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PARLIAMENTARY DEBATES
(HANSARD)

HOUSE OF LORDS

OFFICIAL REPORT

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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
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 or for the Lords spiritual.

House of Lords

Thursday 24 March 2022

11 am

Prayers—read by the Lord Bishop of Leeds.

Royal Assent

11.06 am

The following Acts were given Royal Assent:
Dissolution and Calling of Parliament Act,
Commercial Rent (Coronavirus) Act,
Highgate Cemetery Act.

BAE Systems: Type 26 Frigate

Question

11.06 am

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

To ask Her Majesty's Government what discussions they have had with BAE Systems to speed up the build rate of the Type 26 frigate; and what assessment they have made of the optimum build rate to ensure best value for money.

Viscount Younger of Leckie (Con): My Lords, ministerial colleagues and Ministry of Defence officials have regular meetings with BAE Systems to discuss the Type 26 frigate programme. On current plans, the average delivery rate for vessel acceptance for the Type 26 batch 1 ships is the optimum that can be achieved, considering all relevant factors. It is expected to be one ship every 18 months. The time between delivery of successive ships is not constant across the class.

Lord West of Spithead (Lab): My Lords, we are closer to a world war than at any stage during the last 60 years. We must not delude ourselves into thinking that our Armed Forces are capable of standing up to a peer enemy in a face-to-face conflict. With that backdrop, which is terrifying and horrifying, I was appalled that yesterday in the Spring Statement there was no mention of extra money for defence. The frigates are just one example. Basically, three of our frigates pay off in the next 12 months, and more after that. The first one to start replacing them comes in five years; the last of the eight Type 26s comes in 2043. God knows how many wars we will have had by then. May I ask the Minister to go back to the Secretary of State for Defence and ask him to plead with the Chancellor for extra funding? Our nation has understood for centuries that, when under military threat, we need fighting power. What has changed?

Viscount Younger of Leckie (Con): I hope I can reassure the noble Lord. He will have been present for the messages which came out last week from my noble friend Lady Goldie on the whole of our shipbuilding programme. Regarding the specific questions on the Type 26 frigates, we are committed to building eight. As the noble Lord knows, the first three ships are under construction on the Clyde. The first, HMS "Glasgow", is doing well, as are HMS "Cardiff" and HMS "Belfast". Batch 2, with the five others, is on track. There is no issue over funding. The funding has been set, including for batch 2, although the contracts have yet to be awarded. I hope that is some reassurance for the noble Lord, who knows so much about this subject.

Lord Cormack (Con): My Lords, the security situation has changed dramatically in the last four weeks. It is beyond comprehension that the Chancellor should deliver a Statement yesterday and mention neither the international situation nor defence. It was always the top Tory priority, and it is time that it became the priority again.

Viscount Younger of Leckie (Con): It certainly does remain a priority. Again, I must reassure my noble friend that defence is playing a central role in the UK's response to the Russian invasion. It is not about funding. We will continue to work closely with our allies and partners to fully understand the rapidly changing situation on the ground. We continue to offer a collective response that is robust and proportionate.

Baroness Smith of Newnham (LD): My Lords, the Minister in his answers is clearly seeking to reassure the House. However, I am afraid that from these Benches, I am not reassured. His answer to the noble Lord, Lord West, was that the rate of build for the Type 26 frigates was "optimum" given "all relevant factors". What are those relevant factors, and have they been reassessed since the Russian invasion of Ukraine four weeks ago today?

Viscount Younger of Leckie (Con): I hope to reassure the noble Baroness because the factors include, as she is well aware, the gearbox delivery issues for the Type 26. Some flexibility on the timing was allowed for. It is unique, complex and built to extremely fine tolerances, but it has been delivered. We are on time for this programme, for both batch 1 and batch 2. There should be complete reassurance on that front.

Lord Boyce (CB): My Lords, I also find the Minister's answer about the Type 26 build rate disappointing, particularly given how long it is before the first Type 26 comes into service. It will certainly see our frigate force level drop to being unacceptably low before the new ships come online. Will the Minister say what level our frigate numbers will sink to before the new ships become operational? That also includes the Type 31.

Viscount Younger of Leckie (Con): Again, I reassure the noble and gallant Lord that we have a very clear programme of rolling out shipbuilding. It includes, for the first time, the Type 26s and the Type 31s. It is very important to say, first, that our current capability is absolutely fine and, secondly, that we will have two types of frigate on stream by the end of the decade.

Lord Lancaster of Kimbolton (Con): Our frigates are really of any use to us only if they are armed. We have, of course, rightly in recent weeks donated a lot of arms to Ukraine, including 4,000 NLAWs. Can my noble friend reassure your Lordships' House that an order has been placed to replace those weapons and that, crucially, they will be paid for not by the MoD budget but by the Treasury contingency fund?

Viscount Younger of Leckie (Con): I can say to my noble friend and to the House that we will continue in the UK to support the Ukrainian Government in the face of this appalling assault on Ukrainian sovereignty and territorial integrity. We are liaising daily with the Ukrainian Government to continue to respond to their request to supply more defensive military equipment. To answer the question, the UK has granted in-kind assets and inventory to Ukraine, and these have come from MoD stocks or have been purchased. Where the replenishment of stocks is required, it is expected to be funded from the Treasury special reserve.

Baroness Jones of Moulsecoomb (GP): My Lords, a highly placed mole in the Royal Navy—it was not him—has told me that, as much as a decade ago, senior officers were extremely worried about the impact of climate change, which was also not mentioned in the Chancellor's speech yesterday. Why has the UK military still not got any net-zero carbon targets?

Lord West of Spithead (Lab): I was not the mole. [*Laughter.*]

Viscount Younger of Leckie (Con): Maybe there should be a leak inquiry—but perhaps I should not go there. On the noble Baroness's question, of course, she makes a regular point about climate change. However, I can reassure her, particularly on the national shipbuilding programme—I think she was present for the Statement from my noble friend Lady Goldie—that there is much going on. She will have read that big document about ensuring that our future warships in our shipbuilding strategy will be of a clean nature.

Lord Trefgarne (Con): My Lords, can my noble friend tell me how many destroyers and frigates are presently available to the Royal Navy?

Viscount Younger of Leckie (Con): I start by saying that we have an improving picture in fleet availability, which is the result of targeted interventions to minimise support requirements, improve maintenance and generate ships faster. Perhaps to reassure my noble friend, in May 2021 there were 935 ship days at sea, the most since July 2014. May I also say, although I cannot of course give too much out, that, for example, there are at least 10 fully operational ships at sea now? That includes "HMS "Diamond" in the east Mediterranean, HMS "Northumberland", from that TV series, which noble Lords may have watched, which is taking part in normal deployment, and many more.

Lord Tunnicliffe (Lab): The Minister has an elegant way of saying no. The MoD confirmed funding last summer for the second batch of five Type 26 frigates. Given that the national shipbuilding strategy failed to commit to a British-built by default approach to procurement, can the Government confirm that this batch will be built in UK shipyards with UK steel?

Viscount Younger of Leckie (Con): I am pleased to say that the steel aspect of HMS "Glasgow" comes up to about 50%. The noble Lord will know, however, that steel manufacture for ships has to be very precise and, at the moment, the UK is not capable of producing the type of thin steel for frigates—or, indeed, the thick steel for submarines, which is another matter. But I can reassure him that the £3.7 billion contract to manufacture the first batch of Type 26s, which was awarded in 2017, is on track.

Lord Stirrup (CB): Yesterday, in answer to a Question on defence expenditure, the noble Baroness, Lady Penn, gave an alarmingly complacent answer, seeming to indicate that the defence budget that had been settled pre-Ukraine remained perfectly satisfactory. In effect, she was saying that her right honourable colleague the Foreign Secretary was dead wrong. May I ask the Minister whether this is the corporate Cabinet view?

Viscount Younger of Leckie (Con): It is very much unlike my noble friend on the Front Bench to sound complacent. Even before the events of the past two years, the Government bolstered defence spending with the greatest supplement since the Cold War—an extra £24 billion over the next four years. That has enabled us, once again, to make sure that we have a proper defence programme and is a reform that puts men and women in the Armed Forces at the heart of what we do.

Lord Hamilton of Epsom (Con): My Lords, how much worse do things have to get in Ukraine before we substantially lift the 2% of GDP that we spend on defence?

Viscount Younger of Leckie (Con): Very quickly, I think the answer I gave to my noble friend Lord Lancaster applies.

Shared Prosperity Fund

Question

11.17 am

Asked by ***Baroness Wilcox of Newport***

To ask Her Majesty's Government what recent discussions they have had with the First Minister of Wales about the shared prosperity fund.

The Minister of State, Home Office and Department for Levelling Up, Housing & Communities (Lord Greenhalgh) (Con): In the UK shared prosperity fund pre-launch guidance, the UK Government stated the ambition to work with the Welsh Government and we remain committed to this. The Secretary of State and First Minister have discussed the UK shared prosperity fund alongside our wider levelling-up agenda. We remain open to further engagement at ministerial and official level.

Baroness Wilcox of Newport (Lab): There is a broken promise to replace EU funds for Wales and it is set to cost the country £1 billion over the next three years, so I ask the UK Government to co-operate fully with the Welsh Government to redress this huge deficit and treat this matter with urgency and the respect that it deserves from one Government to another. Could the Minister bring regular updates to the House on the content and progress of such discussions of the shared prosperity fund and, indeed, any related matters of funding for Wales?

Lord Greenhalgh (Con): My Lords, there is a very clear commitment to match EU funds in Wales through Wales's share of the £2.6 billion UK shared prosperity fund. We recognise the importance of very close collaboration with all our devolved Administrations, including Wales, and every aspect of my department is working closely with its Welsh counterpart. I even had a letter two days ago from the Climate Change Minister about building safety. We can learn a lot from each other and can continue, at an official and a ministerial level, to work on the guidance on the UK shared prosperity fund.

Lord Rogan (UUP): My Lords, programmes backed by the European Social Fund have supported more than 77,000 people in Northern Ireland to overcome obstacles to social inclusion and unemployment. With ESF funding due to end this month and with no funds from the Executive at Stormont, what additional support do the UK Government intend to offer through the shared prosperity fund to ensure that the wonderful work done by local specialists and voluntary organisations with those programmes can continue in Northern Ireland?

Lord Greenhalgh (Con): Timing is everything and of course we are just at the point of announcing how we intend to approach the disbursement of funds through the UK shared prosperity fund. At that point, we will be able to give a very full answer to the noble Lord's question.

Lord Wigley (PC): My Lords, on that very point, I welcome the principle of distributing funds to counties and regions rather than by some spurious competitive bids, but what will be the parameters for deciding on allocations? Will there be a strategic approach? What will be the role and responsibility of the counties and what will be the mechanism for delivering regional co-operation? What will be the function of the Welsh Government in making this happen?

Lord Greenhalgh (Con): My Lords, yet again, it is about looking at the detail that will be contained in the pre-launch guidance publication—which is, as I say, very imminent.

Lord Harlech (Con): My Lords, of course the UK shared prosperity fund is very important, but can my noble friend tell the House what else Her Majesty's Government are doing to level up Wales?

Lord Greenhalgh (Con): My Lords, I am always reminded that on all sides of the House we have tremendous support for Wales, including on the Front Bench. My noble friend is right to probe, and in response I can say there is more than £18 billion through the Welsh block grant, £167 million in local growth funding, a share of the £2.6 billion shared prosperity fund, £900 million for Welsh farmers and a £130 million British business bank fund to support Wales's small businesses. That is considerable investment to ensure that Wales prospers.

Baroness Humphreys (LD): My Lords, we have gone from "not a penny less" to analysis showing that, by 2024, the Welsh budget will be £1 billion worse off, as the noble Baroness has already said. With very little clarity at the moment on plans going forward, is it not now time to respect devolution, restore the missing £1 billion to the Welsh budget and put Welsh decision-making on building stronger local economies back where it belongs, in the hands of Welsh Ministers?

Lord Greenhalgh (Con): We are getting some mixed messages from the House. On one hand we have that desire to see that we empower regions and functional economic areas through councils, but we do recognise that it is important to have proper engagement and collaboration with the Welsh Government. Indeed, at official level and also through the Welsh Local Government Association, that continues to happen, as it does at the level of the Secretary of State, who had a meeting, in the levelling up and housing committee, with the Welsh Local Government Association and local authority leaders. I believe that Minister O'Brien also met ministerial counterparts yesterday. So, yes, we must continue to build on collaboration, and I just caution against the idea that we should model into the future and say that there is a gap. We want to make sure that we repair the public finances, post pandemic, so that every part of this great country gets the investment it needs to prosper.

Lord Hain (Lab): My Lords, although I suppose I could thank the Minister for his warm words about Wales, the truth is, as my noble friend Lady Wilcox pointed out, that Wales is being consistently short-changed post Brexit, and we are seeing power grabs as well from Westminster, such as in the Subsidy Control Bill, which has been described as having a "pernicious effect on devolution" by the Senedd committee responsible. Surely the Government should start talking directly and understanding that devolution is going to work only if Whitehall respects it, both in funding terms and in terms of powers—and it is not doing so at the moment.

Lord Greenhalgh (Con): That is essentially more of a comment than a question, but there is a real respect for both the Welsh Government and local leaders in Wales. We continue to work very productively, certainly at ministerial level and also through officials. We want to see a strong Wales—I would like to see a stronger Welsh rugby team, frankly, after the result against Italy.

Lord Roberts of Llandudno (LD): My Lords, bids for the shared prosperity fund were supposed to be in by July last year and the money was supposed to have been spent by the end of next week, 31 March. How is that progressing? Also, projects were being developed in the hope that funding would be at a similar level to the European fund, including the port of Holyhead. How is the European funding of projects in Holyhead progressing?

Lord Greenhalgh (Con): My Lords, I will write to the noble Lord on that specific point with a very fulsome answer and I will lay a copy in the Library. I think it is fair to say that this is a problem not just for Wales: we need to ensure that we do not have these cliff edges—I used to call it "March madness"—where

[Lord Greenhalgh]
we rush to spend money. Certainly, we should be looking at ways of accruing expenditure to spend it a sensible way to get real value for money for the taxpayer. So, it is a point well made.

Lord Anderson of Swansea (Lab): My Lords, is the Minister aware that our local authorities complain not only about the current confusion but about the limited timespan of the new scheme, which makes long-term planning more difficult?

Lord Greenhalgh (Con): We recognise that, frankly, we have too many funds and that we have to find ways of bringing those funds together to ensure that processes are around delivery and not around grant farming. That is a direction of travel that my department recognises as something we need to improve on in the forthcoming years—but it takes time.

Lord Sikka (Lab): My Lords, I am glad to see that one of the objectives of the shared prosperity fund is to "boost pay". The Minister will know that the workers' share of GDP in the UK, in the form of wages and salaries, just before the pandemic was 48.7%, compared with 65.1% in 1976. Can he provide four or five examples of how the Government will increase the workers' share of GDP in order to meet the shared fund objectives?

Lord Greenhalgh (Con): My Lords, I like to be tested at the Dispatch Box, but I have been given a blizzard of statistics and an impossible request to give five examples. No, I cannot do that, but I am not sure it is particularly helpful. We recognise the need to see real economic development and a strong Welsh economy because, ultimately, that is what is going to make a difference to people's lives.

Baroness McIntosh of Pickering (Con): How will rural areas such as North Yorkshire, the new unitary authority, benefit from the shared prosperity fund?

Lord Greenhalgh (Con): I am sorry, I did not hear the question. But Yorkshire is a very important place as well.

Baroness Jolly (LD): My Lords, Cornwall was in receipt of considerable EU funding. Can the noble Lord confirm that Cornwall is still in the mix for shared prosperity funding?

Lord Greenhalgh (Con): Cornwall is incredibly important—with its own language, even—and we want to make sure that we level up within regions and all parts of the country. We recognise the need to deal with some of the real rural deprivation that exists in Cornwall.

Lord Grocott (Lab): Can the Minister confirm that Staffordshire and Shropshire are also important?

Lord Greenhalgh (Con): Staffordshire and Shropshire are in the plan as well—I can confirm that to noble Lords.

Civil Servants: Reduction of Numbers

Question

11.27 am

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

To ask Her Majesty's Government whether the proposals set out by the Minister for Government Efficiency to reduce the number of civil servants by 65,000 will require either (1) a reduction in government functions, or (2) the increased use of outsourcing companies and consultants.

The Minister of State, Cabinet Office (Lord True) (Con): My Lords, there was a significant increase in the number of civil servants employed to manage the temporary requirements of Covid-19 and preparations for leaving the EU. Given that the spending review committed departments to reducing Civil Service numbers to pre-pandemic levels, work is under way to ensure that the functions are working as efficiently as possible, to reduce the use of consultants and to manage the use of outsourcing companies.

Lord Wallace of Saltaire (LD): My Lords, does the Minister accept that it is a little surreal to have made Jacob Rees-Mogg Minister for Government Efficiency, and that his explicit view that civil servants are time wasters who do not work hard enough does not help morale in the Civil Service or, indeed, Civil Service efficiency? Does he recognise that one of the major areas of government waste over the last three or four years has been the excessive employment of outside consultants? Is there now also a target for a reduction in the use of outside consultants, who cost twice as much or more per head as civil servants?

Lord True (Con): My Lords, I reject the first part of the question. I am absolutely delighted that my right honourable friend is bringing his insight to the Cabinet Office and I look forward to working with him. As far as consultants are concerned, yes, the Government are seeking to reduce consultancy spend. Central government and arm's-length bodies spent approximately £1.5 billion on consultancy in 2021; that is why the consulting hub was set up last year to lead the consultancy reform programme. I can certainly assure the noble Lord and others that much attention will be given to that.

Lord Lisvane (CB): My Lords, if the Government wish the central Civil Service to be as effective as possible, whatever size it is, might they give a higher priority to reducing churn through appointments and postings, perhaps leading to greater stability, a retention of expertise and a greater and more effective corporate memory?

Lord True (Con): I think the noble Lord makes a very important point. There is a great deal of churn in the Civil Service and that reflects one of the things that the Government wish to address in order to give greater job satisfaction, to invest in quality training and to enable civil servants to deliver a modern work programme. One of the reasons to seek to squeeze out efficiencies is to enable us to invest in more front-line service and in exactly the kind of support referred to by the noble Lord.

Lord Sherbourne of Didsbury (Con): My Lords, could I ask the Minister if he will ask his right honourable friend Jacob Rees-Mogg to direct his efforts to the DVLA where, we read, people are not returning to their desks in sufficient numbers, with terrible economic effects in terms of people having to wait a long time for their driving licences? Being at their desks rather than watching Netflix or on bicycles would be a great contribution to the economy.

Lord True (Con): I am delighted that I am not in a department where I have to defend the DVLA. I take note of what my noble friend says, and I think people will have heard the sentiment on that subject across the House.

Lord Hunt of Kings Heath (Lab): My Lords, has the Minister noted reports that the number of Russian speakers in the Foreign Office staff has been reduced quite drastically over the past few years? Is he satisfied that the reductions in funding and staff for the Foreign Office, particularly in eastern Europe, have prepared it for the huge challenges that it now faces?

Lord True (Con): My Lords, I cannot claim to be an expert on the linguistic training policies of the foreign service. I would say that we wish to have a Civil Service that is adaptable, nimble and responds to challenge, and that should involve a better awareness of future as well as present challenges, and that is certainly one of the things that the efficiency programme will look at.

The Lord Bishop of Leeds: My Lords, have the Government made any assessment of the relationship between efficiency, effectiveness and efficacy?

Lord True (Con): I would say to the right reverend Prelate that there are two sides to this coin. One is an efficient service that is more capable of delivering quality public service—we all believe profoundly in the ideal of public service—in a satisfying, effective way. The answer is yes, but I would say that that is not only measured in numbers.

Lord McNally (LD): My Lords, does the Minister agree that one of the great gifts of 19th century Liberalism to the present day was a Civil Service selected on merit and politically neutral? Is that still the central pillar of the Government's approach to the Civil Service recruitment, and would such recruitment benefit from a real attempt at greater diversity, backed up by a strengthened Freedom of Information Act which would increase public confidence in governance?

Lord True (Con): There are a lot of questions there. I have great sympathy for the noble Lord's first sentiment, which is the loss of Gladstonian Liberalism, which I think needs to be rediscovered a little on those Benches. As far as his other points are concerned, independence must be fundamental, and diversity in all its forms is one of the reason the places programme is intended to take the Civil Service into other parts of the country. Thinking outside the Westminster, Whitehall and London bubble is very important, because there are many insights further than a mile from this building.

Baroness Butler-Sloss (CB): My Lords, is it intended that there will, in the future, be monitoring set up by the efficiency organisation looking at the Civil Service?

Lord True (Con): It is intended that there will be ministerial accountability for the development and progress of the Civil Service. Each department is responsible for managing its employees, but overall central government functions will continue, and there will be central government awareness of the development of the programme, and ministerial attention will be given to it.

Baroness Wilcox of Newport (Lab): Can the Minister tell us of any work under way to assess what impact such an efficiency review would have on the Civil Service workforce in our nations and regions? One would hope that this whole review is not just a euphemism to reduce headcount, which may have unforeseen negative consequences for places beyond Whitehall, including those very same places being courted as part of the Government's levelling-up agenda. Perhaps the Minister can reassure your Lordships' House on this point.

Lord True (Con): My Lords, indeed, I am delighted to do so. Devolved Administrations have their own responsibilities, but as I said in response to the good and challenging question from the noble Lord, Lord McNally, we do need to go out into the regions, and we are taking the Civil Service to the north-east, to York—perhaps I should not have mentioned the word "York" in your Lordships' House—and to various places across the country for precisely the sort of reasons the noble Baroness rightly said. We must have a diverse and national service.

Lord Brownlow of Shurlock Row (Con): My Lords, as we strive to get value for money for the taxpayer and we move on from the pandemic and exiting the European Union, can my noble friend indicate to the House if there is a cost differential between the peak and the target?

Lord True (Con): My Lords, there is not a specific target; there are overall financial targets, but as far as numbers are concerned, we are seeking obviously to reduce from what we have now. I think noble Lords need to understand that there are currently 475,020 full-time equivalent civil servants, as of December 2021. That is an increase of 2,350 even on the previous quarter. We now have over half a million civil servants on headcount, and I contend that in those circumstances it is possible to make reductions.

Baroness Walmsley (LD): My Lords, given the Prime Minister's emphasis on the importance of science and technology, as proved by his establishment of the new Council for Science and Technology, chaired by the Prime Minister, what is being done to increase the number of people with a scientific background in the Civil Service? We need an informed customer.

Lord True (Con): My Lords, I think that is another important challenge from those Benches. We do need to raise the quality of specialism within the Civil Service—though that is not to disparage the traditional

[LORD TRUE]
humanities-led approach—and not only in the scientific area but in the business of handling data and other modern approaches. This is inherent in the programme, and I can assure the noble Baroness that I will take away her point on science.

Gazprom Energy
Question

11.37 am

Asked by ***Lord Oates***

To ask Her Majesty's Government what plans they have (1) to withdraw Gazprom Energy's licence to operate in the United Kingdom, or (2) to place Gazprom Energy into special administration.

The Parliamentary Under-Secretary of State, Department for Business, Energy and Industrial Strategy (Lord Callanan) (Con): My Lords, Gazprom Energy's parent company has been sanctioned by the UK Government in relation to transferable securities. Our sanctions continue to put pressure on Russia to cease its war on Ukraine. As regards the retail arm in GB, Ofgem and BEIS will continue to work closely with all energy suppliers to ensure that customer supply remains uninterrupted, and we have tried and tested practices in place for situations where suppliers exit the market.

Lord Oates (LD): I thank the Minister for his Answer, but can he explain to the House why it is that a subsidiary of Russian state-controlled Gazprom is continuing to operate in the United Kingdom one month after Russia's brutal invasion of Ukraine, and when his own colleague in government, the Health Secretary, has been calling on NHS bodies to cancel contracts with the company, and local authorities and businesses are doing the same? Is it not time for the Government to stop dithering and take Gazprom Energy into administration now?

Lord Callanan (Con): We keep these matters under constant review and the sanctions regime is constantly evolving. The noble Lord will be aware that the Foreign Secretary today sanctioned another 65 new bodies, and we have now sanctioned over 1,000 individuals and businesses since the invasion started.

Lord McNicol of West Kilbride (Lab): Many local authorities, NHS trusts and other public bodies have gas supply contracts with Gazprom Energy. What support is Her Majesty's Government giving to authorities and trusts that wish to break their contracts with Gazprom, and what consideration has the Government given to changing public procurement rules to allow that?

Lord Callanan (Con): The noble Lord makes an important point. Gazprom Energy supplies about 20% of the UK business market, as he correctly observes, including many schools and hospitals, and so on. It would not be right for the Government to interfere in individual contractual decisions but for those that choose to break their contracts, the Crown Commercial Service stands by to support them in securing their next energy contract.

Baroness Walmsley (LD): My Lords, is the Minister aware of a recent paper by the Energy and Climate Intelligence Unit which shows that our dependence on Russian gas could be quickly and permanently eliminated, not by more North Sea gas, which is expensive, not immediate, low impact and temporary, but by reducing gas demand by returning to our programme of insulating homes, installing heat pumps and expanding renewables? Of course, that would also reduce household bills, create jobs and provide us with energy security.

Lord Callanan (Con): The noble Baroness posits those as two alternatives but in fact we are doing both. We will still need gas supplies during the transition, but we are spending some £6.6 billion over this Parliament on home insulation measures, and we have one of the largest programmes of renewables in the western world and one of the largest offshore wind sectors in the world. We are proposing to expand that to approximately 40 gigawatts by the end of this decade. None of this can happen quickly—it is a transition—but we will still need gas during that transition. My point is that it is better to get the gas that we will need during the transition from UK sources rather than relying on unstable parts of the world.

Baroness Bennett of Manor Castle (GP): My Lords, following on from the noble Baroness's question, which focused on domestic use of gas, I note that in August 2021, the Swedish firm HYBRIT made the first delivery of steel produced through green methods, without coal and without gas energy supplies. I note that Sheffield Forgemasters, for example, is a Gazprom client, and indeed, two-thirds of the energy supply for the Energy Intensive Users Group comes from Gazprom. Should not the Government be doing far more to help energy-intensive industries get away from fossil fuels?

Lord Callanan (Con): We are—that is the answer to the noble Baroness's question. We have the Industrial Energy Transformation Fund, and we are working with many of these difficult-to-decarbonise industries, such as steel, which of course plays a vital role in many of our deprived communities. We want to help them transition to clean forms of production such as hydrogen, so we are. I add that, even if gas is supplied by Gazprom UK, it is not Russian gas. Gazprom buys gas on the wholesale gas markets here, as many other retail suppliers do. We are dependent only by about 3% to 4% on gas supplies from Russia.

Lord Cormack (Con): Can my noble friend assure the House that there will be no prodigal distribution of permissions for onshore wind farms?

Lord Callanan (Con): I am not sure exactly what my noble friend means by that; there are very tight planning constraints on onshore wind farms. I am sure he will want to await any future announcements on energy policy which may be coming in the near future. However, we opened the contracts for difference round to onshore wind bids in the last round.

Baroness Hayman (CB): My Lords, is it possible not to be profligate but sensible about onshore wind? At the moment we have a total moratorium on a source of domestic cheap power that has been imposed by the very strict planning restrictions. As the Minister is well aware—the House may not be—my Private Member's Bill, the Onshore Wind Bill, would put this situation right and put applications for onshore developments into the same regime of planning applications as other renewables.

Lord Callanan (Con): I was glad to debate the noble Baroness's Bill last week. We are not ruling out onshore wind—it can make an important contribution. There are local planning considerations that are important to bear in mind. Many people object to fracking because of the imposition on local communities, and in many respects the same objections and arguments should apply to onshore wind as well. We need to take the public with us on this and ensure that there is public support for these turbines.

Lord Sikka (Lab): My Lords, between 24 February and 3 March, 28 new companies and one new limited liability partnership were registered at Companies House for which the person with significant control claims to be a Russian national. What steps have the Government taken to ensure that these companies are not used for sanctions-busting, and will they take steps to put them into compulsory winding up?

Lord Callanan (Con): I am not sure what point the noble Lord is trying to make here. We are not pursuing a war on the Russian people; many Russian individuals are just as opposed to this war as we are. We have a constantly evolving round of sanctions—the Foreign Secretary announced another 65 sanctioning proposals this morning—and some 1,000 individuals and businesses have been sanctioned. However, we have to be careful to differentiate between Russian state entities, those linked to Putin, and perfectly legitimate Russian individuals.

Baroness Sheehan (LD): My Lords, the Government have said that Gazprom has been sanctioned and will no longer be able to issue debt or equity in the UK. Can the Minister say what that means? The British people want to be sure that no money from Gazprom is going to the Russian state to finance its vendetta against the Ukrainian people. Can the Minister categorically state that that is happening?

Lord Callanan (Con): As I said, it is difficult for me at this stage to comment on individual cases. However, we keep the whole sanctioning regime under constant review and new rounds of sanctions are constantly announced. It is difficult in this case because of the large numbers of essential businesses, schools, hospitals, et cetera that have contracts with Gazprom UK, but we will keep these matters under review.

Lord Oates (LD): Can the Minister tell the House how he squares his earlier answer that it is up to individuals, businesses and organisations to make decisions about whether they cancel their contracts with Gazprom with the instruction that his colleague the Health Secretary has given to NHS England that it must withdraw from contracts? With various organisations withdrawing from these contracts—local authorities, health authorities and businesses—is it not almost inevitable that Gazprom will collapse? Would it not make much more sense for the Government to get ahead of this and take Gazprom into special administration now?

Lord Callanan (Con): Ofgem has a number of processes in place to deal with supplier collapses and we stand ready to put those into effect if they are required. However, these are individual commercial decisions. Local authorities, for instance, are individual legal entities and they have to take their own commercial contractual decisions, but we will support them as much as we possibly can in that process.

Petroleum (Amendment) Bill [HL]

First Reading

11.49 am

A Bill to prohibit licensing to search and bore for petroleum and onshore hydraulic fracturing activities; to amend the principal objective for the Oil and Gas Authority to be to meet the carbon reduction target for 2050 under the Climate Change Act 2008; and to provide for the Oil and Gas Authority to produce strategies which include the phasing out of the extraction and use of petroleum and transitional planning towards renewable energies.

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

Russia (Sanctions) (EU Exit) (Amendment) (No. 4) Regulations 2022

Russia (Sanctions) (EU Exit) (Amendment) (No. 5) Regulations 2022

Russia (Sanctions) (EU Exit) (Amendment) (No. 6) Regulations 2022

Motions to Approve

11.50 am

Moved by ***Lord Sharpe of Epsom***

That the Regulations laid before the House on 1 and 8 March be approved.

Relevant documents: 32nd and 33rd Reports from the Secondary Legislation Scrutiny Committee. 29th Report from the Joint Committee on Statutory Instruments (special attention drawn to the third instrument). Considered in Grand Committee on 22 March.

Motions agreed.

Skills and Post-16 Education Bill [HL]

Commons Reasons and Amendments

11.50 am

Motion on Amendments 1 and 2

Moved by ***Baroness Barran***

That this House do agree with the Commons in their Amendments 1 and 2.

1: Clause1, page 2, line 21, leave out "subsection (6)" and insert "subsections (6) and (6A)"

2: Clause1, page 2, line 32, at end insert—

"(6A) Where a specified area covers any of the area of a relevant authority, the Secretary of State may approve and publish a local skills improvement plan for the specified area only if satisfied that in the development of the plan due consideration was given to the views of the relevant authority.

For this purpose "relevant authority" means—

(a) a mayoral combined authority within the meaning of Part 6 of the Local Democracy, Economic Development and Construction Act 2009 (see section 107A(8) of that Act), or

(b) the Greater London Authority."

The Parliamentary Under-Secretary of State, Department for Education (Baroness Barran) (Con): My Lords, with the leave of the House, I beg to move that this House do agree with the Commons in their Amendments 1 and 2 en bloc. I will speak also to Amendments 3 to 6, 15 and 16 and associated Motions.

