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PARLIAMENTARY DEBATES
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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
UUP	Ulster Unionist Party

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House of Lords

Tuesday 20 December 2022

2.30 pm

Prayers—read by the Lord Bishop of Chichester.

Boardman Report

Question

2.37 pm

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

To ask His Majesty's Government what actions they have taken in response to the recommendation of the Boardman Report into the Development and Use of Supply Chain Finance (and Associated Schemes) in Government, published in September 2021, that they should consult on (1) whether think tanks, research institutes and lobbying academics should be required to disclose their sources of funding, and (2) whether there are circumstances when they ought to be required to register as consultant lobbyists.

Lord Wallace of Saltaire (LD): My Lords, I declare an interest as someone who worked at a think tank for 12 years and at universities for rather longer, and as the Minister who took the transparency of lobbying Bill through this House. Does the Minister agree with the Boardman—

Noble Lords: No!

Lord Wallace of Saltaire (LD): I apologise. Does the Minister agree with the recommendations—

Noble Lords: No!

The Minister of State, Cabinet Office (Baroness Neville-Rolfe) (Con): I think we all need to calm down.

The Government are currently considering the recommendations of the Boardman review and will update noble Lords on such work in due course. The register of consultant lobbyists, which complements the existing mechanism of ministerial transparency returns, has increased transparency around the work of consultant lobbyists by providing accessible online information about those undertaking consultant lobbying and their clients. Any changes to that framework will build on that foundation.

Lord Wallace of Saltaire (LD): My Lords, I recognise that the Boardman review had a large number of recommendations that will take some time to work through, but does the Minister recognise the point that think tanks that act as lobbyists, which are extremely non-transparent in not publishing any of the donations that they receive, and which in many ways have been very close to the Government, are in effect lobbying and therefore should be made to be much more transparent? Policy Exchange announced that, in effect, the Higher Education (Freedom of Speech) Bill had almost been written in Policy Exchange, and the Minister will recall that when Liz Truss became Prime Minister a large number of people from those think tanks entered government. This is a very close relationship that needs to be much more transparent.

Baroness Neville-Rolfe (Con): I take a rather different view. I think that think tanks advance democratic engagement by advancing ideas and policies, and they go up and down in time in terms of influence, as I am sure the noble Lord will acknowledge. There is no legal requirement for think tanks to reveal their funders, and it would be a disproportionate intrusion on civil society to require that of them. We are talking about charities and research institutes. It is important that people are able to bring forward their views on all sides of the political spectrum. Some are influential, some less influential. I think that helps our civic strength.

Baroness Smith of Basildon (Lab): My Lords, I have listened carefully to the Minister. I want to be clear from the start that I think lobbying is a legitimate democratic activity. When we are lobbied on policy issues on legislation, as all of us will be, whether by charities, trade unions, campaign groups or trade associations, we know who they are, why they are lobbying us, because that is their reason for being, and who is paying. When companies or so-called institutes are established and set up in order to lobby on a range of issues, none of that information is available in the same way. Transparency is essential to avoid any suggestion of corruption or inappropriate contact with Ministers or parliamentarians. The Minister will be aware that a succession of scandals have taken place around this issue that have caused concern to the public and impacted trust in Parliament as well as in the organisations. Will the Government accept that the lobbying of government must be transparent and that the funding of lobbyists must be transparent and properly regulated if we are going to restore public trust in a process that I believe is helpful to Parliament?

Baroness Neville-Rolfe (Con): I am glad we are agreed that lobbying is part of legitimate policy development. Of course, we have the lobbying Act, which is in the process of being reviewed, notably by the Public Administration and Constitutional Affairs Committee in the other House. We also have various transparency mechanisms, such as the publication of ministerial transparency returns—we have just put out a whole load more—the register of consultant lobbyists and the Freedom of Information Act 2000. There is always a fine line between regulating to death and ensuring that we inhibit inappropriate behaviour.

Lord Fox (LD): My Lords, we await the response to the Boardman report with interest, but of course the National Security Bill is before your Lordships' House now. Clauses 66 to 70 were introduced after the Bill passed through the Commons and, as I am sure the Minister knows, this concerns the foreign interest registration scheme. What was the Cabinet Office's position on including organisations such as those that my noble friend Lord Wallace outlined within the remit of those clauses? Will organisations such as think tanks and lobbyists be included in the reporting requirements of Clauses 66 to 70? If not, why not?

Baroness Neville-Rolfe (Con): I always try my best to help the noble Lord, as he will know, but although the Boardman report, which we are discussing today,

[Baroness Neville-Rolfe]
covered a lot of ground, I do not think it went as far as the areas that he is talking about, which are being debated in the security Bill that is going through this House at the moment.

Lord Anderson of Swansea (Lab): My Lords, in reply to the noble Lord, Lord Wallace, the Minister said that lobbyists and think tanks should be allowed to "bring forward their views". Who could be against that? But that is not the question; the question is surely whether the public should be allowed to know whom they represent and the source of their funds. What can there be against that?

Baroness Neville-Rolfe (Con): If people want to support charities or think tanks anonymously, that should be permitted. Think tanks are not part of government, and, as I have explained, some think tanks influence one Government, and then there is a new Government and different think tanks are influential. It is over the top to require details of all contributions; that would affect a lot of bodies, such as charities, non-governmental organisations and research institutes. When I was doing pensions earlier in the year, I dealt with the Pensions Policy Institute. We are talking about a lot of different bodies here, and it is disproportionate to require that details of everyone who supports them should be published. I find that extraordinary.

Baroness Foster of Oxton (Con): My Lords, would my noble friend the Minister agree with me that it is not the think tanks, charities, trade unions, business groups or any other group which lay down the amendments that come into legislation? We, the politicians here and in the other place, are responsible for putting down those amendments. Therefore, there is a huge amount of responsibility on us to use our proper discretion, and I think that I speak for the entire House when I say that I am sure that everyone in this House already does just that.

Baroness Neville-Rolfe (Con): I agree with my noble friend, who talks very good sense. The issues are complex and are being reviewed at the current time: for example, the Government are reviewing the lobbying Act. Because the Public Administration and Constitutional Affairs Committee has set up an inquiry, which we are in the process of feeding into, we shall have to see what it comes up with. The issues are difficult, but I believe that inhibiting thought and expression, which is what I fear the noble Lord's proposal would do, is a very bad idea.

Lord Bird (CB): Could we not look at a very simple way of approaching lobbying? That is, to ask, "Does somebody make a few bob out of it?" We could just ask whether somebody is likely to receive vast amounts of money out of lobbying or whether it is for the common good. Often, it is not for the common good; it is for the good of people who are running businesses and want to make money.

Baroness Neville-Rolfe (Con): I thank the noble Lord for his point. We need to distinguish between inappropriate lobbying, which we have sought to regulate since 2014, and other contributions to thought. In other countries, think tanks are very common; they exist to contribute to democratic debate. Indeed, in the US, they are very much better financed. I come back to my previous point: work is going on through the review by the Public Administration and Constitutional Affairs Committee and through the Registrar of Consultant Lobbyists, who, for example, made some changes earlier this year to tighten up the definition of incidental exception. We need to be careful where noble Lords are taking us on the matter.

Baroness Chakrabarti (Lab): My Lords, I declare an interest as the former director of Liberty—the National Council for Civil Liberties—and its charitable sister, the Civil Liberties Trust. I would have thought it an intrusion into individual Members' privacy, if each and every one had to declare that they were members of Liberty. However, in exchange for the privilege of being a charity or a not-for-profit company, is it not right that an element of transparency over donations above a certain and significant threshold should be required?

Baroness Neville-Rolfe (Con): If you declare all donations and list all the people who donate to charities—such as Liberty, to which noble Lords may want to contribute—you will find that other people will go through and seek to influence those who are donating to such charities, to contribute to them. These things are very complex, and it is not right that we should introduce those sorts of detailed rules on small sums of money, which is largely what we are talking about. Those small sums of money are helping the whole process of having independent thought, which is needed, both for those of us who serve in government and for those who serve in other parties and sit on other Benches.

Rail Services

Question

2.49 pm

Asked by ***Baroness Randerson***

To ask His Majesty's Government what plans they have to improve rail services in Great Britain.

The Parliamentary Under-Secretary of State, Department for Transport (Baroness Vere of Norbiton) (Con): My Lords, the Government are absolutely committed to reforming our railways and ensuring a high-quality, seven-day railway across the whole country. In 2021, we published the *Plan for Rail* White Paper to address long-term structural challenges within the sector. In the immediate term, the Government as facilitator have helped improve communication between negotiators and unions.

Baroness Randerson (LD): My Lords, the Government rely on rail to support their carbon reduction targets, but prolonged strikes and appalling management at some train operating companies are definitely deterring passengers. The announcement today of yet another rail strike in the first week of January reinforces the public's view that the Government are presiding over decline and seem paralysed into inactivity.

So my question to the Minister is this: Great British Railways was hailed as the solution to the current mess in our rail services, but the new Secretary of State now seems to have put it on hold. Can the Minister explain to us why it is delayed and why the legislation is delayed—or is it yet another abandoned government ambition?

Baroness Vere of Norbiton (Con): I think that the reason for the delay in the legislation has been well set out both by the Secretary of State and the Rail Minister in front of the Transport Select Committee. There is a significant pressure on parliamentary time at the current time, owing to various challenges that were not anticipated. It is also the case that we have received thousands of contributions to the consultation around Great British Railways. We are working at speed on all the things that do not need legislation, and we will bring forward legislation in due course.

Lord Woodley (Lab): My Lords, there are things that we do not do if we want to improve the railways. First, we do not close ticket offices to the detriment of customers, and we do not sack guards on trains. The single best way to improve the whole network has already been proved on the east coast main line, which is to take the railways back into public ownership—starting with the absolutely disgraceful Avanti franchise, which I have been the victim of personally for the last four out of five weeks. That would improve efficiencies at the end of it, increase revenues and get better value for taxpayers' money. Does the Minister finally agree?

Baroness Vere of Norbiton (Con): I am very concerned that the noble Lord states that guards are being sacked. If he could let me know who is doing that, I would be very happy to take that forward.

Lord Haselhurst (Con): My Lords, does my noble friend agree that, in improving railway services at present, it would be best to concentrate on the provision of more track capacity, especially as it might improve connectivity to our seaports and airports in ways that will improve the movement of passengers and freight and go some way towards undoing the damage done by the Beeching proposals some 60 years ago?

Baroness Vere of Norbiton (Con): I am very grateful to my noble friend for raising this issue. It is something that is top of mind—and, indeed, the pandemic certainly showed everyone in the nation how important freight is and how important it is to get it moving around. The Government have published their future of freight strategy, and Sir Peter Hendy has published his *Union Connectivity Review*. All these are looking at these very important elements of connectivity to our ports. In the Autumn Statement, the Government recommitted to transformative growth plans for our railways, and we will look at rail enhancements to our ports as part of that.

Lord Wigley (PC): My Lords, does the Minister accept that this question refers to service? The problem that we face with Avanti West Coast and in other areas is that, when there is a lack of the necessary number of drivers or trains, trains get diverted to certain popular lines, away from other areas which find themselves without any service whatever. If the railways are meant to be run as a public service, there should be an entitlement to that service in every part that depends on that line, not just a concentration on those lines that make the most profit.

Baroness Vere of Norbiton (Con): I agree with the noble Lord that some train operating companies have struggled recently: they have had to cut their services, and that is deeply regrettable. However, since then a lot has been done around recruiting more drivers. Services are coming back and I hope the noble Lord will see an improvement.

Baroness Brinton (LD): My Lords, Southern Rail got rid of its guards five years ago. Last year, it awarded a passenger compensation of £17,000 because she was repeatedly left on her train in a wheelchair. Part of the negotiations between the train companies and unions at the moment is over removing guards from further trains in other areas. The Minister talked about a high-quality and reliable service for passengers. How on earth can that be possible when, for disabled passengers, guards are absolutely key to having a safe journey and being able to get off?

Baroness Vere of Norbiton (Con): Absolutely. Our ability to provide a good service for passengers with reduced mobility is top of mind. It is why we developed the app to enable passengers to be able to book ahead. It is the case that guards can provide a very useful service, but so can people at the station. That goes back to the issue around ticket offices: sometimes it is better to have people outside ticket offices, walking around platforms, and being able to assist people with mobility needs in order that they can get on the trains that they need to.

Lord Kamall (Con): Can my noble friend enlighten us on some of the future thinking in her department on new railway technology; for example, the use of battery trains and hydrogen trains, which means that the infrastructure in many areas will be cheaper because we do not have to install electric overhead cables or a third rail? How will that improve rail services in areas where it is economically infeasible at the moment?

Baroness Vere of Norbiton (Con): My noble friend is quite right: the opportunities for decarbonising our transport system using our railways are massive. We have invested in hydrogen trains—I think they are called HydroFLEX. That is something we will look to take forward in those parts of the country that will be hydrogen hubs. Of course, electric propulsion plays a very important part and we look to technology around the world in order to see whether we can bring it back to the UK.

Lord Tunnicliffe (Lab): My Lords, I always admire the way the Minister battles on with this problem, but this Government have been in office for 12 years and the railways are a mess. Let us look just at Avanti. Back in October, when I called on the Government to end Avanti's contract, the Minister told the House that "in December, Avanti will go from 180 daily services to 264".—[*Official Report*, 26/10/22; col. 1526.]

We are in December: how many services each day has Avanti averaged so far this month?

Baroness Vere of Norbiton (Con): I do not quite have the data the noble Lord is looking for. However, I think this may go some way towards meeting that. Our view is that Avanti's recent performance has not been good enough, and we are seeking to understand why that is. We know that about 20% to 25% of train services have been cancelled due to staff shortages of both drivers and train managers, and we know that there has been a significant amount of sickness recently. Obviously, we are investigating that with Avanti. However, I will just say, looking at the bigger picture, that there are very significant national strikes. Build on to that some action short of strikes—for example, by fleet maintenance workers on South Western and Chiltern—and this leads to stock imbalances on these shoulder days, as does, of course, the removal of rest-day working. It takes many different types of organisations to run a railway. One of those is the unions, and we must make sure that we encourage the unions to cease their action and get back to running our railways.

Lord Grocott (Lab): My Lords, the Minister pointed out that there are many different organisations involved in running the railway. We know that the main reason for that is that the railways were privatised and we ended up with huge numbers of separate companies of varying quality, some very poor indeed, running or trying to run a railway; a fragmented system; and a system that, partly as a result of that fragmenting, has a near-incomprehensible system of ticketing at times. I just ask her to agree, whatever our differing views on privatisation—I know what mine are—that what the railway needs is a unified railway structure, with clear lines of responsibility and proper accountability to the British public.

Baroness Vere of Norbiton (Con): I think I probably agree with the noble Lord, although I suspect that I would achieve those goals via an entirely different method. We have come a long way in getting the White Paper out there and starting work on the long-term strategic vision for rail, which is a plan for 30 years, and the GBR transition team is currently analysing hundreds of responses to the call for evidence. The starting point is a long-term vision; it must be accountable to taxpayers but also much more accountable to passengers.

Bilateral Free Trade Agreements

Question

3 pm

Asked by ***Lord Londesborough***

To ask His Majesty's Government how many bilateral free trade agreements they expect to sign in the next 24 months.

The Minister of State, Department for International Trade (Lord Johnson of Lainston) (Con): I refer noble Lords to my interests in the register. Our free trade agreement programme is being delivered at a pace unprecedented in global history. We are continuing negotiations to join the CPTPP, currently negotiating with India, Canada, Mexico, Israel, the GCC and Greenland and preparing for a new trade deal with Switzerland. We have an ambitious programme, but negotiating comprehensive and ambitious free trade agreements is our priority and we will not sacrifice quality for speed.

Lord Londesborough (CB): I thank the Minister for that, but the truth is that we are well behind the target set in 2019 for free trade deals. Some of these FTAs are now described by the Government themselves as "not very good". The trade and co-operation agreement with the EU is a case in point. HMRC reports that the number of exporters to Europe fell by 33% last year, with 9,000 out of 27,000 British businesses giving up on exporting to our largest export market. The Prime Minister before last promised us a bonfire of red tape, not a bonfire of exporters. How will the Government address this?

Lord Johnson of Lainston (Con): I thank the noble Lord for that very important point. The Department for International Trade has worked extremely hard to make sure that we have a global trade web of deals and that we support our European traders. I draw noble Lords' attention to the export support service, which has had remarkable success in ensuring that some of the glitches and hitches in trade with the European Union have been removed.

Baroness Hayter of Kentish Town (Lab): My Lords, I am delighted that the Minister has said that he will not sacrifice quality for pace, which we saw earlier with the potential India deal. Can he reassure the House that this deal will not be done easily just for a signature, but that we will make sure that business and our professionals have access to a fair market with safeguards for those working there?

Lord Johnson of Lainston (Con): I thank the noble Baroness for that point, which was well raised. That is exactly what our negotiating teams are doing. This deal with India will be significant for us. That nation should be the second-largest economy in the world at some point over the next five to 10 years; we want a close relationship with it, but on the right terms. I appreciate her comment.

Baroness Hooper (Con): My Lords, in drawing attention to Latin America, I refer to my interests in the register. I believe that Chile was the first country, if not in the world then certainly in Latin America, to sign up to a new free trade agreement post Brexit. It was basically a rollover agreement. Given that the Government are negotiating a new trade agreement with Mexico, can my noble friend say whether the same is intended for Chile?

Lord Johnson of Lainston (Con): I greatly appreciate my noble friend raising that question—and her debate last night—and encouraging attention on central America. I thank her for the work she does as our trade envoy to those countries. Chile is a very important country for trade with the UK. I am very pleased to say that I attended, along with Minister Rutley, a Chile financial services conference only three days ago. Clearly, we have a number of free trade agreements to enact and

an extremely busy schedule. When the opportunity comes for us to expand further on the incredible list I have already presented to the House, I have no doubt that countries such as Chile will be under consideration.

Lord Purvis of Tweed (LD): I have been told for years that human rights will be an integral part of all FTAs, but the Minister told the House last night that this will no longer be the case. The OBR has now confirmed that our economy will be 4% smaller because of the enormous trade barriers with our nearest trading partners. The UK is now dependent on goods from China to the tune of a trade deficit of nearly £40 billion. Is it not in our economic and strategic interests to move away from this trend of dependency on autocracies and non-democratic countries and make it easier to have free trade with free nations, especially in Europe?

Lord Johnson of Lainston (Con): I greatly thank the noble Lord for that point. We are all aware of the importance of resilience in our supply chains, particularly when it comes to nations around the world that may not share our values and interests. As for Europe, I refer him to the comment I just made about the export support service and the additional work and funding we are putting in to help our exporters export to Europe.

Lord Hannay of Chiswick (CB): My Lords, in an earlier answer, the Minister said that the Government have eased trade to the European Union with several measures. Could he share a list of them with the House now?

Lord Johnson of Lainston (Con): I thank the noble Lord for that question. Clearly, it is not designed to put me on the spot to reel off a list of measures from the top of my head. It would be much more useful for us to have a full debate on this matter and for me to respond to the House with a written answer to that question.

Baroness Blake of Leeds (Lab): My Lords, the Government promised that 80% of international trade would be covered by free trade agreements by the end of this year. However, there is no sign of a trade deal with the United States and, as we have heard, we do not yet know what is happening with India. Does the Minister acknowledge that the economic chaos created by the Government has done huge damage to the UK's international reputation, making it harder to strike these trade deals and attract inward international investment?

Lord Johnson of Lainston (Con): I thank the noble Baroness. I should point out that it is our leaving the European Union that now allows us to create trade deals. Without that measure, we would not be in a position to create FTAs with some of the largest economies in the world. Without wishing to overexpand on my answer, I foresee this country becoming a global superpower again—

Noble Lords: Oh!

Lord Johnson of Lainston (Con): Noble Lords may not wish for this, but I do. We will be able to have trade agreements with India, the GCC, the CPTPP, Switzerland, Greenland, Mexico and Canada, and ultimately, state by state, with the US. This is an extremely powerful policy to allow our professionals to generate wealth and security by working in these states. I applaud the DIT for the work it has been doing on that front.

Lord Udny-Lister (Con): My interests are declared in the register as co-chair of one of the business councils and director of another, both of which are voluntary. Will the Minister confirm that he will not turn these FTAs into Christmas trees covering everything under the sun and, in the process, miss the one thing that matters, which is trade?

Lord Johnson of Lainston (Con): I greatly thank my noble friend for his comment. At no point have the Government not taken human rights very seriously, but we see trade deals as specifically focused on trade. This is exactly what we want to increase the inward investment and exports that my good friends the noble Lords opposite are so keen on.

Baroness Coussins (CB): My Lords, following on from the last question, could the Minister explain why the Government were happy to agree to a human rights clause in all the FTAs to which we were party as an EU member but now seem determined to ditch human rights from the bilateral negotiations?

Lord Johnson of Lainston (Con): I take that question with great sensitivity. It is very important to separate the two concepts. In these FTAs, we have a great focus on labour rights, which are more relevant to the concept of product arbitrage. That is more relevant in looking at the FTAs and the good work we can do to align our values with the sorts of countries that the noble Lord, Lord Purvis, wanted us to do more trade with, rather than those that do not necessarily share our values and are not aligned with our security direction.

Lord Browne of Ladyton (Lab): My Lords, may I ask the Minister what aspect of a free trade agreement with the 56,000 people who live in Greenland will contribute to us being a global superpower?

Lord Johnson of Lainston (Con): Every country has its advantages, as the noble Lord will know if he has read his Ricardo. Greenland is actually one of the greatest exporters in the world of fresh-water prawns, so when he looks forward to his prawn cocktail sandwich in the Lords Dining Room, he will be grateful for the free trade agreements that we have negotiated. I add that the geostrategic importance of FTAs is not to be underestimated. Some smaller countries that fit within our trading ambitions are extremely relevant to us in the alliances we are now creating as the next trading superpower.

Lord Newby (LD): My Lords, in response to the noble Lord, Lord Hannay, the Minister said that it would be unreasonable to expect him to reel off a list of measures which the Government have taken to improve our trade with the EU. Taking the Minister at his word, I am not expecting a list, but could he just satisfy the House to the extent of listing one measure?

Lord Johnson of Lainston (Con): I thank the noble Lord very much, and I hope he did not think I was being facetious. The importance of trade with Europe is paramount in the mind of the Department for International Trade, and on account of that I met with His Majesty's trade commissioner to Europe this morning to discuss further work that we could do to remove the glitches, hitches and hurdles that confront some of our businesses in the post-Brexit vision of Britain. The export support service, which was started last year with a lot of input from myself and the board of the Department for International Trade, has been hugely successful in assisting traders in their exporting efforts to Europe. We have also recruited additional trade support in Europe and have in-housed our international trade advisers in this country to give more support to people who wish to export to Europe. There is a significant list. We have repointed our efforts at the DIT, we are making substantial headway, and the results have been extremely strong.

Cryptocurrencies

Question

3.10 pm

Asked by ***Lord Davidson of Glen Clova***

To ask His Majesty's Government whether they have revised their policy towards cryptocurrencies following the collapse of the cryptocurrency exchange FTX.

Lord Harlech (Con): The UK remains committed to creating an environment where firms can innovate while maintaining financial stability and regulatory standards so that people and businesses can use technology safely. Recent events in the crypto market reinforce the case for timely, clear and effective regulation. The Government have already taken steps to bring certain crypto asset activities into the scope of UK regulation and will consult on proposals for a broader regulatory regime in the coming weeks.

Lord Davidson of Glen Clova (Lab): I thank the noble Lord for the response. The reason for my Question is that it emerged in April of this year that the Government wish to make the UK a global hub for cryptocurrency assets. The incoming head of the FCA regards crypto platforms as "deliberately evasive" and facilitating money laundering. That rather sounds like the circumstances underlying the FTX collapse. The head of research of the Bank for International Settlements said in the *Financial Times* on Saturday that as far as he was concerned, he saw little tangible economic activity deriving from the crypto world—

Noble Lords: Question!

Lord Davidson of Glen Clova (Lab): The question is coming. He went on to say that public policy

"needs to start with a realistic assessment of the economic value that flows from blockchain technology."

I assume that the Government have done the realistic assessment. What economic value have the Government detected within this technology?

Lord Harlech (Con): Recent events in the crypto asset market such as the failure of FTX and the stablecoin Terra Luna have highlighted vulnerabilities in the sector and reinforce the need for timely, clear, appropriate and effective regulation. It is therefore important that we get that right. The Government's commitment to strengthening strictly crypto asset regulation will support authorities in managing these risks to protect consumers, maintain financial stability and support innovation. This is, after all, a growth sector. The Government will continue to closely monitor the wider crypto asset market and will stand ready to take further regulatory action if required.

