons, read a first time and ordered to be printed.

Environment Bill

First Reading

A Bill to make provision about targets, plans and policies for improving the natural environment; for statements and reports about environmental protection; for the Office for Environmental Protection; about waste and resource efficiency; about air quality; for the recall of products that fail to meet environmental standards; about water; about nature and biodiversity; for conservation covenants; about the regulation of chemicals; and for connected purposes.

The Bill was brought from the Commons, read a first time and ordered to be printed.

House adjourned at 7.33 pm.