I am delighted to be back in the Chamber to discuss the Skills and Post-16 Education Bill. It is the Government's belief—which I know is shared by your Lordships—that the skills sector has been forgotten for too long. This Bill represents a landmark moment for skills, bringing greater parity between further and higher education. Noble Lords will have seen the letter from my right honourable friend the Secretary of State for Education outlining the Lords amendments tabled, the key issues raised throughout the Bill's passage and our position on each. I ask noble Lords to consider their positions alongside the concessionary amendments and policy changes that the Government have already announced since the Bill was in this House. These include delaying the removal of funding for technical educational qualifications that overlap with T-levels by a year and putting the role of mayoral combined authorities in the development of LSIPs into the Bill.

Furthermore, we tabled a number of amendments on Report in the Lords in response to issues raised by your Lordships in this House, including the criminalisation of cheating services and the requirement for LSIPs to consider skills needed for jobs relating to climate change and other environmental targets. I am delighted also to announce that we have tabled a further concession relating to the number of encounters for years 8 to 13 students with a range of providers of technical education, which I will come to in the third grouping.

First, I address Commons Amendments 1 to 6 and the amendments from the noble Lord, Lord Watson: Amendments 3A, 4A and 4B. We have been clear that local skills improvement plans should be developed by designated employer representative bodies working closely with employers, relevant providers, mayoral combined authorities, the Greater London Authority, local authorities and other local stakeholders.

The Bill already places duties on relevant providers to co-operate with employer representative bodies to ensure that their valuable knowledge and experience directly inform the development of the plans. This includes independent training providers, which are referred to in Amendment 4B, that provide English-funded post-16 technical education or training. Let me reassure the noble Lord, Lord Watson, that the views of independent training providers will be taken into consideration in the development of the plan.

The Government also recognise the importance of mayoral combined authorities and the Greater London Authority and their work as commissioners and convenors in their areas with devolved adult education functions. That is why, in the Commons, the Government brought forward Amendments 1 and 2, which place a duty on the Secretary of State to approve and publish a local skills improvement plan only if satisfied that, during the development of the plan, due consideration has been given to the views of the mayoral combined authority or Greater London Authority where it covers the specified area.

Further details will be set out in statutory guidance, informed by ongoing engagement with key stakeholders and evidence from the trailblazer pilots. Guidance can be updated regularly to reflect evolving needs and priorities, as well as best practice. We will ensure that the views of key stakeholders including mayoral combined authorities, the Local Government Association and the Association of Colleges are considered in the development of the statutory guidance.

Furthermore, relevant providers and key local stakeholders are already playing an important role in the local skills improvement plan trailblazers running this spring, which are spurring new collaborative working. I therefore hope that the noble Lord, Lord Watson, will not insist on his amendments.

I now turn to Commons Amendment 15, Amendments 15A and 15B from the noble Lord, Lord Blunkett, and my noble friend Lord Baker's Amendment 16A. Many of your Lordships have spoken passionately about our reforms to post-16 qualifications, both now and when the Bill was last in this House. We listened carefully to these issues and have made some significant changes as a result.

At Second Reading in the other place, the Secretary of State announced that we are allowing an extra year before public funding is withdrawn from qualifications that overlap with T-levels, and before reformed qualifications are introduced that will sit alongside T-levels and A-levels.

Our reform programme is rightly ambitious, but we understand that it would be wrong to push too hard and risk compromising quality. The additional year strikes the crucial balance between giving providers, awarding organisations, students and other stakeholders enough time to prepare and moving ahead with our important reforms. That is why we cannot accept a three-year delay, as the amendments to this Motion propose.

These changes are part of our reforms to our technical education system that will be over a decade in the making from their inception, building on the

recommendations in the Sainsbury review, published in 2016, which itself built on the findings of the Wolf review of 2011.

T-levels are a critical step change in the quality of the technical offer. They have been co-designed with more than 250 leading employers and are based on the best international examples of technical education. We have already put in place significant investment and support to help providers and employers prepare for T-levels. By 2023, all T-levels will be available to thousands of young people across the country. The change to our reform timetable means that all schools and colleges will be able to teach T-levels for at least a year before overlapping qualifications have their funding removed.

Last November, the Secretary of State also announced the removal of the English and maths exit requirement from T-levels. This is about making the landscape fairer, so that talented students with more diverse strengths are not prevented from accessing and successfully completing a T-level. The change brings T-levels in line with other level 3 study programmes, such as A-levels, which do not have such a requirement.

In addition, Amendment 15B would also require consultation and consent from employer representative bodies before the withdrawal of funding approval from qualifications. As your Lordships will be aware, we have twice consulted on our intention to withdraw funding from qualifications that overlap with T-levels. T-levels were designed by employers to give young people the skills they need to progress into skilled employment or to go on to further study, including higher education.

Noon

The Institute for Apprenticeships and Technical Education will continue to involve employers actively when making decisions about qualification approval, including through its route panels. These panels hold national sector expertise and expert knowledge of occupational standards which have portability across employers. Institute approval will in itself be a mark of quality and currency with business and industry; it ensures both employers and employees have the knowledge, skills and behaviours they need. The requirement for a public consultation and consent from employer representative bodies would duplicate existing good practice and introduce an unnecessary burden.

I next turn to Commons Amendment 16 and Amendment 16A. Throughout the discourse around the Government's technical education reforms, there has been some misunderstanding about our intentions. I must make it clear that while A-levels and T-levels will be the best academic and technical options for most 16 to 19 year-olds, our reforms do not mean we are replacing all applied general qualifications, such as BTECs.

I can assure noble Lords that we recognise the need for other qualifications—ones that provide knowledge and skills in areas that are not covered by T-levels or not well-served by A-levels. We see a valuable role for such qualifications in the reformed landscape where there is a clear need for them and they meet new criteria for quality and necessity. Our reforms will ensure that every qualification is high quality and has a clear and distinct purpose. All learners should be able to attain the skills they need to succeed in higher education or progress into skilled employment.

We set out the types of qualifications we intend to fund, alongside A-levels and T-levels, in our response to the level 3 consultation in the summer. This includes large academic qualifications, such as BTECs or similar, as a full programme of study in areas that do not overlap with T-levels and are less well-served by A-levels—for example, performing arts or sports science. We have made it clear that students will be able to take BTECs and applied general qualifications alongside A-levels as part of a mixed programme—for example, taking applied general-style qualifications in subjects such as IT, engineering or health, alongside an A-level core. These qualifications will still need to meet the new criteria for quality and necessity.

We have listened to the views expressed in this House and have acted on them. The Secretary of State's policy announcements are significant changes that acknowledge and satisfy the aims of these amendments. To push these amendments would risk the whole reform programme and potentially let down a generation of learners. I therefore urge your Lordships to accept these Commons amendments. I beg to move.

Lord Watson of Invergowrie (Lab): My Lords, I thank the Minister for her introductory remarks. I begin by speaking to Amendments 3A and 4A in my name. We fully support the principle of employers playing a central role in driving the development of identified local skills needs. We also recognise the more specialised role of FE colleges in delivering higher-level technical skills, although that should take place within the context of a holistic and more objective overview of the whole education, skills and employment support system.

If local skills improvement plans are to be successful, they must draw on the expertise and knowledge of all important players. That must certainly include mayoral combined authorities where they exist, and local authorities where they do not, in shaping the development of LSIPs, reflecting their unique understanding of their communities and job markets. We believe they merit a formal role and that that role should be clearly set out in the Bill.

We also believe it is appropriate to acknowledge the role played by contributors to the skills delivery equation, which is often overlooked; namely, independent training providers. ITPs are distinct from other types of FE providers, in that they are not run or directly influenced by the public sector, yet they form an intrinsic part of the country's skills landscape. It appears that the breadth of provision that ITPs offer, and the impact they have, is not as understood as it could be among DfE officials and perhaps the public at large.

In Committee, I highlighted that there was no provision or requirement within the Bill for the Secretary of State or the designated employers' representative body to engage with mayoral combined authorities or local authorities, or indeed any other stakeholder, in relation to the development of LSIPs. The same argument was advanced by the Opposition in another place and,

[Lord Watson of Invergowrie]
credit where it is due, as the noble Baroness has outlined, the Government have listened. Commons Amendment 2 provides for such input, albeit it on a limited scale. It refers to "due consideration" being given to the views of the relevant authority. At least it is clear what, in the Government's eyes, the relevant authority means, although noble Lords could still be here at this time tomorrow were we to attempt to define what "due consideration" might mean.

The definition of relevant authority has been kept very narrow: just mayoral combined authorities, of which I think there are currently nine, and the Greater London Authority. Why are local authorities not included in places in the country where there is no mayoral authority? What is to happen there? I suspect the Minister will say that, for the past two years, the adult education budget has been devolved to mayoral authorities and the GLA, which of course is the case, but LSIPs are not just about the contribution of adult education funding to the skills agenda; it surely goes much wider than that.

Here we come up against a right-hand/left-hand dilemma as far as the Government are concerned. The nine mayoral combined authorities and the Greater London Authority are to be given arm's-length input to the development of LSIPs but other local authorities are to be given none at all, as things stand, and yet, in the levelling-up White Paper, launched last month amid great fanfare, the Government say:

"We want to usher in a devolution revolution … we will support local leaders to make a difference in their communities by … bringing local leaders into the heart of government decision-making with a new role for mayors and strong local leaders in the shaping of local growth strategy."

I think those of us on these Benches would be happy to sign up to that, but what is it to be for government? Are democratically elected local leaders being brought into the heart of government decision-making or are they being marginalised, with merely "due consideration" being given to their views? There is certainly a disconnect; the Government cannot have it both ways.

I would say that, as they have got it right in the levelling-up White Paper, it would be consistent—perhaps not an adjective often applied to this Government—to give the same importance to mayoral combined authorities and local authorities in the development of LSIPs. Reflecting the status and expertise of FE colleges and independent training providers would enhance such a role for the mayoral combined authorities and would benefit the local skills strategy of their area. This is all the more important as the levelling-up White Paper gives the green light for fully devolved budgets at county level in the near future.

Perhaps in passing, might the Minister clarify the situation with Cornwall? It is not a mayoral authority, but I understand it has devolved responsibilities for skills and adult education.

It will become increasingly important for LSIPs to involve local and regional government, as well as providers and other community representatives. These amendments give the opportunity to get ahead of the curve and, in that respect, I hope the Minister will understand that argument and accept it.

The way in which the amendments have been grouped means that I also have to speak to Amendment 15A in the name of my noble friend Lord Blunkett. I would have preferred to have spoken separately. Before I begin on that subject, I need to point out further evidence of a lack of consistency in the Government's position on technical skills and training.

In yesterday's Spring Statement, the Chancellor said that

"we lag behind international peers on adult technical skills."

He then gave some figures:

"a third lower than the OECD average, and UK employers spend just half the European average on training their employees."

Perhaps we should ask: who has been in government for the past 12 years? The Chancellor went on to say:

"We will consider whether the current tax system, including … the apprenticeship levy, is doing enough to incentivise businesses to invest in the right kinds of training."—[*Official Report*, Commons, 23/3/22; col. 341.]

In the skills Bill in another place, the Opposition pressed an amendment calling for a review of the apprenticeship levy, with particular regard to those at level 3 and below. The Government voted against that amendment, so there again it is a left-hand/right-hand dilemma. What are the Government doing?

I want to signify our support for Amendment 15A in the name of my noble friend Lord Blunkett. I have said on many occasions that I welcome the introduction of T-levels and genuinely want to see them establish parity of esteem with A-levels as a path into post-school education or employment. However, we do not accept that BTECs and other applied general qualifications need to be sacrificed to ensure the success of T-levels because we do not believe that they are mutually exclusive. Let it be understood that T-levels are as yet unproven. The first of them will reach completion only this summer. Until they are fully embedded and acceptable to students, parents—they are important in this regard—employers and universities, it is important that other options are available to young people for whom neither T-levels nor A-levels are appropriate.

In his letter to Peers last week, the Secretary of State claimed of this Bill that its measures will change people's lives across the country. He is right, although, in too many cases, it will not do so in a positive way; he seems unable to grasp that for some reason. Defunding most BTECs would seriously affect the future life chances of many young people. These qualifications are well established and are often a springboard for young people from disadvantaged backgrounds into well-paid, skilled employment or university. Studying a BTEC empowers a young person to shape their own pathway, whether it is going to university or pursuing a technical qualification. Restricting a young person's choice at 16 seems to make no sense. Withdrawing BTECs without an alternative pathway that still meets the needs of people, employers and the labour market is not responsible policy-making.

Last month, Ofqual launched a consultation on the reform of level 3 qualifications. Perhaps the Minister can tell noble Lords where that will fit with the proposals in the Bill. As engines of social mobility—and, indeed, of social justice—BTECs play a significant role in the skills agenda. I know that the Minister gets out and

about a lot. She must have heard the overwhelming opposition from FE colleges, universities, independent training providers and many employers to these proposals relating to BTECs. That is because BTECs are qualifications that are understood and respected by employers. They have a long-standing track record; they are respected by learners and understood by institutions. These are real strengths that should not be cast aside lightly.

Almost unbelievably, the DfE's own equalities impact assessment stated that scrapping BTECs would disproportionately impact those from SEND backgrounds, Asian ethnic groups and disadvantaged families. Yet the department decided to ignore that warning and press ahead regardless. This could mean years of progress in increasing the numbers of students entering higher education from the lowest-participation neighbourhoods being lost by the defunding of BTECs.

I have heard it said that those refusing to abandon BTECs in favour of T-levels are looking backwards rather than forwards. Well, BTECs date only to 1984. A-levels were introduced in 1951. Is advocating the continuation of A-levels backward-looking? Of course it is not. That is why we reject the false dichotomy between BTECs and T-levels. A block in the development of T-levels is the requirement of employers to provide 45 days of workplace training. In the current climate, that is difficult but, ultimately, that issue will be overcome. For now, the need is to defend, not defund, BTECs.

Lord Blunkett (Lab): My Lords, I have a historic declaration of interest; I refer to it today to ensure entire transparency.

I will speak to Amendment 15A and respond to the Minister. I have no doubt whatever of this Bill's significance and the importance of getting it right. I also have no doubt about the significance of the vote that I will ask the House to divide on today. I am not in any way opposed to the general thrust of the legislation, nor to the introduction of T-levels; I have made this clear over and again.

I have not had the opportunity to speak to the noble Baroness, Lady Wolf, who spends time in Downing Street, but I did have a productive and constructive meeting with Lord Sainsbury just a few weeks ago. The only thing that divides he and I—I refer to both because the noble Baroness did—is the belief that you have to have a scorched earth policy to make T-levels work. I do not believe that for a minute. I believe that T-levels will succeed on their own merits and in their own right, meeting a specific, focused, technical need—and a wider vocational need, in some cases—where employers and those involved in shaping these qualifications get it right for the future. Picking up on my noble friend Lord Watson's point, so much of what we have done in education over many years—I include my time in government—has involved catching up on the past and putting in place measures that reflect a bygone era. I do not want us to be in danger of doing that with T-levels—in other words, catching up on a German or Finnish model that is already changing—I want T-levels to succeed in their own right and on their own merits because they are relevant to and appropriate for the future.

12.15 pm

However, they are specifically focused on particular sectors and employers. Every employer I speak to, and everyone you hear on the television or the radio—the Government must hear this as well—tells us that we also need broad-ranging qualifications geared towards enabling young people to cope with rapid and fundamental change in the workplace. In other words, we need something that gives them the skills to be able to change and move not just within but between sectors; to take on the enormous challenge of technical and business change; and to take on the introduction of artificial intelligence and robotics, including in terms of what that will mean, in every possible workplace in the country.

My appeal today is for people not to focus on whether this is about T-levels. It is not. I am absolutely certain that T-levels will succeed. However, as my noble friend Lord Rooker said on Tuesday, sometimes it is beholden on Back-Benchers and the Opposition to save the Government from themselves—not an easy thing to do when they know that, when they make a mistake, it might come home to bite them very hard indeed, including in red wall seats. If levelling up means anything, it has to mean choice and diversity for young people in different circumstances at different stages of their maturity and education.

My noble friend Lord Watson referred to the fact that many 16 year-olds are not absolutely clear what they are going to do in life. If you are taking A-levels and are determined that you want to be a medic, you will take the right qualifications. At one time, the Russell Group had preferred A-levels; I have never come across anything so nonsensical. I have three A-levels. Two of them are economics and law, neither of which featured on the Russell Group's list. However, they are pretty fundamental to our economic development and well-being and professional lives. Let us not make the same mistake here with the vocational and technical thrust, which the Government are right to highlight. Yes, it is far too long since we gave vocational education the status and standing it needs, but doing away with part of what we have, which has been building quality, because we believe that it is the only way of introducing a new system is both short-sighted and extremely dangerous. We want quality in every possible area of our vocational and academic life but oranges are not the only fruit. That is why I humbly suggest that diversity of choice should be the mantra of a Conservative Government.

I want to make one final point. I do not know how much hands-on expertise there has been. I know about the consultation that the Minister referred to, in which 250 employers were asked about the development of their specific T-level qualifications. Of course, they were in favour of doing this—I am; why would I not be?—but they were not asked at the same time whether they favoured doing away with a more broad-brush qualification that allows 16 to 18 year-olds to find what they want to do and which career they want to follow. Take my eldest son, who took a BTEC national diploma because he was not sure what he wanted to do. By taking it, he got into Liverpool University and became—this is going back a bit—the first BTEC national diploma student to go there. He subsequently

[LORD BLUNKETT]
got a master's degree. He would never have succeeded if he had been pushed into a specific route at the wrong time in his life.

Take Agnes, whom I walked with, together with her father, last Sunday. She wants to do a BTEC in forensics and an A-level in criminology alongside it. She will know, because she is going this September, what is available to her, but unless we pass this amendment, there will not be certainty of timetables or of the cut-off in defunding for students from hereon in. A modest delay, which the Secretary of State has already acknowledged is necessary, coupled with further consultation with employers at the time of proposed defunding—a terrible expression, but that is what it is—surely cannot be wrong. It cannot be, as the noble Baroness has described it this afternoon, an unnecessary burden to say to employers who are currently using and familiar with and want to retain a particular qualification, "We won't talk to you again, because we have made our minds up." Actually, minds were made up a long time ago. Minds that are closed are minds which have not benefited from a good education. Minds that are closed capture us in a bygone era. Minds should say "Yes, let us take the T-level programme forward rigorously and with the extra funding that is being allocated. Let's get it right, but let's not take away qualifications available now and familiar to employers that enable tens of thousands of young people to be able to progress."

That is all that is being asked for this afternoon: a short, defined delay, a consultation before defunding, and then we will get it right. As someone who got my qualifications at night school and day release, and who took a postgraduate certificate in teaching in post-16, and had three older sons who got their qualifications through further education, I say to all those, including the Minister: consult with the advisers and with your civil servants, and ask how many of them have anything like that understanding or life experience, and then they can tell me that I am wrong.

Lord Baker of Dorking (Con): My Lords, I strongly support the amendment moved by the noble Lord, Lord Blunkett. It is right, and I echo completely his comments about T-levels. I am just as committed to T-levels as he is. They are an important and interesting innovation, and to show it, of the UTCs for which I am responsible, in the first year two have experimented with T-levels. They have been teaching them for the last 18 months and will know the results by August of this year. Last August, more UTCs implemented T-levels, so we are learning a great deal about them, though not enough.

The amendment tabled by the noble Lord, Lord Blunkett, would mean more time to consider whether they are living up to what we all hope that they will live up to. That is what it is all about. That is why, when we last debated this Bill, we asked that they should be delayed for four years. The Government listened—I recognise what the Minister and the Secretary of State said, which was, "No, we will delay defunding until 2024." They were going to start gentle defunding this year with a little bit more next year. I do not know whether that will be cancelled, but the main defunding will be in 2024.

This means that we will only have two years of T-level results to judge. We will have the results in August 2022 of how many students—only a few hundred have taken them—got a distinction, a credit, a pass or a failure. In August 2023, there will be a few more hundred. That is very small evidence of whether they are working. T-levels will only succeed if two lots of people want them to succeed. The first is the students, and whether they recognise that this is a way in which they can get to university, improve their technical knowledge successfully and get a good job after that. The second is whether industry is satisfied that the level of education is what they expect their young employees to have.

Our experience of T-levels is that we had 10 starting the digital T-level 18 months ago at the Dartford UTC. Three dropped out because it was too demanding for them and too academic. We have discovered that students who only get 5, 4, 3, 2 and 1 in GCSE will not be able to cope with T-levels, because 80% of a T-level is academic and only 20% is practical. The ones who can cope with T-levels will be those who in GSCE get 9, 8 and 7. Some who get 6 can cope; some cannot. Unquestionably, T-levels are trying to produce an officer class of highly skilled workers in technology.

However, you need more than an officer class. You need a large number of qualified technicians. It is rather like in the Army, where it is no good just having an officer class. You must have the level below them, the regimental sergeant-majors, the sergeant-majors, the lance-corporals and the corporals. These are the people who make the Army successful or not. BTECs have managed to train a lot of qualified technicians who do not particularly want to join the officer class, which is very interesting. You see this in levels 4 and 5—the two qualifications above level 3. Lots of people are now being encouraged to do these, people whom I would describe as "qualified technicians". To give an example, if you live in London and have a plumbing problem, you have to ring up Pimlico Plumbers. A plumber will come very quickly and charge £80 an hour, which is £640 for a whole day. If someone has a qualification of 4 or 5 and is earning £640 in a day, they are not going to spend two years going on to level 6, the foundation degree. They are the qualified technicians which BTECs provide extensively throughout industry.

Perhaps the Minister can explain one of the problems. BTECs will be disqualified if they overlap, but what does overlap mean? There is no definition of "overlap". It is very subjective. It is what you think may or may not overlap. To give an example, I have had a letter from an industrialist, whom I have never met, Benjamin Silverstone, a fellow at Warwick University and an expert in battery technology. He says:

> "My concern is that a kid says, 'I want to do my engineering T-level because in two years that job is going to be there', but that T-level doesn't fit them for it because there isn't anything in there about battery technologies, electrification or power electronics."

This is just one businessman, whom I have never met, but he is saying that T-levels look far too academic.

Therefore, I ask the Ministers seriously to compare the curriculum of T-levels with the curriculum of BTECs. We are doing that with digital at the Dartford UTC and finding out how they differ, and there are differences. We would say that in some areas they do

not overlap, but that is a very subjective argument, and the Government may just say, "They do overlap", so this is not a very satisfactory system. I hope that the Government will listen again on the amendment tabled by the noble Lord, Lord Blunkett, and think again on how he is adding that one year back, meaning that they could have another year to decide more clearly which BTECs should be defunded.

My Amendment 16A is altogether quite an interesting argument. In the draft Bill, the Government said that BTECs will survive as single subjects in the future, but no student will be allowed to take two BTECs. This is an entirely original and unique thing to say in the history of education since the great Act of 1870. At no stage have any Government or Minister said that a student cannot take two qualifications that are funded and available. This has never happened before in our history, so why is it being done now? The Government have never justified this, and it is extraordinary.

12.30 pm

Several students in schools and FE colleges will take two BTECs. Some 20% of black students go to university with two BTECs. The Government say, "Oh well, they can take T-levels", but many of those students will not be able to match T-levels if they have not attained level 4 in English and maths.

The Government have another proposal to which I strongly object: in future, students who do not get level 4 English and maths will not be allowed to apply to universities. That is an extraordinary proposal, which again is unique in the history of education in our country. No Government have ever said that before; no party has. It denies many youngsters a chance. It would exclude most dyslexic students, for a start, because they would have great difficulty in attaining level 4 in English and maths. This is a different issue for another day and another debate, but it is relevant to my amendment.

I am asking the Government to think again about this, because they have never justified why a student should be disallowed from taking two funded qualifications. It is very discriminatory and will affect the future life chances of many young children, so I would like to hear what other Members from different parts of the House think about my amendment.

Baroness Garden of Frognal (LD): My Lords, I strongly support Amendment 15A in the name of the noble Lord, Lord Blunkett, who is a tireless champion for education, including technical education. He has personal credentials in that field. It is also a great privilege to follow the noble Lord, Lord Baker. These Benches entirely agree with his amendment, too.

I had submitted an amendment, which covered the same ground as that from the noble Lord, Lord Blunkett, but I withdrew it to ensure we combined strength on this one to try to convince the Government of the extreme damage they are doing to young people's prospects by their blinkered approach to T-levels. They have, after all, only just been invented. They have no track record and we have no way of knowing if they will really work. Okay, they have been developed by employers, but so has every work-based qualification in existence. BTECs were developed by employers, too; it is nothing new. Of course, employers are experts on employment, but qualifications need input from teachers at colleges and assessors at awarding bodies if they are to make sense.

Why do the Government not have a corporate memory? I was working for City & Guilds back when national vocational qualifications were introduced. Does anybody still remember NVQs? They were going to be the answer to the academic/vocational divide. They were going to break things down and ensure parity of esteem. Wow—they were great. There were six levels of attainment and employers were in the driving seat.

That was fine, but the retail sector decided that it did not need any outside help. All assessments were to be for real; there was to be no simulation. But two essential competences were dealing with fire and dealing with angry customers. The sector proudly printed umpteen boxes of the exciting new qualifications, until it was pointed out that, for anybody to pass them, many retail outlets would need to be burned down and many contented customers would need to have their feet stamped on to be angry enough to meet the requirements. Sadly, the boxes were pulped, as the sector acknowledged that teachers and assessors simulating assessments could be okay for some competences.

I was concerned to see this Government refusing to learn from the past and trying to develop T-levels without the expertise of teachers or assessors. Luckily, they have now been allowed in, but why is there only one awarding body per qualification? If choice and competition are good for GCSE and A-levels, why not for T-levels? It makes no sense to discontinue qualifications that are understood and respected by candidates, by parents—who are a particularly hard nut to crack—by employers and by further and higher education. They have been instrumental in ensuring that less academic, or in some cases more academic, students had choices in pursuing practical studies with enough academic content to satisfy universities' entrance requirements, and which were capable of being studied alongside A-levels.

The Minister says that they will be withdrawn only if they overlap with T-levels but, as the noble Lord, Lord Baker, said, they are very different animals. An engineering BTEC and an engineering T-level may suit quite different students. The noble Lord, Lord Baker, previously mentioned that, in the trial of his university technical colleges to which he has alluded today, only the brighter students took to T-levels, but there are many other students with different skill sets for whom the BTEC has been an ideal mix of knowledge and skills that has fitted them up for successful employment. Why on earth would the Government stop that?

In five years, we may know for sure whether T-levels are really the bee's knees but, while they are still in their infancy, it would be folly in the extreme to put all the eggs in the T-level basket and possibly ruin young people's chances of meaningful study or employment. I appeal to the Government to do nothing hasty and to keep BTECs funded as far into the future as possible. If not, they risk doing irreparable harm to young people's prospects of meaningful employment and to addressing the country's skills shortages.

Baroness Wolf of Dulwich (Non-Afl): My Lords, I declare an interest because, as the noble Lord, Lord Blunkett, pointed out, I am currently working as a skills adviser at No. 10. I was therefore quite involved in the skills White Paper, which led to much of the legislation today.

I very much appreciate the interest the House has taken in this Bill. Like the noble Lord, Lord Baker, and many other noble Lords, I have been bashing away at skills and vocational education for many years. It is wonderful to see that it is now a subject of such importance to so many of you.

I will say something about the local skills improvement plans and Motions 4, 4A and 4B. There is a danger that we are losing sight of what these were meant to be, can and should do, and what the White Paper set out to do. They were meant to be a simple way to create a stable mechanism to make sure that local employers' voices and insights would be brought together and made available to providers. Colleges do not have to follow these plans in detail; they just have to take note of them. I am concerned that, with the best of motives, we are in danger of creating a vast, complex and bureaucratic process that will not do what it was meant to do, which was to take employers into account but also to reverse the 20-year trend of colleges and providers generally spending all their time worrying about ticking boxes for Whitehall and whether they have met regulations and requirements, but far too little time looking out to their local communities.

I put it on record that I am also bemused by why six pages of dense text are needed to put this simple idea into legislation. I am genuinely concerned that, in trying to enforce something that says, "You must take account of schools, and of this and that", instead of creating a simple mechanism for employers to be part of the thinking about what is provided in a locality, we will create a new series of tick boxes.

I raise a question particularly on independent training providers, because I simply do not see how this will work. Independent training providers range from huge national providers, which are dominant in apprenticeship sectors, to tiny commercial companies of literally two people in a room above a chip shop. I tried to get my head around how you would take their views into account, when many of them are commercial concerns in determined competition with each other. I really wonder whether this will achieve what people want it to.

As I said, I take this opportunity to say, first, how very much I think the Bill and the support expressed for its purposes show how this country has moved on and really understood the importance of this, but also that local skills improvement plans are meant to be simple. They are meant to be not tick-box or expensive bureaucratic exercises but a way to ensure that employers are part of a process. They are something of which to take account, not an attempt to introduce central planning into what colleges decide to put on.

Baroness Blackstone (Ind Lab): My Lords, it is a pleasure to follow the noble Baroness, Lady Wolf, who has fought so hard for the skills agenda. I associate myself with much of that fight and I very much welcome a great deal of what is in the Bill. However, I will say a few words in favour of Amendments 15A and 15B. All the key points on these amendments have already been made very eloquently by my noble friends Lord Blunkett and Lord Watson, and the noble Lord, Lord Baker. I strongly support the arguments they put forward and I will underline three points.

First, it is true that too many qualifications can be confusing. I have no doubt about that, so I understand what the Government are trying to do here. Nevertheless, I think they have got it wrong. There is no confusion about BTECs. They have been going for nearly 40 years. They are long established and well tried and tested. They play a really important role in the range of qualifications at level 3. It is particularly important that they combine the development of skills with academic learning. They are the only qualification focused entirely on that.

For all the positive aspects of T-levels, they do not do this. They are mainly designed to help those enrolled on them to become successful in specific occupations. Again, I do not want in any way to criticise their introduction—that is an important role—but BTECs allow those who are successful in completing them to go into higher education and in particular to take applied vocational degrees, of which there are many, or into the workplace, or, in some cases, into both, because there are quite a lot of part-time students at BTEC level. Therefore, they should not be ditched to try to bolster T-levels. It is not necessary to do that. I know the Minister has indicated that there are certain niche areas where they will survive, but they should survive as a whole. Moreover, as the noble Lord, Lord Baker, said, we need some time to see how T-levels bed down, who they are successful for, who is attracted to them and whether they are really working for employers.

That is my first point. My second is that the Government seem to have ignored the results and outcomes of their own consultations. Some 86% of respondents to its level 3 consultation disagreed with the proposal to remove funding from qualifications deemed to overlap with A-levels and T-levels. As has been said by the noble Lord, Lord Baker, there is a big issue about what is meant by "overlapping". The fact their content might be the same does not mean that the approach to teaching and learning is the same. In fact, they are profoundly different. Neither of the two reviews the Government have cited, one undertaken by the noble Baroness, Lady Wolf, favoured the Government's approach. In her review, the noble Baroness recognised the value of BTECs, and the Sainsbury review did not cover BTECs at all because they were not part of its remit.

My third point is that abandoning BTECs is likely to severely damage social mobility. It will block a route to university or skilled employment for large numbers of disadvantaged young people. This is reinforced by the evidence of the Social Market Foundation that 44% of white working-class students who entered universities studied at least one BTEC. I am familiar with this from my past role as a vice-chancellor. Many of these students do extraordinarily well when they get to university, often better than those who come in with rather poor A-level qualifications. As I think the

noble Lord, Lord Baker, mentioned, 37% of black students went to university with only BTEC qualifications. Surely we should not block the route of these young ethnic-minority students into our higher education system by taking away a qualification deemed valuable for them.