Baroness McIntosh of Pickering (Con): Does my noble friend agree that the Government could be accused of being slow to regulate in this field? What type of regulation do the Government intend to introduce?

Lord Harlech (Con): I thank my noble friend for the question. At Fintech Week 2022 the Government announced their commitment to consult on a world-leading regime for a broader set of crypto asset activities. The Financial Services and Markets Act also ensures that crypto assets may be regulated within the existing financial services regulatory framework. Furthermore, the UK is committed to creating a regulatory environment in which firms can innovate while, crucially, maintaining financial stability and regulatory standards.

Lord Cromwell (CB): Some months ago, in the happy early days of the crypto world, the Treasury announced, rather to my surprise, that it was going to create its own non-fungible token. Is that still the case, and if so, why? If the Minister does not have the answer now, perhaps he can drop it in his Christmas card to me.

Lord Harlech (Con): I thank the noble Lord for that question. The non-fungible token market has grown considerably over the past year. New types of NFTs have emerged that blur the boundary between financial services products and digital collector items. It is not the Government's intention to apply financial regulation to NFTs. However, the Government will consult on the details of a future regulatory regime for crypto assets in due course, and NFTs will fall under this. We stand ready to take further legislative action as required.

Baroness Kramer (LD): My Lords, will the Minister look again at the consumer duty in the Financial Services and Markets Bill, recognise its woeful inadequacies and replace it with a proper duty of care? If he does not, the crypto industry will have huge scope as it is developing to sell inappropriate investments to inappropriate people without any ability to stem that activity through regulation.

Lord Harlech (Con): Volatility is a characteristic of certain crypto assets. The FCA and the Bank of England have warned that crypto assets are high-risk and investors should be prepared to lose all their money. However, the Bank of England's Financial Policy Committee continues to note that crypto asset markets do not pose a material risk to financial stability,

although the stability risks will likely grow as connections between the traditional financial services sector and crypto markets increase. That is why the Treasury agrees with this assessment, which has been echoed by the Financial Stability Board.

Lord Sikka (Lab): My Lords, the use of centralised peer-to-peer crypto lending platforms has surged and crypto lending services have become part of the shadow banking industry. Despite past hints, the Government have failed to regulate the shadow banking sector; it is not subject to any capital adequacy or stress tests. Does the Minister know that, by delaying the regulation of the shadow banking sector, he is laying the foundations for the next financial crash?

Lord Harlech (Con): I certainly hope that I am not laying the foundations for the next financial crash. This Question is specifically about crypto assets, not shadow banking.

The Lord Bishop of St Albans: My Lords, following the collapse of FTX there is great concern at just how volatile this sector is. Many young people presume that, because it is called a currency, it is more stable than it really is. I am told that, if you go online, you will find young people talking about eye-watering amounts of money that they have made and others have lost. What are His Majesty's Government doing to educate younger people about proper investment understanding, so that they are aware of the risks they are taking if they enter this market?

Lord Harlech (Con): The right reverend Prelate makes an excellent point. HMT is working closely with the FCA so that the risks involved in investing in this asset class can be clearly and explicitly conveyed to anyone who is thinking of making this type of investment.

Baroness Altmann (Con): My Lords, I recognise the Government's desire to be a leader in financial services and new technology. However, can my noble friend explain how we have managed to get cryptocurrencies approved and used under regulatory firms when their whole purpose is to evade the usual checks and balances in conventional financial systems? They have been a money launderers' and a thieves' paradise. We are sanctioning foreign Governments, but they can freely use these so-called assets, and there is also the environmental damage being done. I urge my noble friend to consider banning this activity from all regulated firms.

Lord Harlech (Con): The Government launched a new anti-money laundering and counterterrorist financing regime for crypto assets in January 2020. UK crypto asset exchange providers and custodian wallet providers are now in the scope of the UK's money laundering and terrorist financing regulations. Furthermore, the FCA proactively supervises registered firms and has a range of criminal and civil enforcement powers at its disposal.

Lord Tunnicliffe (Lab): My Lords, in response to the collapse of FTX, Singapore's Finance Minister and Deputy Prime Minister, Lawrence Wong, said:

"Cryptocurrency platforms can collapse due to fraud, unsustainable business models, or excessive risk taking. FTX is not the first cryptocurrency platform to collapse, nor will it be the last. Those who trade in cryptocurrencies must be prepared to lose all their value… No amount of regulation can remove this risk."

With this in mind, does it remain Rishi Sunak's ambition to make the UK a global crypto hub?

Lord Harlech (Con): The UK is taking a tailored and proportionate approach to crypto asset regulation that is sensitive to the risks posed and responsive to new developments in the market. Our proposed approach focuses on near-term and longer-term regulation. This will vary across different jurisdictions.

Tributes

3.21 pm

The Lord Privy Seal (Lord True) (Con): My Lords, shortly before Christmas each year, the usual channels rightly and duly pay tribute to the staff of the House who have retired or passed away in the last 12 months.

Before I turn to individual tributes, colleagues from the usual channels will want to join me in acknowledging the work of all those who work for your Lordships' House. Their skill and dedication, already very well known to us, was shown to the world following the demise of Her late Majesty Queen Elizabeth II. From the tributes in the Chamber to the transformation of Westminster Hall and the management of the lying-in-state, all were made possible and delivered by staff of your Lordships' House. All those who worked to make these events happen were, in my judgment, a living tribute to Her late Majesty. I know all noble Lords will join me in thanking all those who worked so tirelessly over those 10 days in September, and throughout the whole of the calendar year.

Our tributes start sadly. Lee Barnes passed away in May this year. He joined the House in 2017 as a print production assistant—one of those who work in the bowels of this place, ensuring that the papers on which we so rely appear like clockwork. I am told that Lee was the first to start any new work that came in, the first to volunteer for tasks, and diligent in ensuring that your Lordships' papers were right and on time. Lee's first passion was his five year-old daughter, Libby, who was a source of immense pride to him, as well as of daily updates to his colleagues. Lee's love of football and music were also passed to those around him, whether the merits of Chelsea or Leatherhead FC, or waxing lyrical for hours about known and unknown gigs, artists and bands. At his funeral, all were asked to wear band T-shirts as a tribute. Lee's sudden death was a terrible shock to his team, and he is greatly missed by many in this House.

John Vice, the Editor of Debates, retired just two weeks ago. The Hansard rooms at the top of this buildings are rarely visited by noble Lords—except perhaps by someone desperately wanting to correct the record—but Hansard's output is integral to our work. John Vice was a Hansard lifer, joining the Commons Hansard team in 1987, moving to the Lords 14 years later, and rising to become Editor of Debates in 2013.

John was fascinated by the history, philosophy and art of *Hansard*. He could enthral listeners on how Hansard recognises "noises off" and on the subtleties

[LORD TRUE]

of individual words, but John was also a deeply adaptable Editor. These were qualities seen most clearly in his leadership of his team through the Covid-19 pandemic, when all of us were removed from familiar spots in this Chamber to our homes. Many noble Lords struggled in making contributions over variable internet connections, and I certainly did as a newish Minister in my back room. Pity then the reporters straining to hear and faithfully record every word. John ensured that his team rose to the challenge.

John's quiet, unassuming generosity to his colleagues extended beyond this place. He offered guidance to parliamentary reporters worldwide and he was president of the Commonwealth Hansard Editors Association. In retirement, I am told he will continue to spread his wings, and plans to cycle round Australia. There is quite a big desert over there, John. We wish him well.

Akua Konadu worked in the housekeeping team. She started this work in 2007 and retired earlier this year, after 15 years. Akua was a member of a team working in the early hours on the most high-profile and historic parts of this building, including the Library, Peers' Lobby, the Royal Gallery and the Robing Room. She retires now to spend more time with her beloved family, and we are grateful she was part of our family too, for 15 years.

Julia Keddie had a 34-year career that spanned both Houses. She joined the House of Commons Library in 1988 and worked in a variety of roles, providing information to MPs and managing the decant of the Commons Library collections, which at that point were stored in the Palace basements. Her range extended to supporting committees, as well as digital projects. In the Lords, Julia was the collections project manager, managing the storage of the House of Lords Library's extensive print collection, making sure it was conserved and preserved, as well as planning for the safeguarding of the collection in the event of a disaster. Julia developed strong links across many offices to do this, bringing expertise gathered across her varied career.

Clare Hook will be best known to noble Lords for her work in the Members' finance team. During her 18 years in the House, Clare displayed an unending supply of enthusiasm and good humour, answering queries and making sure claims were paid accurately and promptly. She managed the Members' finance scheme brilliantly. Clare cared deeply about her colleagues and, during the pandemic, their welfare was at the forefront, as she did a huge amount to keep spirits up and help the team manage the transition to working from home. To those around her, Clare seemed to know everyone. Her positivity, laughter and, I am told, supply of edible treats will be sorely missed.

Mark Cooper was a polymath, working across four different offices and more during a 37-year career in the House of Lords. In his early career, he worked in clerical roles in the Committee Office and Judicial Office, supporting the Law Lords, who were then—happy days—based in this House. Mark moved to working on legislation and, over nearly a decade, became a fount of wisdom for his colleagues across the House and in Whitehall. He ended his career in the specialised world of hybrid and private Bills, guiding the confused through the complexities of these sometimes arcane processes. Outside this list of jobs, Mark did much more, frequently taking on extra responsibilities, usually those that would support and assist the well-being of his team—any team. Indeed, as long-standing secretary to the Farmers Club, he supported my noble friend Lord Taylor of Holbeach. Finally, Mark was a self-taught calligrapher, and the exquisitely crafted humble Addresses for State Opening, jubilee and following the demise of Her Majesty Queen Elizabeth were Mark's work. He was, according to those who worked with him,

"one of the finest, most professional and most compassionate colleagues".

We will miss him also.

Finally, before I sit down, I would not wish to leave without thanking the team in the Government Whips' Office for their support, dedication and good humour through a turbulent year. They provide consummate service not just to my office but, in many ways, to the whole House. I wish them, all staff of the House, and all noble Lords a blessed and merry Christmas.

3.30 pm

Lord Kennedy of Southwark (Lab Co-op): My Lords, I start where the Leader of the House finished: I join him in thanking all the staff of the House and wishing everybody a very merry Christmas and a happy new year.

I am always conscious when I come into this House that there are people here before I arrive, such as the security staff and cleaners. They are here as I walk out the door in the evening as well, as I say goodbye to them. We thank all the staff for all the work they do. We also thank all the staff who work for Members here, and those staff in the usual channels and Whips' Offices. I also thank the contracted staff: the people who work for Royal Mail and give us our postal services, and all of the contractors based here as well. Thank you all so much.

As the Leader said, the dedication and service of the House was on its finest display during the period of national mourning and the lying-in-state of her late Majesty, with our doorkeepers and Black Rod on television at key points throughout those two weeks. We thank them very much for their service then, as we do for all their service throughout the year.

Philippa Tudor retired in October with clerkly precision, exactly 40 years after her start date. She held several key roles in the administration, including positions on the management board as finance and HR director and, for the last 10 years, as Clerk of Committees. Philippa blazed a trail for others: until more recently, she was one of a few senior women in the administration. She led by example and broke new ground, and was the first woman to sit at the Table of the House.

Philippa was committed to improving the House as a place of work for everyone in it. As HR director, she steered the House to Investors in People accreditation for the first time. As Clerk of Committees, she will be missed by her staff team, whose well-being she was visibly committed to. Never was this more needed than during the pandemic, when she was able to oversee the innovative delivery of committee services without compromising colleagues' health at any stage. She was a distinguished finance director, leading the finance team through a period of significant change.

Away from her career in the Lords, Philippa also held a senior role in the Scotland Office as the head of its parliamentary constitutional division, where she played a leading part in establishing the basis of the working relationship between the UK and Scottish Governments in operating the devolution settlements in the early 2000s. Outside work, she has for many years been a volunteer for the charity Facial Palsy UK, running its London support group and supporting those affected by the various forms of facial palsy. Since retiring, Philippa has volunteered at Pecan, a south London charity providing support to people in need, such as the long-term unemployed. Philippa is a talented and passionate historian, having just published an excellent book on Mrs Gustav Holst.

Elma Refuerzo started in the House of Lords in September 2000 and retired in September 2022. She was a valued member of staff, working for 20 years as an early housekeeper, cleaning high-profile areas of the House including the Chamber, the Lord Speaker's Office, the Robing Room and the Norman Porch area. Elma retired to spend more time with her daughter and mother in the Philippines.

Lesley Linchis retired from House of Lords Hansard in March, after working here for 21 years. Her first encounter with Hansard was in the early 1980s, when she worked in the Commons as a freelance typist, having answered an advertisement in the *Evening Standard* asking for people who were prepared to work unusual hours. She then joined the Commons Hansard team officially, taking on various reporting roles before moving to the House of Lords in 2001, where she worked as a reporter and, finally, a managing editor. Her long career was marked by a combination of hard work and arcane film knowledge.

Janet Anderson started in August 2008 and retired in March 2022. She was a valued member of the early housekeeping team and worked for 16 years in the House cleaning its high-profile areas and outbuildings, including the Robing Room, the upper Chamber galleries, the Royal Gallery and the Lord Speaker's offices. Janet was a hairdresser for many years and has now retired to spend time with her husband and children.

Karen Stokes started in the Palace of Westminster as a security officer in 2002, where she soon became known for her politeness and professionalism to everyone she met. After retiring as a security officer in 2016, she joined Black Rod's department as a doorkeeper that year. She was able to transfer a lot of her skills and knowledge of the building from her previous role. She was a loyal and knowledgeable member of the team, respected by all who knew and worked with her. She will always be remembered for her infectious laugh, which could often be heard in the other place. Karen retired from Black Rod's department in April and is currently working in the banqueting department.

Michael Stevenson started in the House of Lords in March 1986 as a second chef, and eventually became head chef. He was a well-liked member of the catering team and was always seen as supportive and a mentor to junior chefs. Kind and professional, Michael then had a second career in the House of Lords, moving across to property and office services in the Department of Facilities in 2013 as a facilities manager. Michael thrived in this role and took on management of the housekeeping team, among other duties. He was passionate about protecting the heritage of the Palace and took huge pride in the work of the housekeeping team, in particular preparing for the State Opening of Parliament.

One of Michael's lasting achievements was to gain support and funding for the House of Lords heritage cleaning team—the first of its kind. It has become indispensable in providing specialist cleaning services to both Houses; it recently provided them in Westminster Hall for her late Majesty's lying-in-state. Michael worked with many Members and staff across the House for many years. He was well thought of by all those who worked with him. Michael retired on 5 June 2022, looking to spend more time with his two children and watching Formula 1 and football, and to move out of London for a quieter life.

In conclusion, I wish all Members of the House a very Merry Christmas.

Lord Newby (LD): My Lords, I join the noble Lord, Lord True, in thanking all the staff for their very considerable efforts on behalf of us all over what has been an unusual but certainly demanding year. Obviously, the work that was done in the aftermath of the death of the Queen by staff in your Lordships' House was most impressive. I think all noble Lords really saw our staff at their best during that stressful period. I join the Leader in thanking the staff in the Government Whips' Office for helping to make the usual channels work so smoothly, and indeed my staff, who try to make me work more smoothly also, with variable degrees of success.

Mark Simpson recently retired after a distinguished and varied career spanning 30 years. During this time, he built up an extraordinary depth of knowledge of Parliament and its proceedings, which he used to improve understanding among the public and colleagues alike. Mark had a number of roles, but it was his 20 years handling inquiries from the public in the Information Office, later the Communications Office, where he made his most telling and lasting contribution.

The inquiry service was one of the founding teams when the Information Office was created. At its inception the service comprised little more than a basic phone line, but over the ensuing years Mark steadily transformed it into one that its many customers rely on and value today. Although the inquiry service was primarily intended to serve the needs of the public, Mark's reputation for being the fount of all knowledge on your Lordships' House meant that his expertise has been regularly in demand from staff and Peers alike. He also developed an unrivalled knowledge of the nooks and crannies of the Palace of Westminster itself. His idiosyncratic, entertaining and fact-filled Friday afternoon tours for new joiners became the stuff of legend. Perhaps there is a retirement job for him here but, in any event, we wish him a long and happy retirement.

Frances Grey worked for the House for over 20 years, quickly developing an expertise in information compliance, and was instrumental in preparing the House for new information access legislation, such as the Freedom of Information Act, environmental regulations, GDPR and the Data Protection Act. Initially a team of one,

[Lord Newby]
as information compliance demands increased, she became the head of information compliance and data protection officer for the House. She has been the House's lead on all information compliance-related work and provided authoritative advice to no fewer than six Clerks of the Parliaments. For many staff, Frances was a constant figure of advice and assurance, a model of discretion, tact and good sense, and always ready to provide constructive and practical advice, balancing the needs of the House with the public interest and transparency.

Barry Whitcombe had been with House of Lords Facilities for 16 years. After five years, he was made senior attendant. Barry was a well-liked member of the team and is missed by all his colleagues. He will, however, now have more time to devote to his great enthusiasms: following Saracens rugby team and travelling with his family.

Julie Darlington's contribution to the House of Lords has spanned 14 years. She helped establish the learning and organisation development team, before promotion to the role of pensions manager for all staff of the House of Lords Administration. In this role, she promoted the pension scheme to great effect and personally delivered the extremely challenging move into the Principal Civil Service Pension Scheme. Over the years, scores of people at every level in the organisation have benefited from her patient and empathetic explanation of their pension entitlement.

Richard Blake had a long career with the Ministry of Defence before joining the House of Lords in 2018 as director of the Parliamentary Procurement and Commercial Service. He had a unique perspective and a way of sharing his views with both humour and steel, the latter particularly when it came to compliance with regulations, for which we are extremely grateful. During his time in Parliament, arguably his greatest achievement was his invaluable work at the beginning of the Covid pandemic, leading the mammoth procurement at pace which enabled the virtual Parliament to operate in a compliant manner. He was also able to exercise the benefits that came from being head of procurement. Having a sweet tooth, he took a particular interest in all things food, especially cakes and pastries, and would try to be part of any form of cake-testing exercise. Richard is an ardent fan of rugby, real ales and red wine and a devoted father to two daughters. He was a respected leader and mentor to many in your Lordships' House. We wish him and all other retiring staff the very best in their retirement.

Lord Hope of Craighead (CB): My Lords, it is a privilege for me, on behalf of the Convenor, who very much wishes that he could be here, to associate myself and these Benches with the very well-earned tributes which have just been expressed across the House. Of course, we could not have achieved what we have achieved without the support of the many members of staff who have supported us in so many ways and in so many places over so many years. That is why it is very important that we pause for a moment at this time of year to express our gratitude. It is also a pleasure to hear the tributes that are paid in the maiden speeches of recently introduced Members to the kindness of the staff, thanking them for all the help they have given to them in coming to terms with their new surroundings. We know from our own experience that these words of thanks are not empty words. All these tributes are sincerely meant, so I think it is entirely right that we, on behalf of our various Benches, should take time to recognise what the staff do for us in our own words this afternoon.

I have been invited to pay tribute to the work done by five members of staff who have retired or are about to retire this year: Margaret Pieroni, Kath Kavanagh, Helen Egbe, Grahame Larkby and Nathan Mahesan.

Margaret Pieroni retired at the end of last month from the Human Resources Office as head of employment policy, pay and reward after 38 years of service to the House. During these years she made what can best be described as a sustained and enduring contribution to the work of every office our staff occupy. These included the Legislation Office and, perhaps most notably of all, in her chosen field of human resources. In the course of her long career, she developed a deep knowledge of the workings of the House and, more than that, a love for the work we do in this place. I am told that her resilience and conscientiousness won the respect of the many colleagues with whom she worked, and that she played a huge role in what the Human Resources Office has delivered for the Administration of the House of Lords.

3.45 pm

Special mention must be made of the crucial part Margaret played, in her expert and quiet way, in Parliament's response to the Covid-19 pandemic. Her task was to advise on and advocate for the best possible employment practice to keep the show on the road, and to do whatever it took to maintain support from her colleagues across the estate. The whole House benefited greatly from what she did during that difficult period.

Then there is the part Margaret played as a member of the Control Room Team for what was called Operation Marquee, the arrangements for the lying-in-state of Her late Majesty the Queen Mother in 2002. Last but not least, there is the work she did as a key member of the team that introduced far-reaching and effective pay reform, which I am assured will stand the Administration in good stead for years to come. We have much to thank her for, and I am sure that the House will wish her a long and happy retirement.

Kath Kavanagh, who will retire at the end of this year as Clerk of the Printed Papers, has made a very significant contribution to the work of the House too. She completed a period of no less than 40 years of service last October, having entered service in October 1982, the same month as Philippa Tudor. She began in what was then the Refreshment Department, but then moved to the Finance Department before joining the Journal Office. It was while working there that she studied for and obtained a qualification as an accountant, which was of great value to us as it enhanced the quality of the work she was able to do on behalf of the Administration. Thereafter, she was one of the first members of staff to progress by internal promotion to become a clerk, taking on what are known as House duties, including until very recently in the Chamber.

Among the things for which Kath Kavanagh was responsible during her time as Clerk of the Printed Papers was the contract that supplied business papers to the House. She played a key role in renegotiating that contract in such a way that considerable sums of public money were saved. It was during her time too that the contract was terminated and the printing function brought in-house, with the result that further public money was saved. She played an important part in this change from the start by managing the reprographics unit and the contract for the printing equipment. She also had a leading role in the introduction of the electronic laying of government papers during the pandemic, ensuring the safety of staff during that difficult period. As a result of making this a permanent arrangement, we now have a much more efficient process.

Finally, mention must be made of the part Kath has played as a committee member of a workplace equality network for LGBT+ people in Parliament. She will spend her retirement with her partner Gail and her cat Oscar, whom she describes as grumpy. Perhaps he may be just a little less grumpy now that she is able to spend more time with him. She and her partner are planning to move house next year. For that, and for a well-deserved and long and happy retirement, we send our good wishes.

Helen Egbe, who retired as a housekeeper at the end of June this year, joined us over 20 years ago in July 2001. She was a much-valued member of the housekeeping team. She started her work in the outbuildings but then moved to cleaning what are referred to as some of the more "high-profile" areas in the Palace, such as Black Rod's office and the offices occupied by Hansard.

I used to meet members of the housekeeping team still at work when I came in much earlier than I do now to start work in my office on the West Front as a Lord of Appeal. Joshua Rozenberg said of me that I came in while most people were just about to start their second piece of toast, so I can speak from my own experience to the dedication of our housekeepers, their friendliness and the pride they take in the work that they do for us. They also enjoy each other's company. Helen used, in her spare moments, to sell Avon beauty and fashion products, with much enthusiasm, to other members of the team. We wish her well now that she has retired to spend more time with her husband, her children and other members of her family.

Grahame Larkby, who retired in May as an attendant, joined us 17 years ago in October 2005. He too started working around the outbuildings before ending up as an attendant within the Palace itself. He was always on hand, ready to assist. He particularly enjoyed State Openings, when he was one of those who assisted in the robing of Peers before they went into the Chamber. He will be much missed. He will now be able to give much more time to his hobbies of watching football—he is a supporter of Chelsea Football Club—and especially cricket; his focus is on Kent and, of course, England. He travels around the world to watch England play, but he is also very family orientated and loves to babysit for his grandson.

Nathan Mahesan, who retired in July from the finance department as a resource accountant, joined us 14 years ago in September 2008. His main role was helping to prepare the year-end financial accounts, something that he did very well. It was also his responsibility to ensure that the House had enough cash in the bank to pay its bills. More often than not, he found himself as the person who performed the vital task of pressing the button to make payments from the bank account to suppliers, staff and Members, so he really had to know what he was doing. He has a good sense of humour and was known for his courtesy, starting each day by asking of everyone, "Are you well?" He too is a keen cricket fan. This could give rise to some friendly rivalry, as he is from Sri Lanka, but I am assured that, so long as England is winning against someone else, he is England's biggest fan. He plans to use his retirement by travelling, visiting members of his family around the world, and fine-tuning his lawn-bowling skills. To him, and to Grahame too, we extend our best wishes.

Finally, on behalf of these Benches, I add our thanks to all the staff who are still with us. We wish them, and all noble Lords, a very happy Christmas and a safe and peaceful New Year.

The Lord Bishop of St Albans: My Lords, I will not detain the House for long but, on behalf of the Lords spiritual, we thank all those extraordinary staff who, through their dedication, have served us so well. I am thinking of the clerks, the doorkeepers, and the catering, security and domestic staff. We really could not function without them and the extraordinary level of professionalism and dedication that they bring.