12.45 pm

The fact is that disadvantaged students are overrepresented on BTEC courses. Many of them were eligible for free school meals while at school. The Government's proposals, as others have said, are very unlikely to help the levelling-up programme. I do not know how much consultation there has been between the Minister's department and that of the levelling-up department under its Secretary of State, Michael Gove. Let us keep this popular qualification at least for the next few years and remove it only when students wanting what it and it alone can provide are happy for it to go. There should be further consultation at a later period that is listened to and not ignored. If the Government accept this, they will earn the gratitude of independent providers, FE colleges, sixth-form colleges and universities—let us not forget them. They will also gain the gratitude of many employers, parents and, most important of all, students themselves.

Lord Willetts (Con): My Lords, I very much agree with the important points noble Lords, especially the noble Lord, Lord Blunkett, and my noble friend Lord Baker, have made. I particularly agreed with my noble friend's point about this concept of overlapping with T-levels. BTECs and T-levels are rather different. I do not understand exactly what "overlapping" means any more than he does.

It is really important, if we recognise that BTECs have a distinct identity, that many of them continue to be funded. If the Minister can give any further guidance about which BTECs might be defunded and on what basis that would be of enormous value. The two examples she gave of areas where BTECs might be kept, such as performing arts, did not inspire enormous confidence. The more she can share with the House about what exactly this will mean for BTECs will help us in this debate. It will also be incredibly important for FE colleges and other providers.

I will make one final point about the rollout of T-levels. As has been said, many of us support T-levels and we want to see them happen. However, I do not believe that the rollout of T-levels in practice can possibly be delivered in the timescale envisaged. I very much welcomed the Secretary of State's announcement of a delay of one year. If I might make an analogy, it reminds me a bit of the story of Crossrail. This is admittedly a rather London-centric example, but rather like Crossrail we will find that there will be further announcements of further delays, but unlike with Crossrail the Government also have a bold plan to close the Central line. The announcement of a strict timetable for closing the Central line, because the Government are so confident that Crossrail will be delivered on time, would be very high risk.

Regardless of the exact outcome of the vote today or further possible exchanges with the other place, I think that the timescale set out by the noble Lord, Lord Blunkett, is itself quite optimistic. I will not be at all surprised if, regardless of what appears in legislation, eventually the appearance of T-levels and the disappearance of BTECs takes considerably longer than currently envisaged.

Lord Shipley (LD): My Lords, I agree with what the noble Lord, Lord Willetts, has just said about the timescales. I had the privilege of chairing your Lordships' Select Committee on Youth Unemployment, which reported in November. I am grateful to the noble Baroness, Lady Wolf, for giving us her time and the benefit of her expertise to advise the committee, which was much appreciated.

We reported in November and have just had the reply from Her Majesty's Government. What we concluded from the evidence given to us was substantial. I shall read to the House our recommendation 40 on this issue:

"The Government must reconsider its decision to defund tried and tested level 3 qualifications like BTECs, Extended Diplomas and AGQs"—

that is, applied general qualifications.

"We support the amendment to the Skills and Post-16 Education Bill requiring a four-year moratorium on defunding these qualifications and urge the Government to reconsider this policy in its entirety."

That was the unanimous conclusion of the committee.

The Government's reply came to us a few days ago, and the word "overlap" appears in it again. They say they will

"remove funding from qualifications that overlap with T Levels … at a pace that allows growth of T Levels and time for providers, awarding organisations, employers, students, and parents to prepare."

They conclude that one year is enough. I conclude that it requires four years and, as the noble Lord, Lord Willetts, has just said, it may be more than that. In introducing these amendments, the Minister talked about two consultations that have taken place on the issue but, as I recall, she did not say, as the noble Baroness, Lady Blackstone, has reminded us, that 86% of respondents thought the Government's timetable was too complicated.

I will just give the House some statistics that the committee received. We said in our report:

"230,000 students received level 3 BTEC results in August 2021. They are a common route into HE and are particularly taken up by students from disadvantaged backgrounds or those with special educational needs and disabilities … Almost half of black British students accepted into university have at least one BTEC."

The evidence is conclusive, and the contributions today from around your Lordships' House have demonstrated that the Government need to think again on this issue. For that reason, in supporting Amendment 15A and indeed Amendment 16A in the name of the noble Lord, Lord Baker, I will say on behalf of these Benches that if the noble Lord, Lord Blunkett, decides to press this matter to a Division, we shall support him.

Lord Johnson of Marylebone (Con): My Lords, I draw attention to my interests in the register as chair of Access Creative College, an independent training provider of further education for the creative industries. Access welcomes many of the measures in the Bill, as

[Lord Johnson of Marylebone]
do I. However, I have real concerns that we are inadvertently blighting the applied general qualifications, including BTECs, that it provides.

I listened carefully to the Minister's remarks responding to Amendment 15A, tabled by the noble Lord, Lord Blunkett. I may have misheard but I thought I heard her say that A-levels and T-levels were the best routes for learners. I really worry that that kind of language, which creates a hierarchy between qualifications, will lead us to diminish the applied general qualifications and the place they have in our system. I worry that we are denigrating them, which will make it harder for providers confidently to offer them and for learners to undertake them, not knowing whether they will hold their value over time in the eyes of employers and the Government. We need to be careful to ensure that when we talk of parity of esteem we include applied general qualifications in that, so that it is parity of esteem not just between A-levels and T-levels but between A-levels, T-levels and applied general qualifications, including reformed BTECs if they are to be further reformed.

It is really important that the Government try to set out a long-term vision for applied general qualifications. We have to recognise that we have moved quite a long way from the previous government position of there being nothing in between A-levels and T-levels. The Government are now acknowledging that there are going to be a large number of qualifications of the applied general variety, but we need to ensure stability and certainty over their funding and their place in the system, otherwise providers are simply not going to get going and offer them, and learners are not going to be confident about taking them.

In that respect, it would be extremely helpful, for example, if the Government set out when they intend to end the moratorium that has been in place since September 2020 on the creation of new applied general qualifications. To my mind, it does not make any sense to have a moratorium if the Government, in their new policy position, now see value in qualifications in this space between T-levels and A-levels. What purpose does a moratorium serve? To my mind, it crimps and constrains innovation. It prevents providers adapting to the needs of employers and learners and stops them innovating. That is a real issue, and the Government would do well to set out a timeline for ending this moratorium.

I am all for T-levels, and Access Creative College, which I mentioned, is embracing such T-levels as exist that are relevant to its areas of expertise, including the digital T-level—but let us not develop them at the expense of BTECs and other applied qualifications, which meet the needs of their learners extremely well. Let us not create a burning platform for T-levels that does great damage to their needs.

Lord Adonis (Lab): My Lords, as the Minister who gave the authorisation to Crossrail, I can say that it was never the intention that the Central line would close; there would be pandemonium in London if it did. The whole purpose of Crossrail was to supplement and improve the Central line, not to replace it, and indeed it goes out further west and east.

That goes to the heart of what the noble Lord, Lord Johnson, has just said, and indeed there seems to be a consensus in the debate that we want a range of qualifications that meet employers' and students' needs and do so because they have a strong currency. That strong currency should of course be decided by the students and employers, not imposed by the Government—at least not until the point where it is so clear that the currency is there that it becomes a kind of tidying-up exercise rather than the straightforward force majeure abolition exercise that it looks like at the moment.

I was struck by the fact that when the noble Baroness, Lady Wolf—whom we hold in extremely high regard—spoke about the local skills plans, she did not speak at all about T-levels and did not reply to my noble friend Lord Blunkett. There was a deafening silence on that issue, and I am not sure whether silence was supposed to mean consent; I suspect it might have. I am sure the House will listen with close attention, since she is the Government's adviser, if she wants to intervene again to say whether she disagrees.

The point being made here is that there may be a longer-term case for these qualifications continuing together, just as there is a long-term case for Crossrail and the Central line continuing together. At the very least we should not abolish the right of students to have access to BTECs until we can be reasonably confident that the replacement qualifications have a strong currency, not a weak one. I am surprised that it should be us on this side having to say this, because it is an enormously Conservative argument: you do not abolish what is there at the moment until you are clear that what is going to replace it is stronger.

This point was brought out particularly strongly in the remarks of the noble Lord, Lord Shipley, who has chaired a Select Committee looking at some of the underlying issues that these qualifications seek to address. He gave the figure to the House that last year 230,000 students finished BTECs. In preparing for this debate, I read the *T Level Action Plan* of September 2021, which says that as of last year 5,450 students started on 10 T-levels. Let us recap those figures: 230,000 students finished BTECs last year, while in the rollout of T-levels at the moment 5,450 students have started. The noble Lord, Lord Willetts, said that the plans at the moment for opening T-levels are highly ambitious. Extrapolating from that model for the Central line and Crossrail, we would be opening Crossrail in about the middle of this century—not next year with a one-year delay.

My noble friend Lord Blunkett's amendment seems extremely reasonable. He is calling for a two-year delay and a review at the end of that to see whether the currency is strong enough. That would seem a very sensible step. Not only is it moderate in its own terms, given the timescales; it could be vital for the life chances of hundreds of thousands of students for whom BTECs are, at the moment, their currency into employment. We should not take that currency away until we are clear that there is an alternative at least as good.

1 pm

Lord Storey (LD): My Lords, coming from up north I do not really understand about the Central line and Crossrail. What I do remember was the Liverpool overhead railway, commonly known as the dockers' umbrella. It was scrapped before the new transport system had proved its worth and chaos resulted.

I preface my remarks by thanking the Minister. I do not think I have come across a Minister so prepared to listen and engage—I am sucking up here—and to consider changes. That is the way it should work in the House of Lords and I pay tribute to her. I also want to pay tribute to the Government because we have talked about the importance of further education and vocational education for a long time but, frankly, successive Governments have done nothing about it. They have done little bits at the edges and margins but not actually done real, radical change. We now see something which is going to be really important to not only the skills agenda but young people particularly.

My comments from our Benches are not being made from a stance of party dogma. They are being made from a stance that it is important to get this right, as the noble Lords, Lord Baker, Lord Blunkett and Lord Adonis, have said. We want the Government to be successful. We want them to be able to triumph in this legislation, so the areas we are finally down to are just small changes which would make sure this really happens. I want to talk about two important areas, in the order that we have discussed them.

First, on the local skills improvement plans, yes, it is now important to have a plan in each locality and for all the partners to be joined up to it. Those plans will vary from area to area—of course they will. I have never quite understood why we should exclude the further education providers or local combined authorities, or whatever they are. They have not only budgets; they have influence and expertise. I take the point that the noble Baroness, Lady Wolf, made about us not wanting it to be bureaucratic but we want to make it successful so, as I have just said, it is important that those stakeholders are there.

Colleges bring a wealth of experience. You cannot expect them to provide the courses and skills needed unless they are truly involved. This notion of the combined authorities just ensuring that the plan is not signed off until they raise the white smoke is not good enough. They should be working alongside by influencing, empowering and suggesting, not as some huge bureaucratic body but through some simple opportunity to work side by side. Actually, the employers need to be in a position to tell the colleges where they have got it wrong and how they can improve by doing things to step up to the game. We feel strongly about that and if it goes to a vote, we will support it.

We have heard the talk about the BTECs. Again, I do not really understand it. It was interesting to see what Pearson said, which was that the introduction of T-levels need not lead to a requirement to defund other qualifications. Why? Because there is a clear distinction between T-levels and career focused BTECs, which have different structures and different purposes.

It seems to us that we have long advocated this, as far back as the Sainsbury reform of vocational qualifications; again, it is a bit like the local skills plan. It is important to get it right and we are not convinced that you can rush at this. The two qualifications have to work alongside each other. This is not an area I have any expertise in but listening again to the noble Lord, Lord Baker, who has expertise in this matter, the Government would be wise to take on board his suggestions. We are saying that we clearly want to see BTECs not being defunded for at least four years, and we want to support the very important amendment of the noble Lord, Lord Blunkett.

Baroness Barran (Con): I thank all noble Lords for the contributions they have made to this important debate and particularly the noble Lord, Lord Storey, for acknowledging the importance of the Government's work in this area. I also thank my noble friend Lady Wolf for her descriptions of how local skills improvement plans should work in practice. I attempted to write something down but she put it very well.

We are trying to balance having a clear focus on the needs of employers, for all the reasons that your Lordships are well aware of—given the feedback we have from employers that students do not come to them with all the skills and experience that they need—with drawing on the valuable local insight and intelligence to which the noble Lord, Lord Storey, and others of your Lordships referred. We are trying to strike a balance between those two things.

In relation to the role of local authorities in this, particularly those which have a devolved adult education budget, the Secretary of State will have the ability through regulations to add local authorities in England to those relevant providers already subject to the duties in the legislation. These regulations will be subject to annulment in pursuance of a resolution in Parliament.

Those independent training providers that deliver English post-16 education or training will also have duties on them where that training is material to a specified area. There is already a duty on them to co-operate and engage in the development of the local skills improvement plans.

Turning to the vexed issue of defunding BTECs, I am concerned about my communication skills. I am not sure how many times I have stood at the Dispatch Box—I know colleagues at the other end have done the same—trying to reassure the House that we are not defunding most BTECs, as the noble Lord, Lordusb Watson, said, deploying a scorched earth policy, which the noble Lord, Lord Blunkett, suggested, or leaving them as a niche qualification, as the noble Baroness, Lady Blackstone, suggested. We see them as an absolutely core part of the offer in giving young people choice, diversity and quality, as the noble Lord, Lord Blunkett, described. We agree absolutely and think that the suite of qualifications we will have in future will do those three things.

To my noble friend Lord Johnson's point about blighting and—these were not my noble friend's words—besmirching the quality of BTECs, it is absolutely the reverse. Once we get through this and we are clear which BTECs are remaining, they will have absolute endorsement from the Government that they meet the

[Baroness Barran]
standards of quality and future employability which are so critical for our young people, particularly those from the most disadvantaged backgrounds. All will be on a level playing field and have that endorsement.

Lord Watson of Invergowrie (Lab): On that last point, once we get through this, as the Minister says, we can make judgments, but as things stand we are talking about 2024. As the noble Lord, Lord Baker, and others have said, by 2024 we will not have a clear view of how well T-levels have proceeded, so that is not the time to make the judgment. It surely has to be further down the line.

Baroness Barran (Con): If I may, I will respond to that very valid point about the scale-up of T-levels when I come to it in just a second.

I am tempted to expand on the Crossrail/Central line analogy, but I think time does not permit.

On timing, and my noble friend Lord Willett's question about giving a greater sense of which technical qualifications will be recommended for defunding, I am not in a position to be able to say that today. We intend to publish a provisional list of overlaps with waves 1 and 2 of T-levels shortly. We want to provide as much notice as possible about the qualifications that will have public funding approval withdrawn from 2024.

On the definition of "overlap", which a number of noble Lords raised—

Baroness Blackstone (Ind Lab): I am sorry to interrupt the Minister, but I wonder whether she can give some indication of the proportion of BTEC qualifications that the Government are intent on keeping and the proportion that are likely to be dropped because of the so-called overlap. How many of the 250,000 students currently taking BTECs will be able to continue to do so?

Baroness Barran (Con): I am afraid that I am not in a position to be able to confirm that today, but I can confirm that "scorched earth", "niche" and "most" are not a reflection of where we are on this policy.

On the definition of "overlap", in our policy statement in July last year we published the three tests that would be used to determine overlap: first, is the qualification in question a technical qualification; secondly, are the outcomes that must be obtained by a person taking that qualification similar to those set out in a standard covered by a T-level; and, thirdly, does the qualification aim to support entry to the same occupation as the T-level?

Turning to the number of people and the scale-up of T-levels, the noble Lord, Lord Adonis, suggested that 230,000 students start a BTEC each year. In fact, as the noble Baroness, Lady Blackstone, clarified just now, there are 230,000 students taking BTECs or similar qualifications at any one time, rather than as initial starters.

My noble friend Lord Baker suggested that the number of people starting T-levels is in the hundreds. Around 5,450 students started their T-level last September, at just over 100 providers across the country. That was up from 1,300 students, who were the pioneers and are now in their second year. We now have more than 400 providers, all over the country, signed up to deliver T-levels. All the current T-levels will be available by 2023, and of course those providers include FE colleges and UTCs, which deliver significant numbers of those qualifications.

1.15 pm

More broadly on the very wise challenge from the noble Lord, Lord Blunkett, about our level of confidence in scaling up T-levels to our target of 100,000 a year, we are, as your Lordships know, investing very heavily to make sure that this is a success. Where in the early stages we focused very much on quality, which I am sure noble Lords would endorse, we are now looking to scale up, and have invested more than £165 million in capacity-building funding to ensure that providers can work with employers to deliver the industry placements that are so important for this. We have made £268 million of capital funding available for the first wave of T-levels, and the recent spending review settlement included £2.8 billion of capital across the SR period, which will include specific capital funds to support T-level providers. The SR settlement will deliver an extra £1.6 billion a year for 16 to 19 year-olds' education by the end of the SR period, including more hours of teaching for T-levels.

The noble Lord, Lord Blunkett, and my noble friend Lord Baker challenged that T-levels are too difficult and potentially inaccessible for students with GCSEs at grade 5 and below. I hope your Lordships will remember that we have introduced the T-level transition programme which is designed to support young people who are not ready to start a T-level at 16 but could progress to one following a tailored preparation programme.

My noble friend also referred to the consultation in relation to GCSE requirements in English and maths for access to higher education. I remind him that it is a consultation, not a decision.

The noble Baroness, Lady Blackstone, and the noble Lord, Lord Adonis, referred to the 86% figure in response to our consultation. That question related to the process rather than the policy of withdrawing public funding approval for qualifications that overlap with T-levels. Most consultation respondents supported our plans for academic qualifications: 73% agreed with our proposals for types of smaller qualifications that should be funded alongside A-levels and 71% agreed with our proposals for the types of larger qualifications that should be funded as alternative programmes of study to A-levels.

We also touched on students and access to higher education. This Government are absolutely committed to making sure that students from more disadvantaged backgrounds are able to access higher education, and we are very proud of our record in that regard. The data shows us that students of BTECs are around three times more likely to drop out of higher education than those entering with A-levels, even after controlling for age, ethnicity, level of disadvantage, and level and subject of study; hence we loop back to the importance of choice, diversity and quality, to which the noble Lord, Lord Blunkett, referred. As the noble Baroness,

Lady Garden, put it, they are different animals. That is absolutely fine. We want a choice of animals, whether they are travelling on Crossrail or the Central line.

My noble friend Lord Baker's amendment is concerned about the restriction of choice. We are looking at this absolutely through the prism of quality and we will be publishing more detailed information, advice and guidance on the range of study programmes that students can choose as our reforms take effect.

Finally, the noble Lord, Lord Watson, asked how the Ofqual consultation fits in with this plan. The consultation sets out Ofqual's proposed approach to regulating alternative academic qualifications and alternative technical qualifications operating in conjunction with the institute and the department. These qualifications will be part of the future level 3 landscape as part of our review alongside A-levels, T-levels and apprenticeships.

If I may, I will write to my noble friend on the moratorium issue. With that, I urge noble Lords to accept the Commons amendments and not to press their amendments to a vote. I beg to move.

Motion on Amendments 1 and 2 agreed.

Motion on Amendment 3

Moved by ***Baroness Barran***

That this House do agree with the Commons in their Amendment 3.

3: Clause1, page 2, line 35, leave out from "body" to "for" in line 37

Amendment to the Motion on Amendment 3

Moved by ***Lord Watson of Invergowrie***

Leave out "agree" and insert "disagree"

Lord Watson of Invergowrie (Lab): My Lords, I beg leave to test the opinion of the House.

1.22 pm

Division on Amendment to the Motion on Amendment 3

Contents 133; Not-Contents 138.

Amendment to the Motion on Amendment 3 disagreed.

Division No. 1

CONTENTS

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Adonis, L.
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Anderson of Swansea, L.
Andrews, B.
Bach, L.
Baker of Dorking, L.
Bakewell of Hardington Mandeville, B.
Barker, B.
Bassam of Brighton, L.
Benjamin, B.
Bennett of Manor Castle, B.
Berkeley, L.
Billingham, B.
Blackstone, B.
Blake of Leeds, B.
Blower, B.
Blunkett, L.
Bradley, L.
Brinton, B.
Brooke of Alverthorpe, L.
Browne of Ladyton, L.
Bruce of Bennachie, L.
Burt of Solihull, B.
Campbell of Pittenweem, L.
Campbell-Savours, L.
Cashman, L.
Chakrabarti, B.
Clancarty, E.
Clement-Jones, L.
Collins of Highbury, L.
Corston, B.
Coussins, B.
Davies of Brixton, L.
Dholakia, L.
Doocey, B.
Drake, B.
Dubs, L.
Elder, L.
Faulkner of Worcester, L.
Featherstone, B.
Garden of Frognal, B.
Goddard of Stockport, L.
Golding, B.
Grender, B.
Griffiths of Burry Port, L.
Grocott, L.
Hain, L.
Hamwee, B.
Harris of Haringey, L.
Harris of Richmond, B.
Haskel, L.
Hayman of Ullock, B.
Hayter of Kentish Town, B.
Healy of Primrose Hill, B.
Hendy, L.
Howarth of Newport, L.
Humphreys, B.
Hunt of Kings Heath, L.
Hussain, L.
Hussein-Ece, B.
Jay of Paddington, B.
Jolly, B.
Jones of Cheltenham, L.
Jones of Moulsecoomb, B.
Kennedy of Cradley, B.
Kennedy of Southwark, L.
Kerslake, L.
Khan of Burnley, L.
Kilclooney, L.
Kramer, B.
Lawrence of Clarendon, B.
Layard, L.
Lea of Crondall, L.
Liddle, L.
Lipsey, L.
Marks of Henley-on-Thames, L.
Masham of Ilton, B.
Maxton, L.
McAvoy, L.
McIntosh of Hudnall, B.
McNicol of West Kilbride, L.
Merron, B.
Monks, L.
Newby, L.
Northover, B.
Oates, L.
Osamor, B.
Paddick, L.
Palmer of Childs Hill, L.
Parminter, B.
Pendry, L.
Pitkeathley, B.
Primarolo, B.
Purvis of Tweed, L.
Ravensdale, L.
Razzall, L.
Redesdale, L.
Reid of Cardowan, L.
Roberts of Llandudno, L.
Rosser, L.
Royall of Blaisdon, B.
Russell of Liverpool, L.
Scott of Needham Market, B.
Scriven, L.
Sharkey, L.
Sheehan, B.
Shipley, L.
Sikka, L.
Singh of Wimbledon, L.
Smith of Newnham, B.
Snape, L.
Stansgate, V.
Storey, L.
Strasburger, L.
Stunell, L.
Thomas of Gresford, L.
Thomas of Winchester, B.
Thornton, B.
Tope, L.
Triesman, L.
Tunnicliffe, L.
Turnberg, L.
Tyler of Enfield, B.
Uddin, B.
Walmsley, B.
Watson of Invergowrie, L.
Wheeler, B.
Whitaker, B.
Whitty, L.
Wilcox of Newport, B.
Winston, L.
Young of Old Scone, B.

NOT CONTENTS

Ahmad of Wimbledon, L.
Altmann, B.
Anelay of St Johns, B.
Arbuthnot of Edrom, L.
Ashton of Hyde, L.
Astor of Hever, L.
Attlee, E.
Balfe, L.
Barran, B.
Benyon, L.
Bethell, L.
Blackwood of North Oxford, B.
Blencathra, L.
Bloomfield of Hinton Waldrist, B.
Bourne of Aberystwyth, L.
Brady, B.
Bridges of Headley, L.
Brougham and Vaux, L.
Brownlow of Shurlock Row, L.
Caine, L.
Callanan, L.
Carrington of Fulham, L.
Chisholm of Owlpen, B.
Cormack, L.
Courtown, E.
Craigavon, V.
Crathorne, L.
Crisp, L.
Cruddas, L.
Davies of Gower, L.
De Mauley, L.
Dodds of Duncairn, L.
Duncan of Springbank, L.
Dundee, E.
Dunlop, L.
Eaton, B.
Eccles of Moulton, B.
Empey, L.
Evans of Bowes Park, B.
Fall, B.
Farmer, L.
Faulks, L.
Finn, B.
Fleet, B.
Fookes, B.

Forsyth of Drumlean, L.
Framlingham, L.
Goodlad, L.
Greenhalgh, L.
Griffiths of Fforestfach, L.
Hamilton of Epsom, L.
Hannan of Kingsclere, L.
Harlech, L.
Harrington of Watford, L.
Haselhurst, L.
Hayward, L.
Herbert of South Downs, L.
Hodgson of Abinger, B.
Hodgson of Astley Abbotts, L.
Holmes of Richmond, L.
Horam, L.
Howard of Rising, L.
Howe, E.
Hunt of Wirral, L.
Jay of Ewelme, L.
Jenkin of Kennington, B.
Johnson of Marylebone, L.
Jopling, L.
Kakkar, L.
Kamall, L.
Keen of Elie, L.
Kirkham, L.
Kirkhope of Harrogate, L.
Lamont of Lerwick, L.
Leicester, E.
Leigh of Hurley, L.
Lexden, L.
Lingfield, L.
Liverpool, E.
Mancroft, L.
Manzoor, B.
McColl of Dulwich, L.
McGregor-Smith, B.
Meyer, B.
Moylan, L.
Moynihan, L.
Naseby, L.
Nash, L.
Neville-Jones, B.
Neville-Rolfe, B.
Nicholson of Winterbourne, B.
Northbrook, L.
Offord of Garvel, L.
Parkinson of Whitley Bay, L.
Penn, B.
Pickles, L.
Popat, L.
Randall of Uxbridge, L.
Reay, L.
Redfern, B.
Risby, L.
Rock, B.
Rogan, L.
Sanderson of Welton, B.
Sandhurst, L.
Sassoon, L.
Sater, B.
Scott of Bybrook, B.
Sharpe of Epsom, L.
Sheikh, L.
Sherbourne of Didsbury, L.
Shrewsbury, E.
Smith of Hindhead, L.
Somerset, D.
St John of Bletso, L.
Stedman-Scott, B.
Stewart of Dirleton, L.
Stowell of Beeston, B.
Strathcarron, L.
Strathclyde, L.
Suri, L.
Taylor of Holbeach, L.
Trenchard, V.
True, L.
Udny-Lister, L.
Vaizey of Didcot, L.
Vaux of Harrowden, L.
Vere of Norbiton, B.
Verma, B.
Wei, L.
Wheatcroft, B.
Whitby, L.
Willetts, L.
Williams of Trafford, B.
Wolf of Dulwich, B.
Wolfson of Tredegar, L.
Young of Cookham, L.
Younger of Leckie, V.

1.34 pm

Motion on Amendment 3 agreed.

Motion on Amendment 4

Moved by ***Baroness Barran***

That this House do agree with the Commons in their Amendment 4.

4: Clause 1, page 2, line 40, leave out from beginning to "and" in line 6 on page 3

Amendment 4A not moved.

Motion on Amendment 4 agreed.

Motion on Amendments 5 and 6

Moved by ***Baroness Barran***

That this House do agree with the Commons in their Amendments 5 and 6.

5: Clause 1, page 3, line 8, leave out "by people resident"

6: Clause1, page 3, line 9, leave out "and other local bodies"

Motion on Amendments 5 and 6 agreed.

Motion on Amendments 7 to 14

Moved by ***Baroness Barran***

That this House do agree with the Commons in their Amendments 7 to 14.

7: Clause 1, page 3, line 10, after "any" insert "English-funded"

8: Clause 4, page 5, line 35, after "institution" insert "in England"

9: Clause 4, page 5, line 38, leave out "a" and insert "an English"

10: Clause 4, page 5, line 40, after "provider" insert "whose activities, so far as they relate to the provision of post-16 technical education or training, are carried on, or partly carried on, in England"

11: Clause 4, page 5, line 41, at end insert "in England"

12: Clause 4, page 6, line 9, leave out "in respect of which amounts are" and insert "funded, wholly or partly, by amounts"

13: Clause 4, page 6, line 10, leave out "by the Secretary of State"

14: Clause 4, page 6, line 11, after "made" insert "by the Secretary of State"

Baroness Barran (Con): My Lords, I now turn to the Motion on the amendments in the second group, which relate to technical government amendments, the lifelong loan entitlement, the level 3 entitlement and apprenticeships, and the Office for Students.

Commons Amendments 7 to 14 provide further clarification of the definition of relevant providers in scope of the duties relating to local skills improvement plans, and which education and training is treated as English-funded. The duties will apply only to institutions within the further education sector in England, English higher education providers and independent training providers who carry on their post-16 technical education or training in England, either partly or fully. Relevant providers will be subject to the duties relating to local skills improvement plans only if they provide English-funded post-16 technical education or training material to a specified area in England. This includes distance or online learning.

This will help to ensure that English-funded technical education and training provision material to an area in England is better aligned to labour market skills needs and leads to good jobs for learners and improved productivity. These are technical amendments that the Welsh Senedd has confirmed it is happy with. It has confirmed as such through agreeing that this measure would not be part of the legislative consent Motion required and granted in January.

I turn next to Commons Amendment 20. A key aim for the lifelong loan entitlement is to ensure that people can reskill flexibly across their lifetime in response to changing skills needs and employment patterns. We also need to consider the importance of creating a sustainable student finance system, alongside what will be necessary to ensure that eligible students have the opportunity to study, upskill and retrain.

I am pleased to confirm that in our current consultation on the LLE, which we have published since the House last discussed the Bill, we seek to understand better the barriers that learners might face in accessing the LLE. This includes whether restrictions on previous study should be amended to facilitate retraining and stimulate high-quality provision.

I was delighted to host a round table with Peers to listen to your Lordships' advice on the consultation and where officials noted comments for submission into the consultation. This was a productive and thoughtful session which will help inform policy decisions moving forward. If any of your Lordships would like to discuss the details and scope of the lifelong loan entitlement with me, or with officials, I would be delighted to meet them. Given that the consultation is the appropriate vehicle to examine the issue of the LLE, I hope your Lordships will agree to this Commons amendment.

Commons Amendment 22 is a minor and technical amendment which clarifies that advanced learner loan funding, routed through the Student Loans Company, is in scope of Clause 22 of the Bill. This has always been the intention of Clause 22(9), and this amendment is merely a technical adjustment to the drafting. It ensures that advanced learner loan funding arrangements are captured by the funding arrangements definition in Clause 22. Without this amendment, the clause may not be adequately applied in relation to providers that receive advanced learner loan funding.

Commons Amendment 23 removes Clause 25, which sought to place the level 3 entitlement on a statutory footing and require at least two-thirds of apprenticeship funding to be spent on people who begin apprenticeships at levels 2 and 3 before the age of 25. The Government agree with the ambition to ensure that people in England have access to education at any age. That is why we launched the free courses for jobs offer in April 2021 as part of the lifetime skills guarantee. This gives all adults in England the opportunity to take their first level 3 qualification for free, regardless of their age. But it is not right to put the free courses for jobs offer into legislation, as my noble and learned friend Lord Clarke's amendment would have done. Doing so would constrain how the Government allocate resources in future and make it more difficult to adapt the policy to changing circumstances and for adults most in need.

The Secretary of State announced last November that from April 2022 we will expand the offer to include any adult in England who earns below the national living wage annually—which will be £18,525 from April this year—or is unemployed, regardless of their prior qualification level. Funding for the free courses for jobs offer will be available throughout the three-year SR period, giving FE providers the certainty they need to invest in the delivery of this offer. Full funding is also available through the adult education budget for adults aged 19 and over to access English, maths and digital skills qualifications. There is also a legal entitlement for 19 to 23 year-olds to access their first full level 2 and level 3 qualifications for free. In areas where adult education is not devolved, the adult education budget can fully fund eligible learners studying up to level 2, where they are unemployed or earning below the national living wage.