I will not go through a list of people, although I highlight—because she was a huge help to me—Philippa Tudor and her extraordinary competence and professionalism. We on these Benches also extend our best wishes to the family and friends of Lee Barnes. We offer all those who have been mentioned today our best wishes as they move either into retirement or on to new challenges, and we wish them a very happy Christmas.

Chinese Consul General: Attack on Protesters in Manchester

Commons Urgent Question

The following Answer to an Urgent Question was given in the House of Commons on Thursday 15 December.

"As Members of the House will be aware, the Foreign Secretary laid a Written Ministerial Statement yesterday to update the House on actions taken following the incident that occurred outside the Chinese consulate in Manchester on 16 October. I was as shocked as all Members of the House to see the disturbing social media footage of violence there that day. The right of free expression—the right to protest peacefully, the right to speaks one's mind free from the fear or threat of violence—is an absolutely fundamental part of our democratic life in the UK.

In our immediate response, the Foreign Secretary summoned China's acting ambassador—the most senior Chinese diplomat who was in the UK that day—to

the Foreign, Commonwealth and Development Office to demand an explanation for the incident. His Majesty's ambassador in Beijing also sought a further explanation from the Chinese Ministry of Foreign Affairs.

Following the incident, Greater Manchester Police initiated an investigation. As part of that investigation, the police requested that the FCDO approach the Chinese Government to ask them to waive immunity of the Chinese consul general and five of his staff to enable interviews to take place. We informed the Chinese embassy of that request and set yesterday as the deadline, making it clear that we expected it to take action.

Indeed, we have been clear with China from the outset that we would take firm action should the police determine that there was a need to interview officials regarding their involvement in the incident. We rightly expect the highest standard of behaviour from all foreign diplomats and consular staff in the UK regardless of their privileges and immunities.

In response to our request, the Chinese embassy, acting on instruction from Beijing, notified His Majesty's Government earlier this week that it had removed the consul general from the UK. The embassy also notified us that five other staff identified for interview from the incident by Greater Manchester Police have either now left or are about to leave the UK. I wish to put on record my thanks for the professionalism shown by Greater Manchester Police, particularly given the complexities of dealing with this case.

As the Foreign Secretary said yesterday, we are disappointed that these individuals will not be interviewed. It is therefore right that those identified by the police as involved in the disgraceful scenes in Manchester are no longer, or will shortly cease to be, consular staff accredited to the UK. Throughout this process, we have been clear that, in the UK, we adhere to the rule of law, follow due process and respect the operational independence of our police.

Our firm diplomacy and our actions demonstrate the seriousness with which we took this incident, and the correct outcome has now been reached. The UK will always use our diplomacy to demonstrate the importance of abiding by the rule of law, and we expect others to do the same."

3.53 pm

Lord Collins of Highbury (Lab): My Lords, the Answer reminds us of the Vienna Convention on Consular Relations, which allows states to withdraw members of a consular post at any point. Anne-Marie Trevelyan said that we were asking the Chinese either to waive immunity or to do that. Their withdrawal is a clear admission of guilt. To avoid those individuals being able to repeat such attacks on peaceful demonstrators in this country, MPs including the chair of the Foreign Affairs Committee asked the Government to say retrospectively that the diplomats concerned are personae non gratae.

The Minister in the other place seemed unwilling to respond directly to that question, so I hope the Minister here can give us a direct answer today. Can he also advise the House whether Ministers have directly engaged with their international counterparts to prevent similar incidents happening elsewhere?

The Minister of State, Foreign, Commonwealth and Development Office (Lord Ahmad of Wimbledon) (Con): My Lords, on one of the points that the noble Lord raised, at no time in our conversations with the Chinese embassy did we ask them to remove their diplomats. It was right that there was a police investigation and then, based on police advice, we asked for the immunities to be waived.

The noble Lord asked about the issue of persona non grata. He is indeed correct that it was raised in the other place. I can confirm that the consul-general and the five other staff who the police had identified have now left the UK and are no longer accredited consular staff in the UK. It is right that they are no longer here. We have been clear that the consul-general and the others would not be welcome to do any further posting here in the UK.

I take on board the strong sentiments that have been expressed in your Lordships' House and the other place about the importance of ensuring that people who commit such actions are subject to police investigations and, if the Vienna convention is exercised, that we follow through on that and ensure that such people are not posted to the UK.

With regard to what the noble Lord said about other international partners, I myself have not directly engaged on that issue, but if there is more detail to share then I will share it with the noble Lord.

Lord Purvis of Tweed (LD): My Lords, the activities of the Chinese have undermined the entire concept of diplomatic activity. However, what they have done here is overt, and we are rightly rid of them; I think I took it from the Minister that they will effectively be personae non gratae, but he was careful with his language.

That is overt activity, but I am also concerned about covert activity by what remains of the Chinese missions. I asked the noble Lord, Lord Murray of Blidworth, who is sitting on the Bench next to the noble Lord, Lord Ahmad, whether the Government intend in the National Security Bill to make covert activity by foreign intelligence services operating without the approval of the United Kingdom Government unlawful. The Minister said their activities would be prejudicial to the safety and interests of the United Kingdom but would remain lawful. Why is that the case? For such activities, those who are living in the UK should be liable to remedy under law. Why is the National Security Bill not going to clamp down on that?

Lord Ahmad of Wimbledon (Con): My Lords, I do not wish to speak to the specifics of the National Security Bill, but I will follow that up; I was not part of that exchange. I am very clear that, as we have done on this occasion, we must follow through specifically and work with police authorities. If individuals are identified then we must ensure that, as the police identify them, we ask for immunities to be waived. The Vienna Convention on Consular Relations was set up with good intent. We expect everyone who is appointed to the Court of St James and indeed diplomats up and down the country to adhere to the principle but also the spirit of that convention.

Lord Alton of Liverpool (CB): My Lords, how does the Minister think the Chinese Communist Party would have reacted if the British consul in Shanghai had physically assaulted a Chinese citizen? Will he undertake to ensure that his department will reply to the letter that I sent to the Foreign Secretary asking whether the diplomats, against whom we failed to take immediate action, will be banned from the UK and our overseas UK territories and whether we are seeking compensation from the CCP for the cost of the Manchester police inquiry?

Given the decision of Tower Hamlets Council to reject the planning application for the mega-embassy on the Royal Mint site, will the Minister undertake to answer the questions that I put to him during the debate on China and human rights that was initiated by the right reverend Prelate the Bishop of St Albans, which remain unanswered, and review the CCP's acquisition of that site?

Lord Ahmad of Wimbledon (Con): My Lords, if the noble Lord has not yet received the letter from that debate, I shall of course follow that up. On the specific issue of the planning application, he will be aware that my right honourable colleague the Secretary of State for Levelling Up, Housing and Communities has a direct quasi-judicial obligation. The noble Lord referred to a specific planning application. At some point, that may be referred to him, so I cannot comment on it.

On the noble Lord's earlier point, I cannot speak for the Chinese Communist Party, but I can say that I am absolutely honoured to speak for His Majesty's Government, because our moral compass is markedly different from that of the Chinese Communist Party.

Lord Walney (CB): The reprehensible actions in Manchester are part of a pattern of the Chinese Government testing the resolve of the UK and our allies through very deliberate transgressions of our legal system. Can the Minister give an update on the unofficial police stations that his colleague the Security Minister made an announcement on last month? What has been done to formally identify that they are acting in this way, and to shut them down?

Lord Ahmad of Wimbledon (Con): My Lords, I will have to follow up on the specifics, but on the noble Lord's more general point about these so-called unofficial police stations, they have no basis in the United Kingdom and where they and such actions are identified, we shall take appropriate action to shut them down, as he said.

Lord Howell of Guildford (Con): My Lords, the last question certainly deserves an answer, because this is very strange. Does the Minister appreciate and agree—I think he does—that this incident is a small part of the gigantic dilemma of our relationship with the People's Republic of China in the coming years? Does he agree that there is a need to clarify what part the Chinese system deeply embedded in our present infrastructure should play in the future, or how we will change it? How will we deal with the fact, mentioned by the noble Lord, Lord Purvis, that our trade with China is still on an enormous scale and touches on important areas of security? Does the Minister not agree that the recent lead from the Foreign Affairs Committee of the other place—that we should make real efforts to clarify this very difficult relationship, without going to absurd lengths by trying to cancel China and so on—is a very necessary part of developing our new foreign policy in an utterly changed world?

Lord Ahmad of Wimbledon (Con): My Lords, as we look at refreshing the integrated review, these aspects will of course be covered, but I agree with my noble friend that there are various elements of our policy on China that present an immense challenge. The actions of the consul general and other officials were, frankly, absolutely against any diplomatic action. It would ultimately have been for the police to investigate and decide, but we observed those actions and they were absolutely against any kind of sanction or action that should have been taken by any diplomat.

On the wider question of our relationship with China, my noble friend is of course right to point out that we have a trading relationship. On broader global challenges, including global health and climate change, China has an important role to play. But, as the Minister of State for Human Rights, among other things, I say that this has not prevented us from calling out China when we see an abuse, whether at home or abroad, or from leading the way in multilateral fora, including the Human Rights Council.

The Lord Bishop of St Albans: My Lords, as was said, this is part of a much larger testing of what we do in this country. This is also being lived out and spelled out in our university campuses, where meetings are sometimes being disrupted, people are being shouted down and freedom of speech is under threat. What advice and support are being given to our universities to ensure that these vital values are upheld in our country?

Lord Ahmad of Wimbledon (Con): My Lords, the right reverend Prelate is of course right: such actions go totally against the traditions of our country and free debate within universities. Such situations have arisen, and we have given support to universities. I say to all noble Lords—I know that many are involved with educational institutions—that, where they identify such actions, we should be told in order to make sure that authorities take appropriate action.

Migration and Economic Development Partnership with Rwanda

Statement

The following Statement was made in the House of Commons on Monday 19 December.

"With permission, Mr Speaker, I would like to make a Statement about the UK's migration and economic development partnership with Rwanda.

One hundred million people are displaced globally. Others want to move to a different country, often for economic reasons. This presents an enormous challenge for sought-after destinations such as the United Kingdom.

Since 2015, this kind and generous country has welcomed nearly 450,000 people through safe and legal routes. The British people are eager to help those in need and they support controlled migration. They have opened their homes to refugees. But they do not want open borders.

For decades the British people were told that this was immoral and that their concerns and opinions did not matter. Even today we see from certain quarters an unhealthy contempt for anyone who wants controlled migration. Such an attitude is unhelpful. Moreover, it is fanciful. We do not have infinite capacity. Already we are struggling to accommodate new arrivals, meaning that we spend millions every day in hotel bills alone.

We cannot tolerate people coming here illegally. It is not legitimate to leave a safe country such as France to seek asylum in the United Kingdom. We have to break the business model of the people-smuggling gangs. Their trade in human cargo is evil and lethal, as we were tragically reminded very recently.

There is a global migration crisis and it requires international solutions. In April, my right honourable friend the Member for Witham, Priti Patel, backed by my right honourable friend the Member for Uxbridge and South Ruislip, Boris Johnson, signed a ground-breaking migration and economic development partnership with Rwanda. They deserve enormous credit for their work on this. We agreed that people who come to the UK via dangerous, illegal and unnecessary means can be relocated to Rwanda to have their asylum claims considered there. Those in need of protection will be given up to five years of support, including education and employment training, along with help with integration, accommodation and healthcare.

Being relocated to Rwanda is not a punishment but an innovative way of addressing a major problem to redress the imbalance between illegal and legal migration routes. It will also ensure that those in genuine need of international protection are provided with it in Rwanda. It is a humane and practical alternative for those who come here through dangerous, illegal and unnecessary routes. By making it clear that they cannot expect to stay in the UK, we will deter more people from coming here and make such routes unviable.

There has been a great deal of misinformation about Rwanda. I visited Rwanda myself several years ago. She is a state party to the 1951 United Nations refugee convention and the seven core United Nations human rights conventions. It is a safe and dynamic country with a thriving economy. It has an excellent record of supporting refugees and vulnerable migrants. The UN has used Rwanda for the relocation of vulnerable migrants from Libya—and this was first funded by the European Union. Many migrants, including refugees, have already built excellent lives in Rwanda. Our partnership is a significant investment in that country and further strengthens our relationship.

A myth still persists that the Home Office's Permanent Secretary opposed this agreement. For the record, he did not. Nor did he assert that it is definitely poor value for money. He stated, in his role as accounting officer, that the policy is regular, proper and feasible, but that there is not currently sufficient evidence to demonstrate value for money. As he would be the first to agree, it is for Ministers to take decisions having received officials' advice. Once the partnership is up and running, he will continue to monitor its efficacy, including value for money.

In June, the first plane was ready to relocate people to Rwanda. Our domestic courts—the High Court, the Court of Appeal and the Supreme Court—upheld our right to send the flight. However, following an order by an out-of-hours judge in the European Court of Human Rights, the flight was cancelled. The European Court of Human Rights did not rule that the policy or relocations were unlawful, but it prohibited the removal of specific people. This was a 'without notice' order and the UK was not invited to make representations to oppose it. As a result, we have been unable to operate relocation flights pending ongoing legal proceedings, but we have continued to prepare by issuing notices of intent for those eligible for relocation, and my right honourable friend the Prime Minister recently outlined a comprehensive new approach to illegal migration.

A judicial review was brought against the Rwanda partnership by a number of organisations and individual asylum seekers. The first part of proceedings considered a case that the partnership is unlawful; the second part argued that UK domestic processes under the partnership are unfair; and the third part argued that the policy is contrary to data protection laws. Today in the High Court, in a judgment spanning more than 130 pages, Lord Justice Lewis and Mr Justice Swift held that it is indeed lawful for the Government to make arrangements for relocating asylum seekers to Rwanda and for their asylum claims to be determined in Rwanda rather than in the United Kingdom. The court further held that the relocation of asylum seekers to Rwanda is consistent with the refugee convention and with the statutory and other legal obligations on the Government, including the obligations imposed by the Human Rights Act 1998.

This judgment thoroughly vindicates the Rwanda partnership. Earlier today, I spoke to my Rwandan counterpart, Minister Vincent Biruta, and we confirmed our joint and steadfast resolve to deliver the partnership at scale as soon as possible. It is what the overwhelming majority of the British people want to happen. The sooner it is up and running, the sooner we will break the business model of the evil gangs and bring an end to the illegal, unnecessary and unsafe channel crossings. Now that our courts have affirmed its legality, I invite the Opposition to get behind this plan. I commend this Statement to the House."

4.03 pm

Lord Coaker (Lab): My Lords, a legal ruling has said that the Government's asylum processing deal with Rwanda is legal, although with a number of qualifications.

First, I will spell out clearly, and for the avoidance of any doubt, what His Majesty's Opposition think about the current situation. We believe that the Government have failed to stop the criminal gangs putting lives at risk; have failed to prosecute or convict the gang members, with convictions for people smuggling down by 75% in the last two years; have failed to take

basic asylum decisions, which are down by 40% in the last six years; and have failed on the issue of small boat crossings, which are now at record numbers, with no decisions made in 98% of those cases. The Government's solution, among other policies, is to put forward a scheme which is unworkable, unethical and extortionately expensive—the so-called Rwanda plan—rather than sorting out the problems I outlined. Indeed, the decision-making processes are so flawed that, despite the decision on legality, each of the eight cases were considered so flawed and chaotic that those individual decisions were quashed by the court.

It is in all our interests that there is a functioning, competent and humane asylum process. The Rwanda plan, however, is not the way for the issues to be resolved. I will ask some detailed and specific questions to show some of the continuing problems, notwithstanding the legal judgment. Given the importance the Government attach to the scheme, when does the Minister expect the first flight to Rwanda to take off? When can the Home Secretary's dream of such a flight be realised, or is it just a flight of fancy that should never happen anyway?

The Rwandan Government have said publicly that they have the capacity to take 200 people. Bearing in mind that more than 40,000 people have crossed the channel this year alone, what number does the Minister believe will be enough to act as a deterrent? Is 200 still the number, or are there plans for more?

We have already paid Rwanda £140 million, without a single person being sent there. What has that money paid for? Are we committed to additional sums, and, if so, how much and what will it be for? The Permanent Secretary at the Home Office, according to the Home Secretary's own Statement yesterday, has said again that

"there is not currently sufficient evidence to demonstrate value for money."—[*Official Report*, Commons, 19/12/22; col. 33.]

Why have Ministers yet again ignored that advice?

The court found chaos and confusion in the Home Office's decision-making on the Rwanda cases, including a failure to consider properly torture and trafficking evidence. Why did that happen? Can the Minister assure us that offences such as torture and trafficking will be taken as evidence? On trafficking, the conviction of people smugglers has dropped from 12 a month to three a month in the last two years, even though the number of smuggler gangs has grown. Would it not be better to stop wasting money on the Rwanda scheme and put it towards tackling the people-smuggling gangs instead?

Can the Minister confirm that families and children will not be subject to the Rwanda policy? If they will not, can the Minister explain how the proposed new legislation to detain and deport anyone arriving here irregularly, which is to be brought forward next year, will work and what its relationship with the Rwanda plan is?

The court judgment also referred to the failure of the UK Government to consider the Rwanda-Israel agreement and why that was abandoned. Why did the Government not consider that evidence? Did the evidence about the Rwanda-Israel deal not show that it actually increased trafficking?

The Rwanda scheme is a damaging distraction from the urgent action the Government should be taking to go after criminal gangs and sort out the asylum system. As I have said, the scheme is unworkable, expensive and unethical. It really should be the task of the Government to come forward with a scheme that works and is effective and efficient. Above all, the Government should stop using rhetoric which may make headlines but does not work. All of us understand that action is needed, but let that action be consistent with the values of our country and the proud tradition we have of offering hope and sanctuary to those fleeing war, persecution and horror. The Rwanda scheme fails that test and should be abandoned.

Lord Purvis of Tweed (LD): My Lords, I read the judgment this morning; it is a very comprehensive judgment and I respect it. However, it is astonishing to me that, on such a flagship issue, in which the Government have invested so much capital, judicial review has been awarded for all those claimants and, therefore, it is at the moment inoperable.

The Government chose to bring this arrangement through a memorandum of understanding, not a treaty, to avoid scrutiny and a proper ratification process by Parliament. We did our best in this House, through the International Agreements Committee chaired by the noble Baroness, Lady Hayter, to scrutinise this—but the Government chose a route to put this into place to avoid proper scrutiny. So can the Minister be clear today about what the legal, binding basis is on the commitments that have been provided by both parties to this MoU? What is the legal basis for the data-sharing arrangements that are in place?

In June, I visited the Hope Hostel in Kigali, the reception centre. A large banner at the entrance says, "Come as a Guest, Leave as a Friend". That banner is adjacent to armoured gates with machine-gunned guards. The contract is awarded to a private company on an annual basis. That will run out in March, so will the Minister confirm that that private arrangement will continue from next March, and will he place a copy of the contract for the operation of the Hope Hostel in the Library of this House?

Some £20 million has been given to provide this centre. I saw nothing like £20 million-worth of facilities when I visited it in June. It had no suitable areas for those vulnerable to suicide risk or those who had come through routes of great danger. This is on top of the £120 million provided to the Government of Rwanda. That £140 million is totally inappropriate, given the desperate plight of those here at home, including those dying of diphtheria—which we thought we had got rid of in the Victorian age— and, as the Minister was unable to confirm it to me, having an accurate understanding of how many unaccounted-for children there are. If he could update me on that, I would be very grateful. There is no guarantee on the timeframe, so when will the centre that we have paid £20 million for be operational?

When I asked the officials in Rwanda about the processing time for those seeking asylum, those in Rwanda for camps because of other conflicts said that the average time was up to 10 years. What commitment

[Lord Purvis of Tweed]
has been provided for the process time of those who will be received at the Hope Hostel? I hope that the Minister can be very clear with regards to that.

Finally, we cannot put a price on immorality, but £140 million is a dear price to pay for our reputation being so tarnished. On a previous question, the noble Lord, Lord Ahmad, referred to the Government's moral compass. It is pointing in the wrong direction. The UK supported the people of Rwanda, some of the most vulnerable in the world, who are suffering from extreme poverty, with £73.5 million of assistance in 2019-20. This has been slashed by 69% to just £23 million this year—so we are paying £140 million to cover for failed policies at home while denying those most vulnerable in the world and Rwanda UK support. Is this not an immoral, unworkable and inappropriate scheme which, at the very least, should be put to a vote in this House?

The Parliamentary Under-Secretary of State, Home Office (Lord Murray of Blidworth) (Con): I thank both noble Lords for their questions. I identified nine specific questions from the noble Lord, Lord Coaker, and I shall address those first.

I was asked about the first flight—I think the noble Lord, Lord Purvis, mentioned this as well. As both noble Lords will know from their careful study of the news reports, there is a hearing to determine remedies in relation to the challenges against the Secretary of State for the Home Department on 16 January. At that hearing, the claimants' counsel and the Home Office will make representations regarding, among other matters, any applications to appeal, and the court will decide the next steps, if any, in the UK litigation. We know that more legal challenges are likely and we will continue vigorously to defend this action in the courts. Of course, we do not routinely comment on operational matters and will not be giving a running commentary on the numbers of people or those in scope to be relocated to Rwanda on the first flight. The Home Office's focus remains on moving ahead with the policy as soon as possible and we stand ready to defend against any further legal challenge.

I was also asked about the potential capacity of the Rwanda scheme. The volumes envisaged under the MEDP memorandum of understanding are uncapped. The numbers of persons to be relocated to Rwanda under the terms of the memorandum of understanding will take account of Rwanda's capacity to receive them, and will comply with its obligations and our obligations under the MoU in respect of that group. Resources are being provided under the MoU to develop the capacity of the Rwandan asylum system. We have already provided £20 million up front to support set-up costs, for example, and we anticipate the numbers being relocated ramping up quickly once the partnership starts to operate, and in line with Rwanda's growing capacity.

The noble Lord, Lord Coaker, asked about Hope Hostel and its capacity of 200 people. The Government of Rwanda have addressed this explicitly and made clear that, while the first accommodation site, Hope Hostel, has a capacity of 200, the partnership itself is uncapped. In any case, individuals being relocated will be accommodated in these facilities only as a temporary measure, before being moved into regular housing for the long term.

I was then asked about the potential cost of the scheme. As part of the partnership—and it is, after all, a migration and economic development partnership agreement—the United Kingdom has invested an initial £120 million into the economic development and growth of Rwanda. This must be set in the context of the fact that the Home Department is currently spending in the region of £7 million a day on hotel accommodation for asylum seekers. Funding will also be provided to Rwanda to support the delivery of asylum operations, accommodation and people's integration. Every individual's needs are different, and funding will be provided only while an individual remains in Rwanda.

The noble Lord, Lord Coaker, asked about the cost per person. This is a long-term policy which is expected to last for five years. Costs and payments will depend on the number of people relocated, when this happens and the outcomes of individual cases. As the noble Lord noted, a full value for money assessment was undertaken as part of the accounting officer's advice provided to Ministers in respect of the partnership agreement. Needless to say, actual spend will be reported as part of the annual Home Office reports and accounts in the usual way.

The noble Lord, Lord Coaker, also mentioned that part of my right honourable friend the Home Secretary's Statement yesterday in which she stated:

> "A myth still persists that the Home Office's Permanent Secretary opposed this agreement. For the record, he did not. Nor did he assert that it is definitely poor value for money. He stated, in his role as accounting officer, that the policy is regular, proper and feasible, but that there is not currently sufficient evidence to demonstrate value for money. As he would be the first to agree, it is for Ministers to take decisions having received officials' advice."—

I was also asked whether the decision of the court demonstrated some failure on the part of the Home Office to consider evidence of modern slavery. The Home Office will take on board the comments made about its decision-making process; as my right honourable friend the Home Secretary said, it has already taken steps to improve relevant decision-making. In light of the judgment handed down yesterday, it will continue to improve and strengthen the decision-making process in line with the court's recommendations to ensure that decisions are as robust as possible.

Decisions on whether to relocate individuals to Rwanda are made on a case-by-case basis, depending on individuals' circumstances at the time and in accordance with the inadmissibility guidance. For every stage in the process, from initial arrival to any potential relocations, our approach is to ensure that the needs and vulnerabilities of asylum seekers are identified and taken into consideration where appropriate. We will only ever act in line with our commitments under our international legal obligations, including those that pertain to potential and confirmed victims of modern slavery.

I was asked about the provision for families in the scheme. Families with children are potentially eligible for relocation but, as my right honourable friend made clear, the initial process will focus on adults. A further

assessment of Rwanda's capacity to accommodate children will be undertaken before this occurs. Everyone considered for relocation will be screened and interviewed and have access to legal advice. Decisions will be taken on a case-by-case basis. Nobody will be removed if it is unsafe or inappropriate for them.