I turn now to the apprenticeship proposal in the clause. From August to November 2021, nearly 100,000 people under the age of 25 started an apprenticeship, with under-25s accounting for 61% of all apprenticeships. Some 71% of apprenticeship starts were at level 2 and level 3. We want to bring more young people into apprenticeships. This is why the Minister for Skills wrote to all year 11, 12 and 13 pupils and their parents during National Apprenticeship Week to tell them about the great opportunities that apprenticeships provide. The Department for Education is looking at how we support young people in the application process and is working with employers to help them understand the benefits of hiring young apprentices. The department is also looking at how we can better support providers and employers to advertise to this group and is working with UCAS to capitalise on the work it does to connect young people to opportunities after school or college. We believe that measures focused on raising awareness of apprenticeships, helping young people to navigate the recruitment process and encouraging more attractive and accessible vacancies constitute a much better approach to supporting young people into apprenticeships than an amendment that could restrict opportunities. I remind your Lordships that this clause would have created significant costs and altered arrangements for public spending, which I do not believe this House should amend when the Commons has disagreed to this measure.

I will now turn to Commons Amendments 24 and 25. These new measures will give the Office for Students, the OfS, an explicit power to publish information about its compliance and enforcement activity in relation to higher education providers. It is important that the Government act now to ensure transparency of the OfS's regulatory work, as in recent cases it has become clear that the OfS does not have the explicit powers that other regulators have to publish such information. As part of this, we believe that it is important, and in the public interest, that the OfS is able to publish such information in the form of "notices, decisions and reports", as this amendment will enable—for example, where it is investigating providers for potential breaches of the registration conditions placed upon them by the regulator. Publication by the OfS regarding its compliance and enforcement functions will demonstrate that appropriate actions are being taken by the regulator, ensuring that the reputation of higher education in England is maintained, and bearing down on poor provision.

1.45 pm

Your Lordships can be reassured that this power will be discretionary, as in certain cases there may be reasons for the OfS to consider that it would not be appropriate to publish certain information. The amendment provides various factors that the OfS must take into account when deciding whether to publish, including the public interest test and whether publication "would or might … seriously and prejudicially affect the interests" of a "body or individual". The amendment also includes provision in proposed new Clause 67C to protect the OfS from defamation claims when, for example, it announces the opening of an investigation or publishes regulatory decisions. This protection provides qualified privilege, meaning that there is protection unless the publication is shown to have been made with malice.

It is important to highlight that other regulators, such as the Competition and Markets Authority, Ofsted and the Children's Commissioner, already have similar powers and protections. We are seeking a power and a

[Baroness Barran]
protection in this amendment to ensure that the OfS has what it needs for the purpose of transparency, noting the need to be as consistent as possible across the statute book. Publication of "notices, decisions and reports" will become increasingly important as the OfS scales up its work on driving out low-quality higher education and, in due course, on protecting freedom of speech and academic freedom under the Higher Education (Freedom of Speech) Bill. There is a real need for this provision. There have been several instances where the OfS has acted but the circumstances and the action or sanctions proposed by the OfS have not been made public. This reduces the impact of the OfS's regulatory activity as providers, students and the public are not aware that the OfS is in fact taking action and investigating matters. Ultimately, this amendment will serve to increase the public's confidence in the quality and integrity of the sector.

I turn now to Commons Amendment 26. For Bills starting in this House, a privilege amendment is usually included to recognise the right of the other place to control any charges on the people and on public funds. It is standard practice to remove such amendments in the House of Commons, and it is for this reason that the Commons made Amendment 26 during its Committee stage.

I turn finally to Commons Amendment 27. This amends the long title of the Bill to cover Commons Amendment 24 in relation to the

"Office for Students: publication and protection from defamation"

measures. With that, I beg to move.

Motion on Amendments 7 to 14 agreed.

Motion on Amendment 15

Moved by ***Baroness Barran***

That this House do agree with the Commons in their Amendment 15.

15: Clause 7, page 10, leave out lines 38 to 40

Amendment to the Motion on Amendment 15

Moved by ***Lord Blunkett***

At end insert "and do propose Amendment 15B instead of the words so left out of the Bill—

15B: Clause 7, page 10, line 37, at end insert—

"(3) Subsection (2) does not apply to the withdrawal of level three courses—

(a) for the period of three academic years beginning with the first such year which starts after the day on which this Act is passed; and

(b) for the fourth such year, unless the Institute has undertaken public consultation and secured consent of the relevant employer representative bodies, as defined in the Skills and Post-16 Education Act 2022, together with appropriate quality assurance.""

Lord Blunkett (Lab): I seek to divide the House.

1.49 pm

Division on the Amendment to the Motion on Amendment 15

Contents 138; Not-Contents 125.

Amendment to the Motion on Amendment 15 agreed.

Division No. 2

CONTENTS

Addington, L.
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Allan of Hallam, L.
Anderson of Swansea, L.
Bach, L.
Baker of Dorking, L.
Bakewell of Hardington Mandeville, B.
Barker, B.
Bassam of Brighton, L.
Benjamin, B.
Bennett of Manor Castle, B.
Blackstone, B.
Blake of Leeds, B.
Blower, B.
Blunkett, L.
Boycott, B.
Brinton, B.
Brooke of Alverthorpe, L.
Browne of Ladyton, L.
Bruce of Bennachie, L.
Burt of Solihull, B.
Campbell of Pittenweem, L.
Campbell-Savours, L.
Cashman, L.
Chakrabarti, B.
Clancarty, E.
Clement-Jones, L.
Collins of Highbury, L.
Corston, B.
Davies of Brixton, L.
Dholakia, L.
Doocey, B.
Drake, B.
Dubs, L.
Elder, L.
Faulkner of Worcester, L.
Featherstone, B.
Garden of Frognal, B.
Goddard of Stockport, L.
Golding, B.
Grender, B.
Griffiths of Burry Port, L.
Grocott, L.
Hain, L.
Hamwee, B.
Hanworth, V.
Harris of Haringey, L.
Harris of Richmond, B.
Haskel, L.
Hayman of Ullock, B.
Hayter of Kentish Town, B.
Healy of Primrose Hill, B.
Hendy, L.
Howarth of Newport, L.
Humphreys, B.
Hunt of Kings Heath, L.
Hussain, L.
Hussein-Ece, B.
Jay of Paddington, B.
Jolly, B.
Jones of Cheltenham, L.
Jones of Moulsecoomb, B.
Judge, L.
Kennedy of Cradley, B.
Kennedy of Southwark, L.
Kerslake, L.
Khan of Burnley, L.
Kilclooney, L.
Kramer, B.
Lawrence of Clarendon, B.
Layard, L.
Lea of Crondall, L.
Leeds, Bp.
Lipsey, L.
Low of Dalston, L.
Marks of Henley-on-Thames, L.
Masham of Ilton, B.
Maxton, L.
McAvoy, L.
McIntosh of Hudnall, B.
McNicol of West Kilbride, L.
Merron, B.
Monks, L.
Newby, L.
Northover, B.
Oates, L.
Osamor, B.
Paddick, L.
Palmer of Childs Hill, L.
Parminter, B.
Pendry, L.
Pitkeathley, B.
Primarolo, B.
Purvis of Tweed, L.
Ravensdale, L.
Razzall, L.
Redesdale, L.
Reid of Cardowan, L.
Roberts of Llandudno, L.
Rosser, L.
Royall of Blaisdon, B.
Russell of Liverpool, L.
Scott of Needham Market, B.
Scriven, L.
Sharkey, L.
Sheehan, B.
Shipley, L.
Sikka, L.
Singh of Wimbledon, L.
Smith of Newnham, B.
Snape, L.
Somerset, D.
St John of Bletso, L.
Stansgate, V.
Storey, L.
Strasburger, L.
Stunell, L.
Symons of Vernham Dean, B.
Thomas of Gresford, L.
Thomas of Winchester, B.
Thornton, B.
Tope, L.
Tunnicliffe, L.
Turnberg, L.
Tyler of Enfield, B.
Uddin, B.
Vaux of Harrowden, L.
Walmsley, B.
Watson of Invergowrie, L.
Wheatcroft, B.
Wheeler, B.
Whitaker, B.
Whitty, L.
Wilcox of Newport, B.
Winston, L.
Wood of Anfield, L.
Young of Norwood Green, L.
Young of Old Scone, B.

NOT CONTENTS

Ahmad of Wimbledon, L.
Anelay of St Johns, B.
Arbuthnot of Edrom, L.
Ashton of Hyde, L.

Astor of Hever, L.
Attlee, E.
Balfe, L.
Barran, B.
Benyon, L.
Bethell, L.
Blackwood of North Oxford, B.
Blencathra, L.
Bloomfield of Hinton Waldrist, B.
Bourne of Aberystwyth, L.
Brady, B.
Bridges of Headley, L.
Brougham and Vaux, L.
Brownlow of Shurlock Row, L.
Caine, L.
Callanan, L.
Carrington of Fulham, L.
Chisholm of Owlpen, B.
Courtown, E.
Craigavon, V.
Crathorne, L.
Cruddas, L.
Davies of Gower, L.
De Mauley, L.
Duncan of Springbank, L.
Dundee, E.
Dunlop, L.
Eaton, B.
Eccles of Moulton, B.
Evans of Bowes Park, B.
Fall, B.
Farmer, L.
Faulks, L.
Fleet, B.
Fookes, B.
Forsyth of Drumlean, L.
Framlingham, L.
Goodlad, L.
Greenhalgh, L.
Griffiths of Fforestfach, L.
Hamilton of Epsom, L.
Hannan of Kingsclere, L.
Harlech, L.
Harrington of Watford, L.
Haselhurst, L.
Hayward, L.
Herbert of South Downs, L.
Hodgson of Abinger, B.
Hodgson of Astley Abbotts, L.
Holmes of Richmond, L.
Horam, L.
Howard of Rising, L.
Howe, E.
Hunt of Wirral, L.
Jay of Ewelme, L.
Jenkin of Kennington, B.
Jopling, L.
Kamall, L.
Keen of Elie, L.
Kirkham, L.
Kirkhope of Harrogate, L.
Lamont of Lerwick, L.
Lancaster of Kimbolton, L.
Leicester, E.
Leigh of Hurley, L.
Lexden, L.
Lingfield, L.
Liverpool, E.
Mancroft, L.
Manzoor, B.
McColl of Dulwich, L.
McGregor-Smith, B.
Meyer, B.
Moylan, L.
Moynihan, L.
Naseby, L.
Nash, L.
Neville-Jones, B.
Neville-Rolfe, B.
Nicholson of Winterbourne, B.
Northbrook, L.
Offord of Garvel, L.
Parkinson of Whitley Bay, L.
Penn, B.
Pickles, L.
Popat, L.
Randall of Uxbridge, L.
Rawlings, B.
Reay, L.
Redfern, B.
Risby, L.
Rock, B.
Sanderson of Welton, B.
Sandhurst, L.
Sassoon, L.
Sater, B.
Scott of Bybrook, B.
Sharpe of Epsom, L.
Sheikh, L.
Sherbourne of Didsbury, L.
Shrewsbury, E.
Smith of Hindhead, L.
Stedman-Scott, B.
Sterling of Plaistow, L.
Stewart of Dirleton, L.
Stowell of Beeston, B.
Strathcarron, L.
Strathclyde, L.
Suri, L.
Taylor of Holbeach, L.
Trenchard, V.
True, L.
Udny-Lister, L.
Vaizey of Didcot, L.
Vere of Norbiton, B.
Verma, B.
Wei, L.
Williams of Trafford, B.
Wolfson of Tredegar, L.
Young of Cookham, L.
Younger of Leckie, V.

2.02 pm

Motion on Amendment 16

Moved by ***Baroness Barran***

That this House do agree with the Commons in their Amendment 16.

16: Clause 7, page 10, leave out lines 41 and 42

Amendment to the Motion on Amendment 16

Moved by ***Lord Baker of Dorking***

Leave out "agree" and insert "disagree"

Lord Baker of Dorking (Con): My Lords, I beg leave to test the opinion of the House.

2.02 pm

Division on Amendment to the Motion on Amendment 16

Contents 96; Not-Contents 126.

Amendment to the Motion on Amendment 16 disagreed.

Division No. 3

CONTENTS

Addington, L.
Adonis, L.
Allan of Hallam, L.
Anderson of Swansea, L.
Andrews, B.
Armstrong of Hill Top, B.
Bach, L.
Baker of Dorking, L.
Bakewell of Hardington Mandeville, B.
Barker, B.
Benjamin, B.
Bennett of Manor Castle, B.
Blackstone, B.
Blower, B.
Blunkett, L.
Boycott, B.
Brinton, B.
Brooke of Alverthorpe, L.
Brown of Eaton-under-Heywood, L.
Bruce of Bennachie, L.
Campbell of Pittenweem, L.
Clancarty, E.
Clement-Jones, L.
Craigavon, V.
Dholakia, L.
Doocey, B.
Drake, B.
D'Souza, B.
Dubs, L.
Elder, L.
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Featherstone, B.
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Anelay of St Johns, B.
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2.14 pm

Motion on Amendment 16 agreed.

Motion on Amendments 17 and 18

Moved by ***Baroness Barran***

That this House do agree with the Commons in their Amendments 17 and 18 and do propose Amendments 17B and 17C to Commons Amendment 17—

17: Insert the following new Clause—

"Information about technical education and training: access to English schools

(1) Section 42B of the Education Act 1997 (information about technical education: access to English schools) is amended as follows.

(2) In subsection (1), for "is an opportunity" substitute "are opportunities".

(3) After subsection (1) insert—

"(1A) In complying with subsection (1), the proprietor must give access to registered pupils on at least one occasion during each of the first, second and third key phase of their education."

(4) After subsection (2) insert—

"(2A) The proprietor of a school in England within subsection (2) must— (a) ensure that each registered pupil meets, during each of the first and second key phases of their education, at least one provider to whom access is given (or any other number of such providers that may be specified for the purposes of that key phase by regulations under subsection (8)), and

(b) ask providers to whom access is given to provide information that includes the following—

(i) information about the provider and the approved technical education qualifications or apprenticeships that the provider offers,

(ii) information about the careers to which those technical education qualifications or apprenticeships might lead,

(iii) a description of what learning or training with the provider is like, and

(iv) responses to questions from the pupils about the provider or approved technical education qualifications and apprenticeships.

(2B) Access given under subsection (1) must be for a reasonable period of time during the standard school day."

(5) In subsection (5)—

(a) in paragraph (c), at the end insert "and the times at which the access is to be given;";

(b) after paragraph (c) insert—

"(d) an explanation of how the proprietor proposes to comply with the obligations imposed under subsection (2A)."

(6) In subsection (8), after "subsection (1)" insert "or (2A)".

(7) After subsection (9) insert—

"(9A) For the purposes of this section—

(a) the first key phase of a pupil's education is the period—

(i) beginning at the same time as the school year in which the majority of pupils in the pupil's class attain the age of 13, and

(ii) ending with 28 February in the following school year;

(b) the second key phase of a pupil's education is the period—

(i) beginning at the same time as the school year in which the majority of pupils in the pupil's class attain the age of 15, and

(ii) ending with 28 February in the following school year;

(c) the third key phase of a pupil's education is the period—

(i) beginning at the same time as the school year in which the majority of pupils in the pupil's class attain the age of 17, and

(ii) ending with 28 February in the following school year.""

18: Page 18, line 2, leave out Clause 14

17B: In subsection (3), leave out "one occasion" and insert "two occasions"

17C: In subsection (4), leave out paragraph (a) and insert—

"(a) ensure that, during each of the first and second key phases of the education of each registered pupil—

(i) on at least two occasions the pupil meets at least one provider to whom access is given (or any other number of such providers that may be specified for the purposes of that key phase by regulations under subsection (8)), and

(ii) the pupil does not meet exactly the same provider or providers on each of those occasions, and"

Baroness Barran (Con): My Lords, the Motions in this group relate to provider access, universal credit, and SEND and further education teacher training. I will start with Commons Amendments 17 and 18, on strengthening the present provider access legislation, and Amendments 17A, B and C to the Motion in my name.

The Government have listened to and carefully considered the views expressed and concerns raised in this House and the other place. We agree that it is important that the number of mandatory provider encounters is balanced with the need for pupils to hear from a diverse range of people during each key phase of their education. That is why I am delighted to be able to propose a compromise amendment that offers young people that choice, related to students meeting providers of technical education and apprenticeships.

Our amendment would require schools to put on six provider encounters for pupils in years 8 to 13: two in each key phase, or an average of one per year over the course of a pupil's secondary education. This should help to ensure that young people meet a greater breadth of providers and, crucially, should prevent schools simply arranging one provider meeting and turning down all other providers. The underpinning statutory guidance will include details of the full range of providers that we would expect all pupils to have the opportunity to meet during their time at secondary school. The Government intend to consult on this statutory guidance to ensure that the legislation works for schools, providers and, most importantly, young people.

I also want to take this opportunity to clarify that, although this amendment does not make specific reference to university technical colleges, the reference to "providers" in the amendment does cover UTCs. Strong UTCs are succeeding in equipping young people with vital skills, getting them into employment and supporting social mobility. It is right that, when there is a UTC in reasonable distance, it should be one of the providers that schools consider inviting to speak to their pupils.

I thank my noble friend Lord Baker for his work on this issue. In particular, I recognise the extraordinary work done by the right honourable Robert Halfon MP, chair of the Education Select Committee, and thank him for his tireless campaigning. I hope noble Lords will agree that this is a sensible compromise, with a middle ground of six provider encounters that will help to give every pupil information about what FE colleges, independent training providers, university technical colleges and other alternative providers can offer.

Amendments 17D and 17E in the name of the noble Lord, Lord Watson, would require that provider encounters are in person and, further, that they begin in year 7 and that access is given over at least two weeks on each occasion. We agree that all young people need work experience and engagement with a range of employers to gain insights into the workplace. We also want young people to have access to personal guidance whenever they are making significant choices about the next step in their education or training. That is why we expect schools to follow the Gatsby benchmarks, which incorporate these activities as part of a high-quality careers programme for young people.

We are committed to ensuring that every provider encounter is of a high quality and meaningful for the student. We agree that it is sensible that provider encounters should be given in person where possible. However, writing this requirement into primary legislation is unnecessary. We have seen throughout the pandemic that there are times when it is not always appropriate for provision to be given in person. Technology may also have a role to play in bringing pupils a wider range of perspectives; for example, as part of the provider's in-person presentation at school, it could incorporate a live link-up with some students at the provider or deliver a virtual tour. However, we agree that encounters should be in person where possible, and we propose making that expectation clear in the statutory guidance.

Secondly, we agree that "the earlier, the better" on careers guidance. That is why the Government support the Private Member's Bill currently making its way through this House that sets out that career guidance begins at year 7. Pupils will get introduced to careers education in year 7 and will start learning about technical education options via the provider encounters from year 8. There is little demonstrable benefit in bringing the provider access clause forward to year 7, because pupils cannot act on this information then, whereas from year 8 onwards, there are clear choices for them to make in terms of the subsequent stages following their secondary education.

Finally, I cannot agree with the amendment that would require schools to provide access to pupils over a two-week period. This would be extremely burdensome on schools, which would struggle to accommodate that amount of time for providers in an already busy curriculum. We think the clause as it stands, saying schools should ensure a reasonable period of time during the school day, is sufficient and proportionate.

I turn to Commons Amendment 19 and Motions 19A and 19B. My noble friend Lady Stedman-Scott and I had productive conversations—

Lord Baker of Dorking (Con): I just want to refer to the earlier amendment, for which I thank my noble friend very warmly. The original Baker clause had three meetings for each year group—13, 15 and 17—and the Government wanted one. It was a loophole. I had discussions with her and I thank her very much for the way in which she responded, moving to two meetings. It is a very good example of give and take. She is a member of a Ministry that likes to take but very seldom gives, but here the Government did listen to representations from this House. I thank her for agreeing to that and being sympathetic to it.

Baroness Barran (Con): I thank my noble friend for his very kind words.

Returning to Amendment 19 and Motions 19A and 19B, as I was saying, my noble friend Lady Stedman-Scott and I had productive conversations with the right reverend Prelate the Bishop of Durham, the noble Lord, Lord Storey, and the noble Baroness, Lady Garden, on these matters. I shall highlight some of the points raised in these discussions, although I am aware that the letters we wrote to the right reverend Prelate and the noble Lord are in the Library of the House.

[Baroness Barran]

First, I note that Clause 17, removed by Amendment 19, would be significantly costly to implement. Initial estimates from DWP suggest the cost of ensuring that such claimants retain entitlement to universal credit could be between £250 million and £300 million per annum. While this House has rightly asked the Commons to consider this point, it is right that we do not continue to insist on policy that would increase public spending. It may help if I remind noble Lords that the core objective of universal credit is to support claimants to enter work, earn more or prepare for work in the future. Indeed, it is an important principle that universal credit does not duplicate the support provided by the student support system.

However, I reassure your Lordships that universal credit claimants are able to take on part-time training for any level of course, as long as they can meet their work requirements and their work coach is satisfied that it will help their employment chances. Furthermore, the Government understand that there should be some circumstances in which people are allowed to continue to claim universal credit while doing full-time training. That is why universal credit claimants may undertake a full-time course of non-advanced study or training for up to eight weeks in order to support their employment and career goals. Additionally, as part of DWP Train and Progress, there is a further extension in the flexibility offered by universal credit conditionality. This extension means that, with the agreement of their work coach, adults who claim universal credit can undertake non-advanced work-related full-time training for up to 16 weeks without losing their entitlement to universal credit. The flexibility will last until at least April 2023.

Finally, exceptions for full-time study or training at any level are also made for students with additional needs that are not met through the student support system, such as those responsible for a child or claimants who have been assessed as having limited capability for work due to disability or ill health. This additional flexibility has been introduced in recognition of the benefit a course of study or training could have in enabling claimants with disabilities to improve their prospects of obtaining work. Officials at the Department for Education and the Department for Work and Pensions will also continue to work closely together to help address and mitigate the barriers to unemployed adults taking advantage of our skills offers. For example, both departments are working to ensure that local jobcentre leads are actively involved in and help inform the design of local skills provision through skills advisory panels and the local skills improvement plans.

Moreover, the recently announced employment and skills pathfinders are a joint DWP/DfE initiative, working in collaboration with local partners, to examine how our national interventions could be improved by aligning the delivery of employment and skills at a local level. The employment and skills advisory pathfinders will share all their learnings with the LSIPs, as I mentioned, but also with the mayoral combined authorities and other local programmes, so they have an opportunity to learn from them too. More broadly, in relation to how we are learning from these programmes, the Department for Education is setting up a new unit for future skills which will work with BEIS and DWP to bring together the skills, data and information we hold across government to enable us to use central and local government, as well as providers and the general public. The unit will produce information on local skills demand, the future skills needs of business, the skills available in an area and the pathways between training and jobs. This will obviously also be relevant to those looking for work.

Turning to Commons Amendment 21 and Motion 21B in the name of the noble Lord, Lord Addington, we all agree that it is vital for our teachers across all stages, from early years to school and further education, to be trained to identify and respond to the needs of all their learners, including those with special educational needs and disabilities. I pay tribute to the noble Lord, who has been a voice for learners with special educational needs and disabilities throughout the debates on this Bill, and more broadly in the House. However, as indicated by Commons Amendment 21, we do not believe it is helpful to prescribe requirements relating to the content of further education initial teacher training in primary legislation, and we do not agree, in response to the Motion in the name of the noble Lord, that the content of occupational standards should be cemented into legislation.

I want first to address our shared commitment to ensuring that all learners, including learners with special educational needs and disabilities, have access to a world-class education that sets them up for life and supports them to achieve positive outcomes. This starts from the earliest stages, which is why, as part of the early years recovery programme, we are establishing a training contract to increase the number of qualified SENCOs working in early years settings by up to 5,000 between September 2022 and August 2024.

In addition, we recently announced a package of over £45 million for SEND, to be delivered over the next three financial years. This includes direct support to schools and colleges to support the workforce in meeting the needs of learners with special educational needs and disabilities. The forthcoming SEND review will aim to ensure that children and young people with SEND get the educational, health and care support they need, identified early, delivered promptly and in settings that are best suited to their needs.

On the content of FE initial teacher training programmes, it is right that teaching professionals in the sector decide how teacher training should be designed and delivered. We supported a group of experts who employ teachers in the FE sector—from colleges and training providers, whose staff have real insight into the needs of their learners—to develop the new occupational standard for learning and skills teachers, which was published in September 2021.

2.30 pm

The occupational standard is absolutely clear that all FE teachers must:

> "Work in a manner that values diversity, and actively promote equality of opportunity and inclusion by responding to the needs of all students."

This high-level requirement is threaded throughout the standard, which specifies in detail the knowledge, skills and behaviours that teachers need in order to demonstrate that they are meeting that duty. As the

noble Lord's amendment itself acknowledges, the occupational standard is fundamentally "employer-led". It is determined by expertise from within the sector itself. We believe it would be beyond the role of government to attempt to redefine a set of requirements that has been put forward by professionals working with teachers and learners on a daily basis.

As I already mentioned, we do not believe it would be appropriate to cement the content of an occupational standard in legislation. Standards are, by their very nature, dynamic reflections of the latest skills and knowledge required to perform a particular occupation. They are subject to regular review and updating. Attempting to codify any specific requirement for the standards within the rigid framework of legislation feels counterproductive.

I hope that the noble Lord can agree that we should put our trust in the professional judgment of those who train teachers in the FE sector and should not seek to use the tool of legislation to force the hand of those with experience and expertise. With that, I beg to move.

Amendment to the Motion on Amendments 17 and 18

Moved by ***Baroness Wilcox of Newport***

Add the following amendments to Amendment 17—

17E: In subsection (4), in inserted subsection (2A)(b), after "provide" insert "in-person"

17F: In subsection (4), in inserted subsection (2B), at end insert ", beginning in Year 7 and running over at least two weeks on each occasion"

Baroness Wilcox of Newport (Lab): My Lords, Motion 17D and Amendments 17E and 17F, tabled in my noble friend Lord Watson's name, would in essence require schools to give careers advice for at least two weeks and in person after year 7 in secondary school. Technical education information provided to students must be given on two occasions per key education phase rather than on one occasion. In the next Labour Government, we will reinstate two weeks of compulsory work experience and will guarantee that every young person gets to see a careers adviser. We will refocus the curriculum, deliver new opportunities for digital skills, practical work and life skills, sport and the arts, and give every young person access to a professional careers adviser to make sure that they leave school ready for work and for life. We will give every child access to quality careers advice in their school by giving schools access to a professional careers adviser one day a week. In the meantime, however, we are where we are, and this amendment would at least put some extra provision into an area that is underresourced and in need of additional support. I beg to move.

Lord Storey (LD): My Lords, I start again by thanking the Minister for meeting with myself and colleagues and with the Minister for the Department of Work and Pensions. I think we are all agreed that we want to ensure that every young person, whatever their circumstances, situation or abilities, is given the opportunities to study and to develop the skills that they need and that, presumably, we as a society need.

In meeting with the Ministers, I was impressed with the number of schemes for support that the Department for Work and Pensions provides. In recent years, we have seen a coming together of the Department for Education and the Work and Pensions Department in a way that we have never seen before. I was interested to see that the Department for Work and Pensions offers young people the intensive work-coach support through youth employability coaches, 160 youth hubs, training progress, expansion of sector-based work academy programmes, the restart scheme, the access to work scheme, providing personalised support to the disabled, and of course through Kickstart. However, I have to say that I have always been surprised that, although Kickstart has been a successful programme, a 16 year-old cannot join it unless they are on universal credit, and of course most 16 year olds are not.

Although I said how impressed I was at the joining up of the two departments, I was rather concerned when, in a Written Question to the Department for Work and Pensions, I asked how many young people aged 16 to 19 are currently studying for a post-16 qualification and the answer came back: "That information is not available." I then asked:

"how many young people aged 16 to 19 who are receiving Universal Credit have successfully completed a post-16 qualification."

Again, the answer came back: "We haven't got that information", which I was slightly concerned about.

Perhaps the most vulnerable—if I may use that term—with regard to education must be those students who either have learning difficulties or who are disabled. I want to highlight, as the Minister has done, the problems that disabled students face. Under the current rules, to start a claim for universal credit while in education a disabled person must already have limited capability for work status, as the Minister said. But, of course, to get that status a disabled person must have a work capability assessment, and the main way to access an assessment is by starting a claim for universal credit.

In practice, disabled people in education are in a Catch-22 situation. They need limited capability for work status to start a claim for universal credit, but they need to start a claim for universal credit to get limited capability for work status. Currently, the only way a disabled learner can get an assessment and therefore limited capability for work status while studying is by applying for a contributory new-style employment and support allowance instead of universal credit. Because claiming ESA involves an assessment, it can establish a young learner's limited capability for work, so they can go on to claim universal credit. Is the noble Baroness following me? However, the oncoming rules will close off the ESA workaround route because they require assessments to have taken place and limited capability for work to have been established before a claimant starts studying. The new rules close off the only route young disabled learners have to universal credit.

Additionally, it would probably be helpful to address the Government's assertion that the welfare system is not designed to fund maintenance support for those in education and training and that financial support for students comes from the current system of learner loans and grants. The problem is that, currently, there

[LORD STOREY]
is extremely minimal financial support for those seeking to train and retrain in further education colleges, which might at best contribute to travel costs but which is nothing like enough to support wider living costs. As such, adults who are forced to forgo their universal credit in order to study have to be supported by family or live off savings they might otherwise have been able to obtain.

I know we discussed the amendment from the right reverend Prelate the Bishop of Durham on Report, and I am conscious of the Minister's detailed reply, but for disabled people particularly, the situation is very precarious. I hope the Minister might agree to look at this matter with her colleagues and see how we can further support them.

The Lord Bishop of Leeds: My Lords, this House carried an amendment in the name of the right reverend Prelate the Bishop of Durham, who cannot be in his place today, concerning universal credit conditionality—this has been referred to several times—but it was not accepted when the Bill was considered in the other place.

If the Government are to achieve their levelling-up ambitions and enable individuals to secure better-paid employment with improved prospects, then it is essential to achieve greater integration of the support provided for skills development and training by the Department for Education and the Department for Work and Pensions.

The right reverend Prelate the Bishop of Durham wishes me to say that, on these Benches, we are most grateful to the noble Baronesses, Lady Stedman-Scott and Lady Barran, for their very constructive and helpful meeting with the right reverend Prelate and their subsequent letter setting out how this better integration is being actively pursued, the range of provision open to universal credit claimants seeking to retrain, and how work coaches are able to exercise appropriate discretion when applying universal credit conditionality rules.

I know that the right reverend Prelates the Bishop of Durham and the Bishop of Coventry—the latter now in his capacity as lead bishop for FE and HE—welcome the opportunity to contribute to the consultation on equivalent or lower qualifications, which will engage Peers in more detail, along with the outworking of the detail behind the lifelong learning guarantee. In the light of these assurances, the right reverend Prelate the Bishop of Durham is content not to press the matter.

Lord Addington (LD): My Lords, as we all struggle through this slightly unfamiliar process, the amendment I have down was inspired by the letter we got from the Secretary of State. I was told, as the noble Baroness has said, that we do not need to do it because the occupational standards will cover it. Great. But what really made me table the amendment was the body that the Government consulted: the Universities' Council for the Education of Teachers.

My declaration of interest probably comes in here. I am president of the British Dyslexia Association, and my various other interests are on the register. I spoke to that association—the biggest group involved here—which also covers dyscalculia. It has had no contact with that body—and it is giving the advice. Dyslexia is the biggest of the groups involved, but it is not the only one. Dyscalculia is right up there, along with dyspraxia—that is all those beginning with "dys-" covered—and then there is ADHD, autism and the others. Those are the main, non-obvious groups that will occur in an ordinary classroom. This is what the duty was aimed at. Are those doing the teaching capable of understanding the needs of the people they are teaching? Are they giving advice and creating strategies, so that the people they are teaching actually succeed in what they are doing?

All I am talking about is making sure that the duties we have are acknowledged, and jolly good too. We are so well prepared for these duties that we have a growth in law firms making sure they are enforced throughout the education system. The law is so clear and so well provided for that for parents—tiger parents—the best way of getting through the education system is by paying lawyers to make sure they get through.