The noble Lord, Lord Coaker, asked about the contents of the new legislation. I am afraid that he will have to wait and see. As the Prime Minister promised in the other place two weeks ago, a Bill can be expected in January, when the noble Lord will be able to see how that new legislation facilitates and assists the implementation of this scheme.

I was asked about the Rwanda-Israel agreement. As Lord Justice Lewis made clear at paragraph 67 of the judgment of the Divisional Court, it did not consider the nature and terms of that agreement to be critical for its purposes. It was clear to the court, as is clear from the judgment, that it is a different agreement and there are no parallels to be drawn from the Rwanda-Israel agreement.

While the noble Lord, Lord Coaker, may suggest that this is an unworkable and expensive plan, we on these Benches notice that the Labour Party has failed to provide any viable alternative—simply saying that one will tackle the criminal gangs and potentially provide more safe and legal routes will not serve the purpose of reducing the allurement to people of crossing the channel.

The noble Lord, Lord Purvis, asked about the legal basis for the memorandum of understanding. That is a well-known basis for an understanding in international law, and its lawfulness was upheld by the Divisional Court in its judgment yesterday. I simply do not agree that there is anything immoral about this policy. Protecting people and avoiding them considering that it is worth taking their lives into their hands by crossing the channel in small boats must be the moral thing to do.

4.23 pm

Baroness D'Souza (CB): My Lords, I thank the Minister for his careful explanation, but how confident is he that the criteria used to assess the asylum status of people being sent to Rwanda by the UK will conform closely with international standards? I ask this because President Kagame has publicly stated that he is interested in abstracting, as it were, the skills that he feels his country lacks and needs from the refugees who will be coming his way.

Lord Murray of Blidworth (Con): Yes, certainly. The starting point is that Rwanda is a signatory to the 1951 refugee convention and the seven other principal United Nations conventions. As part of the memorandum, it was clear that the Rwandan Government agreed to adhere to international norms in the consideration of all applications for asylum and protection.

Baroness Lister of Burtersett (Lab): My Lords, according to refugee organisations, although we were told that unaccompanied children would not be removed to Rwanda, some have already been issued with notices of intent for so-called relocation because they have been assessed incorrectly as adults. The Statement conveniently left out the judge's warning that the Home Secretary must consider properly the circumstances of each individual claim. What therefore are the procedures and safeguards to ensure that no child is wrongly issued with a notice of intent?

Lord Murray of Blidworth (Con): As I have already noted to the House, there is no in principle position that children may not be removed under the scheme; it is simply not presently the intention of the Government to do so. As I made clear only recently at Questions, age assessment is something that the department is looking at very closely in light of the new provisions under the Nationality and Borders Act. As the noble Baroness will be aware, since 2016, in half of the cases where age was disputed, the age was ultimately found to be over 18, so we have to be very careful about people who maintain that they are children. Of course, it is very important that those under 18 are carefully protected from those who claim to be under 18 but are not. As I say, it is the intention of the Government to remove families at a point in future when the Rwanda scheme is ready for that purpose.

Lord Campbell of Pittenweem (LD): My Lords, does the Minister agree that this Statement could have been written by Dr Pangloss? I pray in aid the paragraph which says that:

> "Being relocated to Rwanda is not a punishment but an innovative way of addressing a major problem to redress the imbalance between illegal and legal migration routes."

No one has asked a potential migrant whether they think it is not a punishment. I would be very surprised indeed if those faced with such a decision did not take exactly the view that it is. It is true that the Court of Appeal has held that the scheme is legal, but I doubt very much that the legal consideration of this proposal will rest with the Court of Appeal. Finally, the Government seem to say that it is not only legal but moral. We all have to define our own moral compass; I have to tell the Minister that I do not define mine in any way that supports this Government or this proposal.

Lord Murray of Blidworth (Con): I reassure the noble Lord that it is not a punishment. The purpose of the policy is to remove the incentive to make dangerous and illegal journeys into this country, under the provisions of the Nationality and Borders Act.

Lord Alton of Liverpool (CB): My Lords, does the Minister accept that some of this seems very peripheral and on the margins when you consider—as Cross-Bench Members pointed out in a debate initiated earlier this year, which I commend to the Minister—that there are some 82 million people displaced in the world today, with 43% of them children? It was argued throughout that debate that, in the circumstances, we must call for an international remedy to this crisis. The debate called for a conference to be convened among all the nations and for the root causes to be tackled. Does not the Minister agree that that is what is needed now, rather than simply coming forward with very controversial measures which are so marginal in trying to tackle the problem of so many millions of people?

Lord Murray of Blidworth (Con): The noble Lord is entirely right to say that there is an international crisis with migration given the conflicts and national issues that are at present troubling our world. There is clearly room, as was canvassed during the debate held two weeks ago, and proposed by the most reverend Primate. Clearly these are very broad issues, and the world needs to address the question of migration. However, the Government cannot tolerate illegal and unlawful flows of people in circumstances where those people are putting themselves in danger in the channel.

The Lord Bishop of St Albans: My Lords, in the recent Statements, and in the Prime Minister's comment piece in the *Telegraph*, there was a stated commitment to create more safe and legal routes, but no information was given on the timeline or the proposed numbers, and there was no indication of the sorts vulnerabilities that have been identified. The Rwanda partnership is one among many deterrence policies, but the worry is that, in the absence of safe routes, it seems very unlikely that that will be sufficient. When will the Government bring forward plans and proposals for these additional safe and legal routes?

Lord Murray of Blidworth (Con): As the Prime Minister has made clear, the initial priority for the Government is to prevent the continuation of dangerous journeys across the channel. It is the Government's intention in due course to open fresh, safe and legal routes. However, for the present, we have in this country a significant number of people seeking refuge and asylum, and we need to process those claims. In the view of the Government it is simply not the case that further safe and legal routes at this stage would have any effect in reducing channel crossings.

Baroness Hayter of Kentish Town (Lab): My Lords, I would like to follow up the question put by the noble Lord, Lord Purvis, which was not responded to. The court may have said that this is legal but it has not been agreed by Parliament. The 1924 Ponsonby rule indicated that any significant MoU or similar agreement should be brought to the House. By doing this under an MoU, it never came under CRaG, and it has never been approved by Parliament. Does not the Minister think that something as significant as this should be done by Parliament and not by diktat of the Executive?

Lord Murray of Blidworth (Con): The Government's view is that the method of the agreement that was reached with Rwanda was lawful and appropriate, and so, with respect, I am afraid I must disagree with the noble Baroness.

Baroness Hamwee (LD): My Lords, the Minister said that each person will be considered on a case-by-case basis, and quite right too, provided that that is not simply a swift tick-box exercise. He was perhaps lucky enough to have missed the long and late debates in this House on the age assessment of young people. I have to say that, to my mind, even for a young person aged 18 and a half, it would be inappropriate to send them to a place which, as I understand from my noble friend, has no child facilities as part of the arrangements. If there is to be no removal where removal would be inappropriate to the individual, how will that affect getting through the backlog that we have heard about recently from the Home Office?

Lord Murray of Blidworth (Con): As we have seen from the judgment given by the court, there is nothing in principle unsafe about Rwanda, and few indeed will have reasons relating to them as to why Rwanda would be unsafe for them.

Lord Walney (CB): The Government have given at least initial costings to the Rwanda plan, as has been widely referenced in the House today. However, as far as I am aware, there has not been any costing at all of the suite of measures in the agreement with Albania last week—neither the policing measures nor the economic incentives to try to bind in the Albanian Government and deter people coming across. Can the Minister give costings now, or at least say which of these two schemes the Government anticipate being the greater burden to the taxpayer over the medium and long term?

Lord Murray of Blidworth (Con): The judgment about which these questions are being asked relates to those removed to Rwanda. Of the 40,000-odd people who have crossed the channel illegally during the past 12 months, 13,000 have been Albanians, and a large proportion of them have been single young men. It is the Government's intention, following the recent agreement with the Government of Albania and decisions taken in such cases, to return them to Albania in the light of the assurances provided by the Albanian Government. Clearly it is cheaper to remove to Albania than it is to Rwanda. I should note that Albania is not only a NATO member but an EU accession country and a signatory to the European convention against trafficking. It is our hope to use both devices to bear down on illegal crossings of the channel.

Lord Kerr of Kinlochard (CB): My Lords—

Viscount Younger of Leckie (Con): I am sorry to interrupt the noble Lord but I do not believe that he was here at the beginning of the Statement.

Baroness Bennett of Manor Castle (GP): My Lords, I apologise that I am not able to let the noble Lord, Lord Kerr, in; it is not in my power.

As both the Front-Bench questioners mentioned, despite the fact that the Statement makes no reference to it, the judges found that the cases of the individuals affected on the Rwanda flight were handled so chaotically and inappropriately by the Home Office that they should never have been on that flight in the first place. This is interesting when you note the rather slighting way in which the action of the European Court of Human Rights is referred to in this Statement, given that it was absolutely crucial for the rights of those individuals, as acknowledged by our court. None the less, those cases were clearly rushed.

The Prime Minister's Statement this week on so-called illegal immigration—it should be stated clearly in your Lordships' House that no person is illegal and every person is entitled to flee and seek refuge in cases where they need asylum—spoke of handling cases in days or

weeks rather than months or years. How will the Government fairly, legally and justly handle cases, given what happened in the rushed circumstances of this case?

Lord Murray of Blidworth (Con): If I may, I will turn first to the point made by the noble Baroness in respect of the Rule 39 indication made by the Strasbourg court in one of the cases of those to be removed on the initial Rwanda flight. I point out to the noble Baroness that, domestically, the Divisional Court and the Court of Appeal refused to grant an interim injunction, and the President of the Supreme Court in the United Kingdom refused permission to appeal against that decision. As was revealed during yesterday's debate in the other place, it seems that the Russian judge granted the Rule 39 indication without hearing submissions from the UK Government and without providing any formal avenue to appeal against that decision. I do not accept that there was any automaticity about the interim relief afforded by the Strasbourg court.

I turn to the judgments on the eight specific written decisions. As I have already noted, the department has accepted the criticisms of the court, revoked those decisions and will redetermine them. It has revised and improved the decision-making process to ensure that the errors highlighted by the court will not be repeated.

Lord Stirrup (CB): My Lords, further to the question from the noble Lord, Lord Alton, people smuggling is a crime, and not just a cross-channel crime, but we seem currently to be more interested in addressing the victims of the crime than the perpetrators. Surely one of the purposes and main themes of any international conference and expanded international effort should be much more effective, co-ordinated and hard-driven law enforcement across a spread of countries, targeting the traffickers themselves. What activities are the Government undertaking to pursue this and what progress, if any, has been made?

Lord Murray of Blidworth (Con): I agree with the noble and gallant Lord. Clearly, international co-operation is vital. That is one of the five limbs that the Prime Minister outlined in his Statement, and the agreement with Albania is part of that. It is a sad fact that a good deal of the criminality in the channel arises through the actions of Albanian gangs who cross borders around Europe. We are working with our European friends and with great vigour to address this criminality. The noble and gallant Lord is entirely right that this is an important part of the limb. The Rwanda scheme is just one part of a wider picture.

Lord Paddick (LD): My Lords, the Minister has said that children may be sent to Rwanda, but my understanding is that there are no facilities for children in Rwanda. If an asylum seeker is determined to seek refuge in the UK, having, for example, family members here, what is to stop them from making their way from Rwanda across Africa, across Europe, and across the channel to the UK?

Lord Murray of Blidworth (Con): Forgive me; I said earlier to the noble Lord, Lord Coaker, that families with children are potentially eligible for relocation, but the initial process will focus on adults. A further assessment of Rwanda's capacity to accommodate children will be undertaken before this occurs. That is the Government's position in relation to children. Regarding whether asylum seekers can leave Rwanda and come back here, in theory they could leave Rwanda, but one hopes that they would not be able to avail themselves of the criminal gangs to smuggle them across the channel because we would have broken the gangs' business model.

Baroness Lister of Burtersett (Lab): My Lords, I may have misunderstood, but I think the Minister said that unaccompanied children can be sent to Rwanda. Back in July, the noble Baroness—

Lord Murray of Blidworth (Con): It is not unaccompanied children but families with children.

Baroness Lister of Burtersett (Lab): I asked specifically about unaccompanied children, but I thank the Minister.

Lord Lexden (Con): What is the total amount that the Government have spent so far in legal fees in attempting to implement this policy? What is the record of the Rwandan Government in protecting, upholding and safeguarding the rights of LGBT people?

Lord Murray of Blidworth (Con): I am afraid that I cannot answer the noble Lord's question because the litigation is ongoing. One of the issues that will be canvassed on 16 January is costs. I assure my noble friend that we will be seeking costs against those parties who have lost in respect of their challenges to the Government.

Baroness Bennett of Manor Castle (GP): My Lords, the Minister has referred a number of times to stopping people coming across the channel in small boats. If the Government are successful in that, what assessment have they made of other routes that people would be likely to attempt and how much more dangerous they are likely to be?

Lord Murray of Blidworth (Con): Obviously, the Home Office is alive to all the possible opportunities. The noble Baroness will not be surprised if I do not outline them at the Dispatch Box. Clearly, careful consideration of any displacement activity is undertaken, and steps are being taken to address any other possible vulnerabilities.

Baroness Hayter of Kentish Town (Lab): My Lords, I did not hear an answer from the Minister to the question asked by the noble Lord, Lord Lexden, on LGBT people in Rwanda. Perhaps he would like to answer now.

Lord Murray of Blidworth (Con): I heard a question from the noble Lord, Lord Lexden, about the costs of the action. Perhaps the question could be outlined again.

Baroness Hayter of Kentish Town (Lab): The noble Lord asked about the record of Rwanda in protecting the rights of LGBT people.

Lord Lexden (Con): I do not normally have any difficulty in making myself heard, and I did indeed put that second question.

Lord Murray of Blidworth (Con): I am very grateful to the noble Lord, whom I hope will forgive me. I must have been focusing so intently on his question about costs that I did not hear this. My apologies. The court considered all the allegations made by the UNHCR and the parties in the litigation concerning the safety of Rwanda and concluded that the Secretary of State was correct that Rwanda was a safe country, including for LGBT people.

Lord Campbell of Pittenweem (LD): That is not an answer.

Lord Murray of Blidworth (Con): With respect, I think that it is an answer, so there it is.

Investigatory Powers (Communications Data) (Relevant Public Authorities and Designated Senior Officers) Regulations 2022

Motion to Approve

4.44 pm

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

That the draft Regulations laid before the House on 17 November be approved.

Relevant documents: 19th Report from the Secondary Legislation Scrutiny Committee

The Parliamentary Under-Secretary of State, Home Office (Lord Sharpe of Epsom) (Con): My Lords, keeping the public safe and protecting our national security is a key priority for this Government. It is vital that our intelligence agencies, law enforcement bodies and public authorities are able to exercise the important powers contained in the Investigatory Powers Act 2016, which I will refer to as the IPA. We rightly have in place world-leading standards on transparency, privacy, redress and oversight to accompany the exercise of these powers.

The regulations to be debated today will make two necessary amendments to Schedule 4 to the IPA. The first will implement changes to the communications data authorisation process for the UK intelligence community in order to implement the findings of a High Court judgment. This judgment was handed down in June this year in the case of Liberty v Secretary of State for the Home Department and Secretary of State for Foreign and Commonwealth Affairs. I will refer to communications data as CD and the UK intelligence community as UKIC.

This amendment will remove the power for UKIC to internally authorise the acquisition of CD for purposes which relate solely to serious crime, other than in urgent circumstances. In line with the court's judgment, from 1 January 2023, it will be necessary for UKIC to seek authorisation for acquisitions of this type through the Office for Communications Data Authorisations, which I will refer to as the OCDA. The OCDA is part of the Investigatory Powers Commissioner's Office, and its involvement in the authorisation process will ensure that an independent body has considered all non-urgent applications for CD.

For urgent applications, UKIC needs the ability to continue to self-authorise the acquisition of CD in such circumstances, because the OCDA is open only during normal office hours and our intelligence services need to be able to acquire CD at any time of day or night in urgent situations. This statutory instrument makes the necessary change to Schedule 4 to permit such urgent acquisition. Law enforcement bodies such as police forces are able to self-authorise urgent CD requests in the same way.

If this power is not in place, there is a risk of causing delays to UKIC's operations, potentially putting the public at increased risk of serious crime. Additionally, these regulations will amend the Schedule 4 entry for the UK National Authority for Counter-Eavesdropping, which I will refer to as UK NACE. UK NACE was added to Schedule 4 in 2020, and these regulations do not change the powers afforded to it but make its designation more consistent with the approach taken for other similar bodies which form part of relevant public authorities for the purposes of Schedule 4 to the IPA.

It is opportune to make this small change alongside the other amendments to Schedule 4 to implement the High Court judgment. Per the obligations set out in Section 72 of the IPA, appropriate consultation has taken place with UK NACE, the Foreign, Commonwealth and Development Office and the Investigatory Powers Commissioner's Office in advance of making this change. UK NACE plays a critical role in protecting our national security from state threats and other malign actors, and it is vital that it is equipped with the appropriate powers to carry out this activity effectively.

In summary, these regulations will enable UKIC and UK NACE to continue carrying out their statutory duties effectively, while ensuring that there is appropriate oversight in place to protect privacy. I hope noble Lords will support these measures and their objectives. I commend the draft regulations to the House and beg to move.

Lord German (LD): My Lords, we support these regulations, but I have a number of questions to ask the Minister and would like the whole House to reflect on the way regulations of this sort are dealt with by the House.

Early in January, there will be a debate on two reports from this House on the way in which secondary legislation is dealt with by Parliament, particularly the House of Lords. This particular set of regulations—what I am about to say has no effect on them—come under the enhanced affirmative procedure, which provides for regulations being placed in a draft form so that Parliament can assess them and then request the Government to

make changes in summary. They would then bring forward amendments to it. In this set of regulations such a requirement was not in place, because the committee that looked at them, of which I am a member, did not make any recommendations about changes that might be required.

However, there are two points in respect of the way that Parliament deals with these matters. The first is that when the enhanced affirmative procedure is required, there is no specification as to which committee of this House will look at them. I will raise that matter in January, but we perhaps need to consider it. At the moment, the Secondary Legislation Scrutiny Committee looks at them, but not necessarily so: it is simply because there was nobody else. In the other place, it is "other committees" that look at this procedure, which is quite strange.

There is no question that, because there is no recommendation from the Secondary Legislation Scrutiny Committee, this procedure would have to form the amendment. It is very important that we have that opportunity to make changes to the secondary legislation; it is otherwise a take-it-or-leave-it procedure. A detailed discussion has been going on in this House about this, as we find it very strange for a Parliament to give such power to the Executive without having the opportunity to properly scrutinise and make appropriate changes.

I would like to ask the Minister some questions. First, which bit of the EU law, which resulted in the High Court's decision, was problematic? This was a compendium case taken to the High Court, in which the Government defended themselves. This was one of several elements, and the Government were defeated on this element on the basis that they were breaching that EU law. Is the Minister satisfied that the EU law itself is appropriate and will therefore not necessarily need to be changed? It provides some fundamental rights, particularly against what people call the snoopers' charter.

My second question concerns the operation of the OCDA. It is rather strange that the Minister and his counterpart in the other place talked about the OCDA being able to deal with these matters only during opening hours. It strikes me as being rather like a pub: you have opening hours, you have to place your order, and you cannot put anything in if the doors are closed. The question therefore arises: if you are applying to the OCDA during opening hours, how long would it take to give an answer? Clearly, the issue of understanding and defining what is urgent is very important. Having a definition that says that it is urgent only if it is closing time or they are gone would not be wholly appropriate. I understand the urgent nature of the legislation, but perhaps the Minister could describe how long the OCDA would take to provide an answer in ordinary circumstances where there is not such urgency. With those two questions, I am pleased to support these regulations. I hope that we can delve more into the process in January.

Lord Beith (LD): My Lords, perhaps I might ask the Minister a couple of questions arising out of this. First, am I right in thinking that, to satisfy the court judgment, we must pass these regulations before the beginning of January? Perhaps he could clarify that. Secondly, looking in more detail at the position of the Security Service in particular in dealing with organised crime, I think I am right to say that the only change made by these regulations to satisfy the court judgment is that the urgency procedure would be able to address serious crime communications bids only if there is a matter of urgency, otherwise they would need to go through the normal process.

What slightly puzzles me about that is that I would expect the Security Service, which makes an enormous contribution in dealing with serious crime, to work in close conjunction with the police and, presumably, the National Crime Agency. Would it not be the police leading many such investigations? Would they not themselves be in a position to make the urgent request for communications data? I ask that simply for clarification, not out of any criticism of the fact that the Government have implemented the court's decision.

Clearly, this restriction will not apply to other areas in which the intelligence agencies work. They will be able to make their own applications on their own initiative, even if it is not an urgent case, because it is within their core areas of activity. But when it comes to serious crime their responsibilities are shared with other bodies, which might be expected to take a lead on the requirement to use communications data.

Lord Ponsonby of Shulbrede (Lab): My Lords, I thank the Minister for his opening comments. He has outlined what the statutory instrument does. These changes come as a result of the High Court ruling in June this year in the case of Liberty v the Secretary of State for the Home Department and the Secretary of State for the FCDO.

This SI will allow for the internal authorisation of the acquisition of communications data solely for serious crime purposes in urgent situations, as prescribed by Section 61A of the Investigatory Powers Act 2016. I understand that parts of the wider case were dismissed. However, the High Court ruled in favour of Liberty on one key point—namely, deeming it to be unlawful for the security services to obtain individuals' communications data from telecom providers without having prior independent authorisation in certain circumstances.

In preparing for this debate, I read the blog of Neil Brown, who says he is an internet, telecoms and tech lawyer. He commented:

> "I suspect, absent an appeal, there will be a tweak to the Investigatory Powers Act 2016, to provide for independent authorisation of requests by security or intelligence agencies before obtaining communications data, retained under Part 4 Investigatory Powers Act 2016, for the applicable crime purpose."

This SI is indeed the tweak he refers to. He goes on:

> "While important, this decision is unlikely to have a material impact on telecommunications operators, whether it applies to *all* communications data or only communications data retained by a telecommunications operator under Part 4. This is because it relates to what happens 'behind the scenes' before a Part 3 authorisation or notice is served on a telecommunications operator. The impact of a Part 3 authorisation or notice has not changed, nor has the obligation to provide data in response to a notice. I suppose that it might have an impact in the short term on the volume of requests, if OCDA"—

the Office for Communications Data Authorisations—

> "is to have an increased workload—presumably, if that is the case, there would be a plan to increase OCDA's staffing."

[Lord Ponsonby of Shulbrede]

My questions for the Minister arising from those comments are, first, does he believe that Neil Brown is accurate in his assessment that there is likely to be a lack of impact on the telecommunication operators through this SI? Secondly, is there a plan to increase the OCDA's staffing if necessary?

We welcome the Government's corrective action through this SI. We recognise that there needs to be an appropriate balance between our civil liberties and the fast-changing threats posed by serious and organised crime.

Lord Sharpe of Epsom (Con): My Lords, I thank noble Lords who participated in this short debate for their considered views on the regulations. To go back to where I started, it is vital that the public have confidence in the discharge of the important powers contained in the investigatory powers regime and that these organisations can carry out their statutory duties to keep us all safe.

The noble Lord, Lord German, asked me about the relevant pieces of retained EU legislation or case law that pertain to the High Court decision. These particular pieces of law are: the Parliament and Council directives—I shall not go into the numbers as there are a lot of them—as implemented in the UK by Parliament in the Privacy and Electronic Communications (EC Directive) Regulations 2003; Privacy International v the Secretary of State for the Foreign and Commonwealth Office and the Secretary of State for the Home Department—again, a load of numbers which I will not bother repeating; and a third one which is in French, and I am afraid my pronunciation powers prevent me having a go.

5 pm

The High Court decided in the Liberty case in June 2022 that under the e-privacy directive, when interpreted by the subsequent judgments from the Court of Justice of the European Union, all non-urgent access to communications data by the UK intelligence community—UKIC—solely for the applicable crime purpose must be subject to prior approval by the Investigatory Powers Commissioner's Office. On implementation of these regulations, UKIC will apply for all non-urgent, serious crime only CD authorisations via the Office for Communications Data Authorisations, as I explained. This statutory instrument changes the position in UK law, as set out in the Investigatory Powers Act 2016, to bring it into line with the relevant obligations retained under EU law. No further action or changes to retained EU law are required to bring the IPA into line with the judgment issued by the Supreme Court.