It is a mess. It is said that you cannot impose standards, but if you are part of the standards, you can update them, and this duty can be updated as well. We are dealing with about 20% to 25% of the cohort—probably more in further education. These are people who do not get the plan. They have a problem that means they will probably underachieve and not handle the classroom well. Expecting the teaching workforce to have a clear understanding of this is not too much to ask.

2.45 pm

We are in a situation where dyslexics like me, who have a slightly different arrangement of their neural pathways and a slightly different learning pattern, will struggle to both absorb information and convey it if you use conventional ways of teaching. There are well-accepted strategies in place, such as the use of technology, but if the teaching staff are not at least reasonably familiar with some of these strategies, or know that changes can be made to get round things, you are not going to get the best results. If there is a legal duty, why not add this in?

I really do not get what the Minister and the department are about. They say that there is some £45 million over three years, which is £15 million a year throughout the sector, but there are thousands of schools and hundreds of colleges, so that is not that big a spend. There will be a few more SENCOs, but SENCOs are organisers; they do not teach on the ground in most cases. We have a situation where there is a legal right to something, but the Government are not saying that people will be trained specifically to deliver it; instead, they will put it out to a series of organisations which may or may not be tuned into this big sector.

There are certain things the Minister may be able to say that would stop me dividing the House. One is to say that this will be covered in the review we are getting on Monday. I do not think we are going to hear that, but I present it as an option.

We need to carry on and make sure that education works for this group, who have traditionally been left behind and underachieved. In my opinion, too much

is made of the lucky ones like me, who get through because of a tiger parent and a bit of resource and nous. Let us face it: any system that relies on being lucky or brilliant has failed. It is the standard people who have a problem—not bad enough to maybe get the big label and the rubber stamp but bad enough to slightly underachieve.

All I am saying is that there should be some level of basic training guaranteed for those most commonly occurring conditions. If we do not have that, it is not about how we will fail but the magnitude of the failure. If the Minister cannot accept that, really the only option I have would be to ask the House to give its opinion on this matter.

Baroness Barran (Con): I thank all noble Lords who have spoken today, particularly on the amendments and Motions we have just debated. I will touch very briefly on the points raised.

I thank the noble Baroness, Lady Wilcox, for her explanation of the Labour Party's vision for curriculum extension, but, as I set out in my opening remarks, we have very real concerns in relation to this amendment about the impact that a two-week work experience slot would have on schools. We question the value of provider encounters in year 7, before those students can act on them, as I set out in my earlier remarks.

On the very eloquent explanation of the disability benefits system from the noble Lord, Lord Storey, as he knows, we are very concerned about disability unemployment. We published a national disability strategy last July that set out how the Government will help level up opportunity and improve the experience of disabled people. Critically, that includes greater inclusion in the workplace to tackle the disability gap. As the noble Lord remarked, a great deal of work and many initiatives are going on in this area. I am more than happy to accept, on my behalf and that of my noble friend Lady Stedman-Scott, any further conversations the noble Lord would find useful, and I will take back his thoughts to the department.

I thank the right reverend Prelate the Bishop of Leeds and his colleague the right reverend Prelate the Bishop of Durham, and similarly reassure them, on behalf of my noble friend Lady Stedman-Scott, that we would be delighted to continue to work with all noble Lords on these issues, which I know she takes extremely seriously.

On the amendment from the noble Lord, Lord Addington, I would be glad to write to him to try to reassure him about the quality of the advice we have received and the experience of those giving us that advice. I reiterate our concerns about inflexibility in relation to a measure that is in the Bill, particularly since we introduced this standard only in September 2021. The noble Lord will understand that, much as I would like to, I cannot pre-announce anything from the SEND review, but I very much hope he will find much that interests him within it.

Baroness Wilcox of Newport (Lab): I thank the Minister for her reply, and I offer in all sincerity that, if she ever wants to discuss the Labour Party's policy on education and future strategy, I am always available. However, we continue to believe that the amendment is a necessary addition to the Bill. Therefore, I ask the House to agree with it and I wish to test the opinion of the House.

2.52 pm

Division on Amendment to the Motion on Amendments 17 and 18

Contents 83; Not-Contents 144.

Amendment to the Motion on Amendments 17 and 18 disagreed.

Division No. 4

CONTENTS

Adonis, L.
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Andrews, B.
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Clancarty, E.
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Haskel, L.
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Altmann, B.
Anelay of St Johns, B.
Arbuthnot of Edrom, L.
Ashton of Hyde, L.
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Attlee, E.
Balfe, L.
Barran, B.
Benyon, L.
Bethell, L.
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Blencathra, L.
Bloomfield of Hinton Waldrist, B.
Bourne of Aberystwyth, L.
Brady, B.
Bridges of Headley, L.
Brookeborough, V.
Brougham and Vaux, L.
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Caine, L.
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Carrington of Fulham, L.
Chisholm of Owlpen, B.
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Cruddas, L.
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De Mauley, L.
Duncan of Springbank, L.
Dundee, E.
Dunlop, L.
Eaton, B.
Eccles of Moulton, B.
Evans of Bowes Park, B.
Fall, B.
Farmer, L.
Faulks, L.
Fleet, B.
Flight, L.
Fookes, B.
Forsyth of Drumlean, L.
Fox of Buckley, B.
Framlingham, L.
Frost, L.
Goodlad, L.
Greenhalgh, L.
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Hannan of Kingsclere, L.
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Harrington of Watford, L.
Haselhurst, L.
Hayward, L.
Herbert of South Downs, L.
Hill of Oareford, L.
Hodgson of Abinger, B.
Hodgson of Astley Abbotts, L.
Holmes of Richmond, L.
Hooper, B.
Horam, L.
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Kamall, L.
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Lamont of Lerwick, L.
Lancaster of Kimbolton, L.
Leeds, Bp.
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Lingfield, L.
Liverpool, E.
Mancroft, L.
Manzoor, B.
McColl of Dulwich, L.
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McGregor-Smith, B.
Meyer, B.
Moylan, L.
Naseby, L.
Nash, L.
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Nicholson of Winterbourne, B.
Northbrook, L.
Offord of Garvel, L.
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Pickles, L.
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Randall of Uxbridge, L.
Rawlings, B.
Reay, L.
Redfern, B.
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Sterling of Plaistow, L.
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Stowell of Beeston, B.
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Trenchard, V.
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Vere of Norbiton, B.
Verma, B.
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Wei, L.
Whitby, L.
Willetts, L.
Williams of Trafford, B.
Wolf of Dulwich, B.
Wolfson of Tredegar, L.
Young of Cookham, L.
Younger of Leckie, V.

3.05 pm

Motion on Amendments 17 and 18 agreed.

Motion on Amendment 19

Moved by ***Baroness Barran***

That this House do agree with the Commons in their Amendment 19.

19: Clause 17, page 21, line 28, leave out Clause 17

Baroness Barran (Con): I beg to move.

Amendment to the Motion on Amendment 19

Tabled by ***Lord Storey***

At end insert "and do propose Amendment 19B instead of the words so left out of the Bill—

19B: After Clause 16, insert the following new Clause—

"Universal credit conditionality: report

Within twelve months of the passing of this Act the Secretary of State must lay a report before Parliament on the impact of universal credit conditionality on the ability of unemployed disabled people to take up further education.""

Lord Storey (LD): Given the assurances from the Minister, I am not moving this amendment.

Amendment to the Motion on Amendment 19 not moved.

Motion on Amendment 19 agreed.

Motion on Amendment 20

Moved by ***Baroness Barran***

That this House do agree with the Commons in their Amendment 20.

20: Clause 18, page 22, line 1, leave out Clause 18

Motion on Amendment 20 agreed.

Motion on Amendment 21

Moved by ***Baroness Barran***

That this House do agree with the Commons in their Amendment 21.

21: Clause 19, page 22, line 34, leave out subsection (3)

Baroness Barran (Con): I beg to move.

Amendment to the Motion on Amendment 21

Moved by ***Lord Addington***

At end insert "and do propose Amendment 21B instead of the words so left out of the Bill—

21B: After Clause 19, insert the following new Clause—

"**Employer-led occupational standards for further education teaching**

The employer-led occupational standards for further education teachers must include a working knowledge of how the most commonly occurring special educational needs will affect students in the normal educational and training environment within an institution.""

Lord Addington (LD): I beg to move and wish to test the opinion of the House.

3.06 pm

Division on the Amendment to the Motion on Amendment 21.

Contents 62; Not-Contents 132.

Amendment to the Motion on Amendment 21 disagreed.

Division No. 5

CONTENTS

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Allan of Hallam, L.
Baker of Dorking, L.
Bakewell of Hardington Mandeville, B.
Barker, B.
Bennett of Manor Castle, B.
Blower, B.
Brinton, B.
Bruce of Bennachie, L.
Burt of Solihull, B.
Campbell of Pittenweem, L.
Clancarty, E.
Clement-Jones, L.
Dholakia, L.
Doocey, B.
D'Souza, B.
Falkner of Margravine, B.
Featherstone, B.
Garden of Frognal, B.
Goddard of Stockport, L.
Grender, B.
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Hussain, L.
Hussein-Ece, B.
Jolly, B.
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Kennedy of The Shaws, B.
Kilclooney, L.
Kramer, B.
Low of Dalston, L.
Marks of Henley-on-Thames, L.
Masham of Ilton, B.
Newby, L.
Northover, B.
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Scott of Needham Market, B.
Scriven, L.
Sharkey, L.
Sheehan, B.
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Smith of Newnham, B.
Somerset, D.
Storey, L.
Strasburger, L.
Stunell, L.
Thomas of Gresford, L.
Thomas of Winchester, B.
Tope, L.
Walmsley, B.

NOT CONTENTS

Ahmad of Wimbledon, L.
Anelay of St Johns, B.
Arbuthnot of Edrom, L.
Ashton of Hyde, L.
Astor of Hever, L.
Attlee, E.
Balfe, L.
Barran, B.
Benyon, L.
Bethell, L.
Blackwood of North Oxford, B.
Bloomfield of Hinton Waldrist, B.
Bourne of Aberystwyth, L.
Brady, B.
Bridges of Headley, L.
Brownlow of Shurlock Row, L.
Caine, L.
Callanan, L.
Carrington of Fulham, L.
Chisholm of Owlpen, B.
Courtown, E.
Craig of Radley, L.
Craigavon, V.
Crathorne, L.
Cruddas, L.
Davies of Gower, L.
De Mauley, L.
Duncan of Springbank, L.
Dundee, E.
Dunlop, L.
Eaton, B.
Eccles of Moulton, B.
Evans of Bowes Park, B.
Fall, B.
Farmer, L.
Faulks, L.
Fleet, B.
Fookes, B.
Forsyth of Drumlean, L.
Fox of Buckley, B.
Framlingham, L.
Frost, L.
Gold, L.
Goodlad, L.
Greenhalgh, L.
Griffiths of Fforestfach, L.
Hamilton of Epsom, L.
Hannan of Kingsclere, L.
Harlech, L.
Harrington of Watford, L.
Haselhurst, L.
Hayward, L.
Hill of Oareford, L.
Hodgson of Abinger, B.
Hodgson of Astley Abbotts, L.
Holmes of Richmond, L.
Hooper, B.
Horam, L.
Howard of Rising, L.
Howe, E.
Howell of Guildford, L.
Hunt of Wirral, L.
Jay of Ewelme, L.
Jenkin of Kennington, B.
Jopling, L.
Kamall, L.
Kirkham, L.
Kirkhope of Harrogate, L.
Lamont of Lerwick, L.
Lancaster of Kimbolton, L.
Leeds, Bp.
Leigh of Hurley, L.
Lexden, L.
Lingfield, L.
Liverpool, E.
Mancroft, L.
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McDonald of Salford, L.
McGregor-Smith, B.
Meyer, B.
Moylan, L.
Naseby, L.
Nash, L.
Neville-Jones, B.
Neville-Rolfe, B.
Nicholson of Winterbourne, B.
Northbrook, L.
Offord of Garvel, L.
Parkinson of Whitley Bay, L.
Penn, B.
Popat, L.
Randall of Uxbridge, L.
Reay, L.
Redfern, B.
Risby, L.
Rock, B.
Sanderson of Welton, B.
Sandhurst, L.
Sassoon, L.
Sater, B.
Scott of Bybrook, B.
Shackleton of Belgravia, B.
Sharpe of Epsom, L.
Sheikh, L.
Sherbourne of Didsbury, L.
Smith of Hindhead, L.
St John of Bletso, L.
Stedman-Scott, B.
Sterling of Plaistow, L.
Stewart of Dirleton, L.
Stowell of Beeston, B.
Strathcarron, L.
Strathclyde, L.
Taylor of Holbeach, L.
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Trenchard, V.
True, L.
Tugendhat, L.
Udny-Lister, L.
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Vaux of Harrowden, L.
Vere of Norbiton, B.
Wasserman, L.
Wei, L.
Wheatcroft, B.
Whitby, L.
Willetts, L.
Williams of Trafford, B.
Wolfson of Tredegar, L.
Young of Cookham, L.
Younger of Leckie, V.

3.18 pm

Motion on Amendment 21 agreed.

Motion on Amendments 22 to 27

Moved by ***Baroness Barran***

That this House do agree with the Commons in their Amendments 22 to 27.

22: Clause 22, page 28, line 15, leave out from first "to" to "paid" in line 16 and insert "an agreement for the funding authority to provide funding to the provider includes a reference to an agreement or arrangements between the funding authority and the provider by virtue of which amounts can or must be"

23: Clause 25, page 30, line 14, leave out Clause 25

24: After Clause 35, insert the following new Clause—

"Office for Students: publication and protection from defamation

In the Higher Education and Research Act 2017, after section 67 insert—

"Publication

67A Power for the OfS to publish notices, decisions and reports

(1) The OfS may publish notices, decisions and reports given or made in the performance of its functions.

(2) Subsection (1) does not affect any other power of the OfS to publish such a matter.

(3) Publication under this section does not breach—

(a) an obligation of confidence owed by the OfS, or

(b) any other restriction on the publication or disclosure of information (however imposed).

(4) But nothing in this section authorises the OfS to publish information where doing so contravenes the data protection legislation.

For this purpose "the data protection legislation" has the same meaning as in the Data Protection Act 2018 (see section 3 of that Act).

(5) In deciding whether to publish a notice, decision or report under subsection (1), the OfS must, in particular, consider—

(a) the interests of—

(i) students on higher education courses provided by English higher education providers,

(ii) people thinking about undertaking, or who have undertaken, such courses, and

(iii) English higher education providers,

(b) the need for excluding from publication, so far as practicable, any information which relates to the affairs of a particular body or individual, where publication of that information would or might, in the opinion of the OfS, seriously and prejudicially affect the interests of that body or individual, and

(c) the public interest.

(6) For the purposes of this section and sections 67B and 67C—

(a) a reference to a decision includes a reference to the reasons for it, and

(b) any decision made in the course of exercising, or for the purposes of enabling the OfS to exercise, any of the OfS's functions (including making any other decision) is made "in the performance of its functions".

67B Publication of decision to conduct or terminate investigation

(1) This section applies where under section 67A(1) the OfS publishes a decision to conduct an investigation.

(2) If the publication identifies a higher education provider or other body or individual whose activities are being, or to be, investigated, and—

(a) the OfS terminates the investigation without making any finding, or

(b) the findings of the investigation, so far as they relate to the higher education provider, body or individual, do not result in the OfS taking any further action,

the OfS must publish a notice stating that fact.

(3) Section 67C does not apply to the publication of the decision to conduct the investigation to the extent that it includes information other than—

(a) a statement of the OfS's decision to conduct the investigation,

(b) a summary of the matter being, or to be, investigated, and

(c) a reference to the identity of any higher education provider or other body or individual whose activities are being, or to be, investigated.

(4) See section 67A(6) for the meaning of references to decisions.

Defamation

67C Protection from defamation claims

(1) For the purposes of the law of defamation, publication by the OfS of any notice, decision or report given or made in the performance of its functions is privileged unless the publication is shown to have been made with malice.

This is subject to section 67B.

(2) See section 67A(6) for the meaning of references to decisions."""

25: Clause 38, page 42, line 1, leave out "and 26 to" and insert ", 26 to (Office for Students: publication and protection from defamation) and"

26: Clause 39, page 42, line 13, leave out subsection (2)

27: In the Title, line 5, after "assessments" insert "and publication of certain matters"

Motion on Amendments 22 to 27 agreed.

Nuclear Energy (Financing) Bill

Report

3.20 pm

Clause 2: Designation of nuclear company

Amendment 1

Moved by ***Lord Oates***

1: Clause 2, page 2, line 14, leave out from "project" to end and insert "will result in value for money, as evidenced by the publication of the Value for Money assessments conducted to date."

Member's explanatory statement

This amendment would require the Secretary of State to provide stronger evidence that the project will result in value for money through publication of such assessments carried out to date.

Lord Oates (LD): My Lords, I shall speak to all the amendments in this group. They deal with value for money for the taxpayer and for bill payers, the impact on consumer bills of the regulated asset base charge, and the final amendment relates to excluding those on universal credit and other legacy benefits from such impacts.

Amendment 1 requires that the Secretary of State is of the opinion that designating a nuclear company will result in value for money, as evidenced by the publication of the value-for-money assessment. In this sense, it is about both value for money and transparency, which we will also touch on in later groups. We want to know not just that such a designation will result in value for money but on what basis that decision has been arrived at. We know from the history of the nuclear industry that promises about costs have rarely been kept and that finances have been opaque, to say the least. If there was one advantage of energy sector privatisation, it was that the costs which had previously been fairly buried in the accounts of the Central Electricity Generating Board became much clearer. That is a significant part of the reason why nuclear power ceased to be attractive, because it was clear that it did not offer value for money either for the taxpayer or for the consumer.

As my noble friend Lord Foster said when he spoke to this amendment in Committee, the Government have said already that they are going to conduct a value-for-money assessment. All we are asking is that that assessment is published as part of the process of the Minister being clear that it is his position that the designation would represent value for money. In Committee, the Minister notably failed to give any such commitment that the value-for-money assessment would be published, so I ask him to tell the House directly in his response whether the Government will publish that assessment. If he does, he will satisfy many of our concerns on this matter. If he does not, he will simply confirm our belief that the result of the Bill will be that the public are going to be landed with eye-wateringly expensive power generation which does not offer value for money and for which they will be forced to pay on their bills in advance.

Amendments 3 and 10 deal with the impact on consumer bills. Amendment 3 requires the Secretary of State to be of the opinion that designating a nuclear power company will not have a significant and material impact on consumer bills and to lay a report before Parliament setting out the reasons and evidence for that opinion. Again, this is about both the protection of the consumer and transparency over decision-making.

Amendment 10 seeks to exclude recipients of universal credit and legacy benefits from the regulated asset base charge, and I am grateful for the support of the noble Lord, Lord McNicol of West Kilbride, and the noble Baroness, Lady Bennett of Manor Castle, on this amendment. It would guarantee in law that the most financially vulnerable in our country do not see an additional increase in their energy bills to finance the exorbitant costs of nuclear power generation. The

most indefensible part of the Bill is that the cost of nuclear generation and the way the RAB charges work would have a disproportionate impact on those who are already struggling to pay their bills. With the energy price cap already set to increase by 54% and with further increases very possible, indeed likely, in the autumn, this is no time to place further burdens on those least able to meet them, as the Bill does. On the Liberal Democrat Benches, we believe that we have an absolute duty to protect those least able to meet these costs at such a difficult time.

As finance expert Martin Lewis has said, the financial strain on families is already the worst he has known. He describes the increase in energy bills as a

"fiscal punch in the face",

and adds:

"I am out of tools to help people now … It's not something money management can fix … we need political intervention."

But what we have in this Bill is political intervention to make the situation worse. Reports from the Joseph Rowntree Foundation have added that the case for support

"to help people on the lowest incomes could not be clearer"—

so why are we doing the opposite? As we all know, the number of people in fuel poverty is increasing at alarming rates; it is estimated that it will have tripled in the space of two years.

Citizens Advice finds that 55% of universal credit claimants are already going without basic essentials. The Government are proposing to increase benefits by just 3.1% at a time when inflation is forecast to peak at 8% to 9%. Many, including the CBI, believe that peak may be sustained over a significant period. This Bill would exacerbate the problem even further. Amendment 10 would at the very least make sure that the most financially vulnerable people in our country are not forced to bear further costs on their energy bills as a result of this unfair policy.

Viscount Hanworth (Lab): My Lords, I wish to speak to Amendment 1. The noble Lord, Lord Howell, disposed of the previous version of this amendment most effectively in an eloquent speech in Committee, yet the Liberal Democrats persist in asking for an unequivocal value-for-money assessment of any project to build a new nuclear power station. It is not clear on what basis such an assessment should be made.

They may be inspired by the expectation that an assessment conducted according to commercial accountancy would cast doubt on the economic benefits of building new nuclear power stations. It has been pointed out to them that such a valuation would entail the commercial cost of capital funds, which are available from the financial sector only at an exorbitant rate of interest. It is precisely for the purpose of overcoming this impediment that the financial device of a regulated asset base, which is what this Bill advocates, has been devised.

Commercial accountancy—if that is what the Liberal Democrats have in mind—would be a most inappropriate means of assessing the value of investment in social and economic infrastructure that would provide us with a carbon-free source of electricity for the long term. Not only will this electricity be making a vital contribution to our climate change agenda but it will serve to sustain our industries in the absence of fossil fuels. Surely the Liberal Democrats should support such objectives.

The Liberal Democrats have been enjoined to tell us how they envisage that we might satisfy these objectives in the absence of the secure and reliable supply of electricity that would be provided by nuclear power stations. They have failed to do so. They have failed to tell us how the problems of the insecurity and intermittence of the supply of electricity could be addressed if it were dependent on the wind, the sun and imports from abroad. We must assume, in the absence of any declaration from them, that this is what they envisage. The truth is that they have failed to address the logistics of the energy supply in a meaningful way.

The value of renewable sources of power must be assessed not only on the costs of what they are able to produce but on the costs of what they fail to produce. At times when this power is not available, other sources must be found. In the absence of a baseload of electricity, they are liable to become exorbitantly expensive when there is a dearth in power. Wind and solar power will not satisfy the demand for a greatly increased supply of electricity, which must arise if our industries and our transport are to relinquish fossil fuels. The renewable sources of power would serve to satisfy the demands only of a wholly deindustrialised and socially immiserated version of the United Kingdom.

3.30 pm

Lord Howell of Guildford (Con): My Lords, I rise to oppose this amendment. It is not that I am out of sympathy with the concerns and motives behind it; I am all for any moves that create a more explicit explanation of the real, full value of modern nuclear power and the way in which it is developing. Nevertheless, I oppose the amendment because, if you are talking about value for money, it is wildly unrealistic and out of touch with reality, as the noble Viscount, Lord Hanworth, rightly indicated.

Let us certainly have a good argument about value, but what is the value, first, of national security? What is the value of building up a large chunk of our electricity power for low-carbon reliability in the future when, although we all want to see more wind and sun and so on in the package, we know that any part of a complex energy system can go down or be disrupted at any time? There has to be diversity and a large block of reliable, low-carbon power from modern nuclear, with full provision for taking care of the difficult problems of waste which we discussed in Committee, and all the rest. But there is a value in the national security of having a large section of our power coming from nuclear, ready to come in—at a cost, yes—when the wind does not blow, when there are interruptions in oil or gas supplies, and all the rest, as we are experiencing now, when prices go crazy, when LNG, the frozen gas on which we rely, is beckoned by higher bids from China and turns away from us.

What on earth is the value of having this provision? What is the value of diversity in our system, in having conserved the system which we have now which, alas, is grossly overconcentrated either on renewables, which can go down occasionally, or on gas? We were never

[Lord Howell of Guildford]
meant to have as much gas in our electricity production as we have now. When I was looking after these matters a long time ago—and I should declare my registered interest on that—1% of British electricity came from gas, and Sir Denis Rooke, the then chairman of British Gas, was very opposed to an increase. Now it has gone to the other, mad extreme: we are now at 45% to 50%, and when gas problems go badly wrong internationally, as they have, and we have a sevenfold increase in the gas price, we are hit directly through our gas and electricity prices. So the case for a large chunk of renewable energy through nuclear increases by the day, particularly now that we may get an acceptance that nuclear electricity is green electricity and is approved under ESG rules and so on.

I put it to our Liberal Democrat friends that they must face the issue that there is a value—yes—but it cannot be put into money, because it has to be measured in terms of security, diversity, back-up for wind when the wind does not blow, hydrogen production and a variety of other things. There must be some realism in the stance of great political parties in addressing this issue: that is all I plead for. Therefore, I think this amendment is unrelated to the real needs of our security and our national prosperity, and to the whole helping of the poorest and the most vulnerable in society in the future. It cannot be the right amendment to make.

Viscount Trenchard (Con): My Lords, as acknowledged by the noble Lord, Lord Oates, Amendment 1 was debated in Committee. And, as acknowledged by the noble Viscount, Lord Hanworth, just now, I also thought that my noble friend Lord Howell explained very well, both in Committee and today, that value for money is totally subjective. The judgments that have to be made will, of course, take account of the financial plans for projects. I thought that the noble Baroness, Lady Worthington, was spot on in referring to Switzerland, whose electricity grid depends almost entirely on hydro and nuclear. It is hard to put a price on the huge value that energy security gives that country.

Amendment 3, in the names of the noble Lords, Lord Oates and Lord Stunell, is unnecessary, because the Secretary of State will clearly consider this point in assessing any applicant company under the designation process. Furthermore, Ofgem is bound to protect consumer interests as part of the consultation process. I recognise that electricity bills are already rising exponentially, and I expressed concern in Committee that payments under the RAB model will further increase the subsidies that consumers are required to pay. The solution here is to reduce the subsidies paid to renewables projects, to provide a more even balance between support for those sectors and support for the nuclear sector, which has been left out in the cold until very recently.

As for Amendment 10, in the name of the noble Lord, Lord Oates, and others, I fear that the costs of administering such a complicated exemption would far outweigh any possible benefits to the particular groups of people concerned. Besides, there are other groups facing difficulty in meeting higher electricity bills, such as pensioners, who are seriously disadvantaged by the suspension of the triple lock. The best way to assist the people whom noble Lords who put their names to this amendment seek to assist is to enable a stable, well-funded energy mix, including a significant amount of nuclear, both large gigawatt plants and smaller, more flexible SMRs and AMRs. On the latter, the Government are trying to reinvent the wheel and are moving much too slowly in the case of JAEA's HTGR technology, which has been operating for 10 years and is inherently safe.

I hope that the Prime Minister's much greater enthusiasm for nuclear, revealed in recent weeks, will lead to rapid changes to the very cautious current plans of BEIS, in three phases, merely to establish a demonstration by the early 2030s. We need this technology yesterday, and we should be rolling it out commercially before the end of the decade. The *Times* reported last week that Ministers are exploring the creation of a state-owned nuclear company that would take stakes in future nuclear projects, to reduce our reliance on foreign energy. That is very welcome. What a pity it is that such a company was not in existence before Hitachi made the decision to cancel the Horizon project in September 2020.

Baroness Bennett of Manor Castle (GP): My Lords, I speak in favour of Amendments 1 and 3 in the name of the noble Lord, Lord Oates, and in favour of Amendment 10, also in his name and to which I have attached my name.

Speaking for the first time on Report on the Bill, I am getting something of a sense of déjà vu. I do not know whether the ministerial Front Bench has brought its snacks this time, but it can sit and watch the show as we see enthusiasm from both Labour and Tory Benches for new nuclear power.

It is interesting to go back to the Explanatory Notes. The policy background that explains the purpose of this Bill is

"a clean energy system that is reliable and affordable for energy consumers".

These three amendments particularly address that last point—although the comments of the noble Lord, Lord Howell, on reliability were also interesting. The words that he used were interesting: "decentralised", "security" and "stability". Why put all your eggs in a few large baskets rather than into an extremely decentralised system of renewables, storage and, particularly, energy conservation? That is a genuinely diverse and secure supply. Ask the Japanese about what happened after Fukushima, and they will tell you that, if nuclear goes wrong, you can lose the lot—and then you have a very large problem, as the Japanese did.

With regard to security and affordability, there is an interesting letter in the *Financial Times* this morning, headed:

"Arguing for more nuclear power was wrong then too",

from Andrew Warren, chair of the British Energy Efficiency Federation, in Cambridge. It picks up my point that the cleanest, greenest energy that you can possibly have is the energy you do not use. It also comes to the point about value for money and the argument that new nuclear is essential. Mr Warren says that

"back in 2006, when the then Labour government … committed to a 'family' of further nuclear power stations",

it was on the basis that our usage of electricity was going to go up enormously and therefore we needed new nuclear power stations, which of course did not happen. The letter points out:

"UK electricity consumption has in fact gone down by over 15 per cent since 2006. In other words, all that expectation of demand growth which was used to justify new nuclear power stations was grossly exaggerated … by over 30 per cent."

As Mr Warren notes,

"no new nuclear power stations have been added to the system. The system hasn't collapsed, and it's also far less carbon intensive."

I can imagine that many noble Lords might say at this point, "Well, yes, but we have to electrify transport and home heating". However, if—to use a word associated with the Prime Minister—we went gung-ho on energy efficiency and a modal shift to walking, cycling and public transport instead of private cars, we could greatly reduce the kind of assumptions that are made. The policy background suggests that the UK electricity supply will need to double and low-carbon sources quadruple by 2050. If we build a different kind of society that needs less power, that is an extremely cost-effective way forward.

To come back to cost effectiveness, I have looked at some figures on this. The Nuclear Industry Association has suggested that the proposed new nuclear plants at Sizewell, Wylfa and Bradwell could come in at £60 per megawatt hour. We have just seen, in the most recent offshore wind projects selected for round 3 of the contract for difference allocations, strike prices as low as £39.65 per megawatt hour. The noble Viscount, Lord Trenchard, referred to concerns about green subsidies. These do not need subsidies because they are cheaper than any other source of power. That is offshore wind, without even coming to the fact that onshore wind, which I am delighted to see the Government now moving towards, is much cheaper again, as indeed is solar.

Of course there is Hinkley Point C, with a £92.50 contract. The nuclear industry says, "Oh, it will all get better eventually". It is confident about the £60 figure—and we know how confidence about the cost of nuclear power has worked out in the past—and that over the long term it will eventually get to £40, which is what offshore wind is delivering now.

I particularly want to address Amendment 10, as the noble Lord, Lord Oates, did so effectively in introducing this group, to which I have attached my name, and to look at where we are with fuel poverty. From 1 April, 27% of UK households are expected to be in fuel poverty—and that is a watered-down definition of fuel poverty—so that is 6.3 million households. Each year around 10,000 people die prematurely as a result of cold homes. Again with regard to the policy landscape, if we insulated those homes, those people would not die prematurely. It is interesting that the charity National Energy Action notes that this seems to be within the bounds of some perverse statistical acceptability; we just accept it as being normal and continue to go on as we are.

3.45 pm

I want to address the point about the Government's levelling-up agenda and look at some of the figures for fuel poverty that will be in place from 1 April. The Bushbury South and Low Hill area of Wolverhampton will have an 88% rate of fuel poverty. The Washwood Heath area of Birmingham, Castle and Priory ward in Dudley and the Shelton area of Stoke, will have more than 80% of households in fuel poverty. Areas of Rochdale, Leeds, Sheffield and Derby will have just below 80% of households in fuel poverty. We are talking about adding significantly to the cost of those bills through nuclear power when cheaper alternatives are available.

I entirely agree with the noble Viscount, Lord Trenchard, on bringing back the triple lock to pensions, but it was his Government who took it away. By focusing on universal credit, we are not reaching everybody who will be in a worse situation because of nuclear power, but we would at least reach a very significant group of people and, because of universal credit, a significant number of children through Amendment 10.

Finally, another question to address was raised by the noble Viscount, Lord Hanworth. He suggested that the Liberal Democrats were not interested in sustaining our industry, but if our industry is competing with a world that has gone for far cheaper renewables, and our industry is relying on expensive new nuclear power, then that is not the way to sustain our industries.