The noble Lords, Lord Ponsonby and Lord German, asked about the number of these applications. In 2021, more than 240,000 communications data applications were considered by the Office for Communications Data Authorisations, which was an increase of over 8% compared with 2020. We expect the volume of authorisations to increase further following the removal of UKIC's ability to self-authorise communications data acquisition for serious crime purposes, except in urgent circumstances.

To ensure that the judgment is implemented effectively, we have been working closely with the OCDA and UKIC to ensure that the appropriate systems and processes are in place ahead of 1 January to manage the increase in authorisations as a result of these regulations coming into force.

I am afraid I cannot speculate on what impact it will have on the telecommunications industry. I have not read the Neil Brown report referred to by the noble Lord, Lord Ponsonby, but I will see whether there is any information available on that, and if there is I will happily write to the noble Lord to explain. I am not sure whether any of that information is available.

The noble Lord, Lord German, also invited me to compare the OCDA to a pub, which I am happy to do. There is a very specific prioritisation system within the OCDA, and it is bespoke to the issue raised by UKIC, so the most urgent cases will be delivered in minutes and the less urgent ones in hours, which is clearly not acceptable when being served in a pub.

The noble Lord, Lord Beith, asked why these regulations have taken some time to implement and whether they need to be authorised from 1 January. The answer is yes. They were laid as soon as possible following the High Court judgment in June. There is a statutory requirement to consult the relevant parties and the Investigatory Powers Commissioner's Office for at least 12 weeks before laying regulations, with which we have complied.

I am not really able to speculate on the split between UKIC and police powers, as invited to by the noble Lord, Lord German. But I imagine that, by its very nature, this is communications data that tends to come from much more specialist sources in the main.

I think I have answered the questions that were asked. I hope all noble Lords can agree that the implementation of these regulations will play a vital role in ensuring the ongoing effective operation of the investigatory powers regime.

Motion agreed.

Non-Domestic Rating (Chargeable Amounts) (England) Regulations 2022

Motion to Approve

5.03 pm

Moved by ***Baroness Scott of Bybrook***

That the draft Regulations laid before the House on 23 November be approved.

The Parliamentary Under-Secretary of State, Department for Levelling Up, Housing & Communities (Baroness Scott of Bybrook) (Con): My Lords, this statutory instrument delivers a transitional relief scheme to protect businesses from large increases in their business rates bill when new property valuations come into effect on 1 April 2023. This will help around 700,000 properties with £1.6 billion of relief over the next three years.

The scheme, which is a significant part of the measures on business rates announced by my right honourable friend the Chancellor at the Autumn Statement, will cap bill increases after the revaluation by a set percentage

each year. This will give certainty to businesses and, for the first time, ensure that 300,000 properties with falls in rateable value will see a full and immediate fall in their bills on 1 April.

As the Chancellor set out in his Autumn Statement, revaluations are an important and necessary part of the proper administration of the business rates system. By updating valuations so that they reflect market conditions, we make sure that the tax burden is fairly distributed. The new set of rateable values, which were published in draft last month and will be applied from 1 April, will therefore produce a fairer business rates system in which rates bills follow the up-to-date valuation of the property. The revaluation will build on measures we already have in the system to help ratepayers. Noble Lords will likely be aware that there is already a substantial amount of support through, for example, small business rate relief, which ensures that about 700,000 of England's 2 million business properties pay nothing at all.

This scheme, at £1.6 billion of the total £13.6 billion package, will help around 700,000 properties transition to their new bills. Unlike previous schemes, it will not require ratepayers to wait years to see the benefits of falling valuations. The results of the Government's recent transitional relief consultation were published alongside the Autumn Statement and clearly show businesses' preference for the type of scheme we are putting in place.

The Government have listened to ratepayers and are delivering significant reform to transitional relief by removing the system of downward transition under which caps on increases were funded by restricting falls in bills. By scrapping the caps on the annual reduction in bills, some 300,000 properties with falls in rateable value will see a full and immediate fall in their bills on 1 April 2023.

Nevertheless, under current law—the Local Government Finance Act 1988—we are required, when making these regulations, to have regard to the object of ensuring that they are self-financing. To meet this legal requirement, we have included in the regulations a supplement of 3.3p on every £1 of rateable value to be paid by ratepayers in 2027-28. If, as we are currently required to do, we must include funding within the regulations, we consider this to be the fairest and most reasonable option as it allows businesses five years to recover from the current economic circumstances before having to meet the costs of transitional relief. But it is the Government's intention—subject, of course, to the will and approval of Parliament—that no business will ever have to pay that supplement. We intend to bring forward primary legislation to reform the transitional relief, allowing us to remove the supplement so that the Exchequer shoulders the cost of capping bill increases after a revaluation.

Revaluations are important. They rebalance the burden of business rates across the tax base, making sure that they are a fair distribution. But, clearly, given the economic climate we are in, some ratepayers need support to transition to their new bills. This instrument, along with the wider support package announced by the Chancellor, provides the support that businesses need to manage the revaluation with greater certainty. I commend the regulations to the House.

The Earl of Lytton (CB): My Lords, I declare my interest as a chartered surveyor and valuer once upon a time in the employment of the Inland Revenue Valuation Office, and a member of the Rating Surveyors' Association, of whose annual parliamentary reception I am pleased to be the sponsoring Peer.

Bearing the mark of Cain in that respect, I thank the Minister for convening a drop-in session yesterday, even though my noble friend Lord Thurlow—who I am glad to see here—and I very nearly missed it. I am grateful that she has moved these regulations and for her explanation. They are very welcome and long overdue.

I warned the Minister, however, that my welcome would include some finger-wagging, so here goes. Although these regulations right an historic wrong, they do not by any test make it all okay. Leaving aside the impenetrable algebra of Parts 1 and 2 of these regulations—I do not recommend any noble Lord to pursue that too diligently—this measure is rendered necessary because of the effects of transition on those who, at revaluation, have their assessments reduced.

As noble Lords will know, transition is designed to smooth the adjustment process and prevent a cliff edge but, due to Treasury insistence on enshrining in law the principle of fiscal neutrality, the phasing in of increases is currently matched and compensated for by a miserably slow phasing down of reductions. In short, those whose assessments are reduced, possibly due to sectoral overvaluation of one sort or another, often do not see the benefits within the lifetime of a valuation list—the five-year life of a revaluation as at present. In fast-changing situations, this matters quite a lot and frankly is objectively unfair.

Although these regulations set out to redress that gross injustice, there is a sting in the tail, in that the £1.6 billion subsidy that enables these regulations to function will be clawed back from business rate payers in the last year of the 2023 revaluation lists, due of course to the question of fiscal neutrality. The only thing that stands in the way and would eliminate that is the long-promised move to a further and as yet undelivered overhaul of the entire system. I am very grateful to the Minister for her comments and hope that other speakers may be able to enlighten us on the likelihood of that. This may not be dealt with before the end of the current Parliament—it may be beyond that—and it will need all-party buy-in.

The business rate pays a huge and disproportionate amount towards local government finances. It is more than nearly any equivalent recurring property tax anywhere in the western world; we ought to bear that in mind. It has gone up by nearly 90% since 2001, far more than any increase in rents and rather more than the increase in profits, one might suppose. Pro rata it is disproportionate by reference to many other comparators as well, including by capital or rental value, floorspace, demands made of local government services and rate of increase—particularly when compared with that other local government source of finance, council tax. It is driving away enterprise, commitment and investment from the nation's high streets, encouraging moves to cheaper or off-pitch locations, home-based enterprises and internet trading. As an aside, I comment that if

[The Earl of Lytton]
the provision for enforced rental auctions of high-street retail property is still in the levelling-up Bill when it gets to us, it will mean, if anything, an admission of failure and an act of desperation that I think likely to backfire.

I welcome this limited measure for what it is, but wag my finger at the lack of action over the elephant in the room that sits behind it. Noting that the 2023 revaluation does not reduce many of what one might suppose the most seriously affected sectors—namely, retail and food operations—by more than about 10%, and bearing in mind that we are talking about 1 April 2021 as the valuation point, I think that we are at a tipping point. If nothing is done and we are not careful, the once-workable business rate system will become so tarnished and broken by mismanagement, lack of care, gaming of the system and denial of any sense of equity that abolition will be the unanswerable endpoint.

The Government's 2023 revaluation support package is welcome but none the less papers over many cracks. Can the Minister tell us the position on the technical review consultation, which is now more than a year old? Can she give a categoric assurance that there will be comprehensive business rates reform in the life of the 2023 revaluation that can command the support of opposition parties? I will put it another way: when will we get a non-domestic rating Bill providing comprehensive reform and a move to three-yearly revaluations, doing away with transition and the need for a Treasury free bet of fiscal neutrality? Finally, will the Government rein in HM Treasury, address the excessive demands on the tax yield from this source, and move to a fairer tax take before it is too late?

5.15 pm

Baroness McIntosh of Pickering (Con): My Lords, I thank my noble friend for bringing forward the regulations this afternoon. If I understood correctly, she said that the burden would be placed on the general ratepayers, which means that the electors would have to pay 3.4p per elector. Obviously this is a time of great concern for local residents and local electors, so they are going to look very closely at any increase on their council tax bills. To what extent can she justify this?

I echo some of the points made by the noble Earl, Lord Lytton, particularly the timescale for those who are going to face lower bills. That is to be welcomed, but could my noble friend say more about the timescale and how it is justified?

Presumably, there will be winners and losers. Can my noble friend say that there will be no pubs, clubs or restaurants in England that will face an increase in rateable value? If there is to be an increase, what is the timescale for it to be rolled out?

With those few remarks, I welcome the regulations, but I have a number of concerns and I look forward to hearing my noble friend's response.

Lord Shipley (LD): My Lords, I declare my vice-presidency of the Local Government Association. I too welcome the regulations, with some caveats. I agree with the noble Earl, Lord Lytton, that they are welcome and long overdue, and I agree with many of the points that he made, not least on the need for the reform of the business rates system. I am looking forward to hearing the Minister's reply to his specific points.

The Government have made the right decision to press ahead now with implementing the revaluation because it reflects changes in market value since 2015, a period now of eight years. The decisions on the transitional relief scheme seem appropriate since they will give targeted support for the next five years to those businesses facing increases in their bills, in very difficult economic circumstances; they will freeze the multipliers in 2023-24; they will give extra, specific help to the retail, leisure and hospitality sectors; they will provide extra protection for small businesses that have lost rates relief because their property has been revalued upwards; and, as the Minister said, they will give some 300,000 businesses entitled to reductions an immediate and full implementation of the fall in their bill by ending the policy of downward caps. Welcome though all that is, it represents a temporary fix to a system that has not been working well and needs reform, as the noble Earl said.

The Government have brought forward the next revaluation to 1 April 2026, just over three years away. In my view that is the right timing because rental values, and thus rateable values, over the next three years may face pressures, given the overall state of the economy. It will also present an opportunity to take further account of online retailing. As part of this revaluation, total business rates paid by the retail sector will fall by 20% but the bills of large distribution warehouses will go up by 27%. That is welcome. As the letter dated 16 December from the Financial Secretary to the Treasury says:

> "It is right that those sectors that have seen significant growth since 2015 pay their fair share of the tax burden."

I agree, but the question remains: are they paying their fair share?

I have concluded that we still need a review of the business rates system. I hope that during our debates on the Levelling-up and Regeneration Bill we can examine how that might be approached, because we need more control of business taxation at a local level. I hope we will discuss how that might be done.

Lord Thurlow (CB): My Lords, I declare my interest as a former chartered surveyor, and one who worked in the dark ages in the world of rating. As a former chartered surveyor, I opened the statutory instrument with interest and excitement, and, as we heard from the noble Earl, Lord Lytton, found it was full of what I thought was trigonometry: pages 4 to 26 were theorems, fractions and things that I certainly did not understand. But the objective of the regulations is clear, and I support them.

The position of non-domestic rates has become, I am afraid, a shambles over a number of years. A failure of the authorities to remain abreast of trends in rental value—rateable value should be based on the revaluations in the commercial property markets—has led to a gross imbalance between sectors and, in some cases, competing users within single sectors. That is gross unfairness. This certainly applies to hospitality and leisure sectors, and, in some cases, competing uses, with traditional retail perhaps being most affected.

For several years now, the Government have failed in their promise to address the unfairness in commercial rates to deal with the likes of Amazon, as we heard from the noble Lord, Lord Shipley, and to allow our high street retailers to compete with these big-box retailers. They have a much lower cost of delivery model, and that cost is further increased by the rateable value system. Although we have heard that a 40% increase in industrial and warehouse rates, and a 20% reduction for retail, are proposed, this is de minimis in real terms—it is tiny, and it is not a percentage on like-for-like terms. A 40% increase in industrial rents of £10 a foot and a 20% reduction in the rent of zone A shops of £150 a foot are absolutely not comparable. That needs to be spelled out and made clear, and the Government need to do a great deal more very soon. This injustice continues to be kicked into the long grass at the expense of our high streets, and the important social benefits that they provide continue to decline.

This statutory instrument accelerates the reduction across the piece in non-domestic rates and feathers the increases for those suffering an increase over several years—both of these are to be welcomed. Similarly, freezing the rate poundage is also to be welcomed. The current levels of approximately 50p in the pound are the absolute maximum that businesses can stand. I support this statutory instrument and request that the Minister confirms that there is to be comprehensive rating reform very soon, as earlier speakers have requested.

Baroness Hayman of Ullock (Lab): My Lords, I thank the Minister for her introduction. As we heard from her and other noble Lords, the SI gives relief to businesses, particularly to help them cope with next April's increase in business rates. We know that many businesses have been struggling following the pandemic, and this, combined with rising energy bills and high inflation, means that they need further support.

While we very much welcome the Government's provision of relief, we do not think that the regulations go far enough. The Labour Party has been calling for an increase in the threshold for small business rates relief from £15,000 to at least £25,000, because the burden of business rates is disproportionately heavy on small businesses, as we have heard from other noble Lords. Having said that, we do not want to impede the passage of the instrument going forward.

I will ask the Minister a couple of specific questions. Part 10 of the draft Explanatory Memorandum considers the consultation outcome. It says that:

"A total of 102 responses were received"—

despite the instrument intending to help around 700,000 businesses—and that only "16 local authorities" responded. Can the Minister say whether the department feels that there is a reason for such a low response to the consultation? Because of that low response, what further steps have the Government taken, or are intending to take, to engage with those who are affected? We may hear, in broader terms, many of the concerns that have been raised by noble Lords previously in the debate.

The noble Baroness, Lady McIntosh of Pickering, asked about timescales; similarly, I will ask about the fact that we are debating the instrument only today. The instrument comes into force on 31 December, which means that it needs to receive parliamentary approval before the Christmas Recess. But given that the consultation finished in the summer, why has it been left so late to approve it? The Local Government Association made it clear in its response to the consultation that any transitional arrangements for 2023, whether part of the formal scheme or supplementary, should be announced no later than the autumn that has just gone, when the draft list of provisional multipliers was announced. We are debating this on the penultimate day before the Recess, so can the Minister shed any light on why the House has not been given the opportunity to scrutinise it any sooner?

I will make some brief comments on the points made by other noble Lords. The noble Earl, Lord Lytton, and the noble Lord, Lord Shipley, made very pertinent points; I will not repeat them, but we need to consider much of what has been said here, particularly when we consider the pressures on our high streets. I have seen so many shops close down in my local high street since the pandemic, and there is a real worry about how high streets will get back on their feet again. On that point, the noble Lord, Lord Thurlow, talked about competition, looking, for example, at the costs that Amazon has compared with our retailers on the high street. Those are really serious matters, and, if we are serious about rejuvenating our high streets, we must look at how we manage that through the way they are charged and operated under the business rates system.

Baroness Scott of Bybrook (Con): I thank noble Lords for their thoughtful contributions and for the cross-party support—although there were some questions that they probably want me to answer.

The statutory instrument delivers a key part of the business rates support package, providing much-needed protection for businesses and delivering the fairness rate payers have been calling for. By limiting bill increases each year, we will protect 700,000 properties from uncertainty and give years for them to adapt to their new bills. Without that measure, hundreds of thousands of taxpayers would face significant and immediate bill increases in just a few months' time. We are providing this protection in a new way that allows bills to fall immediately and in full on 1 April, benefiting 300,000 properties. With the statutory instrument, businesses will have the certainty they need and the fairness they expect from their Government.

A number of questions and themes came up, the first of which, about the reform of the whole system, was brought up by the noble Earl, Lord Lytton, and mentioned by my noble friend Lady McIntosh of Pickering and the noble Lords, Lord Shipley and Lord Thurlow. The Government remain committed to implementing the outcomes of the business rates review and will bring forward legislation as soon as parliamentary time allows—that is all I can say on timing.

The Government consider a tax on the use and value of non-domestic property an important part of a balanced business tax system, alongside taxes on profits and consumption, and it is a common feature of tax systems internationally. Business rates raise over £20 billion a year in England to fund vital local services, and there is no alternative with widespread support that would raise sufficient revenue to replace them.

[Baroness Scott of Bybrook]
Trying to raise that money elsewhere in the tax system would create significant trade-offs against the current fiscal background. More generally, there is no merit in radically overhauling or abolishing a tax with such benefits, as has been suggested by what is, I have to say, a minority of stakeholders.

5.30 pm

Quite rightly, there was concern about small businesses and the high street. That was brought up by the noble Lord, Lord Thurlow, the noble Baroness, Lady Hayman of Ullock, and my noble friend Lady McIntosh. The Government are committed to supporting businesses and communities that make our high streets and town centres successful, and have provided a comprehensive package of some £400 billion of direct support, including business grants, coronavirus loan schemes, the coronavirus job retention scheme and income tax payment deferral. This builds on long-term investments in our high streets and small businesses, including the £3.6 billion towns fund and the future high streets fund, as well as the £4.8 billion levelling-up fund. We are aware of this issue and are doing everything we possibly can.

As for business rates, there is small business rate relief through which one-third of properties, more than 700,000 in total, will pay no business rates at all, with an additional 65,000 receiving relief of between 0% and 100%. In addition, the supporting small business scheme means that properties losing some or all of their small business rate relief at the revaluation time in April will have their bill increases capped at £600 a year, and the tax rate will be frozen for the third successive year.

My noble friend Lady McIntosh and the noble Lord, Lord Thurlow, brought up the issue of retail, hospitality and leisure. The Government have been clear that they want to support these organisations; that is why there is 75% relief for retail, hospitality and leisure up to the cash cap.

The noble Earl, Lord Lytton, referred to the concern over delivering this policy. Yes, it has to be delivered in two stages, as I explained: first, with the regulations, and later with a Bill to deliver the second part to remove the self-funding requirement, so that no business pays a supplement in 2027-28. There is money—there is the £1.6 billion—but I am afraid we will have to ask the noble Baroness whether, if anything changes, the Opposition will support that. I hope that, in the light of the answer I gave earlier, this will be dealt with in a much timelier manner.

My noble friend Lady McIntosh asked whether pubs would see an increase. Nearly two-thirds of properties will not pay a penny more next year, and thousands of pubs, restaurants and small high-street shops will benefit. Many will also benefit from retail, hospitality and leisure relief, as I have said.

I think the noble Lord, Lord Shipley, was alluding to online sales tax in his question. The Treasury recently undertook a consultation on online sales tax, and the Government have since decided not to introduce such a tax at this time. The decision reflects concerns raised about its complexity and the risk of creating unfair outcomes between different retail business models. That includes challenges of defining the boundaries between online and in-store retail—the click-and-collect type orders. Stakeholders also expect that it would lead to higher prices for consumers. A full response detailing the complexities of implementing an online sales tax will be published in due course, but we should not forget what this revaluation is doing to rebalance the burdens of business rates, as we have heard. Properties that online businesses use, such as the large distribution warehouses, will see average rates increases of 27%, the highest grouping. We are looking at this issue, and I am sure we will hear more about it in this Chamber in the not too distant future. It is complex and needs careful consideration.

The noble Baroness, Lady Hayman, brought up business support packages, which I think I have addressed. As far as the consultation is concerned, I will have to get an answer to that, because I do not know why the figure is so low or whether we will know why. We can go out to consultation, but I will make sure that she knows what we are doing to further that conversation with our businesses, so that we are aware of how this is landing, but also what more we can do.

On the reason for the delay, this is within the usual timescales, as the noble Baroness knows, and we work closely with local government on this. We must remember that they are the people who are going to have to deliver it, and they are accustomed to these timescales. They are not saying that this is too late for them to do the budgeting they need to do, so that is the important thing. I think that is everything. I will look at *Hansard* tomorrow and if there is anything I have not answered, I will write.

Baroness McIntosh of Pickering (Con): My Lords, will my noble friend write to me about the 3p? Also, if two-thirds of the hospitality sector will see a reduction, does that mean that one-third will see an increase?

Baroness Scott of Bybrook (Con): No, I am not saying that. The whole hospitality sector will have special consideration, as was said in the Chancellor's speech and the Autumn Statement. On the 3.3p in the pound, that is what will have to be paid by 2027-28 if we do not change primary legislation in the meantime.

I think that is everything and I hope that noble Lords will join me in supporting these regulations. I beg to move.

Motion agreed.

Infected Blood Inquiry

Statement

The following Statement was made in the House of Commons on Thursday 15 December.

"With permission, Madam Deputy Speaker, I will make a Statement to update the House on our preparations for the infected blood inquiry, which is expected to conclude next year.

I took over as the Minister sponsoring the inquiry on 25 October. While I have been aware of this issue for many years, as have so many of us who have been

contacted by affected constituents, undertaking this role has further impressed on me its scale and gravity—not only the direct, dreadful consequences for victims, but the stigma and trauma experienced by many of those infected, by their families, and by those who care for them. I recognise that, tragically, we continue to see victims of infected blood die prematurely, and I also recognise that time is of the essence.

I commend the work of the all-party parliamentary group on haemophilia and contaminated blood. I am pleased to have met the co-chairs, the right honourable Member for Kingston upon Hull North, Dame Diana Johnson, and the Father of the House, my honourable friend the Member for Worthing West, Sir Peter Bottomley, and I am grateful for their insight.

In July 2017 my right honourable friend the Member for Maidenhead, Mrs May, established the infected blood inquiry, chaired by Sir Brian Langstaff. My predecessor as Paymaster-General, the current Leader of the House, went further by commissioning a study from Sir Robert Francis KC, which is entitled 'Compensation and redress for the victims of infected blood: recommendations for a framework'. The purpose of the study was clear: namely, to ensure that the Government were in a position to fully consider and act on the recommendations. Sir Robert delivered it in March this year.

The Government had intended to publish a response alongside the study itself, ahead of Sir Robert's evidence to Sir Brian Langstaff's inquiry. However, as the then Paymaster-General explained, the sheer complexity and wide range of factors revealed in Sir Robert's excellent work meant that when the study was published by the Government on 7 June, it was not possible to publish a comprehensive response. The Government remained absolutely committed to using the study to prepare for the outcome of the Langstaff inquiry, and that is still the case.

On 29 July, in response to Sir Robert's recommendations, Sir Brian Langstaff published an interim report on interim compensation. It called for an interim payment of £100,000 to be paid to all those infected and all bereaved partners currently registered on UK infected blood support schemes, and to those who registered between 29 July and the inception of any future scheme. The Government accepted that recommendation in full on 17 August. Quite rightly, a huge amount of work was undertaken across government during the ensuing weeks to ensure that the interim payments could be exempt from tax and disregarded for the purpose of benefits, and that an appropriate delivery mechanism existed. This involved work across many departments, and with the devolved Governments in Scotland, Wales and Northern Ireland. Interim compensation is just one part of our overall response, but it was important that we got it right.

I fully recognise that interim compensation was but one of the recommendations in Sir Robert's study. I want to stress to the House and to the many people who have a direct and personal interest in the inquiry that those interim payments were only the start of the process, and work is ongoing in consideration of Sir Robert's other recommendations. I am pleased that all the interim payments were made by the end of October. Sir Robert recognised in his study that the Government could not give in advance a commitment on the exact shape that redress will take. Our comprehensive response must await the final report of the infected blood inquiry. However, I want to assure those affected that this Government, which delivered a statutory inquiry and interim compensation, remain absolutely committed to our intentions in commissioning the compensation framework study. Accordingly, and recognising the need to continue to build trust with the affected community, I want to share with the House the progress we are making.

A cross-government working group, co-ordinated by the Cabinet Office, is taking forward work strands informed by Sir Robert's recommendations. A cross-departmental group at Permanent Secretary level has been convened, chaired by the Cabinet Office second Permanent Secretary, Sue Gray, to oversee that work. I am pleased to be able to say that Sir Robert has agreed to provide independent transparent advice to the group as work progresses. I am grateful to him for his continued input into our thinking. It is my intention over the coming months to update the House on progress and, where it is possible, to provide greater clarity on the Government's response to Sir Robert's recommendations prior to Sir Brian's report being published.