Baroness Worthington (CB): My Lords, I shall speak to this group of amendments, particularly Amendment 1, moved by the noble Lord, Lord Oates. As I said in Committee, I have some sympathy with the greater transparency of the assessment of the value for money of new nuclear, partly because it will prove once and for all that there is a very strong case for pursuing reinvestment in our nuclear capabilities at every scale, whether the large-scale reactors that we are considering at Sizewell and Hinckley Point, or the SMRs, which I hope will be pursued with a considerable increase in speed as we address our needs for secure, affordable and zero-emission electricity.

As noted by the noble Baroness, Lady Bennett, we will be seeing a greater need for electricity. We will, I hope, see a huge increase in energy efficiency as we move to electric vehicles, because they are inherently more efficient than the combustion engine fuel supply chain, but there will be a greater load on the grid so we will need vastly more electricity, even as we get more efficient. We need a varied set of technologies providing power reliably and with resilience throughout the year. Nuclear can clearly play an excellent role alongside greater increases in solar, wind and other forms of renewable electricity. There is no need for these to be seen as competing; they complement each other very well.

I suspect that the Minister will reply that it is not necessary and that there will be information in the public domain about the choice. The noble Lord, Lord Howell, made a very compelling case for how difficult it would be to provide a full value-for-money assessment when such things as national security are so hard to translate into a sum of money. As we noted

[Baroness Worthington]
in Committee, there are countries much less concerned by the terrible events in Ukraine because of the nature of their electricity supply. It is right and proper that the UK should pursue the Bill—that we get on with it and see money flowing in the sector, which has been very stop-start. If we get this going, can sustain our interest and not do stop-start, the value for money will increase. The Bill is all about making these investments less costly for the taxpayer and the consumer and I support it. I am sympathetic to the amendment, but I do not support it.

Lord Stunell (LD): My Lords, there were a couple of paper tigers dancing around in the Chamber today. I will deal with one of them straightaway. We are not unique in this Chamber in thinking that it is a good idea to do a value-for-money study on these projects. In Clause 2(3)(b), one of the criteria for designation is that

"the Secretary of State is of the opinion that designating the nuclear company in relation to the project is likely to result in value for money."

Given that the Government themselves believe it is appropriate to have a value for money study, those who think we have somehow dreamt up something totally unfeasible, ridiculous and stupid need to address their remarks to the author of the clause, not the authors of the amendment. The two amendments actually say two things, the first of which is that we believe the Secretary of State thinking it likely to result in value for money is not a sufficiently high level of evidence. It needs to be that it

"will result in value for money".

I would express that as being the difference between "the balance of probabilities" in a civil case and "beyond reasonable doubt" in a criminal case. Basically, we want a better than 50% chance that the value for money guess comes out right. I do not think that unreasonable or contrary to the spirit of value for money, as Governments ought to be exercising it when spending public money. That needs to be considered quite carefully by those who think that value for money is somehow a Liberal Democrat evil which has been conjured out of nowhere.

The second of our Amendments says that when that has been done it should be published. My noble friend Lord Oates drew on examples in the nuclear industry in the past 60 years of evidence and material being gathered and kept very, very quiet. Of course, eventually it all comes out, if only in the decommissioning costs or from the actual unit cost of producing the electricity, which nobody can any longer avoid. The first generation was built on the basis that the electricity would be so cheap we would not need to have electricity meters. We tend to forget that those kinds of claims were ever made, but they were never supported by evidence because the evidence was never published at a relevant time when it could have affected the decisions being made.

The two amendments the Liberal Democrats have put into play are based on making sure that the Secretary of State does a proper value for money exercise and that they base their decision not just on the balance of probabilities—"If we're lucky it'll be all right; if we're unlucky, well there we go"—but with some reasonable level of certainty that the exercise has produced the right result. Making it transparent and putting it on the public record is a good way of making sure that those who make a professional evaluation of value for money are well aware that what they put into their report will be in the public eye and open to challenge and discussion.

If only that had been the case with previous generations of nuclear generation decision-making, we would have got a better outcome. I do not mean that there would be no nuclear plants built, but we would have perhaps avoided what the noble Baroness, Lady Bloomfield, speaking on behalf of the Government, complained about in relation to the decommissioning process. The noble Baroness, Lady Worthington, said that it is necessary to avoid "gold-plating" decommissioning costs

"that deliver millions of pounds to contractors unnecessarily".—[*Official Report*, 8/3/22; col. GC 434.]

I thought those were powerful words. She was talking about decommissioning costs, but should we not be doing the same with commissioning costs? What can be wrong with testing that out?

Also, value for money is not something that can be assessed anyway, because there are impenetrable questions which make valuing the outcome completely unfeasible. When one looks at the value for money of any project, there are two issues. The first is the actual cost of the project. Have the costs been realistically assessed and are they properly built into the estimates being presented? For generation after generation of nuclear plants, it has been perfectly obvious that the cost of building them has not been correctly assessed. Indeed, that is true of the plants currently under construction.

The second thing that needs to be quantified is the nature of the rewards that one gets from the project when it has been built. What are they? The rewards from a nuclear plant consist of the electrical output and the security factor. The noble Lord, Lord Howell, made an excellent contribution on that topic in Committee, the essence of which he repeated just now. I do not reach quite the conclusion that he did, but I will say how I think we might best analyse it.

We know that at the moment, the electricity that will be produced will be at least 50% more expensive than if it came from offshore wind power, for example. The noble Baroness, Lady Bennett, gave some of the figures. This plant will not come on stream for another 15 years. We do not know what the unit cost of offshore wind will be in 15 years' time but, if you follow the graph, it is reasonable to suppose that it will be quite a lot cheaper than it is now. So it is a competition where nuclear starts 50% ahead; it will probably be more like 70% ahead when it comes online. I am setting aside any consideration of whether any allowance should be made for decommissioning costs.

Then, we get to the security argument: what happens when the wind does not blow? Well, we have a strike price that is nearly double that of offshore wind. It is therefore obviously a premium product. It is not something you would indulge in unless you could see a substantial value that was related not to its electrical output but to

something else. The carbon reduction is real and not to be neglected but, of course, other renewables—certainly offshore wind, solar and onshore wind—have those carbon savings. It is a matter of debate whether they provide more or fewer savings per gigawatt than nuclear but, as I understand it, nobody is really saying that other renewables would not deliver the same carbon savings. So security of supply is the point in play. For me, the exam question, therefore, is this: can we get that security of supply in any other way that is cheaper and faster, with less or no impact on the RAB figures, which consumers will have to pay at the end of the day?

By coincidence, yesterday morning, I attended a presentation given by National Grid. It was asked some quite poky questions about whether it thought that the national grid would have the resilience for all the electrical power that will be demanded to flow through the system. Its answer was surprisingly upbeat. It said that it would be relaxed about the grid's capacity if, for instance, there were 15 million or 20 million electric-powered vehicles dispersed widely throughout the United Kingdom, and, incidentally, concentrated in the places where electrical demand is greatest, such as the south-east of England. It sees the grid as a fundamental element of the storage of power to cover the times when it is needed. It did say, however, that there will have to be additional investment by the distributive network organisations, or DNOs, to reinforce the local distribution grid.

4 pm

As the noble Baroness, Lady Bennett, has pointed out, doing some proper retrofitting and demand reduction in the domestic sector, never mind the industrial and commercial sectors, will also produce dividends. We should not forget that we have a project of nuclear expenditure which is costing something like £3 billion a year per plant at present. If the question is: could we get more bang for our buck by spending that £3 billion on a mixture of reinforcing the local distribution grid, accelerating the rate of transformation for electric vehicles and investing in demand reduction in the domestic, commercial and industrial sectors, the answer is probably yes. But, let us face it, that needs proper study.

I say to the noble Lord, Lord Howell, that although it is unconventional thinking that we should perhaps not produce as much as we used to and stop warming up the sky with our leaky houses, that is the way we ought to be going if we were rational. I hope that sets out my reply to the noble Lord and other critics who perhaps express their view less elegantly than he does.

So what is the answer? If we are to take seriously the reduction of the burden on the poorest households from the cost of the energy that they use, surely we ought to give very careful consideration to Amendment 10. Whatever the merits of this nuclear programme, it will, as it stands, increase the burden on them, when some of us certainly believe that the alternative strategy which I have just set out, in only the sketchiest form, would save that burden being placed on them and result in an altogether much more satisfactory energy mix.

That is exactly what Amendment 10 does, so I hope that noble Lords will stop trying to shoot down value-for-money studies because the Government want one and understand that making it transparent means that it is more likely to be honest. I hope they will support the view that we ought to be protecting the poorest against fuel poverty, and support Amendment 10.

Lord McNicol of West Kilbride (Lab): My Lords, this Bill is about finance as much as it is about nuclear power. Labour believes that new nuclear has an important supporting role to play in the energy mix, alongside the decisive shift to renewables needed to deliver the climate transition and low-carbon energy and secure our energy for the future. As set out by the Climate Change Committee, we need all the low-carbon sources at our disposal to deliver that rapid and fair transition.

The fundamental point is: if we are to build new nuclear power stations, how are we to fund them? Labour supports the building of them for a number of reasons. Nuclear energy is the only proven technology which can supply low-carbon baseload electricity at scale. At a time when we face a global climate crisis, the further rolling out of nuclear energy will also play a crucial role in the UK meeting its climate targets.

I am grateful to the noble Lord, Lord Oates, for tabling Amendments 1, 3 and 10 in this group and was pleased to add my name to Amendment 10, following the extension of the scope into legacy benefits. We are in agreement on the importance of achieving value for money but, given the Government's track record on their use of taxpayers' money, it is no surprise that many noble Lords want to see stronger requirements in the Bill. Amendments 3 and 10 bring us to the core issues here: the impact of the RAB model on consumer bills and the practical impact on people on very low incomes.

For weeks the Government have been promising meaningful action to help people across the country through the ever-worsening cost of living crisis. Try as the Government might to blame rising inflation, energy bills and Ukraine, the OBR's stark warning about living standards shows that the problem faced by many is an issue around the British economy. In meetings over recent weeks, we have been told that protecting claimants of universal credit and other social security benefits is simply too difficult, particularly as we are talking about saving only £1 or £2 a week, but in these circumstances £1 or £2 a week will be critical for many families and households.

However, yesterday's Spring Statement did nothing to support pensioners and benefit claimants and we must consider Amendment 10 against that backdrop. If we had faith that the most vulnerable in society would be protected, there would have been no need for the noble Lord, Lord Oates, to table this amendment. In less than two weeks' time, pensions and other social security payments will be cut in real terms. People are already having to choose between heating and eating.

We support the use of the RAB model to finance new nuclear projects and we very much hope that having a more reliable energy baseline will make costs more predictable. However, it is our duty to look at those who are disproportionally impacted by this decision. We have only to look at the newspaper headlines this morning about the deepest cost of living crisis since the 1950s. On that basis, we hope that the noble Lord, Lord Oates, will test the opinion of the House when we come to Amendment 10 and that MPs will have the opportunity to debate this important matter.

The Parliamentary Under-Secretary of State, Department for Business, Energy and Industrial Strategy (Lord Callanan) (Con): I thank all noble Lords who have contributed to the debate. There was a certain element of déjà vu about it from the discussions in Committee. In particular, the noble Baroness, Lady Bennett, rehearsed her well-documented and faintly nonsensical views. She will be pleased to know that I will resist the temptation to tackle them again as we did in Committee, not least because it was done fairly expertly by my noble friends Lord Howell and Lord Trenchard, the noble Baroness, Lady Worthington, and the noble Viscount, Lord Hanworth, who made some very good points. If I would leave her with one word in response it would be "intermittency", which is the key argument against her point.

Starting with Amendments 1 and 3, I remind noble Lords that designation is only one step in a rigorous process to ensure that a potential nuclear RAB project is sufficiently scrutinised, evaluated and subject to all relevant approvals prior to a final investment decision. As discussed in Committee, we have set out a transparent designation process which requires the Secretary of State, at the point of designation, to be of the opinion that designation is likely to result in value for money. This process requires the Secretary of State to draft reasons for designation and to consult on those reasons with consultees as set out in the Bill. Importantly, as my noble friend Lord Trenchard reminded us, they will include Ofgem, which, as per its principal objective to protect the interests of existing and future consumers, will ensure that consumer impacts are fully considered at the point of designation.

I reassure noble Lords that the Bill requires the final designation notice to be made publicly available. It will include the reasons for designation, which will incorporate details of the value-for-money assessment made to support the designation decision. We would expect that a value-for-money assessment at this stage would consider the potential impact of designation on consumers, using all relevant information available at the time.

However, as per my previous comment, designation is only one of a number of approvals that will mature our understanding of a project's costs, alongside intensive negotiations. I feel therefore that Amendment 3, tabled by the noble Lords, Lord Oates and Lord Stunell, perhaps comes too prematurely in the overall process of approving a project to receive the benefit of the RAB funding model.

It is important that we retain our flexibility in how we negotiate with different project companies that are designated for the purposes of the RAB model. We can therefore commit that, at the point of directing a revenue collection counterparty to offer to enter into a revenue collection contract with a designated nuclear company, the Secretary of State will publish a value-for-money assessment of the project and its impact on consumers, along with all the appropriate documentation, save for information which the Secretary of State considers would be likely to prejudice someone's commercial interests or would be contrary to the interests of national security. I can confirm that this would mean that value-for-money considerations would be published at two key points in the approval process: both when designating a project company in its final designation notice, as I outlined previously, and once the outcome of negotiations and market engagement have been reflected in project costs. I am not sure that even two value-for-money assessments would convince the Liberal Democrats of the value of this, but nevertheless I am prepared to give it a go.

On Amendment 10, I will begin by slightly correcting the figures used by the noble Lord, Lord McNicol. I value the noble Lord's support for the principles of the Bill and Labour's support for new nuclear. I think that the noble Lord used the figures of £1 to £2 per week for this model. Our estimate is closer to £1 per month. This will obviously depend on the negotiations, but it is not quite as drastic as the noble Lord implied.

I understand and share the desire from noble Lords to protect vulnerable consumers. Of course, we all want to do that. The Government agree on the importance of supporting low-income households, particularly at this time of high energy prices. I will remind noble Lords of the commitments which we have made to supporting households to meet the costs of energy bills. This includes the energy bills rebate scheme, worth a total of £9.1 billion and covering a £150 non-repayable rebate for households in England in council tax bands A to D, as well as an additional £144 million of discretionary funding for billing authorities to support households that are in need but do not meet the council tax criteria. This is in addition to the actions we are taking through the warm homes discount, cold weather payments and the household support fund, which the Chancellor announced yesterday will be doubled to £1 billion from April this year. All of these are aimed at providing immediate support for vulnerable households.

Over the longer term, we are helping to lower energy prices by supporting increases in energy efficiency through the energy company obligation, the sustainable warmth programme, the local authority delivery scheme and the home upgrade grant. I know that the noble Baroness, Lady Bennett, does not want to be reminded of this, but the Government are spending considerable funds, of up to £6.6 billion in this Parliament, on energy efficiency schemes. To that extent, I agree with the noble Baroness that energy efficiency is a good thing to do, and indeed we are doing it. Noble Lords will see from this programme that the Government take the support of low-income households at this time incredibly seriously. However, it is our strong view that this challenge is best tackled holistically.

On the specifics of Amendment 10, as my noble friend Lord Trenchard said, the RAB model charges suppliers rather than consumers. The amendment means that suppliers could be required to pay their full share of the RAB charges but not pass the cost down to consumers on universal credit. Suppliers would be very unlikely to meet those costs themselves. Instead, they would most likely spread the additional charge among other consumers who are not exempt, placing addition burden on, for example, low-income households and those who were not on benefits. The amendment would also create a substantial administrative burden, as suppliers would need to accurately identify and verify benefits recipients—information which could be

difficult for them to access. Again, it is likely that they would choose to pass the administrative costs of this on to other consumers, including other vulnerable groups, such as pensioners.

I also have concerns about the compatibility of the amendment with a scheme which, if implemented, could last for many decades over the life of nuclear projects. For instance, the amendment specifically references universal credit and "any legacy benefits", and it is likely that alternative benefits will be brought forward during this period. Referring to universal credit on the face of the Bill would result in updates to the legislation being needed whenever changes to the existing benefits system were made. I hope that noble Lords will accept that this would clearly be impractical.

4.15 pm

Ultimately, it is expected that the overall RAB charge will make up only a very small proportion of overall energy costs for consumers, which are largely driven by volatile global fossil fuel prices. The Government's policy is to consider holistically the impact of all cost drivers of energy bills, and to develop plans to support households in the light of these. If, however, circumstances arose in which it was considered that the burden of charges to contribute to nuclear RAB projects was felt to be too great, the Secretary of State could also, if considered appropriate, include provision in revenue regulations under the Bill to exempt part or all of a supplier's obligation to pay RAB charges, for example based on the consumer base.

Although I have set out our strong support for a holistic approach to supporting households in meeting the cost of energy bills, I can commit to the House that, as part of the statutory consultation required on the revenue regulations, we will explore further the arguments for introducing such an exemption, and whether the administrative arrangements required to give effect to this would be considered proportionate and appropriate. Placing the requirement in primary legislation would prevent us giving the proper careful thought that any such proposal would properly deserve.

I thank noble Lords for their consideration of these matters, and I want them to know that their concerns have been heard. I therefore hope that, with the reassurance I have been able to provide that the Government are taking the necessary steps to deal with the concerns behind their amendments, noble Lords will feel able not to press Amendments 1, 3 and 10.

Lord Oates (LD): My Lords, I am grateful to all noble Lords who took part in the debate. I thank the Minister for his response. The issue of value for money, as my noble friend Lord Stunell pointed out, is a central part of the Bill. All we are asking is that the value-for-money assessments the Government rely on are published. I am pleased that the Minister said that they will be published, albeit not at the stage we would wish them to be. That is some progress at least, but it puts the slightly bizarre argument that this is not an issue for amendment in that context.

Regarding universal credit, the Minister said that it would be administratively difficult because the electricity suppliers are charged the RAB charge and would have to pass it on to consumers. It would, of course, potentially be possible for the Government to exclude the relevant amount for universal credit and other legacy benefit users. It would also be possible and open for the Government, if they wanted to, to assess whatever the RAB charge is and give that as an additional benefit to those people. But the essential issue is that we cannot put further burdens on people who are already suffering enormously with the cost of energy and cost-of-living increases. This has to be solved. I am sure it is not beyond the Minister and his colleagues, if he says that there are technical problems with putting universal credit or other legacy benefits into the Bill, to correct that when it goes back to the Commons and bring forward an amendment that they think would work.

Overall, we have to take some action to protect these very vulnerable consumers. I think we can all agree on that and I hope the House will support the amendment when we come to it. As I said to the Minister, I am grateful on the issue of value-for-money assessments. I am sorry he could not go further on the impact on consumers' bills as a whole. We really need more transparency on that.

Finally, I say to the noble Viscount, Lord Hanworth, that I am absolutely delighted by his interest in Liberal Democrat policy. Knowing his deep and clear affection for the Liberal Democrats, as shown in these debates, I am surprised that he has not already read our excellent policy paper *Tackling the Climate Emergency*, which sets out in comprehensive detail, as only a Liberal Democrat policy paper can, how to decarbonise the grid without the need for new nuclear. However, if by any chance he has not had the chance, I would be very happy to send it to him. With that, I beg leave to withdraw Amendment 1.

Amendment 1 withdrawn.

Amendment 2

Moved by ***Lord McNicol of West Kilbride***

2: Clause 2, page 2, line 14, at end insert—

"(c) the nuclear company is not owned, wholly or in part, by a foreign power or entity listed in regulations made under section (Barring of certain foreign powers or entities from involvement in UK civil nuclear projects)."

Member's explanatory statement

This amendment makes clear that a company may not be designated by the Secretary of State if it is owned, wholly or in part, by a foreign power or entity specified in regulations laid by the Secretary of State.

Lord McNicol of West Kilbride (Lab): My Lords, I shall speak also to Amendment 6 in this group.

Amendment 2

"makes clear that a company may not be designated by the Secretary of State if it is owned, wholly or in part, by a foreign power or entity specified in regulations laid by the Secretary of State."

In Grand Committee, my noble friend Lady Wilcox of Newport very ably, in my Covid absence, introduced two Labour amendments that would have severely restricted foreign involvement in the UK's civil nuclear industry. During the course of that debate, she suggested that if the Government were sympathetic to the arguments

[Lord McNicol of West Kilbride]
but uneasy with the mechanism, they could come forward with an alternative. In responding, the Minister confirmed this. These adapted amendments following Committee take on board the considerations that we debated and, although weakening the original amendments, retain their essence.

It is with that in mind that I hope the Minister will consider Amendments 2 and 6 favourably. They now provide alternatives—rather than banning foreign involvement completely, they would require the Secretary of State to establish and maintain a list of foreign powers and entities that are barred from involvement in UK nuclear projects. This feels both proportionate and reasonable. As we see it, the list would operate in a similar manner to the financial action task force's list of high-risk countries for money laundering, which is part of our domestic law via regularly updated SIs.

The amendments do not specify criteria for including states or entities on the list; it could be national security, but the Secretary of State could also choose to bar a company that has a questionable track record in other respects—be it a poor delivery record or safety concerns. It may be that the department wishes to bar the involvement of some individuals or entities currently subject to sanctions but who may not necessarily still be on the sanctions list at the time of a future designation.

The Minister told us in Committee that this was an interesting idea and that the department would study it closely. We are grateful that he made BEIS officials available to us for discussion on this and other topics last week, but that meeting took place just hours before the deadline for tabling government amendments, and final agreement could not be reached. The Minister knows we are supportive of the Bill, but our general support should not diminish the importance of our concerns. The feeling of colleagues in Grand Committee and in private discussions since has been that the protections under the National Security and Investment Act 2021 are not sufficient in this area. We feel that Amendments 2 and 6 offer a sensible way forward, building on a system already used by other departments—Her Majesty's Treasury, for example—and familiar to financial and other institutions across the country.

Should the amendments be accepted, I am sure the department will be free to address any drafting deficiencies, but we on these Benches believe that this is an important point of principle and will test the opinion of the House if the Minister does not accept Amendment 2. With that, I beg to move.

Lord Vaux of Harrowden (CB): My Lords, I speak to Amendments 4, 7 and 8 in this group in my name, but, before I do that, I will quickly say that I also support Amendments 2 and 6, in the name of the noble Lord, Lord McNicol of West Kilbride. In Committee, I said I was unable to support his amendments because I felt that a blanket ban on foreign state involvement in our nuclear programme went much too far, so I am delighted that he has now found a more flexible formulation, which would enable the Secretary of State to decide who should be barred from the nuclear programme.

The amendments in my name are intended to cover a similar point, but perhaps more widely and slightly more flexibly. Last week, we spent a lot of time discussing the importance of being able to identify the ultimate beneficial owners of property in the UK. It seems to me considerably more important that we should always be certain of the identity of any party that may be able to exercise significant control over a nuclear company, either directly or indirectly, and that we should be able to take action to prevent undesirable parties, should they attempt to obtain significant control of a nuclear company. My amendments simply seek to achieve that.

As I mentioned in Committee, it was ruled out of scope when I tried to introduce an amendment that would have allowed the Secretary of State to revoke the licence of a nuclear company if an undesirable party obtained significant control. My amendments here are restricted to the designation under the Bill, but the comments I am about to make apply every bit as much to the licensing regime, and I ask the Minister to keep that in mind.

I have revised my amendments from Committee so that my three amendments now introduce a regime for designated nuclear companies that is similar to that which applies to persons with significant control of UK companies. They further give the Secretary of State the ability—not the obligation—to revoke the designation of a nuclear company either where the Secretary of State is not satisfied that the identity of a party with significant control has been verified, or if a party later obtains significant control and the Secretary of State is not satisfied that they are a fit and proper party to own or control a company.

I am very grateful to the Minister and his team for their helpful engagement on this point—again, unfortunately, just before the deadline for submitting the amendments. They have pointed me towards the National Security and Investment Act 2021—the NSI Act—as providing the protections that I am seeking and, to an extent, they are right. But there remain important gaps, and I want to raise them and hear what the Minister thinks.

First, the NSI Act comes into play only if there is a notifiable transaction, so it does not apply at the point when a nuclear company is applying to be designated. It seems to me important that we designate companies only where we are satisfied that we know the identity of all parties that might have significant control, so Amendment 4 adds a new condition that the Secretary of State is satisfied that the identity of any party with significant control has been verified.

I am sure the Minister will tell us that the Government will of course carry out this verification as part of their due diligence—he is nodding—before a designation is granted. If the Government intend to carry out this step anyway, why not accept the amendment? Secondly, it is, sadly, not uncommon for due diligence not to be completed as thoroughly as we might like—I am sure we can all think of examples of that. The amendment would not add any burden to the Government, but it would ensure that this critical verification step must be included in the due diligence, so why not accept it?

There is another reason. If the due diligence failed to identify such a party for some reason, without Amendments 4 and 7 taken together there would be no mechanism in the Bill to remedy the situation after the designation had been granted. The NSI Act would not apply, because no qualifying transaction would have taken place. So we would be stuck with a party that we had not verified, which cannot be right.

The next problem with relying on the NSI Act is that the first remedy under the Act is that, if a notifiable transaction takes place without authorisation, it is void. But that can apply only to UK companies. If, for example, a nuclear company has a 51% shareholder that is a Japanese company, and a Chinese company later takes a stake in that Japanese company, there is no way we can void that transaction, regardless of what the NSI Act says.

4.30 pm

In such a case, the Secretary of State can call in the transaction and, following an investigation, make an order. That order can require a

"person, to do, or not to do, particular things".

In such a situation, I do not think the Secretary of State can actually revoke either a licence or a designation. While the Secretary of State can impose restrictions on the use of the licence or designation, the nuclear company would retain that licence or designation. I am not totally sure about that—the NSI Act, frankly, is not as clear as it could be in that respect—so perhaps the Minister could confirm whether I am right. If I am, does the Minister agree that having the ability to revoke a licence or designation would be a simple and powerful remedy that ought to be in the Secretary of State's armoury? That is what Amendment 8 tries to do: to strengthen the hand of the Secretary of State, if they are not satisfied that a person with significant control is a fit and proper person to own or control a UK nuclear company.

The clue to the final problem about relying on the National Security and Investment Act is in its name: it can be used to intervene only in situations where a risk to national security arises. That is obviously critical, but it is easy to think of many other situations that do not amount to a national security risk, but where we might not consider such a person to be a fit and proper person to obtain significant control. I can give a few examples: a company with a poor safety record, a poor environmental record, a poor record of employment practices, with a previous criminal record or with commercial conflicts of interest with the nuclear company. Would we want any of these companies to obtain significant control of a nuclear company? Clearly not, but there is nothing in the NSI Act or this Bill that would stop it happening. Does the Minister agree and how do the Government intend to deal with such situations if they arise?

I am not going to divide the House on these amendments, primarily because, as I said before, their scope has had to be limited just to the designation process, so they would have a limited impact anyway. But transparency around the ownership and control of key assets has rightly become a real area of concern recently, for obvious reasons. I hope I have demonstrated that there are real gaps in our current ability to know who might hold or obtain significant control over a licensed nuclear company. Relying primarily on the NSI Act for our protection against undesirable parties becoming involved in our nuclear industry also leaves substantial gaps, especially in what action we are able to take where it is not clear cut whether this is a national security risk.

I hope the Minister can confirm that the Government will take a close look at this and carefully consider whether there is anything we should do to close these gaps, particularly by looking at the circumstances in which we might wish to have the ability to revoke a nuclear generation licence.

Viscount Trenchard (Con): My Lords, the noble Lord, Lord McNicol, tabled an amendment similar to Amendment 2 in Committee. The Minister could not accept it because it appeared to rule out EDF as an investor in Hinkley Point C or Sizewell. It also attempted to restrict sourcing of nuclear fuel to domestic producers, which the noble Lord has dropped from his revised amendment. My noble friend explained that the Government do not support investment in our critical infrastructure at the expense of national security, which was good to hear. I ask the Minister to tell your Lordships what progress the Government have made on replacing proposed Chinese investment in Hinkley Point C and Sizewell C.

Amendment 2 is an improvement on the version debated in Committee, but the link to Amendment 6 requires the Secretary of State to establish a list of foreign powers or entities that are barred from involvement in the UK's civil nuclear sector. Amendment 2 covers nuclear companies owned wholly or in part by a power or entity included on this list, but ownership in part could mean just one share. Surely this amendment should restrict only significant shareholdings; perhaps 5% would be an appropriate trigger.

Furthermore, the requirement on the Secretary of State imposed by Amendment 6 would clearly be massively burdensome, if not impossible. It is quite adequate that the Secretary of State should deal with each application separately and assess the shareholders at the time of application.

I said in Committee that I was inclined to support the amendments in the name of the noble Lord, Lord Vaux of Harrowden, who has experience in these matters and always takes a well-considered view. He has persisted in seeking more safeguards in the Bill by bringing back his amendments, but now aligned with the generally accepted definition of "persons of significant control" of UK companies. Those are usually persons holding more than 25% of the shares in a company or having the right to appoint a majority of the board of directors.

The noble Lord, Lord Vaux, is also surely right in his purpose in tabling Amendments 7 and 8 that designated nuclear companies should promptly notify the Secretary of State of any change in persons of significant control. However, I am not sure that it is necessary to state this explicitly in the Bill, and there could well be cases where the Government welcome changes in the shareholding structure of nuclear

[Viscount Trenchard]
companies. As my noble friend explained to your Lordships in Committee, the Secretary of State may attach any conditions he deems appropriate to the designation of a nuclear company, and I believe that this will give him the flexibility to make whatever stipulations he needs to with regard to the balance of shareholdings in such a company.

The noble Lord, Lord Vaux, made some further good points today, although I must say that I consider his suggestion that a Chinese company might take a 51% stake in a Japanese company to be very unlikely, based on my experience of working in the Japanese stock exchange. Nevertheless, I look forward to the Minister's reply to those points.

Lord Oates (LD): My Lords, this group addresses the foreign ownership and transparency issues which we have just heard about, and it includes the amendment in my name and that my noble friend Lord Stunell, on transparency issues.

I very much support the compelling arguments made by the noble Lord, Lord Vaux, and I hope that the Minister will be able to address them. I was also pleased in Committee to support the amendment in the name of the noble Lord, Lord McNicol. He has brought back one that addresses the concerns that were raised in Committee, and he will certainly have the support of the Liberal Democrats. I think it fair to say that Peers on all sides of the House are concerned about the foreign ownership issue, so I hope the Minister can give us some comfort on this. However, if he cannot accept the amendment and if the noble Lord, Lord McNicol, chooses to divide the House, he will have our support.

Amendment 9, in my name and that of my noble friend Lord Stunell, deals with transparency. As drafted, Clause 13(2)(a) allows the Secretary of State to withhold any material which they believe would

"prejudice the commercial interests of any person".

As I said in Committee, this is an enormously wide loophole which does not take any account of the degree of prejudice to the public interest of withholding that disclosure. Surely it is only proper in order to ensure effective public scrutiny that Ministers are not able to hide information behind claims of prejudice to commercial interests through wide loopholes such as this. These projects are being funded by the public and they have the right to know all relevant material, except in exceptional circumstances.

We already know how reluctant the Government and their agencies are to provide information on costs which is overwhelmingly in the public interest, but it goes wider than that. I note that in a reply to a Written Question from the noble Lord, Lord Alton, about meetings between Ministers and the China General Nuclear Power Group, the response was that no minutes were kept of that meeting. I am not clear whether that is within the Ministerial Code, but it goes to show that there is a reluctance to share information here.

The record of transparency in nuclear affairs is poor. This amendment would require the Secretary of State, if he withholds information, to make it clear that it was seriously prejudicial to commercial interest and to set out to Parliament his reasons for withholding it. I hope that the Minister can address those issues in his response.

Lord Callanan (Con): My Lords, I thank all noble Lords for their contributions to the debates. As all the amendments in this group, tabled by the noble Lords, Lord McNicol, Lord Vaux, Lord Oates and Lord Stunell, are linked, I will address them together.