In the meantime, I wish to make clear one critical answer to a recommendation posed by Sir Robert. In the first recommendation of his study, Sir Robert sets out that there is in his view a moral case for compensation to be paid. The Government accept that recommendation. There is a moral case for the payment of compensation. We have made that clear in our actions with the payment of interim compensation. I now want to make it equally clear on the Floor of the House. The Government recognise that the scheme utilised must be collaborative and sympathetic, and as user-friendly, supportive and free of stress as possible, while being consistent with the Government's approach to protect against fraud. The Government will ensure those principles are adopted.

We have significant work to do to ensure we are ready for Sir Brian's report. For example, Sir Robert makes detailed findings and recommendations about the delivery of the scheme, which must be worked through in discussion with the devolved Administrations. Work will need to be undertaken to ensure, in line with his recommendation, that final compensation can be made free of tax and disregarded for benefits purposes.

We know, too, that the inquiry will make recommendations in relation to bereaved parents and children. In his interim report, Sir Brian made clear his view that the moral case for their compensation is beyond doubt. Sir Brian recognised that the approach to compensating this group of people is complex and the Government must be ready to quickly address recommendations relating to them. The work in consideration of the study will ensure that the Government are prepared to act swiftly in response to Sir Brian Langstaff's final recommendations relating to compensation.

Those infected and affected have suffered enough. Having commissioned both the inquiry and the report, the Government have further shown their commitment

in our actions by the payment of interim compensation. Sir Brian and Sir Robert have both ensured that the voices of those infected and affected are front and centre of their work, and I, too, hope to be able to meet and hear from people directly affected as our work progresses. We have much to do, but I wish to assure the House—this is why I wished to be here today—that this is a priority for the Government and we will continue to progress it. I commend this Statement to the House."

5.38 pm

Baroness Chapman of Darlington (Lab): My Lords, I begin by thanking the Minister. This Statement is welcome but, as I sure she would acknowledge, information for victims and their families is long overdue. Earlier this year, the Government did not provide an Oral Statement to the House when they published Sir Robert's report. Ministers were, of course, forced to publish the report after it was leaked, and sadly, that has been all too typical of the experience of victims and their families throughout this long and painful process. Most heartbreaking of all is that many of those infected have not lived to see the justice they deserved. The Terence Higgins Trust calculates that in the five years since the start of the inquiry in July 2017, more than 400 victims have sadly died. While we await the report conclusion and inquiry, another person dies every four days. The Minister knows that answers are needed, so today I have four questions for her.

First, will she commit to the publication of a timetable for the compensation framework? Will she work in partnership with the infected blood community to develop the compensation framework for those affected? When will she end the Government's silence on the other 18 recommendations that have not been acted on so far? How will she make sure that everyone who wants to respond to the proposals has the opportunity to do so?

Sporadic updates, unfortunately without any substance, are not good enough. We would like to see regular progress updates to this House and, more importantly, victims and their families. The contaminated blood scandal has had life-changing impacts on tens of thousands of victims who put their faith in the promise of effective treatment. When the Government received a copy of the report by Sir Robert Francis, Ministers were clear that it would be published alongside a government response. The report was published in June but we still do not have the full government response. It would be helpful to understand why it did not come with the report.

I am aware that the Minister in another place said that the Government are awaiting the full report of the infected blood inquiry chaired by Sir Brian Langstaff before responding in full to that report and that of Sir Robert Francis. The Minister said that the issues were so complex that the Government could not commit to a timetable. However, given that the inquiry began over five years ago, surely they cannot credibly justify the length of time this is taking. Surely the Minister can understand the deep disappointment of victims and their families that this most recent government Statement contains nothing to suggest that their formal response will be forthcoming any time soon. Victims will not and should not be expected to accept empty gestures.

It seems to families that the plan changes with every announcement. In another place, the Minister did not provide any clarity on the timeline for payments and declined to commit to one. Given the length of time that has elapsed and the now broad understanding of what happened, affected families must be involved at every stage. The Government should have plans to work in partnership with the infected blood community to develop the compensation framework.

We acknowledge and warmly welcome the support for victims and their partners in the interim scheme, but we know that the contaminated blood scandal deeply affected other family members and loved ones, such as their parents and children. So far, their experiences have not been similarly acknowledged. It would be helpful to understand what the Government will do to ensure that these victims are also supported. There will need to be consultation on the proposed compensation framework, and the Government must make sure that everyone who wants to has the opportunity to respond to all the proposals.

I will repeat my four questions to the Minister, as I am aware that questions are often lost in these exchanges—there can be dozens of them and it can be difficult for Ministers, so I ask them again for absolute clarity. First, will she commit to a timetable for the publication of a compensation framework? Secondly, will she work in partnership with the infected blood community to develop the compensation framework for those affected? Thirdly, when will the Government respond to the other 18 recommendations? Fourthly, how will they make sure that everyone who wants to respond to the proposals can do so? I apologise for repeating those questions, but there are only four and I would like to leave the Chamber with some clarity about the answers.

This has been a deeply distressing and shaming episode. We know that what has happened cannot be undone. All that is possible now is to understand, recognise and compensate those harmed so terribly by this scandal. As we approach Christmas, the loss of those dearest to us is often felt more keenly than during the rest of the year. I am sorry that another Christmas will come and go without the certainty that so many families are owed. I look forward to the Minister's response.

Lord Allan of Hallam (LD): My Lords, Sir Robert Francis's study into a framework for paying compensation starts with powerful testimony from those who were given infected blood products and those around them whom this affected deeply. Members in another place shared moving stories of their constituents in responding to this Statement last week.

This all points to the absolute urgency of getting compensation to the people who we are morally obligated to help, as Ministers now have agreed. We need to keep coming back to the timetable for establishing the full scheme and press the Government to move as quickly as humanly possible. I certainly echo the point from the noble Baroness, Lady Chapman, that we need a timetable to give people certainty.

There has been considerable political turmoil this year, but it is good to know that the machinery of government kept working and has now been able to deliver the interim payments that Sir Brian Langstaff asked for in July. It would be helpful if the Minister could reiterate for the record what I understand the policy to be: that there are no circumstances under which any of those interim payments could be required to be paid back and that they could go up from £100,000 once the final scheme is in place, but they will never go down. That reassurance needs to be repeated for those applying to the scheme.

Could the Minister also ensure that recipients of compensation are properly protected as they claim for and receive these payments? We know that, sadly, there are some less moral people out there who will seek to take advantage of those entitled to compensation in any such scheme, either through excessive charges to support them through the claim process or by defrauding or seeking to defraud them once they have received the funds. What steps are the Government taking to ensure that we minimise the risks of financial exploitation of claimants during and after the claim process?

Sir Robert's report included a recommendation for an arm's-length body to be set up to manage the compensation scheme. This seems sensible as a way to build confidence from all parties concerned and shows lessons being learned from previous schemes such as the Windrush scheme, where there was a breakdown in confidence which damaged the scheme. Are the Government looking at how such a body could be set up? Are they doing that now under the committee that I understand is being led by Sue Gray in the Cabinet Office, to ensure that setting up such a body does not itself become a source of further delay if this is what the inquiry eventually recommends?

The Minister of State, Cabinet Office (Baroness Neville-Rolfe) (Con): My Lords, I start by saying that this is an unimaginably awful matter causing heartbreak and pain to all those directly and indirectly affected. It is a deeply shaming episode, as the noble Baroness rightly said. It dates back many years to the 1970s and 1980s and is a tragedy that has affected all Governments. We have to resolve it and move forward. The noble Baroness did not mention the need to ease the stigma and to be more vocal about the awful experiences of those involved and their loved ones, especially a long time ago when HIV/AIDS was less well understood.

The noble Lord, Lord Allan, asked about the interim payments, which we have all welcomed. It was an amazing effort by the machine once those were recommended to make them all by the end of October. They can only go up; they cannot come down. I think that was the reassurance he was seeking.

The noble Baroness had a number of questions. I think the first was on whether we can commit to publishing a full timetable for compensation. Clearly, that is something we would like to do. As she will understand from the Statement, it was the Government's intention to publish our response to the compensation framework, and timings and so on, alongside the study, but the sheer complexity and the interdependencies have meant we are not able to set a timetable or, to answer one of her other points, to respond on all of the other recommendations in Sir Francis's extremely good and perceptive report on compensation until we have the report from Sir Brian. I understand that that is expected next summer—I cannot say anything more explicit—and clearly, we will need to respond. The plans we have put in place will ensure that we are ready to respond.

The group led by Sue Gray was referenced, and that is progressing work on many fronts. This is a priority for government, so she is bringing together Permanent Secretaries—obviously the prime group of the Treasury, HMRC, the Cabinet Office and DHSC is leading on that, but it also involves the DWP, DLUHC, the devolved nations and others, as necessary. Preparations are being made so that, once the complexities are resolved with Sir Brian's report, we will be able to move quickly.

Clearly the Government want to work with the people affected. I should take the opportunity to say how amazing the APPG has been, and I thank Dame Diana and Sir Peter Bottomley, and I know that in this House the noble Baronesses, Lady Finlay and Lady Meacher, have been involved. Both Sir Brian and Sir Robert have also consulted, and as we get closer to paying out more compensation, there will be more work with the various groups—I am glad to see the noble Lord, Lord Allan, nodding. To pick up some of the wording of the report by Sir Robert, the schemes have to be collaborative, sympathetic and as free of stress as possible for these people who have had unending disappointments. But they also have to be simple and easy to access, and consistent with our fight against fraud and scammers. I am glad that the noble Lord, Lord Allan, made that point; again, it is high on our agenda.

We are working across government to ensure that we can deliver on the recommendations of the report. As I have already explained, it is a high-level, cross-government working group; it meets monthly and it is gearing up, thinking about the IT systems and how we ensure that we contact people who might want to seek compensation once we know the precise framework, and make sure that everyone can respond. Publicity is very important with these public issues, and noble Lords across the House can help with that, so that people know what is happening.

The final point I do not think I have covered is whether there should be an ALB, which is one of the recommendations in Sir Robert's report. We are of course giving that careful consideration. It is clear how important it is that any vehicle for delivery of a compensation scheme carries the trust of the victims—I cannot make that point strongly enough—but it also has to achieve the objective of delivering compensation in a speedy and efficient manner. There are also issues regarding legislation and so on, which the Gray group is looking at.

To conclude, we are doing everything that we can within the constraints that I have described, and which the Paymaster-General, who spoke in the House last week, was very honest about. We will make progress statements to the House so that we do not repeat the difficulties of the past. We are absolutely determined

[Baroness Neville-Rolfe]
as a Government to give this priority and get it sorted. This has been a serious failure and we have to compensate those who have had such a ghastly time.

5.54 pm

Lord Young of Cookham (Con): My Lords, I declare an interest: I was a Health Minister 43 years ago and am someone who has been told that they may be a potential witness in this inquiry.

Along with those who have served in another place, we have all met those who have suffered from these tragic errors and waited so long. We want to see an early resolution. I urge my noble friend the Minister to give sympathetic consideration to the point made by the noble Lord, Lord Allan, following up the recommendation from Sir Robert Francis, that there should be an arm's-length body to administer compensation with independence of judgment and accountability to Parliament. That seems to be a crucial factor in maintaining confidence in the system.

Finally, are there some lessons to be learned by government from this tragedy? The fatal errors were made in the 1980s, the inquiry was established in 2017, it will be 2023 before we get the final recommendations, and then there will be payments. Are there lessons to be learned about the sheer timescale of the inquiry in order to minimise the distress that will be caused in future?

Baroness Neville-Rolfe (Con): I thank my noble friend. I think I have said probably as much as I can about having an arm's-length body, but clearly it is helpful to have Sir Robert's advice on this important matter. No options are ruled out, and that is certainly one of the recommendations that we are looking at very seriously.

Independence in making sure that everybody gets the compensation they need and ensuring trust in the system are lessons that need to be learned. I like my noble friend's challenge that we always need to learn lessons from mistakes that are made in government; coming from another world, it is something that I always try to do. Across all parties, we have been slow to take grip of this awful issue.

Having said that, it was the Conservative Government who set up the inquiry into infected blood in 2017. We then commissioned Sir Robert Francis to do a compensation study. The force of that study led Sir Brian—they are both involved in this; they work together—to recommend, on 29 July 2022, that an interim payment should be made. By October, we had paid that interim payment to all those he recommended should receive it. We have also ensured that it is exempt from tax and disregarded for benefits.

Lord Berkeley of Knighton (CB): My Lords, as the Minister said, this is a tragedy. It is almost unimaginable what the families affected by this have gone through and are going through. My question is very simple and follows on from what two noble Lords who have spoken said. Do the Government anticipate that all the people who have suffered infection will get an interim payment, or is it limited?

Baroness Neville-Rolfe (Con): The interim payment is confined to those Sir Robert suggested it should be paid to—those who were infected. There was an ongoing scheme over a number of years to make payments to those affected—there were around 4,000 of them, so we knew who they were—and their bereaved partners. It was limited, as you will see if you look at Sir Robert's report, because he felt that the complexities of deciding who else should receive compensation were too difficult, and that we should therefore come back to the wider group when we had Sir Brian's report.

Baroness Brinton (LD): My Lords, I think the whole House is grateful to the Minister for accepting that there have been too many long delays on this over the years. On the third page of the Statement, there is a reference to possible delays in working with the devolved Administrations. I gently point out that, this year, we have had two Bills going through your Lordships' House where work was done speedily with the devolved Administrations. The Minister knows one of them very well—the Procurement Bill—but there was also the Health and Care Bill, where Members of your Lordships' House were not allowed to lay amendments because of pre-agreement with the devolved Administrations. So it is certainly possible to work at pace. If the spirit of the Government is willing to move this forward, will they please prioritise these sorts of discussions, including with the devolved Administrations, to overcome the hurdles?

I worked with a theatre group that performed at Treloar School every summer. Of about 89 haemophiliac children who were at the school in the 1970s and 1980s, only a quarter are still alive, and of course, some of them are dying. They are psychologically scarred, not least because they were children away from home and had no say in the treatment that they were given, which everyone believed was a miracle cure. Factor 8 was going to be the change of life for haemophiliacs. Instead, for many of them it has become death.

I echo the questions raised by other noble Lords. It would be helpful for the Government to confirm a date by which they will come back with clear proposals. Generous though it is, this Statement just pushes things further into the long grass. To paraphrase another well-known saying, compensation delayed is compensation denied. In this case, it is also about justice being delayed and justice being denied.

Baroness Neville-Rolfe (Con): I thank the noble Baroness for those comments, which underline the scale, gravity and dreadful consequences of this. It is very important that we dwell on that point. It is important to those who have been affected that they understand our sympathy as well.

Obviously, we hope and expect to get the report next summer. We will then move as fast as we can. It is clear that those of us now working in the Cabinet Office are giving this a very high degree of commitment. I assure the noble Baroness that we are also trying to work closely with the devolved Administrations. She knows that I mean it because we worked together on the Procurement Bill. It will be a UK-wide scheme, which is a good thing, but she will know there were disparities in the support scheme payments that were made.

The DHSC acted to remedy that in a parity exercise, ensuring that Northern Ireland was aligned. That is an example of how we have been working with the devolved Administrations. When I answered the question asked by the noble Baroness opposite, I made it clear that the devolved Administrations were part of efforts to anticipate the findings that will come through and ensure that we are well prepared.

Finance Bill

Second Reading (and remaining stages)

6.03 pm

Moved by ***Lord Harlech***

That the Bill be now read a second time.

Lord Harlech (Con): My Lords, in the face of unprecedented global headwinds, my right honourable friend the Chancellor delivered an Autumn Budget Statement acknowledging the difficult decisions that this Government must take to tackle the cost of living crisis and restore faith in the UK's economic credibility. To address head-on the issues that we face, we will follow two key principles: first, asking those with more to contribute more; and, secondly, avoiding the tax rises that most damage growth. These two principles work together to achieve these aims in a fair and sustainable way without damaging growth.

Today we are debating a small number of tax measures that are being taken forward as a matter of priority. I am sure that noble Lords recognise the need to progress these measures at pace to provide certainty to markets and help stabilise the public finances. This Finance Bill therefore focuses on tax rises that act on the Government's commitment to fiscal sustainability, helping to stabilise the public finances and providing certainty to markets. I now turn to its substance, beginning with the measure on the energy profits levy.

Since energy prices started to surge last year, the Government have considered how to ensure that businesses that have made extraordinary profits during the rise in oil and gas prices contribute, in the fairest way, towards supporting households that are struggling with unprecedented cost of living pressures. The Bill takes steps to do exactly that by ensuring that oil and gas companies experiencing extraordinary profits pay their fair share of tax. We are therefore taxing these higher profits, which are not due to changes in risk-taking, innovation or efficiency but are the result of surging global commodity prices, driven in part by Russia's invasion of Ukraine.

This measure increases the rate of the energy profits levy, which was introduced in May, by 10 percentage points to 35%. This will take effect from January next year, bringing the headline rate of tax for the sector to 75%—triple the rate of tax other companies will pay when the corporation tax rate increases to 25% from April next year. The Bill also extends the levy until 31 March 2028.

However, as the Government have made clear, such a tax must not deter investment at a time when ensuring the country's energy security is vital. Putin's barbaric and illegal invasion of Ukraine, and the utilisation of energy as a weapon of war, have shown that we must become more self-sufficient. That is why the Bill also ensures that the levy retains its investment allowance at the current value, allowing companies to continue claiming around £91 for every £100 of investment.

The Government will legislate separately to increase the tax relief available for investments which reduce carbon emissions when producing oil and gas, supporting the industry's transition to lower-carbon oil and gas production. Together, these measures will raise close to £20 billion more from the levy over the next six years, bringing total levy revenues to over £40 billion over the same period. The Government are also taking forward measures to tax the extraordinary returns of electricity generators, but will do so in a future finance Bill to ensure that we engage with industry on the plans.

The autumn Finance Bill also introduces legislation to alter the rates of the R&D tax reliefs. Making these changes will help ensure that the taxpayer gets better value for money, while continuing to support valuable research and development—a crucial ingredient for long-term growth.

Over the last 50 years, innovation was responsible for around half of the UK's productivity increases, but the rate of increase has slowed significantly since the financial crisis. This difference explains almost all our productivity gap with the United States. We have protected our entire research budget and we will increase public funding for R&D to £20 billion by 2024-25, as part of our mission to make the United Kingdom a science superpower.

The Government also remain committed to the increasing focus on innovation set out in the 2021 spending review and the £2.6 billion allocated to Innovate UK over the spending review period. This represents a 54% cash increase in IUK's budgets from 2021-22 to 2024-25, and 70% of its grants to businesses go to SMEs. These measures are significant, but ultimately businesses will need to invest more in R&D, and the UK's R&D tax reliefs have an important role to play in this.

For expenditure on or after 1 April 2023, the research and development expenditure credit rate will increase from 13% to 20%; the SME scheme additional deduction will decrease from 130% to 86%; and the SME scheme credit rate will decrease from 14.5% to 10%. This reform aims to ensure that taxpayers' money is spent as effectively as possible and improve the competitiveness of the RDEC scheme. It is a step towards a simplified, single RDEC-like scheme for all.

The SME scheme costs almost twice as much as RDEC and is, as it stands, significantly more generous, yet HMRC estimates that the RDEC scheme incentivises £2.40 to £2.70 of additional R&D for every £1 of public money spent, whereas the SME scheme incentivises 60p to £1.28 of additional R&D. In addition, RDEC has lagged behind other countries in generosity. Following the corporation tax rise from April 2023, the SME scheme would have become even more generous in cash terms, and RDEC less.

The reform is estimated to save £1.3 billion per year by 2027-28 and leave the level of R&D-related business investment in the economy unchanged. It is also expected to reduce error and fraud in the SME scheme where the generosity has made it a target for fraud. Government

[Lord Harlech]
support for the reliefs will still continue to rise in cost to the Exchequer, from £6.6 billion in 2020-21 to over £9 billion in 2027-28, but in a way that ensures value for money. The R&D reliefs will support £60 billion of business R&D in 2027-28, a 60% increase from £40 billion in 2020-21. The Government will consult on the design of a single scheme and will work with industry ahead of the Spring Budget to understand whether further support is necessary for R&D-intensive SMEs without significant change to the overall cost.

I will turn now to the measures on personal tax. We know that difficult decisions are needed to ensure that the tax system supports strong public finances. To begin with, we are asking those with the broadest shoulders to carry the most weight. Therefore, the Government are reducing the threshold at which the 45p rate becomes payable from £150,000 to £125,140. Those earning £150,000 or more will pay just over £1,200 more in tax next year. This will affect only the top 2% of taxpayers.

We have also announced a reduction of the dividend allowance from £2,000 to £1,000 from April 2023, and to £500 from April 2024, as well as a reduction of the capital gains tax annual exempt amount from £12,300 to £6,000 from April 2023, and to £3,000 from April 2024. We have also announced that we are abolishing the annual uprating of the AEA with CPI and fixing the CGT reporting proceed limit at £50,000.

The current high level of these allowances means that those with investment income and capital gains are able to receive considerably more of their income tax-free than those with, for example, employment income only. These changes make the system fairer by bringing the treatment of investment income and capital gains closer into line with that of earned income, while still ensuring that individuals are not taxed on low levels of income or capital gains. Although the allowance will be reduced, individuals who receive a high proportion of their income via dividends will still benefit from rates that are below the main rates of income tax: these are 8.75%, 33.75%, 39.35% for basic, higher and additional rate taxpayers respectively. These two measures will raise £1.2 billion a year from April 2025.

We are also maintaining at current levels the income tax personal allowance and the higher rate threshold for longer than had previously been planned. These will remain at £12,570 and £50,270 respectively for a further two years until April 2028. This will impact on many of us, but no one's current pay packet will reduce as a result of this policy, and by April 2028 the personal allowance, at £12,570, will still be more than £2,000 higher than it would have been had it been uprated by inflation each year since 2010-11.

I also remind the House that we are a Government who raised the personal allowance by over 40% in real terms since 2010 and this year implemented the largest-ever increase to a personal tax starting threshold for NICs, meaning that they are some of the most generous personal tax allowances in the OECD. Changing the system to reduce the value of personal tax thresholds and allowances supports strong public finances. Even after these changes, we will still have one of the most generous sets of core tax-free personal allowances of any G7 country.

We also announced in the Autumn Statement that the inheritance tax thresholds will continue at current levels in 2026-27 and 2027-28—a further two years than previously announced. As a result, the nil rate band will continue at £325,000, the residence nil rate band will continue at £175,000, and the residence nil rate band taper will continue to start at £2 million. This means that qualifying estates will still be able to pass on up to £500,000 tax-free, and the estates of surviving spouses and civil partners will still be able to pass on up to £1 million tax-free because any unused nil rate bands are transferrable. Current forecasts indicate that only 6% of estates are expected to have a liability in 2022-23, and this is forecast to rise to only 6.6% in 2027-28. By making changes to personal tax thresholds and allowances, the Government are asking everyone to contribute more towards sustainable public finances—but, importantly, we are doing this in a fair way.

Finally, in line with the Treasury's commitment to international action on net zero, we welcome the fact that the transition to electric vehicles is continuing at pace. The OBR forecasts that, by 2025, half of all new cars will be electric. Therefore, to ensure that all motorists start to pay a fairer tax contribution, the Government have decided that, from April 2025, electric cars, vans and motorcycles will no longer be exempt from vehicle excise duty. The motoring tax system will continue to provide generous incentives to support EV uptake, so the Government will maintain favourable first-year VED rates for EVs and legislate for generous company-car tax rates for EVs and low-emission vehicles until 2027-28.

These are difficult times, and difficult decisions need to be made to repair the UK's economy. However, these decisions will be made in an honest and fair way. This is a vital part of the Government's broader commitments made at the Autumn Statement. The Bill demonstrates a responsible approach to fiscal policy, helping to stabilise the public finances and providing certainty to markets. The measures in this autumn Finance Bill are a key part of these plans. For these reasons, I commend the Bill to the House.

6.18 pm

Lord Davies of Brixton (Lab): My Lords, I thank the Minister for his introduction. This is clearly a niche debate—even more niche than some. I will make a general point and then move on to a specific issue that, to no one's surprise, will involve pensioners.

For the general point, I want to cast our minds back to the Rooker-Wise amendment, so called after my noble friend Lord Rooker, when he was a Member of Parliament in 1977, along with his colleague Audrey Wise. They were responsible for one of the few examples of Back-Benchers making a significant impact on a Finance Bill. The amendment linked the personal tax allowance to the rate of inflation to prevent the effective erosion of non-taxable income. When the personal allowance remains the same, in the normal course of events, because of inflation and increases in general earnings, people effectively end up having to pay more tax. I did a bit of research on this. The Institute of Economic Affairs, not normally an organisation that I would quote, refers to this as an increase in taxation by stealth, and that is indeed the reason why the Government are doing it.