I start with those tabled by the noble Lord, Lord McNicol. As the noble Lord has described, the amendments seek to create an obligation for the Secretary of State to bring forward a list of foreign powers and entities that should not be allowed to invest in nuclear projects, and to use this as the basis for a new designation criteria under the Bill. I appreciate the sentiment behind the amendment but, as the noble Lord will understand, I cannot agree to it for a number of reasons. The amendment is too broad; it does not specify the range of companies that it could cover or the reasons that a foreign power or entity could be included on a list, and the excluded activities are extremely wide—all participation in all projects. This is an extremely broad-brush approach which could severely affect our ability to bring in finance and to deliver new nuclear projects. We would expect the amendment to have a chilling effect on investment, ultimately leading to a higher cost for consumers.

In addition, I am concerned about the further impacts of the amendment. In the noble Lord's explanation of the amendment, he mentions that the list should act

"in a similar way to the Financial Action Task Force's list of high-risk countries."

However, the main focus of that list is to encourage enhanced due diligence in respect of these countries, rather than to provide an outright ban as this amendment seeks to do.

There is also an inconsistency between the amendment to Clause 2 and the proposed new insertion after Clause 3. While Clause 2 is targeted at preventing listed entities from having full or partial ownership of a nuclear company under the RAB model, the proposed new clause discusses barring entities' involvement in the whole civil nuclear sector. If this wider approach were taken, it could limit our options for international co-operation on this sensitive issue, including obtaining technical advice.

By highlighting these problems, I do not suggest that I disagree with the sentiments behind the amendments. Indeed, as the noble Lord will know from the numerous discussions that I have had with him, the Government know that the protection of our national security must be the top priority. The Government already have strong oversight of foreign ownership in nuclear projects as a result of the NSI Act 2021, as the noble Lord, Lord Vaux, reminded us, which includes the ability to call in for assessment any qualifying acquisition if the Secretary of State reasonably suspects that it may give rise to national security concerns.

Importantly, certain acquisitions of entities operating in the civil nuclear sector require mandatory notification and clearance before the acquisition can be completed. This is set out in Schedule 4 to the notifiable acquisition regulations made under the Act, which specifically include entities which hold, or are in the process of

applying for, a nuclear site licence or development consent under the Planning Act 2008 in relation to a nuclear reactor.

To provide an illustrative example, this means that if a new entity wanted to acquire over 25% of the shares in a nuclear project company, this would have to be notified to the Secretary of State and could not be completed until, or if, the Secretary of State agreed it. Indeed, the Secretary of State could require that the transaction was not progressed, assuming the relevant tests in the Act were satisfied. If the acquisition was completed without first being approved by the Secretary of State, or in breach of an order from the Secretary of State, it would be void and not legally effective.

4.45 pm

Beyond the NSI Act, the Secretary of State can also apply conditions as deemed appropriate to the designation of a nuclear company—conditions which if not met may lead to the company having its designation revoked. We are committing today that, as a condition of a nuclear company being designated under the legislation, the Government will have a right to take a special share in the company being designated and any of its group companies that the Government consider appropriate. We would expect a Secretary of State to make this a condition of designation wherever this is felt to be relevant and necessary.

While the exact rights to be included in such an arrangement would be developed in parallel to negotiations with a prospective RAB company, a special share could provide a variety of rights that would allow the Government to safeguard the UK's national security and related objectives. For example, this could include—complementary to the NSI Act but tailored to the unique nature of nuclear—the ability for the Secretary of State to scrutinise investment above a specified threshold and to take any appropriate action in the light of this.

I turn now to Amendments 4, 7 and 8 laid by the noble Lord, Lord Vaux. These amendments also seek to add an additional designation criteria with the effect that the Secretary of State must be satisfied that the identity of any person with a specified degree of control over the nuclear company is verified. They also seek to ensure that any changes in ownership are notified to the Secretary of State.

I welcome the noble Lord's attention on this subject. We met earlier in the week to discuss this and I believe that, since then, officials have provided the noble Lord with further information. The points he makes both in his amendment and his speech are good ones. However, we believe that the most appropriate place for many of these issues to be resolved is through the commercial processes and negotiations around a proposed nuclear project. For example, if considered appropriate, there would be opportunities to include conditions to a designation as the Secretary of State feels appropriate, at both the designation and licence modification stages of the process. The right to take a special share, which I earlier stated would be a condition of designation, could also potentially be used to address all the issues that the noble Lord has raised.

I repeat the assurances I gave the noble Lord during our meeting. At the point of designation, which is only one step in a process towards a project benefitting from the RAB model, we would expect to have very good visibility of those who have control over the nuclear company. As part of the due diligence around a project the Government will seek to identify those with control of the relevant project company.

When making modifications to a designated nuclear company's generation licence to implement the RAB model, we would also expect our commercial engagement and due diligence to include scrutiny of prospective shareholders in the nuclear company. For example, we may expect to include conditions in the nuclear company's modified licence which would require the company to declare details of its shareholders. This would aim to provide the Government with sufficient transparency on who has ownership of a RAB project company.

As I have already set out, the right to a special share could also be used to provide the Government with rights to scrutinise ownership of the company, even after the point of designation, if any new information came to light.

Amendment 8 seeks to deal with changes in control. Again, I reassure the noble Lord that the NSI Act already provides the Secretary of State with powers largely equivalent to those that the amendment would provide. The amendment even uses a 25% threshold, which reflects one of the thresholds in Section 8 of the NSI Act. Let me make it clear to the noble Lord that, like all previous Governments, we deliberately have not defined what national security is within the Act. It is up to the Secretary of State or whichever other Minister he designates to determine the precise nature of national security.

The NSI Act has been designed to account for the full range of potential ownership structures and includes provisions covering interests which are held indirectly through a chain of other entities. The Act also allows the Secretary of State to call in acquisitions of control, even when mandatory notification requirements are not triggered, provided that the relevant conditions in the legislation have been satisfied.

I understand that the noble Lord wants to ensure that the Secretary of State has the power to revoke a nuclear company's designation in this context. The Bill includes the power to revoke when the designation criteria are no longer met. A designation may also automatically lapse if conditions attached to it are not complied with. Given the powers we have to stop transactions under the NSI Act, we do not require an additional power for the Secretary of State to revoke a designation in relation to acquisitions of ownership in the nuclear company.

Finally, Amendment 9, laid by the noble Lords, Lord Oates and Lord Stunell, is an altered version of an amendment previously laid on Report. I see that the amendment now focuses more on the exclusion of commercially sensitive information. I again stress that this amendment is unnecessary. As currently drafted, Clause 13 is drawn narrowly so as to allow for the legitimate exclusion of commercially sensitive information. It is the same wording as deployed in similar provisions in the NSI Act, which has functioned well since its

[Lord Callanan]
introduction. I therefore do not believe that the amendment addresses any genuine issues. Indeed, as I made clear in Committee, the addition of "seriously", given that this term has no clear definition in this context, would potentially add significant uncertainty. This ambiguity about whether their legitimate commercial interests would be respected would seriously damage investors' confidence and make it less likely that they would become involved in projects.

I also note that the Government have already obligated themselves through the legislation to publish the reasons for the designation of a nuclear company in the relevant designation notice, as well as any material that is required to be published under Part 1 of the Bill. A large part of the amendment is therefore duplicative of existing requirements under the Bill.

With the information I have been able to provide and the necessary reassurances I have given that the Government already have in place the necessary powers and mechanisms to deal with those concerns, I hope the noble Lords will feel able not to press their amendments.

Lord McNicol of West Kilbride (Lab): I am very grateful to the Minister for his detailed response to these amendments and to the noble Lord, Lord Vaux, who ably introduced his amendments and made many powerful arguments in their favour. I appreciate the sentiment and tone of the Minister's response. It is unusual to hear a Minister not taking up the powers that we are looking to give the Secretary of State and being constrained. In the world that we live in today, and given the importance of the civil nuclear sector, we think that these amendments—the Secretary of State having this power—is so important.

The Minister is right—this is about due diligence—but I think he is wrong when he talks about an outright ban. That would come in on an entity or designated organisation only if the Secretary of State wished it. It would come to Parliament only if it was recommended by the Secretary of State. Amendments 2 and 6 as written give that power to the Secretary of State.

I am also very pleased to hear about the special share. It was in one of the amendments that we laid in Committee, and we fully support moving forward with Sizewell and the Government taking a special share. We would love it to be retrospective as well, for Hinkley, but we understand the difficulties with doing that.

We on these Benches fundamentally believe that Amendment 2 and, consequentially, Amendment 6 set important principles, so notwithstanding the Minister's response I would like to test the opinion of the House with regard to Amendment 2 and, consequentially, Amendment 6.

4.54 pm

Division on Amendment 2

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5.06 pm

Amendments 3 and 4 not moved.

Clause 3: Designation: procedure

Amendment 5

Moved by ***Lord McNicol of West Kilbride***

5: Clause 3, page 3, line 8, at end insert—

"(5A) Where conditions are imposed under subsection (5)(c), these may include duties on the nuclear company to—

(a) collect data relating to the quantity and value of domestically produced goods and fuel utilised during the construction and operation of the nuclear project, and

(b) make such data available to the Secretary of State to publish in a manner, and at a frequency, that the Secretary of State deems appropriate."

Member's explanatory statement

This amendment would allow the Secretary of State to compel a nuclear company to collect data relating to domestically produced goods and fuel, with such data to be shared with (and published by) the Secretary of State.

Lord McNicol of West Kilbride (Lab): My Lords, I am sure this group will be very brief. Amendment 5 does exactly what it says: it instructs

"the Secretary of State to compel a nuclear company to collect data relating to domestically produced goods and fuel, with such data to be shared with (and published by) the Secretary of State."

When tabled in Committee, this amendment was far broader and wider, but I have edited it down in the hope that the Minister will accept it. If it is not technically quite right, we could bring back some wording for Third Reading. We believe the actions required would not be onerous on industry, as much of the data already exists within its procurement process.

The reasons for tabling this amendment are twofold. First, as was said in relation to amendments in the previous group, in my name and those of the noble Lords, Lord Vaux and Lord Oates, the nuclear industry is a highly sensitive one. Parliament and the Secretary of State knowing where the component parts originate is just a sensible approach. With the war in Ukraine and problems with Russia, China and other nations, being clear on where goods and component parts originate makes good sense.

Secondly, we are unashamedly in favour of government, Parliament and the Secretary of State supporting the development and promotion of British goods, skills and jobs. To do that and to invest in relevant areas, it helps—and they should be required—to know what is and is not domestically produced, and thus where the gaps are.

We have just completed Report on the Subsidy Control Bill, which replaces the historic EU state aid scheme. If implemented well and properly by devolved authorities, local authorities and national government, the Bill will assist in the direction of subsidies to help the UK industry. With those few words, I beg to move Amendment 5.

Baroness Bennett of Manor Castle (GP): My Lords, I rise briefly to speak in support of Amendment 5 and particularly to pick up an aspect of it that we did not really discuss in Committee. It was brought to my attention by a foreign visitor. If we are talking about the source of the fuel, it is not just about whether the fuel going into the reactor is manufactured in the UK but where the raw material, the uranium, comes from. As the noble Lord, Lord McNicol, just said, there are issues of security here, as well as issues of human rights et cetera. Looking down the list of the world's top uranium producers, Kazakhstan is number one and Russia, China—according to an estimated figure—and Ukraine are also in the top 10. I have been trying to establish what the current situation is—perhaps the Minister will tell me, or write to me later—about our current fuel and the origin of the supplies, but it is important in the context of this amendment that we consider that.

Baroness Bloomfield of Hinton Waldrist (Con): I thank the noble Lord for his continued and constructive engagement with the Bill. I state clearly to him and to

the noble Baroness, Lady Bennett, that I share the ambition to maximise the opportunities for UK industry in the nuclear supply chain. We are taking steps actively to support and develop the UK nuclear supply chain, including our world-leading nuclear fuel industry, which the recent spending review confirmed will be supported up to £75 million to preserve and develop the UK's nuclear fuel production capability. We expect developers to play their part in this, supporting UK businesses to compete for opportunities in new projects, and to share their plans with government. For example, EDF has set out that, if the Sizewell C project is approved, it will aim to place 70% of construction contracts with UK companies—up from 64% at Hinkley Point C—and has engaged with the department on its plans for the plant's supply chains.

For those projects that proceed to construction and operation, we expect that data on their supply chains, including what opportunities are being won by UK businesses, will continue to be shared with the department. Specifying that a nuclear company must use UK nuclear fuel would create a significant risk of putting the UK in breach of its obligations under the TCA, and potentially also of our obligations under the WTO and other international agreements—but we do expect developers to be transparent with the public about UK content in their effective supply chains during construction, as EDF has been with the Hinkley Point C project. We will support developers to make this information public where it does not prejudice commercial interests.

We believe that the matter is best taken forward through negotiations on new projects seeking the support of a RAB funding model and ongoing partnership working with the sector. Therefore, I do not believe that it is appropriate to accept the noble Lord's amendment today. However, I accept the spirit in which the amendment was tabled, and I hope that I have given some assurance that we will actively aim to maximise the opportunities for UK companies as we deliver on our ambitions for nuclear power. As for the specific question from the noble Baroness, Lady Bennett of Manor Castle, I need to check with my officials to make sure that that can be divulged and, if it can, I will write to her after this stage of the Bill. In the meantime, I ask the noble Lord to withdraw his amendment.

Lord McNicol of West Kilbride (Lab): I thank the Minister for her response and for her assurances. It is good to hear that the information on where the products come from is shared with the department. We were hoping that it could be shared more widely and publicly to help promote our industries. With that, I beg leave to withdraw the amendment.

Amendment 5 withdrawn.

Amendment 6 not moved.

Clause 5: Revocation or lapse of designation

Amendment 7 not moved.

Amendment 8 not moved.

Clause 13: Sensitive material

Amendment 9 not moved.

Clause 19: Supplier obligation

Amendment 10

Moved by ***Lord Oates***

10: Clause 19, page 16, line 12, at end insert—

"(4A) Revenue regulations must make provision to prevent electricity suppliers from recovering the costs of paying a revenue collection counterparty from customers claiming Universal Credit, or any legacy benefits specified in the regulations."

Member's explanatory statement

This amendment would mean that electricity bill payers who qualify for Universal Credit, or certain legacy benefits, would not be liable for levies on their bills that pay into the RAB revenue collection fund.

Lord Oates (LD): My Lords, I wish to test the opinion of the House.

5.14 pm

Division on Amendment 10

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5.26 pm

Amendment 11

Moved by ***Lord McNicol of West Kilbride***

11: Clause 31, page 23, line 22, at end insert—

"(3A) Nothing in this Part prevents the Secretary of State establishing a Government-owned company into which the assets, liabilities and undertakings of the relevant licensee nuclear company may be transferred in order to allow electricity supply to be commenced or continued."

Member's explanatory statement

This amendment makes clear that nothing in Part 3 of the Bill (the special administration regime) prevents the Secretary of State from taking a project into public ownership, where that would allow electricity supply to be commenced or continued.

Lord McNicol of West Kilbride (Lab): My Lords, Amendment 11 would require the Secretary of State to undertake an assessment of the case for establishing a state-owned entity to take over the delivery and operation of a nuclear project in the event that a nuclear company fails and cannot be saved or have its assets transferred:

"This amendment makes clear that nothing in Part 3 of the Bill (the special administration regime) prevents the Secretary of State from taking a project into public ownership, where that would allow electricity supply to be commenced or continued."

The ultimate aim of the Bill is to get power generated and distributed to homes and businesses across the country. We hope that firms will not fail, but if they do, there needs to be a clear process to ensure that plants are able to be built or continue to operate. I am sure the Minister will argue, as he did in Committee, that the special administration regime does this, but there is still potential for steps that may be needed, and surely, options should be defined in legislation now, rather than waiting until the worst should happen.

Amendment 12, in the name of the noble Lord, Lord Ravensdale, is fundamental to how nuclear energy is seen in the green mix. The Prime Minister has made this argument in favour of the wording within this amendment: I realise that we on these Benches do not often call for the Prime Minister's words to be turned into law, but in this case we do. In fact, the government briefing and policy background to this Bill states, in paragraph 2:

"The Government has made high-level commitments to eliminate its contribution to greenhouse gas emissions. This includes the passage of legislation that requires the UK to bring all greenhouse gas emissions to net zero by 2050, as well as subsequent commitments to reduce carbon emissions by 78% and to decarbonise the electricity system by 2035."

That is all commendable. It goes on:

"This will require rapid, significant changes in the energy sector: total UK electricity supply will need to double by 2050 and electricity from low-carbon sources will need to quadruple, in order to deliver the UK's commitment to become a Net Zero emissions economy by that year."

This is the important bit; it goes on, in paragraph 3:

"A key part of this will be to secure the transition to a clean electricity system that is reliable and affordable for energy consumers. This will require a substantial deployment of renewable technologies, alongside technologies such as nuclear which can provide energy to consumers when the wind is not blowing or the sun does not shine."

Finally, paragraph 4 says:

[Lord McNicol of West Kilbride]

"Large scale nuclear power plants are the only proven technology available today to provide continuous, reliable and low carbon electricity."

I think the Government's words speak for themselves, and I am happy to support the noble Lord, Lord Ravensdale, in his amendment. With that, I beg to move my Amendment 11.

5.30 pm

Lord Ravensdale (CB): My Lords, I will speak to Amendment 12 in my name. I thank the noble Baroness, Lady Neville-Rolfe, for highlighting this issue to me and for working with me to develop this amendment. I also declare my interest as a project director and engineer in the nuclear industry working for Atkins. I apologise to noble Lords for not being able to be present in Grand Committee and thank the noble Lord, Lord McNicol, for his support with the amendment too.

This is a probing amendment designed to highlight a key issue with the way that nuclear projects under the RAB model under the provisions of the Bill are to be financed. The RAB will change the dynamics of capital rates for new nuclear projects by allowing pension funds and other institutional investors to fund large nuclear projects. There are three aspects relating to financing of new nuclear that need to be highlighted here.

First, the focus of Amendment 12 is that investors are constrained by ESG criteria that apply to their funds, as the noble Lord, Lord Howell, referred to earlier. The Government are due to consult on a UK green taxonomy this year, with a target to legislate by the end of the year. Our concern is that nuclear will not be considered sustainable or taxonomy aligned under this scheme. This concern comes from previous positions on nuclear and similar EU schemes, and that the Treasury did not include nuclear within its recent green financing framework.

This all comes back to technology independence. Nuclear is a low-carbon technology, along with many other low-carbon technologies, and the Government should not be picking winners in the race to net zero but enabling a level playing field. If nuclear is not considered as taxonomy aligned under the UK green taxonomy, there is a real risk that Sizewell C will not be viable under the RAB model. ESG alignment is now a key factor in capital raises for pension funds and institutional investors. In this case, a large non-ESG technology simply may not be able to attract capital in a sufficient quantity. I would be most grateful if the Minister could provide some assurance that nuclear will be considered as taxonomy aligned under the UK green taxonomy.

Secondly, I referred earlier to the *UK Government Green Financing Framework*, which describes how the UK Government plan to finance expenditures through the issuance of green gilts and the retail green savings bond. Currently, this excludes investment in nuclear, but again I urge the Government to reconsider. The Government need to take the lead here in defining what counts as sustainable within their frameworks. This is so important in leading the markets in the right direction and in allowing these schemes to finance future government investment in nuclear.

Thirdly, Solvency II rules govern the amount of illiquid assets which can be held by pension funds and insurance companies. This is another factor which could limit the ability of these market participants to invest in nuclear projects under the RAB model. Given that I understand the EU is undertaking reform in this area, can the Minister say what plans there are to reform Solvency II for the UK to ensure that sufficient capital is available to invest in infrastructure such as nuclear projects under the RAB model?

I note that these proposals on finance for nuclear are one of the five steps needed to make nuclear happen outlined last week by the APPG on Nuclear Energy, of which I am a vice-chair. Having the RAB model in place will be a huge step forward for the industry and is the key that will unlock nuclear new builds. The Government need to consider some more enabling steps within this model to ensure the market is able to provide the required capital and move these critical projects for our future energy system forward.

Baroness Neville-Rolfe (Con): My Lords, I support the noble Lord, Lord Ravensdale, and Amendment 12, which is also in my name. It has been a pleasure to work with him again. I will be brief but, I hope, compelling.

One month has changed the world, and we have found ourselves in an unparalleled period of energy price volatility. The West has realised the dangers of relying on Russia for energy. Energy security is now an even greater priority. This is a sad but welcome change. Energy security has been a major concern of mine since I served as an Energy Minister in 2016 and appreciated the risks inherent in our energy policies of that time, both in terms of keeping the lights on and of inflation when things go wrong. I ploughed a lonely furrow at that time.

We need nuclear investment to replace our ageing fleet and to deal with the ups and downs of solar and wind power, as the noble Baroness, Lady Worthington, mentioned in relation to Amendment 1. I was also delighted and amused to listen to the noble Lord, Lord McNicol of West Kilbride, on the Prime Minister —we often agree across the divide. We need this investment fast, and we need several investments in large reactors and in small modular reactors. Nuclear power stations are long-lasting and, like renewables, have very low carbon emissions, and are therefore helpful in reaching net zero.

This welcome Bill edges things forward, but there is a problem, as the noble Lord, Lord Ravensdale, has highlighted. We need to find investors in new British nuclear installations, to replace the Chinese investment planned at Sizewell, and to attract investment from elsewhere. However—and here is the rub—the conventions on ESG and climate-friendly investments do not allow nuclear to count as green. With so much investment from the City and elsewhere now being directed at green options, this is a real risk to our nuclear ambitions. The rules ought to be changed and we must change them today.

Amendment 12 is a modest but important one. I look forward to a firm promise on green taxonomy from my noble friend the Minister, who is doing so much to make the nuclear revival a reality.

Baroness Bennett of Manor Castle (GP): My Lords, I will speak very briefly to Amendments 11 and 12, and chiefly to Amendments 13 and 14 in my name.

On Amendment 11, the noble Lord, Lord McNicol, perhaps predictably, stole the line I was going to use, so I will just note how this amendment demonstrates the practical reality that the state always ends up the last guarantor—the structure having to pick up the pieces. In so many areas of our economy we have privatised the profits and socialised the costs. This is a reminder that that is ultimately what always has to happen, but it is important that it is in the Bill.

On Amendment 12, it is interesting that the noble Lord, Lord Ravensdale, and I can agree on this. The whole question of whether nuclear can be included in the UK green taxonomy is something that I am sure we will continue to debate on another day, just as I will continue to debate with the Minister about intermittency. However, being aware of the time on a Thursday afternoon, I will spare everyone by not venturing in that direction.

My Amendments 13 and 14 would prevent financing being made available to nuclear companies until a plan exists for the safe treatment and disposal of the nuclear waste generated. In Committee, the noble Baroness, Lady Worthington, suggested that this was a "wrecking amendment". I would say that it is a precautionary amendment. You do not start something until you know how you will finish it off. That is how we think about our existing and previous nuclear plants: given the huge decommissioning costs that our society is bearing today, we wish that people in the past had applied that principle, but they did not. They did not think about what would happen with decommissioning, and now we bear the costs.

In Committee, the Minister referred to the Energy Act 2008 and its legal requirement that all proposed new nuclear power stations have in place a decommissioning plan, approved by the Secretary of State, before any nuclear-related construction can commence on site. I put it to the Minister—whose comments I am interested to hear—that decommissioning surely must include dealing with the waste. This includes higher-level waste which, as the Minister said in Committee, is the waste which has to be "treated and stored safely" until there is a geological disposal facility available.

We had a considerable discussion about geological disposal facilities in Committee. There, the Minister spoke—and then wrote to me—about the three proposed sites in Cumbria and the one in Lincolnshire. I said extensively in Committee, and I will not repeat it now, just how resistant Cumbria was the last time there was an attempt to put a geological disposal facility there. I have seen no reason to think that there will not be the same reaction this time as there was last time.

It is interesting to look at what has happened at Theddlethorpe, in Lincolnshire. There is a really valuable local report from *Lincolnshire Live*, which reminds us of the importance of local media in helping people to know what is happening—as an aside, it is tragic that so much of that has been lost. The report, apparently quoting the Nuclear Waste Services, says that

"people would have the final say … in a binding referendum"

before a geological disposal facility goes ahead. So it appears that the people will be given the right to decide.

What timeframe do we have here? The Nuclear Waste Services people say that the feasibility studies which have just started now will take two to three years to complete. After that, if it passes that two or three-year process, we will start drilling more holes to seriously look at the geology. The Nuclear Waste Services is attributed as saying that the "first trainloads of waste" would not roll out

"until the 2040s at the earliest".

I come back to the requirement under the Energy Act 2008. If we do not have a plan for decommissioning, which must involve geological disposal facilities, and if this is something which is going to take a decade or more, how can we possibly go forward? What we are talking about here is putting the money in. How can we do that without, as it would appear, a legal route forward?

I feel that I should probably say at this point that I am aware of the time on a Thursday afternoon. For anyone who is thinking about their train, I have no intention of moving these amendments this afternoon—for the avoidance of doubt. I am well aware of the position of the largest opposition party, so I know where that vote would end up. However, this is an issue which needs a great deal more exploration and discussion, very clear timelines and an understanding that, if we must have a binding referendum before we have a geological disposal facility, this will be a pretty remote prospect.

Lord Howell of Guildford (Con): My Lords, I support Amendment 12 from the noble Lord, Lord Ravensdale, and my noble friend Lady Neville-Rolfe, because I am really quite keen to know what the Government's thinking is on this fascinating and key issue.

First, can they tell us what is going on in Brussels, in the European Commission, where there is a great debate about this very subject? Furthermore, can we get some good information about where German official minds are turning on this issue? As we know, there is a thought going around that Germany, and indeed Switzerland as well—I have been talking to the Swiss and they have confirmed this—are going to delay further closure of their nuclear power which they had turned against. Austria is also following them. Now, as members of the EU, they are all discussing whether in fact the status of investment in future nuclear should be changed in this—to me—desirable way: ESG qualified. There is a very interesting and important matter to be clarified here, and it would be good to hear what the Government are thinking.

Secondly, the whole situation reminds us that the gigantic energy transformation which is being attempted across the planet—to decarbonise energy completely—is an entirely international and global issue. It is a vast undertaking. In fact, it is much bigger than the scale of the Industrial Revolution. It is the biggest change, after 200 years of embedded fossil fuels, not only in the energy industry but in the entire social and industrial structure of countless countries. We are moving on to an entirely new situation, and clearly the status of investment, and the taxonomy concerned in investing huge sums of money through the capitalist system, is absolutely central to this.

5.45 pm

Thirdly, I see the worries of the past; the noble Baroness, Lady Bennett, put them graphically. There was terrible negligence and things were overlooked—things were just not understood—but now we are on the verge of an entirely new generation of technology in the nuclear industry. We are on the verge of entirely new approaches to the size of the machines, equipment and investment undertaken. We are on the verge of a wholly new approach to the handling of radioactive substances, minimising it, if possible, to the point of near-total safety. We are on the verge of an entirely new pattern of operations in the production and development of this industry. After years of lagging behind, we in this country, on this island, must move back to the forefront in this new area.

To my mind, the questions of the taxonomy, qualification for ESG and whether we regard the new nuclear generation as part of the green transformation are completely central. In fact, they will determine whether that green transformation happens at all.

Baroness Worthington (CB): My Lords, I rise to speak in support of Amendment 12 in the names of the noble Lord, Lord Ravensdale, and the noble Baroness, Lady Neville-Rolfe. I will not detain the House for too long.

The question of whether nuclear should be classed as a green investment and therefore within the taxonomy should not be in doubt in any way. The reason it is even discussed is that the European Union turned it into a highly political question and ignored the advice of its own research agency, the Joint Research Centre, which was commissioned to assess whether nuclear should be considered sustainable and therefore be included. It unequivocally found that it should but, for political reasons—mostly centring on Austria's vehement objection and the politics of Germany—this issue has been dragged out and treated separately, alongside another controversial aspect of the EU taxonomy: whether natural gas should be considered a green investment. To my mind, this was entirely regrettable and could have been avoided.

Since we have left the European Union, we have the good fortune of being able to set the record straight and make it absolutely clear that nuclear should be considered sustainable and green, and should therefore be included in our green finance definitions and the taxonomy. I look forward to the Government and the Treasury confirming as such, because to do anything else would be a great shame and would fly in the face of science. If anyone has had the pleasure of going through a pension screening survey to assess the greenness of their investments, they will note that, in many cases, nuclear is still listed alongside arms trading and pornography; this is a hangover from a different era and needs updating. I look forward to the UK setting the record straight and therefore sending a strong signal to other countries and the European Union.

I will not go into Amendment 14; my view on whether it is the right way to approach the waste issue was clear in Committee. It is a serious issue but we should not overexaggerate it in any way just to achieve the slowing down of this investment.

Viscount Trenchard (Con): My Lords, I wish to speak in support of Amendment 12, ably proposed by the noble Lord, Lord Ravensdale, and my noble friend Lady Neville-Rolfe. I tried to put my name to it on Tuesday but, because the Marshalled List was printed on Tuesday, it does not appear.

I do not think I need to repeat the arguments that have already been explained, but I want to ask the Minister how quickly the Government can take action to correct the situation in which nuclear projects are excluded from green financing. It was surprising and deeply disappointing that when the Treasury published the *UK Government Green Financing Framework* in June last year, nuclear projects were specifically excluded. Page 18 of the document states:

> "Recognising that many sustainable investors have exclusionary criteria in place around nuclear energy, the UK Government will not finance any nuclear energy-related expenditures under the Framework."

Does my noble friend not agree that this exclusion sent entirely the wrong signal to the market? The whole point is that "sustainable investors", as the paper describes them, take their lead from the Government, which influences their ESG policies. Is it not now a matter of some urgency to withdraw this framework and replace it with one that rightly includes nuclear so that this damaging market distortion is removed?

Even the EU, despite continuing opposition from Germany, introduced a Complementary Climate Delegated Act on 2 February. The objective of the EU taxonomy is to step up the transition away from fossil fuels by drawing on all possible solutions to help the union reach its climate goals. The Commission has acknowledged that there is a role for private investment in gas and nuclear activities in the transition. It still does not acknowledge a continuing significant role for nuclear in a climate-neutral future, which it still maintains will be mostly based on renewable energy sources. The technical screening criteria contained in the EU delegated Act and the equivalent regulation referred to in the amendment are still concerned with transition to net zero rather than what is at least as important: to secure the continued supply of energy and electricity that rely on reliable sources of firm baseload power, such as nuclear, which are not dependent on whether the sun shines or the wind blows.

As for Amendments 13 and 14, the noble Baroness, Lady Bennett, exaggerates the nuclear waste issue. My noble friend Lady Bloomfield explained in Committee that the Energy Act 2008 already requires nuclear projects to have in place a funded decommissioning programme. Besides this, as your Lordships are aware, progress is being made in identifying suitable sites for geological disposal facilities.

I remind the noble Baroness that all the used nuclear fuel ever produced in the world since the 1950s would fit into one football pitch to the height of approximately 10 yards, so I do not think the trains she talked about will have very many wagons. Has she ever expressed any concern about the massive costs and energy requirement that will be incurred in disposing of millions of wind turbines and solar panels when they reach the end of their operational lives? Furthermore, France and some other countries reprocess and recycle nuclear fuel, which can make it even more productive. Some

advanced reactor technologies are designed to run on used fuel. Happily, the noble Baroness has said she will not move her Amendments 13 and 14, which is good news, but if she had I would have voted against them.

Lord Oates (LD): My Lords, I am happy to give Amendment 11, in the name of the noble Lord, Lord McNicol, the support of these Benches. It is particularly important given the failures of the early cost recovery model in the United States. Whatever one's view of nuclear energy, we really do not want to end up spending more than $20 billion, like they did, and getting no new nuclear plants at all. South Carolina in particular spent $9 billion before Westinghouse went bankrupt. If we are to go ahead with this, we certainly need to ensure that it delivers something at the end of it.

On Amendment 12, I will not go into the detailed debate about the taxonomy issue. The one thing I will say, in the context of the amendments from the noble Baroness, Lady Bennett of Manor Castle, is that whether or not nuclear is regarded as a sustainable means of producing energy, it is certainly not clean. It produces significant amounts of waste that have to be dealt with. Nearly 70 years after our first nuclear plant came online, there has been a scandalous failure to provide a permanent solution. We heard from the noble Viscount, Lord Trenchard, that discussions are ongoing about the geological disposal facility. I am sure we will hear more from the Minister on that. This has been going on for years and years and there is no permanent solution.

I note that the noble Baroness, Lady Bennett, is not going to move her amendments. We certainly discussed this in some detail in Committee so I will not dwell on it further, but the nuclear industry's failure to take its responsibilities seriously in this way is notable. Indeed, until the Nuclear Decommissioning Authority was set up there was no national plan to deal with waste at all. It has done a great job trying to quantify the level of the situation—of course, we have seen bills and disposal costs go up and up year on year—but it is a really important point and I am grateful to the noble Baroness for bringing her amendments to the attention of the House.

Lord Callanan (Con): I thank noble Lords for their contributions to what will hopefully be the final grouping on this Bill. I thank all the hardy souls who have lasted throughout the Committee and Report stages to get to this final stage.

Let me start with Amendment Neville—you can tell it is the final stage; the amendment of the noble Lord, Lord McNicol, is what I should have said. Why did I say that? In my mind, they sounded the same: Lord McNicol and Amendment 11.

Let me state to the noble Lord that I share his ambition to maximise the chances that a nuclear RAB project will commence or continue generation in the unlikely event of an insolvency, therefore preventing sunk consumer costs. It is for this very reason that we have introduced a special administration regime for nuclear RAB projects, with the aim of ensuring that consumers reap the benefits of the low-carbon electricity generated from a nuclear power station which they helped to build. In light of Amendment 11, I consider that it would be helpful to provide the noble Lord with a clear explanation as to the exit routes available to a special administrator under this legislation, and how these would not impinge on the ability to bring a nuclear power station under public control, if that is in the best interests of consumers and taxpayers.

Let me first reaffirm that special administration is a court-administered process and a nuclear administrator would be an officer of the court. It is the nuclear administrator, under the supervision of the court, who would be tasked with exploring all viable options for ensuring that the objectives of the administration are met. This is supported by the Secretary of State, who is able to provide funding and does have options for bringing the administration to an end in certain circumstances, as I will now explain.

The first route available to the administrator is that the company is rescued as a going concern. This is the preferred option for achieving the objective, save in certain circumstances, and would ensure that normal service was resumed and the plant would continue construction or generation. If this is the case and the objective can be achieved, then the Secretary of State, Ofgem or the administrator may then apply to the courts to end the special administration order.

Should this not be feasible, the administrator's second option would be to seek to transfer the company's assets and liabilities to a privately or publicly owned company or companies. This is called an energy transfer scheme and is provided for by Schedule 21 to the Energy Act 2004, as applied by Clause 33 of the Bill. While the Secretary of State must approve an energy transfer scheme, the court retains overall responsibility for the process as it appoints the time from which a scheme would take effect.

It is considered that, as the nuclear administrator will need to achieve the objective of the administration order as quickly and efficiently as possible, in practice this may mean that an energy transfer scheme is explored immediately if this is the most viable means to achieve the objective of the administration. This may be supported by the Secretary of State where, amongst other matters, it is in the public interest.

Should neither of the options I mentioned be possible or in the best interests of taxpayers or consumers, Section 40 of the Energy Act 2004 would establish the option of a nuclear transfer scheme. This is subject to approval from Her Majesty's Treasury and is intended to deal with circumstances where, for example, during the plant's operational phase, for reasons of public safety or to minimise the costs to the taxpayer, the Nuclear Decommissioning Authority is given responsibility for decommissioning the plant.

6 pm

I hope that that has satisfied the noble Lord, that he has found the explanation useful and, most importantly, that it has reassured him that Part 3 of the Bill does nothing to prevent the Secretary of State bringing a nuclear power station under the control of a government-owned company, if this is considered to be in the best interests of consumers and taxpayers. The flexibility afforded to the special administrator ensures that the best option should always be taken, and this includes bringing the plant under government control, if that is in the best interests of consumers and taxpayers.

[Lord Callanan]

Amendments 13 and 14 were tabled by the noble Baroness, Lady Bennett. As I said in previous debates, there is already a robust and effective statutory regime in place under the Energy Act 2008, which addresses the decommissioning costs of new nuclear power stations. I am therefore happy to reassure the noble Baroness that it is a legal requirement for the prospective operators of all new nuclear power stations to have an approved funded decommissioning programme in place before nuclear-related construction can begin on site. I share the view of the noble Baroness that making provision for the costs of decommissioning should be a transparent process. It is therefore the intention, as was done for the Hinkley Point C project, that any approved FDPs for nuclear RAB projects will be published on the GOV.UK website, save for any material of a sensitive nature.

Amendment 12 was tabled by the noble Lord, Lord Ravensdale, and I also thank my noble friend Lady Neville-Rolfe for her contribution. Let me make it clear that, as the noble Lord, Lord McNicol, helpfully reminded us, the Government think that nuclear should play a crucial part in decarbonising the UK's energy sector and supporting a resilient system, as I said in reply to my noble friend Lord Howell.

The Government have stated our commitment to new nuclear in the Prime Minister's 10-point plan, the nuclear energy White Paper and, more recently, the Government's net-zero strategy. I am particularly grateful—although it is obviously late on a Thursday afternoon—to the noble Lord, Lord McNicol, for approvingly quoting the Prime Minister, but the Prime Minister did state, in November 2021, the Government's intention to consult on classifying nuclear energy as a green investment under the UK's green taxonomy, which is designed to drive investment into key low-carbon companies and industries.

My noble friend Lord Trenchard talked about the green financing framework. Eligibility under the framework is not a determinant of what the Government consider to be green. That is the role of the UK taxonomy. Nuclear energy is a proven energy-dense technology, which can complement intermittent renewables by providing large volumes of firm power, while using very little land. Nuclear energy has a clear basis for making a sustainable contribution to the taxonomy's objective of climate change mitigation. Classifying nuclear as a green investment would allow billions to flow into this essential technology. This consultation will be published in the coming months, ahead of the aim to legislate by the end of the year. I hope noble Lords accept that I cannot pre-empt the outcome of that consultation process. As such, it would not be appropriate to require taxonomy alignment under this Act.

Once again, I thank noble Lords and Baronesses for their scrutiny and engagement with these critical elements of the Bill and on nuclear's broader role in meeting our decarbonisation targets. However, I hope I have alleviated their concerns and that they will therefore not press Amendments 11 to 14.

Lord McNicol of West Kilbride (Lab): My Lords, I am really looking forward to reading *Hansard* tomorrow and I compliment the Minister on hiccuping his way through the whole of his response, as with his introduction.

I thank the Minister for his detailed explanation and response to my Amendment 11 and for committing those words to your Lordships' House. I also thank all other noble Lords for their participation in the debate, especially the noble Baroness, Lady Neville-Rolfe, on the next steps. Hinkley has been a good start; RAB, if this measure makes it through both Houses, is a vast improvement on CfDs; and, hopefully, Sizewell will be another step forward. But there is still more to do. The noble Baroness's mention of SMRs and future large-scale civil nuclear developments is important. With that, I beg leave to withdraw the amendment.

Amendment 11 withdrawn.

Amendment 12 not moved.

Clause 44: Commencement

Amendments 13 and 14 not moved.

Daniel Morgan Independent Panel Report

Statement

The following Statement was made in the House of Commons on Wednesday 23 March.

"With permission, Madam Deputy Speaker, I would like to make a Statement on the publication of the report of Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services into the Metropolitan Police's counter-corruption arrangements.

In June last year, the Home Secretary came to the House to report on the findings of the Daniel Morgan independent panel. The panel's report detailed a litany of historical failings by the Metropolitan Police in respect of multiple investigations—failings that irreparably damaged the chances of a successful prosecution for Daniel Morgan's brutal killing. My thoughts, and I am sure all Members' thoughts, remain with Daniel's family. I first met them over a decade ago.

As part of the Government's response to that report, the Home Secretary commissioned the inspectorate to undertake an inspection of the Metropolitan Police's current approach to counter-corruption arrangements. I should note at the outset that the inspectorate did make some positive findings. The Metropolitan Police remains an exemplar in investigating serious corruption and has good arrangements in place to support whistleblowers. It has also almost eliminated the backlog of officers awaiting security vetting, which was identified as a problem in a previous report. The inspectorate found no evidence that the force deliberately sought to frustrate the work of the Daniel Morgan independent panel, but the broad thrust and overarching conclusions of the report are troubling.

This inspection was commissioned to provide assurance for Daniel Morgan's family and the wider public that the force had learned from failings in the past and had robust arrangements in place to prevent, identify and tackle corruption in its ranks. I am afraid that it is deeply disappointing that, in the light of the findings

of this report, I cannot provide this assurance to the House. Indeed, the inspectorate felt that the Metropolitan Police approach suggested

'a degree of indifference to the risk of corruption'.

This is alarming.

Corruption poses a significant threat wherever it rears its ugly head. If it is allowed to take root and wrap its tentacles around organisations and people, the potential impact is profound. This is especially true for policing—an institution that relies so heavily on public confidence and trust. The inspectorate's report outlines a range of issues across all the systems that police forces employ to identify and manage corruption risks. This includes a failure to properly monitor recruits who could pose risks and to routinely share routine intelligence on officers.

The report paints a worrying picture of the Metropolitan Police's approach to exhibit and property management, creating opportunities for those tempted to abuse their position, and posing a risk to investigations.

The inspectorate found that there were more than 2,000 warrant cards unaccounted for. This is particularly concerning, coming as it does just over a year after a police officer abused his position to murder a young woman in a heinous crime that shocked our country to its core.

The report concludes that the Metropolitan Police cannot confirm whether officers working in the most sensitive areas of policing have the right levels of vetting. Furthermore, despite repeated recommendations and good progress made in this area in other forces across England and Wales, the force cannot proactively monitor its IT systems—a crucial tool in identifying corruption. In total, the report contains five causes of concern, two areas for improvement and 20 recommendations for change.

Yesterday, the Home Secretary wrote to the Metropolitan Police Commissioner and the Mayor of London to set out her expectation that they respond to her with a clear action plan to remedy these failings. I welcome the deputy commissioner's statement yesterday, recognising the need for comprehensive action. I put particular emphasis here on the responsibilities of the Mayor of London. Beyond the statutory responsibility on the mayor to respond to the inspectorate's report within 56 days, it is incumbent on City Hall to hold the Metropolitan Police's leadership to account for responding to past failings. This clearly has not happened here, and I urge the mayor to work with the Home Office to ensure that a new commissioner can address these failings.

As she said in her Statement to the House last year, the Home Secretary intends to update the House on the progress made in responding to the wide range of issues raised in the Daniel Morgan Independent Panel report. The Met Police published their response last Friday to the recommendations directed at them and, now that we have the inspectorate's report, we expect to provide our overarching update soon.

Finally, I remind the House that the Home Secretary has also commissioned HMICFRS to undertake a wider inspection of vetting, counter-corruption and forces' approach to identifying and tackling misogyny in their ranks. That is looking across England and Wales and will provide a crucial evidence base for part 2 of the Angiolini inquiry and inform any broader policy or legislative changes that might be required.

The report comes at a time when the Metropolitan Police are under intense scrutiny. I have found myself at the Dispatch Box discussing the force's culture and standards all too frequently in recent months. As someone who over the years has worked alongside the Met and seen at first hand the incredible things that they are capable of achieving, I know there are thousands of officers, staff and volunteers across the organisation who perform their duties with skill, professionalism and pride every day. However, when things go wrong, it is vital to acknowledge that fact and take every necessary step to ensure that the failings of the past are not repeated. I commend this Statement to the House."

6.07 pm

Lord Rosser (Lab): In July last year, Her Majesty's Inspectorate of Constabulary was asked by the Home Secretary not to reinvestigate the Daniel Morgan murder but to consider opportunities for organisational learning from all the Daniel Morgan investigations and reviews, and to assess how the Metropolitan Police Service responded to them. In other words, the investigation set out to establish what the force had learned from its failings and whether they could occur again.

This discussion on the Statement will perhaps inevitably tend to concentrate on the serious adverse findings of the HMICFRS investigation. However, the investigation comments favourably that the Met Police force

"solves the vast majority of homicides it investigates … The force's capability to investigate the most serious corruption allegations is particularly impressive … Other forces regularly call on the Metropolitan Police's expertise. The force's confidential reporting line also works well. The force has even introduced a dedicated team to support 'whistle-blowers' … the Metropolitan Police has … greatly reduced the number of its personnel who have not been security vetted."

The Daniel Morgan panel concluded that the Metropolitan Police Service was "institutionally corrupt" but the HMICFRS investigation

"found no evidence of any deliberate or co-ordinated campaign to intentionally frustrate the Panel's work"

and concluded that the Metropolitan Police Service was not institutionally corrupt, based on the evidence that it had seen.

The investigation report contains five causes of concern, 20 recommendations for change and two areas for improvement. The five causes of concern are in addition to other relevant causes of concern raised in previous inspections. I am not going to go through all the recommendations, but the investigation report concluded that there were

"serious areas of concern which have been, and continue to be, present in the MPS. It is essential that the MPS should be more open to criticism and prepared to change where necessary, including by implementing our recommendations. A further failure to do so (without good reason) may well justify the label of institutional corruption in due course."

The foreword to the investigation report states:

"In too many respects, the findings from our inspection paint a depressing picture. The force has sometimes behaved in ways that make it appear arrogant, secretive and lethargic. Its apparent

[Lord Rosser]

tolerance of the shortcomings we describe in this report suggests a degree of indifference to the risk of corruption … If public confidence in the Metropolitan Police is to be improved, they"—

that is a reference to the 20 recommendations for change—

"should be among the Commissioner's highest priorities."

Our thoughts remain in particular with Daniel Morgan's family, for whom this report will surely be deeply upsetting—I congratulate them, however, on their doggedness in pursuing justice.

I shall make a few points. First, the Met Police Service should accept all the recommendations included in the report and implement them in full. We need an overhaul of police standards, including reviews of vetting, training, misconduct proceedings and the use of social media. The forthcoming appointments to head the inspectorate and the Met Police will be crucial to restoring trust in the police to the level we should all wish to see.

Running down police numbers year on year, totalling some 20,000, and then trying to build up the number again, all over the past decade, will, frankly, not have helped and will have played its part in creating uncertainty, not least in relation to resources, for those who lead our police forces. In that connection, the inspectorate has identified problems with policing on a national basis.

Much needs to be done. Perhaps we now need to look with greater clarity at the role and responsibility of PCCs in relation to the way their police forces are run and function. At present, this appears to be rather too grey an area. We seem, too, to have had and still have a lot of inquiries and investigations under way into the Met Police and the police on a national basis—perhaps too many.

Leadership and action are needed, and to provide that nationally, the Home Secretary is the key player. As the current crisis around the police nationally, not least in London, is so concerning, that action is required now, not after a further delay of many months or years awaiting the outcome of endless further reports and investigations. It is time for political leadership, which is what Ministers nationally are meant to provide. So what specific action does the Home Secretary intend to take now?

I conclude by saying that, despite this largely adverse investigation report, I place on record again our support for the crucial work that the vast majority of police officers do on behalf of all of us, every day of the year, up and down the country. We all need to work together to restore widespread confidence in the unique relationship between the public and police, and in policing by consent.

Lord Paddick (LD): My Lords, I associate myself with the remarks of the noble Lord, Lord Rosser, in relation to the Daniel Morgan family, and remind the House that I was a Metropolitan Police officer for more than 30 years, holding the equivalent of deputy chief constable rank when I was forced out of the police service for being open and transparent about what was going on inside the Metropolitan Police Service—which I will refer to as the MPS.

Honest, decent police officers are being let down by the corrupt few, and by senior officers who do not take corruption seriously enough. As the noble Lord, Lord Rosser, said, some positive claims are made in the HMICFRS report about the MPS supporting whistleblowers and its capability to investigate the "most serious corruption". Can the Minister give an example of the result of an investigation where a whistleblower has been supported, and an example of the successful prosecution of a case of the "most serious corruption"? It is one thing to point to systems and capabilities; it is quite another to prove that they are effective.

The rest of the report is devastating. In response to the Daniel Morgan Independent Panel report, the MPS claimed:

"The Met is working hard to root out corruption."

Instead, HMICFRS says:

"We set out to establish what the force has learned from its failings and whether they could recur. We looked for evidence that someone, somewhere … had adopted the view that 'this must never happen again'"—

but it could not find anyone.

In a catalogue of failings—I have time to mention only a few of them—HMICFRS found that: the MPS does not know whether all its sensitive posts, such as those for child protection, major investigation and informant handling, are filled by people who have been security cleared; 2,000 warrant cards of police officers who have left the MPS are unaccounted for, which these former officers could use to masquerade as serving police officers, with the potential for another Sarah Everard-type tragedy; and hundreds of items including cash, jewellery and drugs could not be accounted for, meaning that vital evidence could have been disposed of by corrupt officers. It also found that officers could be pocketing money and valuables and, potentially, dealing in illegal drugs that had been seized from criminals. This has happened before and could very easily, apparently, be happening again. I could go on, but there is no time.

HMICFRS concluded:

"Since 2016, we have repeatedly raised concerns with the Metropolitan Police about certain aspects of its counter-corruption work, including … its failure to adopt … approved counter-corruption recording methods … Our advice largely went unheeded."

If this was a local authority department, the Minister responsible would have placed it in special measures and sent a team in to take over the running of it. Instead, the Minister in the other place tries to blame the Mayor of London.

The Metropolitan Police has national responsibility for such important issues as the security of the Royal Family and protection of government Ministers, and for terrorism. That is why the Commissioner and the Deputy Commissioner are in law appointed by the Home Secretary, having regard to the views of the Mayor of London. Even if the Government insist that responsibility lies with the Mayor of London, their inability to take direct action is the result of the system of police and crime commissioners, which includes elected mayors, that the Conservative Government introduced. So which is it? If the Government can directly intervene, why

will they not, and if they cannot, when are they going to change the system of police and crime commissioners so that they can?

The security of this country is at stake, let alone the trust and confidence of Londoners, and the Government wash their hands of it. When are the Government going to take some responsibility and take action to deal with this totally unacceptable situation?

The Minister of State, Home Office (Baroness Williams of Trafford) (Con): My Lords, I thank both noble Lords for the points that they have made. I join them in conveying our thoughts to the Daniel Morgan family, some 35 years after their trauma and heartache began.

On the point made by the noble Lord, Lord Rosser, about the reply to the Daniel Morgan Independent Panel, the Home Secretary will do so once she has received responses from the Metropolitan Police Service and others. It will be done as soon as she possibly can after that. He also made a point about whether the Metropolitan Police Service is institutionally corrupt. The noble Lord, Lord Paddick, pointed to the fact, which I would agree with, that most police officers are honest and very hard-working people. They are trying every day to keep the British public safe and we should not tar them all with the same brush, because that would be demoralising and not true, although I recognise what the Daniel Morgan Independent Panel said.

It is also interesting to read in the report that some of the processes that the Metropolitan Police Service is not following are actually evident in good practice across the country. Nevertheless, the Home Secretary has commissioned ongoing work for police forces across England and Wales.

On the points about arrogance, secrecy and confidence in the police, I have stood too many times at this Dispatch Box and heard those words quoted back at me. It is evident that although this report provides a really important start in trying to improve things within the Metropolitan Police Service, there is an enormously long way to go. I totally agree with the point made by the noble Lord, Lord Rosser, about forthcoming appointments for the Met commissioner and the head of HMICFRS; I expect both appointments to be made shortly.

In answer to the point made by the noble Lord, Lord Rosser, about what the Home Secretary is doing now, he will know about the work she commissioned from Dame Elish Angiolini, which addresses several points mentioned today, including culture and corruption, and the work that is ongoing with the noble Baroness, Lady Casey. As I said, the Home Secretary has also commissioned ongoing work with HMICFRS in these areas.

Moving on to the points made by the noble Lord, Lord Paddick, the question about examples of whistleblowers being supported is very interesting. I suspect that, by the very nature of the investigations that take place, we would not necessarily publicly hear about whistleblowers. However, this area will probably be touched upon in the work that Dame Elish Angiolini and the noble Baroness, Lady Casey, are doing. I wholeheartedly support his dismay at the comment made in the HMICFRS report that nobody said that this must never happen again; that is depressing.

On the point the noble Lord, Lord Paddick, made about sensitive posts and vetting, the report clearly commented on sensitive posts and said that vetting needs to be looked at across those posts because the parameters are not clear. I also support his point about money and gifts, because the position is by no means clear in the Metropolitan Police Service. I know it is a matter for them, but police forces will want to look at that because, again, the approach is by no means consistent.

6.23 pm

Lord Smith of Finsbury (Non-Afl): My Lords, Alastair Morgan, the indefatigable brother of Daniel Morgan, was my constituent for 22 years when I was a Member of Parliament. I fought for many years, through a succession of Commissioners of the Metropolitan Police, to try to secure justice for Daniel Morgan's family. Sadly, that has not been achieved, even now. The independent report last year and this report from the inspectorate make a series of useful and important recommendations; there will be lessons to be learned. However, I am worried that the Statement says:

"The Metropolitan police remains an exemplar in investigating serious corruption".—[*Official Report*, Commons, 23/3/22; col. 374.]

This was not the case for Daniel Morgan, and it seems to me that there is a whiff of complacency about a statement of that kind. Through it all, I am distressed that justice has not been achieved for Daniel Morgan's family. Will it ever be achieved?

Baroness Williams of Trafford (Con): I think my right honourable friend the Policing Minister asked that question yesterday. It is a very sad question to have to ask, 35 years on. In terms of the MPS being an exemplar in investigating serious corruption, this is talking about corruption within the police. Obviously the two are different things, but I hope, as my right honourable friend the Policing Minister said yesterday, that we will get closure for his family, because it must have been an agony for the last 35 years. I commend the noble Lord for the work that he has done on this.

The Lord Bishop of Manchester: My Lords, I want to echo from these Benches our concern for the Daniel Morgan family, and also to reiterate my interest in policing ethics at both force and national level, as set out in the register.

I am particularly interested in the comments on vetting made in the report. In Greater Manchester we commissioned our own investigation into the force's vetting procedures a few years ago. While on the whole that was satisfactory, as the report here has done, it identified that people from UK minority ethnic backgrounds were disproportionately getting vetted out of the system, both at recruitment level and promotion level.

I am grateful that there is talk of a wider piece of research into vetting nationally. I would appreciate some reassurances from the Minister that its terms of reference will ensure that any recommendations that are made fully bear in mind that we must have a police force that replicates the diversity of our population, including ethnic diversity.

Baroness Williams of Trafford (Con): I agree with the right reverend Prelate and I think I pointed out, either yesterday or the day before, that one thing we can be positive about is the increasing representation of BAME communities within the Metropolitan Police force.

Lord Harris of Haringey (Lab): My Lords, I refer to my policing interests in the register. I hope there is no satisfaction within the Metropolitan Police that the inspectorate has not confirmed the findings of the independent inquiry that the force is institutionally corrupt—although the inspectorate has said that it is not yet in a position to make a final judgment on that.

A point has just been made about vetting. I have just concluded an inquiry looking at London's preparedness on terrorism issues. I looked at some of the vetting issues, but not in the detail that some of the new reviews will be going into. I came across one firearms officer who told me that he had not been repeat vetted for 21 years. So the issue is not just about vetting to get in or when a new role is taken on; it is about how often it is repeated. I wonder whether the Minister will say whether the Home Office or the College of Policing will be giving clearer guidance on that.

My second point is that 20 years ago, when I was responsible for overseeing the work of the Metropolitan Police, we introduced a process of random integrity testing. If a police officer received a bribe, they would not know whether it was being proffered by a criminal or perhaps by the force's own professional standards department. At some point in the intervening period—I do not know who was mayor at the time—that was stopped in favour of intelligence-led integrity testing. Will the Minister be trying to go back to the process of random integrity testing? I think that is important.

I have one final point, if I am not overstaying my role here. We have talked about the problems with warrant cards. We talked about the murder of Sarah Everard. Why is it not possible for every warrant card to have a RFID chip in it? That would mean that it would be possible to track exactly where the cards were and what they were being used for at the time.

Baroness Williams of Trafford (Con): My Lords, I was not thinking so much about the warrant card in tracking, but if I get sacked as a Minister tomorrow because I have done so badly at this Statement, the minute I get sacked I can no longer get into the Home Office. I have been thinking of all sorts of practical solutions to this. I think it is a very serious question for the police to answer, given that there are 2,000 cards out there; it is not just 200, it is 2,000. I totally accept the noble Lord's point about finding innovative solutions.

On the repeat vetting, the Government expect the College of Policing to consider the findings from this inspection and other relevant inquiries and then to update its guidance appropriately, as the noble Lord said. We will now consider next steps, following the wider vetting inspection being carried out by the inspectorate. We want to make clear that the Met must take immediate steps to safeguard its workforce and, as a result, the wider public.

On the noble Lord's first point about whether there is any satisfaction in the Metropolitan Police about this report, it would take a strange person to find any satisfaction in this report.

Baroness Jones of Moulsecoomb (GP): My Lords, back in 2000, when I was first elected to the London Assembly, the then Mayor of London, Ken Livingstone, appointed me to the Metropolitan Police Authority under the chairmanship of the noble Lord, Lord Harris. At that point, the case of Daniel Morgan was a 13 year-old scandal, and now it is a 35 year-old scandal—and still no one has been arrested, charged or whatever. We ought, if only in Daniel Morgan's memory, to try to create a situation where the police can be more respected.

I mention the vetting procedures, because obviously you need to vet new recruits extremely carefully and carry on vetting during the lifetime of police officers. But there is also the whole training issue: you have to train officers to be responsible and honest and to have a duty of candour, which was one of the recommendations. There has to be zero tolerance of the sort of misogyny, sexism and racism that we have seen repetitively over the past few years. On a final point, I do not trust the current commissioner to achieve these things, so the faster we get a new commissioner, the better.

Baroness Williams of Trafford (Con): My Lords, I have touched on the new commissioner, and I expect that appointment to be very soon indeed. On the duty of candour, as the noble Baroness might have heard me say, last year we introduced a duty of co-operation, which is very strict in its application and can result in sanction or, indeed, sacking for those who do not abide by it.

Vetting has come up in every single instance when I have stood up to talk about the Metropolitan Police over the last few months. On the number, in 2018 there was a backlog of 16,000 people waiting to be vetted. That number is now 671, so in terms of throughput that is an encouraging figure. Forty files were reviewed by the inspectorate to see whether the checks recommended by the College of Policing, through its authorised professional practice on vetting, had been completed, and they had in every single case.

The noble Lord, Lord Paddick, talked about people working in more sensitive posts, and I think I gave a response to that. I have also talked about the ongoing work commissioned by the Home Secretary, and the work by Dame Elish and the noble Baroness, Lady Casey, which touches on the points that the noble Baroness talked about. That does not take away from the point that vetting comes up time and again, and it is clearly an area that needs to be investigated and addressed.

Lord Lexden (Con): What happened in the Daniel Morgan case was utterly unforgivable. In view of that and other dreadful scandals, why is there no plan for reform to bring about the far-reaching change that is needed and to rebuild confidence in the Metropolitan Police throughout our community, particularly among women and our black compatriots?

Baroness Williams of Trafford (Con): I think there is no doubt that that is the conclusion that all in this House have reached. I have talked about the various inspections that are going on, but I also want to come back to the point made by the noble Lord, Lord Paddick, and pay tribute to most members of the Metropolitan Police, who do a fantastic job; we were just commemorating the anniversary of the death of PC Palmer the other day. Most police do an excellent job, but there is so much work to be done to restore confidence and trust in the police.

Lord Storey (LD): My Lords, obviously, our thoughts are with Daniel Morgan's family. I speak as somebody who does not have detailed knowledge of policing. Like, I guess, millions of people, I find the situation difficult to understand. In our schools, for example—the area where I come from—nobody is allowed to work unless they have a safeguarding qualification, a DBS safeguarding check. However, we hear that police officers and people working in the police service do not necessarily have that check. Nobody would be allowed to work in a school if they had a criminal record, and yet we find that some police and ancillary staff have criminal records. If it happened in a school, the head teacher or the principal would be immediately disciplined. Why does this happen in the Met? It is not difficult to ensure that everyone has a safeguarding qualification or to check that everybody does not have a police record—and if they do, they should not be there. Somebody has to take responsibility, and if that responsibility is taken, the person who allowed that has to step down.

Baroness Williams of Trafford (Con): On the back of all the discussions we have been having today, it is written in statute that within 56 days the Mayor of London and the Commissioner of the Metropolitan Police will have to respond with an action plan to deal with all the issues we have talked about today. There will be an expectation that the recommendations be carried out within 12 months. In fact, the Home Secretary has made it clear that such is the seriousness of this that she hopes that some of that action plan will be taken forward within the 56 days.

The Earl of Erroll (CB): My Lords, I will say a couple of things as a techie. First, RFID chips do not transmit on to any remote system—they work only in proximity, so they are checked only when you go through something. Therefore, you cannot track people through an RFID chip on a card. It is simply presented to a device, so you cannot track people around the place. It sounds like a great idea but it does not totally work; you would need to track people's mobile phones, for example.

The next problem is the DBS check, which tells you only if someone has not been caught yet; it does not tell you what they are up to now. Another problem is the definition of a criminal offence. Not having a television licence gives you a criminal record, as does fishing without a licence. A lot of things give you a criminal record which really should not be there, so it is a tricky having a blanket thing saying that if people fail a DBS check, they should not be there. We should probably look at that system and have two different categories: one for the serious things where you really need to worry about whether you employ people, and another for the things which, to be honest, are trivial—they are almost statutory offences but yet they are still criminal offences. There should be a review of that.

Baroness Williams of Trafford (Con): I take the points the noble Earl makes about the various technological solutions. Of course, we will consider any recommendations made by the Angiolini inquiry in this space. I would also say to the noble Earl that police vetting is a lot more thorough than DBS checks. However, there is definitely more to come on this, and I look forward to some of these things being addressed both in the short term and within the next year.

Lord Davies of Gower (Con): My Lords, I spent 32 years as a CID officer in the Metropolitan Police as a crime investigator and a crime manager. Many of those years were spent on the counterterrorism command, and I worked with very good, diligent police officers. On the point about corruption, the latest HMICFRS report rejected the independent panel's assertions that the Metropolitan Police is institutionally corrupt, and I welcome that, although of course I recognise the many other issues that exist around the Metropolitan Police. Does the Minister agree that a lot of those issues come from lack of training? What more can the Home Office do with regard to training, which I feel has deteriorated badly over the years within the Metropolitan Police in particular?

Baroness Williams of Trafford (Con): My noble friend makes a very good point because in reading this report I observed that the Metropolitan Police is very good at doing the big things and that some of the important details, such as vetting, internal corruption, gifts, evidence and the things my noble friend talks about, were less focused on. That is something that the Metropolitan Police will have to answer through its action plans in the short and long term. On training, I expect to see it much more consistent throughout the force, but I think that perhaps in focusing on the big things the Metropolitan Police has neglected important details of the job.

Lord Paddick (LD): With the leave of the House, I shall ask a question for clarification. I thought I heard the Minister say that the Home Secretary would respond once the Metropolitan Police had given its response to the Daniel Morgan Independent Panel report. My understanding was that the Metropolitan Police gave its response last week, which was then largely contradicted by the HMICFRS report. If I am right, can the Minister tell us when the Home Secretary is likely to respond to both reports?

Baroness Williams of Trafford (Con): I was responding to the response to the findings of the Daniel Morgan Independent Panel report. I understand that the Home Secretary will be returning to the House to update on progress once she has received responses from the MPS and others.

House adjourned at 6.43 pm.