The Minister said the proposals were honest and fair, but I do not think it is honest and fair to increase general personal taxation by freezing allowances. It is covert. The Institute for Fiscal Studies described it as covert tax increases. It comments, in terms of the Budget, that the freezes to income tax allowances and thresholds constitute a very big tax increase indeed. This is a big tax increase, with the Government hoping that people essentially will not notice that their income is being increasingly taxed because of increases in line with incomes. It would obviously be much more honest and fair to continue increasing the allowances and to adjust the standard rate to recoup the same amount of taxation. I am not making a point about the global sum of taxation; I am making the point that it would be fairer and more honest to increase the standard rate rather than fiddle with—well, freeze—personal allowances, which are covert increases.

Obviously, we know why the Government are doing this: they are committed not to increase the standard rate because it would look bad. But my specific question on this issue is, how many more people by 2028 will the decision to freeze the allowances drag into the tax net? I am talking about people on low incomes. How many people on low incomes will have to start paying income tax because of the decision to freeze allowances? That is the general point.

There is a specific problem—an administrative problem, in my view—with freezing the allowances for pensioners. I have been looking at the figures and, because of the triple lock, which apparently we all support, there will be, according to the figures from the OBR, a 10% real increase in the state pension, the new state pension and the basic state pension, over the period up to 2028, which I believe is very much to be welcomed. But, at the same time as the state pension is going up, the personal allowance is frozen. That means that currently the state pension, taking the new state pension as the relevant figure to illustrate the situation, is 77% of the personal allowance. By 2028, it will be 100% of the personal allowance.

Now, people who have higher incomes pay more tax—that is reasonable. The problem is that the state pension is not functionally part of the PAYE system. Nobody pays income tax on their state pension. The state apparently has no way of deducting income tax from the state pension, which means that as the state pension gets to the same level as the personal allowance—and many people have additional amounts of state pension because of the state earnings-related pension scheme of the past—there will be many people whose only income is from the state pension and it will be in excess of the personal allowance. We have got away with that situation in the past because of the gap between the state pension and the personal allowance, but I believe there will be a major administrative and political problem as soon as people start receiving state pension in excess of the personal allowance. I have not seen any commentary on this, but the Government need to be clear what they intend to do about this problem.

My specific question is: what are the Government going to do about the large numbers of people who are due to pay tax on their state pension because of this scissors effect? How can we resolve the problem and make sure that people who are not part of the current PAYE system do not end up being sent a significant bill for outstanding tax at the end of the year?

6.26 pm

Baroness Bennett of Manor Castle (GP): My Lords, it is a pleasure to unexpectedly follow the noble Lord, Lord Davies of Brixton, although I regret that we will not hear from the right reverend Prelate the Bishop of St Albans, who I think would have addressed some of the social justice issues on which I will focus.

I hope your Lordships' House will forgive me for being rather hoarse. I spent quite a bit of today chanting with the striking nurses at St Thomas', offering the Green Party's strong support for their highly just cause. It is not just about their own pay, inadequate as that is, but about protecting our NHS and patient care and ensuring there are enough nurses on the wards to provide the care that they want to offer and that their patients need. One of their chants ran—noble Lords will be pleased to know that I will not offer a musical rendition, although in the nurses' hands it was very tuneful and catchy—"Rishi, where did the money go go go?"

I suspect those nurses had in mind the VIP lane PPE disaster, but I think it can also be understood in the broader context of today's debate on the Finance Bill. Think back to the early days of the NHS. In a nation impoverished and almost destroyed by war, the money was found to establish the new service that quickly became a national treasure and so celebrated, as I am sure we all remember from the 2012 Olympics.

We know that the BBC has just recently been challenged over its continued inaccurate reporting of the national budget as if it were a household one—the suggestion that you need to secure £1 of tax in for £1 of spending out. Just look at what happened when we needed to rescue the banks from the greed and fraud of the bankers in 2006-07—and indeed the emergency of the Covid pandemic. Money—a huge amount of money—was found.

One simple and accurate answer to the nurses' question "Where has the money gone?" is that it is sitting in the pockets—or rather, mostly in the offshore bank accounts—of the rich. As figures from the Equality Trust showed this week, the number of UK billionaires has increased by a fifth since the start of the pandemic. Fuelled by a boom in property and stock values, the super-rich, just by sitting on their hands, have seen their wealth swell—from 147 billionaires to 177. Their median wealth is £2 billion. This money is largely unearned and all too often sitting in tax havens instead of circulating round and round in our society, among workers and small businesses, to the benefit of all.

So while food bank usage grows, and nearly 4 million children live in poverty and 6.7 million households struggle to heat their homes, the super-rich sit back and watch the value of their assets grow. This is happening in a society that looks increasingly Victorian in structure; the number of domestic servants, estimated at 2 million now, exceeds that of the Victorian age, the social structure of which our society is increasingly coming to resemble.

[Baroness Bennett of Manor Castle]

My question to the Minister is: where in this Bill is the wealth tax? Why is there no wealth tax to address this clearly unsustainable and utterly inequitable situation? A wealth tax could start to restore stability and security in our society; it could help to pay some of the extra wages those nurses desperately need. What are the Government doing to recover the unearned, unjustified wealth that decades of policies—under Governments who sadly were all too comfortable with people getting filthy rich—have employed to the point where our society is now, in a profound sense, economically as well as environmentally unsustainable?

The Minister noted in his introduction that the Bill includes a modest increase in taxation of the windfall gains of oil and gas companies. That level of tax was applied too late and is still at an inadequate level but, none the less, the Government have made a concession and acknowledged that income falling into people's laps should not be left just to sit there.

I have to agree with the Minister's comments about the need for investment in renewable energy schemes. I hope that he will have a discussion with his BEIS colleagues about the need for investment in local community energy schemes, with broad backing across both Houses of this Parliament, so that local communities can make that investment and see the returns coming back to them.

The unsustainability of our society comes not just from individual poverty—the insecurity of income that sees nurses forced to go to foodbanks—but from the poverty of our infrastructure. The social safety nets and supports have been ripped away, and the libraries and community centres, lunch clubs and youth workers have been smashed away, by a decade of austerity. What this Statement does to the overall package behind the Finance Bill is deliver austerity version 2.0.

Austerity was economically unnecessary in 2010. In the 2015 general election leader debates, I recounted what happens when a Sure Start centre is closed, its workers cast into unemployment—or probably low-paid, insecure employment that does not use their skills—without the money to spend in local shops and businesses, or to support the education of their own children, while their former clients go without the support services they urgently need to ensure children get a good start in life. That is a downward spiral to which we have been condemned for a decade, and the whole approach of this Bill, failing to generate the funds to invest in the foundations of a prosperous, healthy economy and society, condemns us to descend further into even deeper circles of hell.

As the Minister outlined, the Chancellor focused his tax changes on earning, saying that those who earn the most will make the largest contribution, but this is a distraction from owning. The easiest prize when seeking to increase tax yields is the accumulated wealth of the super-rich. That is why the Green Party is proposing a wealth tax to directly remove the financial assets of the richest 1% and share them with society as a whole. Although lowering the threshold for the payment of the highest rate of tax is welcome, this ignores the fact that earnings from assets are taxed at a lower rate than earnings from investments. If we really want a flourishing economy of enterprise and energy, we should stop rewarding people for doing nothing. The Green Party would introduce a single tax on all income, so that people who live from investments pay the same rate as those who live from work.

The reality—and where to some degree at least I depart from the noble Lord who spoke previously—is that most British people are prepared to pay more tax to fund decent public services; indeed, let us make them brilliant. An Ipsos study in 2020 found that 44% said they would personally pay more tax to fund public services but, when they were asked how they would most like to raise money overall, the answer was through a wealth tax. It is a political choice whether or not to have that.

It is no surprise that the Tories protect their wealthy funders, but why are we not hearing calls for a wealth tax from the Front Bench in front of me, or from the parts of the Labour Party from which it might be expected? I honourably exempt some Members of the Labour Benches—they know who they are—from that comment. It is interesting that the Labour Party's recent big statement was Gordon Brown's constitutional review. The coverage focused on its suggestions for reforming the House of Lords, but a big focus of that report was on growth. The word "growth" appears 108 times, while the word "fairness" appears eight times, mostly in the context of regional inequality, and financial redistribution is referred to just once.

We cannot have infinite growth on a finite planet. Collectively, as a society, we consume our share of three planets every year. We have to get away from the idea that some people always get crumbs but if the pie keeps growing then the people who get crumbs will get a few more crumbs. The pie cannot keep growing, and people cannot keep living on crumbs. We have to transform our tax system and our economic system, and share those resources out fairly.

The sad reality is that the Bill and the package around it take us further down the spiral into a deeper circle of hell, and the people in those deepest circles are not Dante's sinners but the innocent—the young, the old, the disabled and the disadvantaged. That is not happening because of some inexorable law of physics. The market is a human creation. We shape what it looks like, and we can create a different society with a very different kind of taxation system and a different way of investing in our society.

6.37 pm

Lord Rogan (UUP): My Lords, I welcome the opportunity to contribute to this now short debate and to place on record some concerns and observations from a Northern Ireland perspective.

I had expected to be a little less gracious in my comments towards His Majesty's Government than I am about to be. However, yesterday's announcement that Northern Ireland households will now receive a £600 payment to help with their energy bills lightened my mood somewhat.

When I spoke in our debate on the Autumn Statement on 29 November, the noble Baroness, Lady Kramer, who I am delighted to see in her place today, expressed her shock at being informed that Northern Ireland

consumers had received no support whatever with rocketing energy costs. That was in sharp contrast with consumers in Great Britain, who were already receiving their payments.

Several weeks have passed, with temperatures falling well below zero for days and nights on end, and still no money has been received by Northern Ireland. The Government's failure to put a Minister up for interview yesterday to answer questions about how and when that money will be paid has caused widespread upset across the Province. It also added to a general sense of scepticism about the process and whether, to put it bluntly, the Government's restated commitment to finally release these much-needed funds can be trusted.

I do not for a second question the integrity or word of the Minister, who I am pleased to see at the Dispatch Box today. So I ask him to make it absolutely clear to the people of Northern Ireland precisely when they will receive their £600 payment. According to the latest statement of information I am aware of, the Government's line now is that the money will be released starting in January. That is simply not good enough, with temperatures tumbling long before that. I am not being sensationalist or scaremongering when I say that lives are at risk if these payments are not made promptly. I make a heartfelt plea to the Minister to please do all that he can to get this money out to the people of Northern Ireland without further delay, bringing them into line with energy consumers elsewhere in the UK.

In common with many of your Lordships, including a sizeable number on the Government Benches, I am concerned about the ever-rising tax burden affecting so many people, especially the lowest paid, in the midst of a cost of living crisis. This is a particular problem for Northern Ireland workers. According to the Annual Survey of Hours and Earnings, published at the end of October by the Northern Ireland Statistics and Research Agency, UK weekly earnings in the 12 months to April 2022 increased by 5% to £640. However, Northern Ireland had the joint lowest increase across the 12 UK regions, with weekly earnings falling to £48 below the UK average.

This is why the Chancellor's decision to freeze the personal allowance thresholds until the 2027-28 tax year is so disappointing for those on low incomes who go out to work, sometimes doing more than one job, but see their hard-earned inadequate wages swallowed up by tax. I know that the Chancellor and Prime Minister are keen to grow the economy, and I hope they are more successful in their endeavours than their immediate predecessors. However, if they succeed—I trust they will—I hope that allowing people at the bottom of the income ladder to keep more of their money will be an absolute priority for them.

Air passenger duty has long been a major bugbear of mine, and I was pleased when Rishi Sunak announced in last year's Budget that the rate of APD levied on domestic flights would be halved to £6.50 from April 2023. Had it been up to me, I would have abolished the tax altogether, as has been done in the Republic of Ireland, thus giving extra support to its airports in competing with Northern Ireland airports. Unfortunately, this is not the case, and the decision not to reduce the APD earlier seems to have had consequences. For example, Aer Lingus announced just last week that it may end its Belfast to London Heathrow flights, with the loss of 30 jobs. As other Peers from Northern Ireland will testify, it is already something of a challenge to travel to your Lordships' House from Belfast by air, and this will not help. Business travellers and tourists wishing to visit the Province from other UK regional airports have seen schedules reduced in recent weeks. Therefore, I ask the Chancellor to please consider cutting or abolishing APD between Northern Ireland and Great Britain in his Budget Statement next March, if not before.

Finally, last night, Members in another place received a "Dear colleague" letter from Dehenna Davison, the Minister for Levelling Up, informing them that the announcement on successful bidders for round 2 of the levelling-up fund had been delayed. This was despite assurances from a succession of Ministers, including in a Written Answer to me, that the intention was to make the announcement before the end of the year. That is the bad news. But there is also good news: in his Autumn Statement, the Chancellor said that round 2 of the levelling-up fund would at least match the £1.7 billion allocated in round 1. However, in her correspondence, and as a result of the number of high-quality applications received, Ms Davison said that this figure would now be raised to £2.1 billion. That being the case, I seek an assurance from the Minister that the amount of funding set aside for successful bids from Northern Ireland—including a rather impressive application from Coleraine Football Club, which I visited last month—will be increased in line with the Barnett formula. I imagine that this will be the case, but it would be reassuring for Northern Ireland bidders to hear it confirmed at the Dispatch Box.

6.44 pm

Baroness Kramer (LD): My Lords, I begin by picking up a point made by the noble Lord, Lord Rogan. I was so shocked to learn earlier that energy payments had not been received by people in Northern Ireland. Following that debate, I called a number of friends to discuss the matter. Can the Minister take on that issue personally by going back to his colleagues, putting his shoulder to the wheel and doing everything to get those payments released? I have been talking to people who have been putting on the heating for one hour a day during the bitter cold, because they are simply terrified of not being able to meet the energy bills when they arrive—that is no good for anyone's health, including their mental health. If the payments are genuinely coming, they need to come in a timely fashion. Anything that the Minister can do will be exceedingly important; it will probably take personal intervention and some championing of the issue, and I hope that he will feel able to do that.

On the more general issues, I have the sense that we have covered this territory on a quite a number of occasions before, which is why there are not many speakers here today. Indeed, for a moment, I was tempted to pray in aid my previous speeches—I did not quite have the courage—but I will try to be fairly brief.

[Baroness Kramer]

For many years, some people have opined that the financial markets are irrelevant and have argued for huge surges in borrowing. That argument is now dead, at least for the time being, and the need for fiscal responsibility has been recognised. However, the chaotic performance of the Government has stripped away the flexibility we could have expected, and ordinary people are paying for that in interest rates which feed into mortgages, rents and business costs.

Today, we are debating the Finance Bill; it is a bill about taxation. In a sense, I will pick up the point made by the noble Lord, Lord Davies of Brixton. The Bill lays out starkly the freezing of thresholds, but not in a way that most people will understand well enough to recognise the impact it will have on their personal finances. The noble Lord suggested that it would be far better to increase the rate rather than play with the threshold—he has a good point—but, at the very least, the Government should restore some faith in politics by informing the 6 million people who will be significantly impacted as to what is about to happen to their tax bill. For a large number, their tax bill will be pushed up by approximately £2,000. If they are informed, at least they can plan ahead and will be aware of that increase. Indeed, because of the Autumn Statement, people are also facing a 5% increase in council tax, £500 more in energy bills and the soaring cost of living which we all know about. That all adds up to a situation of misery.

I was also stunned to hear the commentators, when we got the last inflation figure, explain that it was rising by only 10.7%. That is extraordinary. Of course, the basics are rising far faster and by a figure much closer to 15%. It is an extraordinarily difficult time for a huge range of people, but especially for those on the lowest incomes.

The windfall tax on oil and gas companies in the Bill still leaves those companies with an unforgiveable loophole. Shell and BP have almost entirely avoided paying the windfall tax this year, despite absolutely record profits running between $6 billion and $8 billion for most of the recent quarters, thanks to the offsets for investment in oil and gas exploration. We are talking about a doubly wrong policy: even the banks are now starting to recognise that the game is up for investments in new oil and gas exploration. HSBC, the largest global bank, has announced that it will no longer finance such projects and will redirect its lending to achieve net zero.

The UK public are losing out on tax that should be paid now; then, in a few years' time, they will have to rescue the stranded assets of oil and gas companies because their value will have disappeared under the pressures to get to net zero. This is complete madness. Can the Government go away and completely rethink the strategy that they have embedded in the Bill?

The banks also do well from this Bill. The cuts to their levy and surcharge amount to a staggering £18 billion over the next five years. At the same time, I do not see the banks seriously sharing the revenue from the higher interest rates that come on the loans that they make with any of their savers. There might be a slight increase of a few basis points, but nothing significant, while these banks are now recording their best profits for years. I refer the Minister to quotes in the *Financial Times* from senior bankers talking about their third-quarter profits. "An embarrassment of riches" was one of the phrases—or, much more honestly, "a cha-ching moment". That was another phrase quoted from one of those bankers. When we start looking for money to deal, for example, with the condition of the nurses, £18 billion would frankly go a fairly long way to getting a lot of that done.

I am not sure that anyone understands why the Government have cancelled the R&D additional tax relief for SMEs, although the Minister spoke at length. It is driving so many small firms away from innovation. I saw today a piece from Coadec, the Coalition for a Digital Economy. That is the group made up of those driving small start-up innovators which are absolutely critical to growth in the British economy. It says:

> "Based on conversations we've had with startups so far, we are concerned that the R&D tax credit startups will receive after the changes kick in in April 2023 will drop by between 30-40%. This is a significant and damaging impact".

If those firms are not achieving the innovation that they are designed to achieve and which the R&D tax credit was instrumental in driving forward, we will not achieve the kind of growth that the Government talk about very casually. Talk about an erroneous decision; I hope that the Government will look at it again rapidly.

Even with all the pain embedded in the Bill, the outlook is still very bleak. Despite the tax increases, we are still looking at savage cuts to unprotected public services beginning in 2025. Despite all the talk about money for infrastructure, public capital expenditure, including infrastructure investment, absolutely plummets from 2025. Even with all that plummeting, the borrowing situation improves only marginally in five years' time.

The Government claim that they have a plan for growth but what they have is really just a list of bitty policies, most of which have already been announced. We have nothing on the scale necessary to deal with our productivity, which has flat-lined for a decade; we have no industrial strategy, never mind a meaningful green industrial strategy. We have nothing to revive our 15% collapse in trade or reverse our sharp drop in exports to the EU in manufacturing and services. We have no strategy to restore business investment, which has hit the lowest level in living memory, and we have absolutely no measures to deal with our workforce shortage. This Bill should have been part of a coherent and holistic plan for targeted growth. Instead, we have a gathering of fairly disparate policies, none of which pull together to achieve what this country must achieve.

I conclude by referring for a moment to the public service strikes, an issue raised by the noble Baroness, Lady Bennett of Manor Castle. It is, frankly, completely beyond me and, I think, beyond most ordinary people that this Government refuse to negotiate with all matters in dispute on the table, including nurses' pay. There are always compromises available and they will, in the end, have to be made. I do not think the public should be made to suffer through this already cruel winter while the inevitable compromises are delayed. I say to this Government that they will not break the nurses, the ambulance paramedics or anyone else in the public sector, and on the whole the public are behind them.

It is this Victorian attitude of hostility to their workforce that risks breaking a good share of the British people as they go through this experience of the most dire winter they have been through in years.

6.55 pm

Lord Tunnicliffe (Lab): My Lords, I begin by welcoming the noble Lord, Lord Harlech, to his place for what I think is his first piece of Treasury legislation. I get the impression that he will probably end up with an awfully large number of Treasury SIs: meet the cast that he will face, all three of us.

I will not make many comments on previous speeches but I will just pick up the comment of the noble Baroness, Lady Kramer, about the industrial situation. I have spent large parts of my career in industrial relations negotiations, and she is absolutely right that there has to be a compromise. I say that because anything else would be disastrous for the nation and for the Tory Party. The one result that would be utterly unacceptable is that the Government break the nurses. All my experience says to me that good deals always have compromise in them. I used to say, rather cynically, "A good negotiation is where both sides go away equally miserable." It is very dangerous to win an industrial dispute; it is absolutely essential that people come out of a dispute respecting each other and seeing a common future, rather than a common conflict.

Anyway, turning to this very exciting Bill, I reassure the Minister that we will not oppose its passage. As I understand the rules, we cannot anyway, but I just assure him that I am going to obey the rules. However, that does not mean that we think this is a good Finance Bill—far from it. Under the Conservative Party's stewardship, the UK economy is seemingly lurching from crisis to crisis. A decade of low growth has giving way to no growth, with the Office for Budget Responsibility predicting a long and brutal recession. Yes, the economy is estimated to have grown by 0.5% in October, but that does not offset the 0.8% contraction in September. The OBR has suggested that the coming recession could reduce living standards by an unprecedented 7% over the next two years. This will worsen an already crippling cost of living crisis, making many people's day-to-day existence even tougher than it is now. It is difficult, I think, for us to really grasp just how awful it must be to be in the lower-income sections of society, particularly those sections that are unable to find employment even in these times.

Of course, the Treasury would have us believe that the current circumstances are solely a consequence of global events. We have always acknowledged that Putin's invasion of Ukraine has impacts here, as well as abroad, and that the global economic picture has shifted in recent times. However, the Government's attempts to shift blame elsewhere simply do not hold up to scrutiny. The UK is the only G7 economy which has yet to return to its pre-pandemic level. Over the last 12 years, the UK economy has grown by one-third less than the OECD average and one-third less than during the last Labour Government. For the next two years, we are forecast to have the second lowest growth in the G20. Only sanction-hit Russia is expected to perform worse than the UK.

While we are impacted by global events, we appear to be suffering primarily from poor Downing Street decision-making. The result is that we find ourselves in what former Chancellor Kwarteng called a "vicious cycle of stagnation". His September mini-Budget was supposed to bring that to an end, facilitating a "virtuous cycle of growth". We were told that the economy would start firing on all cylinders, creating better-paying jobs and funding world-leading public services. Instead, its incompetent presentation spooked the financial markets, crashed the economy and, in doing so, made mortgages and rents significantly more expensive. September's experiment severely damaged both public confidence and our international reputation. It also blasted a hole in the public finances, requiring future cuts to already struggling services. As the former Chancellor has finally acknowledged, it was a dreadful intervention and came at the worst possible time.

We may now have another Prime Minister and Chancellor, but their first fiscal event—the Autumn Statement—was focused solely on repairing the damage done by their predecessors. That means it fell short of addressing the public's concerns across a whole range of areas. It did not sufficiently address the growing crisis in social care; it did not do enough to provide skills and job opportunities to young people, and it did nothing to shift the view of a growing number of businesses that the Government have no plan for growth. The Minister does not need to take my word for that; he needs merely to consider the response of the Confederation of British Industry, whose director-general said that

"there was really nothing there that tells us the economy is going to avoid another decade of low productivity and low growth".

With so many households concerned about growing food and energy bills, this Finance Bill will serve only to give them a larger tax bill too. The freezing of the income tax personal allowance will leave average earners paying over £500 a year more income tax by 2027-28. Many councils will avail themselves of the ability to raise council tax by a higher percentage, with families in the average band D house paying around £100 extra from next April. Taken collectively, all the tax measures announced during this Parliament will leave middle-income households paying £1,400 more each year.

All the while, the Government have once again refused to address the loophole in the energy windfall tax, which means that some oil and gas giants are not paying a single penny more, despite record profits. Ministers' decision not to properly tax the windfalls of war leaves a potentially valuable source of income untapped, with the burden of funding public services placed on working people instead. This is not fair, and neither is the decision not to scrap the outdated and unfair non-dom status.

A Finance Bill introduced by a Labour Government would look very different. Our plan for growth is wide-ranging, from business rates reform to investment in the industries of the future and the skills that will underpin them. We would introduce a proper industrial strategy, working together with businesses to get the economy growing in a fairer and more sustainable way. While the current Conservative Government try to undo the damage caused by the last one, we will

[Lord Tunnicliffe]
continue putting forward our plan for growth—a plan which led the chairman of Tesco to say that Labour is the

"only … team on the field".

Our current economic struggles are not rooted in the US Federal Reserve or the Kremlin; they are the result of a lost decade in which successive Conservative Governments have prioritised short-term fixes rather than formulating a long-term vision for growth. Decisions are frequently based on how to get past the next Back-Bench rebellion or through the next leadership election, rather than serving the national interest.

If we carry on as we are, all signs point to another lost decade. What would that mean for working people? Energy giants and non-doms would continue to be let off the hook, while personal taxes go up. Disposable incomes would continue to fall, but energy bills will continue to climb ever higher. Public services would continue to struggle, while vested interests take in ever-larger profits. This Government's policies no longer speak to the public's priorities. Only Labour has the ambitious, bold but practical plan to build a fairer, greener Britain.

7.05 pm

Lord Harlech (Con): My Lords, it is a privilege to close this debate on the Finance Bill on behalf of the Government. I thank all noble Lords for their constructive and considered contributions and the welcome to the Dispatch Box. I will try to address many of the points raised in today's debate, but will begin by reminding the House of what this Bill is designed to achieve.

We are taking these changes forward rapidly now because we are serious about fiscal sustainability and know how essential it is for economic stability and growth. As my right honourable friend the Chancellor set out at the Autumn Statement, we are facing hugely significant challenges, including on the cost of living, exacerbated by Putin's invasion of Ukraine.

The UK is not alone in dealing with these issues, with one-third of the global economy forecast to be in recession this year or next. However, it is clear that we must prioritise restoring sustainability in our own public finances; only then will we be able to face down the economic storm, while protecting the most vulnerable. That stability will provide the foundation that is essential for economic growth.

The Autumn Statement set out a clear plan to deal across all these areas, with three priorities: stability, growth and public services. Even in these difficult economic times, we are still protecting public services by investing billions of pounds in the health service and education. We will continue to emphasise these facts as we move on with this work.

This small, focused Bill forms the essential next part of that plan. It implements tax measures which will provide certainty to markets and help stabilise the public finances, and does so in a fair way, with the heaviest burden falling on those with the broadest shoulders. In summary, the Bill makes changes to the energy profits levy to ensure that oil and gas companies experiencing extraordinary profits pay their fair share of tax. It also takes forward changes to R&D tax reliefs, to ensure the taxpayer gets better value for money and to continue to support valuable research and development needed for long-term growth. The Bill's changes to personal tax ensure that while we are asking everyone to contribute a little more towards sustainable public finances, the better-off will shoulder a greater burden. The changes to the taxation of electric vehicles ensure that all motorists start to pay a fairer tax contribution, while continuing to provide generous incentives to support EV uptake.

Let me turn to points raised during the debate. The noble Lord, Lord Davies of Brixton, raised the issue of public sector pensions. It cannot be overstated how much the Government value the work of all public sector staff. Public sector pension schemes are mainly defined benefit schemes and are among the most generous schemes available. The tax relief offered on pension contributions is expensive, costing the Exchequer £67.3 billion in 2020-21, with around 58% relieved at higher and additional rates. The annual allowance affects only the highest-earning pension savers. The Government estimate—

Lord Davies of Brixton (Lab): Whoever wrote the brief clearly assumed I was going to talk about public service pensions, but I conspicuously did not mention them, as they are not relevant to this Bill. I do not want to dump an official in it, but I did not raise that issue; I raised a completely separate issue.

Lord Harlech (Con): I thank the noble Lord for the intervention. I will have to go back and check *Hansard*. I heard him raise pensions in general but also public sector pensions, but if I am wrong, I apologise, and I stand to be corrected.

All noble Lords raised the issue of the personal tax thresholds. Our mantra throughout this process has been to make sure that those with the broadest shoulders carry the most weight, which is the fairest approach to take. The changes to personal tax ensure that, although we are asking everyone to contribute a little more towards sustainable public finances, we do so in a fair way, with the better off shouldering a greater burden.

We have tried to balance the needs of the country as a whole with the need to protect the most vulnerable. However, as I mentioned, we must continue to improve the health of our public finances, which is why the personal allowance has been frozen. The changes for most will remain small, with the average taxpayer paying only an additional £38 in income tax and NICs by 2028, and the personal allowance will still be £2,150 higher in April 2028 than it would have been if it had been uprated by inflation since 2010.

The noble Baroness, Lady Bennett of Manor Castle, raised the issue of a wealth tax. The Government's priority is restoring stability, but we will try to do this in a fair and compassionate way which protects the most vulnerable and ensures that those on higher incomes pay a fair share. The Autumn Statement reduces the additional rate threshold, which will raise revenue from the top 2% of taxpayers. The income tax and gains tax systems are also being reformed to reduce the generosity of certain allowances, which will bring the treatment of investment income and capital gains closer in line with employment income.

This year, the Government raised the threshold at which workers start paying national insurance contributions to £12,570 and have reversed the health and social care levy. This comes on top of the energy price guarantee to support households with their energy bills over the winter, and a further £37 billion of support for the cost of living.

The noble Baroness, Lady Kramer, raised council tax. The Government expect that local authorities will exercise restraint in setting council tax, balancing the extra income for local services against the tax burden on residents for the cost of living pressures. Local authorities have the flexibility to design their own working-age local council tax support schemes to protect their most vulnerable residents. The UK does not have a single wealth tax but has several taxes on assets and wealth. As set out by the Wealth Tax Commission report in December 2000, the UK's taxes on wealth are on a par with those of other G7 countries.

Baroness Bennett of Manor Castle (GP): I should perhaps declare my position as a vice-president of the Local Government Association. The Minister said that he expects councils to exercise restraint with regard to council tax rises. However, the Government's own forecasts, based on the provisional local government finance settlement released this week, indicate that they are expecting all councils to raise their rates by the maximum allowed. Those two realities do not seem to add up.

Lord Harlech (Con): I will have to disagree with the noble Baroness. I did not say that councils were not going to increase council tax rates but that we expect them to show restraint.

The issue of public sector pay was raised by the noble Baronesses, Lady Bennett and Lady Kramer, and the noble Lord, Lord Tunnicliffe. The Government have accepted the recommendations of the independent pay review bodies for the NHS, teachers, police and the Armed Forces for 2022-23. This delivered the highest uplifts in nearly 20 years, with most awards targeted towards the lower paid. Pay awards for 2023-24 will be determined by the normal pay-setting process, and the Government will be seeking recommendations from pay review bodies where applicable. It is important that public sector employers can recruit, retain and motivate qualified people, and this is a key consideration for pay review bodies when they make their recommendations to government. Pay awards this year must also strike a careful balance between recognising the vital importance of public sector workers while delivering value for the taxpayer and being careful not to drive prices even higher in future through contributing to a wage-price spiral.

On the energy profits levy, which was raised by the noble Lord, Lord Tunnicliffe, and the noble Baronesses, Lady Bennett of Manor Castle and Lady Kramer, the Bill is part of our plan to deal with the international pressures caused by the challenges of Putin's invasion of Ukraine, inflation and the hangover from the pandemic. The changes to the energy profits levy will make sure that the oil and gas companies that have been gifted extraordinary profits pay their fair share of tax. Combined with the electricity generator levy, these taxes will raise £55 billion over the next six years from companies that could not have expected such enormous profits. The investment allowance remains at its current value to allow companies to claim around £91 of tax relief for every £100 of investment.

I recognise that the Opposition disagree with this step, but it is our firm belief that businesses must be able to invest. The weaponisation of energy by Putin has made it abundantly clear that we must ensure our energy security over the coming years. This is how we will do it. Again, I remind noble Lords that our changes mean that the headline rate of tax for companies in this sector will increase to 75%—triple what other companies will pay when the corporation tax rate increases to 25%.

Lord Tunnicliffe (Lab): Does the Minister deny the almost obvious fact that none of these big oil companies is going to pay a penny more? He correctly explained how they will get to that not paying a penny more, but the tax is having no impact.

Lord Harlech (Con): I do not have a crystal ball so I cannot say whether there will be an impact but we want to be careful not to disincentivise investment to move away from fossil fuels.

Lord Tunnicliffe (Lab): My understanding is that the present investment programmes that they had before this tax came out just carried forward, with a limit but well behind, the relief on so-called investment—because it is not fresh investment—which will offset any extra tax that they are likely to pay. I do not know whether my Liberal Democrat friends agree with that analysis but I am sure that it is either true or very close to true.

Lord Harlech (Con): I am sorry; I do not understand the question.

The noble Lord, Lord Tunnicliffe, raised the issue of non-dom status. It is important to recognise that non-doms play an important role in funding our public services through their tax contributions. In the year ending 2021, the most recent full year for which we have data, non-doms were liable to pay £7.9 billion in UK income tax, capital gains tax and national insurance. What is more, they have invested £6 billion in investment schemes since 2012, which is why we are taking a careful and considered approach.

As the Chancellor told the Commons Treasury Select Committee, we will continue to look at such schemes. Indeed, the Government keep all aspects of the tax system under review; this includes the non-dom regime. I reiterate that, if you look at this package as a whole, we have not tried to protect wealthier people—quite the opposite. We are protecting the most vulnerable and asking those who have more to contribute more. In 2017, permanent non-dom status was ended.

I turn to the question from the noble Lord, Lord Rogan, about the rollout of the energy bills support scheme in Northern Ireland. The Government have confirmed that all households in Northern Ireland will receive a single payment totalling £600 to help with their energy bills, with payments starting in January. This will be made up of £400 of support under the Government's energy bills support scheme in Northern

[Lord Harlech]
Ireland and £200 of support under the alternative fuel payment scheme, which will go to all households in Northern Ireland irrespective of how they heat their home.

Energy policy in Northern Ireland is the responsibility of the Northern Ireland Executive and Assembly. However, in their absence the UK Government have stepped in to ensure that households do receive support. The UK Government have worked closely with Northern Ireland electricity suppliers, the distribution network operator, and the utilities regulator, in designing the scheme.

In conclusion, as we are all aware, the UK is facing challenging headwinds. Despite having experienced the third-highest growth in the G7 over the past 12 years, behind only the US and Canada, economic times are tough. The Government have chosen to take difficult decisions needed to support public finances, providing stability and certainty to markets, and providing the foundation for future growth. The OBR has confirmed that the recession is shallower, inflation has reduced and roughly 70,000 jobs have been protected as a result of these decisions. This small autumn Finance Bill will help to deliver these outcomes and, importantly, will do so in a fair way. It forms an essential part of our plan for the economy, now and in the future. For these reasons, I commend this Bill to the House.

Bill read a second time. Committee negatived. Standing Order 44 having been dispensed with, the Bill was read a third time and passed.

Afghanistan: Independent Inquiry

Statement

The following Statement was made in the House of Commons on Thursday 15 December.

"I will make a Statement on an independent inquiry related to Afghanistan. My right honourable friend the Secretary of State for Defence has commissioned an independent statutory inquiry under the Inquiries Act 2005 to investigate and report on alleged unlawful activity by British Armed Forces during deliberate detention operations in Afghanistan in the period from mid-2010 to mid-2013, and the adequacy of subsequent investigations into such allegations.

The decision has been informed by two ongoing judicial review cases known as Saifullah and Noorzai. The claimants in those cases assert that relevant allegations of unlawful activity were not properly investigated. The underlying events have been the subject of comprehensive service police criminal investigations, but the Ministry of Defence accepts that Operation Northmoor should have started earlier and that there may be further lessons to learn from the incidents, despite there being insufficient evidence for any prosecutions.

My right honourable friend has asked the right honourable Lord Justice Haddon-Cave to chair the inquiry, and Lord Justice Haddon-Cave has stepped down from his role as senior presiding judge for England and Wales to focus on this task. He has valuable experience: he chaired the Nimrod review into the loss of RAF Nimrod MR2 aircraft XV230 in Afghanistan in 2006 and served as the judge in charge of the terrorism list between 2017 and 2018.

A copy of the terms of reference for this inquiry will be placed in the Library of the House. The inquiry will start work in earnest in early 2023 and will be fully resourced and supported so that it can carry out its work and report expeditiously. The Saifullah and Noorzai claimants have been consulted on the terms of reference, but I will not comment further on ongoing court proceedings.

The UK's Armed Forces rightly hold themselves to the highest possible operational standards. Operations must be conducted within the clear boundaries of the law and credible allegations against our forces must always be investigated thoroughly. The service justice system is capable of investigating and prosecuting all criminal offences on operations overseas and here in the UK. Defence has worked hard over recent years to ensure that the processes in place to maintain justice in the Armed Forces are effective, and that allegations of criminal wrongdoing arising from any future operations are raised and investigated appropriately.

It was a manifesto commitment of the Government to tackle the vexatious legal claims that have targeted our Armed Forces over recent years, but the Overseas Operations (Service Personnel and Veterans) Act 2021 was always designed to permit the investigation and follow-up of any serious allegations irrespective of time passed. We will of course ensure that all service personnel, veterans, and current and former civil servants who are asked to engage with the inquiry are given full legal and pastoral support.

I hope that the whole House shares my pride in our Armed Forces. They are renowned throughout the world for their courage, integrity and professionalism. We are profoundly grateful for their service today, as we were while they were deployed at our behest in Afghanistan."

7.22 pm

Lord Coaker (Lab): My Lords, His Majesty's Opposition welcome this special inquiry under Lord Justice Haddon-Cave into alleged unlawful activity by His Majesty's Armed Forces, and the fact that it will start in early 2023. We also welcome the fact that this work will provide full legal and pastoral support.

Can the Minister confirm at the outset that the inquiry will be given access to all the records, documents and other evidence that it needs, as well as personnel? The reputation of our Armed Forces and our Special Forces is second to none and we are rightly proud of them. However, we are also proud of the high standards of military ethics, professionalism and respect for international law that we abide by and uphold. Therefore, does the Minister agree that an inquiry such as this is essential to protect the reputation that we rightly have, and that it must not only succeed but be seen to succeed?

There are currently two ongoing judicial review cases which have informed this decision to have the independent inquiry. Can the Minister outline the relationship between these judicial reviews and the inquiry? The Minister's Statement says that the MoD accepts that Operation Northmoor should have started earlier and that there may be further lessons to learn from the incidents, despite there being insufficient evidence for any prosecution.

The terms of reference allow the investigation to look at whether there is any credible information that any of those who died in the DDOs carried out between mid-2010 and mid-2013 were killed unlawfully. What happens if they find such information? Are prosecutions then possible concerning Operation Northmoor, despite what was said in the Statement? What has changed in the MoD since July, when the BBC's "Panorama" reports on these allegations were immediately dismissed by the MoD as irresponsible, incorrect and jumping to unjustified conclusions? Now, just a few weeks later, we have an independent inquiry. What changed?

Can the Minister confirm that the terms of reference allow the inquiry to substantiate any allegations, as well as how the allegations were handled? Can she clarify that the inquiry's independence is fully assured, given that it is to take place in the MoD? And can she confirm that, as this inquiry was established under the Inquiries Act 2005, it is statutory and, therefore, that Lord Justice Haddon-Cave can summon whichever witnesses he sees fit and, if necessary, compel them to attend and give evidence under oath? Can he also ask any serving military personnel to attend the inquiry, whatever their rank? Does that also apply to civil servants, and political and other personnel? In the same period that is the subject of this inquiry, Australian Special Forces were also being investigated. Have we spoken to them to see if we can learn any lessons from them?

Then there are the implications, or potential implications, of this inquiry for Acts that have been passed and Bills currently before Parliament. I will give two specific examples. Can the Minister assure us that nothing in the Overseas Operations (Service Personnel and Veterans) Act will prevent or hinder the investigations of this inquiry? Of course, we are all opposed to repetitive, vexatious, historic claims, but some clarification and reassurance is needed here.

Furthermore, can the Minister tell us whether the inclusion of Clause 28 in the National Security Bill has anything to do with this inquiry? In other words, is the proposed legislative change in this Bill a consequence of what has or has not happened? Clause 28 of the National Security Bill amends Schedule 4 to the Serious Crime Act 2007 to provide that extraterritorial application of certain offences of assisting or encouraging the commission of an offence overseas does not apply if the behaviour was necessary for the proper exercise of any function of the intelligence services or Armed Forces.

Section 50 of the Serious Crime Act already provides a defence of acting reasonably where the defendant believed certain circumstances to exist and the belief was reasonable. The House of Commons Library states:

"The provision … appears to be intended to extend immunity from criminal prosecution to actions which could not be proved to have been reasonable."

What, if any, discussions have the MoD had with the Home Office about Clause 28, and is it relevant or not?

I finish by quoting Minister Murrison, who said:

"I hope that the whole House shares my pride in our armed forces. They are renowned throughout the world".—[*Official Report*, Commons, 15/12/22; col. 1259.]

Well, we all do, and we are very grateful for their professionalism and loyal service. It is because of that that we need to make sure that we get this inquiry right and that everyone is committed to seeing it succeed.

Baroness Smith of Newnham (LD): My Lords, I start exactly where the noble Lord just left off: by acknowledging the debt we owe our Armed Forces and the high standards to which we hold them and to which the vast majority always adhere. But it is vital for the reputation of His Majesty's Armed Forces and of our country that, if there has been illegal, inappropriate and unlawful action, it is investigated.

These Benches endorse all the questions that the noble Lord has just asked from the Labour Benches. They are all pertinent to the questions that the House should be asking, but I will add just a few points for further clarification.

One of the first questions that came to my mind was indeed about the Overseas Operations (Service Personnel and Veterans) Act 2021. I note that Minister Murrison had almost second-guessed what noble Lords might ask by saying that the 2021 Act was always designed to enable the investigation and follow-up of any serious allegations, irrespective of time passed. So I ask the noble Baroness whether it is possible to reassure the House that none of the issues that will now be subject to the inquiry could be deemed out of scope under the purview of this Act. One of the serious concerns expressed by all sides of your Lordships' House was that, precisely by having a time limit, certain crimes and unlawful actions would not be investigated. The House really needs reassurance about that. It is notable that the actions we are talking about date back over a decade, from mid-2010 to mid-2013. The timeframe is therefore very significant.

As the noble Lord pointed out, there are two cases of judicial review at present. It would clearly not be appropriate to ask questions or expect an answer on those at the moment, but might the Minister be able to tell us whether His Majesty's Government believes that these are the only cases that need to be investigated, or whether the Ministry of Defence is anticipating that there could be further significant cases coming forward? At the moment, we are looking at potentially quite a limited inquiry. However, it could be very significant indeed. Some reassurance would be welcome.

The final point is on the question that we have already heard about the National Security Bill currently going through your Lordships' House. How does Clause 28 fit with the investigation and the overseas operations Act? Can we, as a Parliament and a country, actually expect there to be proper scrutiny? Clause 28 seems to pave the way for some lacunae in the law. Can the Minister reassure us? If not, she should expect a number of amendments to the National Security Bill from all parts of your Lordships' House.

The Minister of State, Ministry of Defence (Baroness Goldie) (Con): My Lords, I thank the noble Lord, Lord Coaker, and the noble Baroness, Lady Smith, for their welcome of the announcement of the statutory inquiry into events in Afghanistan. I also thank them for and endorse their comments about the pride that

[Baroness Goldie]

we all have in our Armed Forces. The Secretary of State has been at pains to say that our Armed Forces operate to the highest standards and are hugely respected, as was echoed by my right honourable friend Dr Murrison in the other place. That is why, to be honest, the United Kingdom is one of the very popular choices to provide training: because of the very high standards that we observe.

I entirely endorse what the noble Lord, Lord Coaker, was saying: where we think that things may not have gone satisfactorily, or where there is doubt or uncertainty about what happened, then yes, for the broader reputation of the Armed Forces, we are equally anxious to have that investigated, and in a thorough and robust fashion.

I will take my remarks to be inclusive of the noble Lord, Lord Coaker, and the noble Baroness, Lady Smith. On the question about access to documents, this is a statutory inquiry. That means that it can call witnesses and has the power to compel them to attend, and they give evidence under oath. It will be for the inquiry and chairman to determine what evidence they seek and which witnesses they want to call. I want to make it clear that, given the gravity of the allegations that have been the genesis of announcing this inquiry, it is certainly the Secretary of State's intention that the inquiry will address any remaining concerns that there was a failure to adequately investigate alleged systemic issues in order to comply with the investigative duties which arise under Articles 2 and 3 of the ECHR.

A further question was asked about how the judicial reviews, of which there are two at the moment, in respect of Saifullah and Noorzai, engage with the inquiry. The Secretary of State for Defence has applied for stays in the Saifullah and Noorzai judicial reviews while the inquiry takes place. The claimant has agreed to stays in both on the basis of the establishment of the inquiry, so the claimants have been party to this. A hearing on that application for a stay is scheduled for January.

A point was raised on the legal scope of the inquiry—what it can and cannot do. It can do a very great deal to try to find out what has happened. Noble Lords will have seen the wide-ranging terms of reference, which I looked at again today. They are very thorough indeed. I might describe them as an attempt to lift up every stone and to try to ensure that every possible angle is investigated. Again, I assure your Lordships that Saifullah and Noorzai were party to and consulted on the terms of reference.

The inquiry does not have the power to determine civil or legal liability, but it does have the power, on the basis of evidence, to draw conclusions and make recommendations. Potential criminal or civil liability might very well be inferred from or arise out of that. The specific question was about what would happen if the inquiry considered that anyone was killed unlawfully. It would be a matter for the independent prosecution to determine how to proceed in such a scenario.

The noble Lord, Lord Coaker, referred to the "Panorama" programme. The Royal Military Police has asked for whatever further evidence there is. We have not received any fresh evidence, but, again, we are handing this over to the inquiry and to Lord Justice Haddon-Cave. It will be for him to pursue these matters.

On the timing of this, the Secretary of State proposed the inquiry, and work began on it, in May 2022.

My understanding is that the Brereton inquiry, which was the Australian inquiry, was slightly different in nature from this inquiry. A key difference is that the Brereton report started the investigation, whereas we have already done extensive criminal investigations of allegations, so we are starting from a slightly different point. Interestingly, the Australian Department of Defence and the Chief of the Defence Force said in letters to counterparts that

"there are no British service personnel who are persons of interest or affected persons as a result of this Inquiry".

I merely inform the Chamber of what was said at the time.

Questions were asked about the overseas operations Act. That Act was an important attempt to try to reduce the prospect of unlimited clouds hanging over personnel of not knowing whether they would be prosecuted or become the subject of civil proceedings. The new protections for service personnel introduced by that Act apply to any proceedings commenced after 30 June 2021. That Act is not an amnesty, as your Lordships will recall. It raises the bar for prosecutions for alleged historical incidents, and it certainly provides greater certainty to our service personnel.

Your Lordships will recall from when we debated the then Bill in this House that there is now a presumption against prosecution, but it is a rebuttable presumption. The prosecutor has to have regard to various things, not least whether any new evidence has been produced. Finally, before any new proceedings could be brought, the consent of the Attorney-General would be required. Your Lordships will also recall that the Act does not extend protection to specific crimes: sexual offences, genocide, crimes against humanity, war crimes, torture and grave breaches of the Geneva conventions. The restrictions on prosecutions in the overseas operations Act do not apply to any of these offences.

On Clause 28, I must thank the noble Lord, Lord Coaker, for giving me notice of this because it is a technical issue which I was not sighted on. As I think the noble Lord gleaned from my expression in the Corridor, my understanding of the point was limited, but I have made inquiries, and I am advised that Clause 28 of the National Security Bill, if enacted, would not affect the ability of the Secretary of State to establish a statutory inquiry. A Government Minister can establish an inquiry where they consider that particular events have caused or are capable of causing public concern, so it is a broad power that is used in a wide range of circumstances.

However, in law, Clause 28 has a narrow and specific purpose. It amends Schedule 4 to the Serious Crime Act 2007, which, together with Section 52 of that Act, provides for various inchoate offences. I appreciate that we are not sitting in a Chamber crammed full of lawyers, but "inchoate" is an offence anticipating or preparatory to a further criminal act, just to help your Lordships understand that. The Act that is being amended provides for various inchoate offences of encouraging or assisting crime to apply when the Act

relates to the commission of an offence overseas. That clause will disapply extraterritorial application when the activity is deemed necessary for the proper exercise of any function of the Armed Forces. This ensures that those working for or on behalf of the Armed Forces in support of activities overseas would not be liable for those offences, but I emphasise the use of the word "proper". Again, this is not some "get out of jail free" card. If people have behaved improperly, they can expect to be accountable in law. I have no doubt that the noble Lord will want to digest that. If he or the noble Baroness, Lady Smith, have any further questions, I shall be very happy to engage with both of them to see whether I can assist further in clarifying that matter.

The final question the noble Baroness, Lady Smith, asked me, I think, was whether the two judicial reviews are the only cases to be investigated. According to my briefing notes, these are the only two active judicial review applications of which I am aware. I disagree with the noble Baroness—it rarely happens, but on this occasion I do—as she described the inquiry as "limited". Having looked at the terms of reference, I would describe it as anything but limited. To me, it is one of the most far-reaching and analytical—

Baroness Smith of Newnham (LD): I did not mean that the inquiry was limited; I meant that if we are looking at two cases, that seems to be a relatively small number of allegations that are being looked at, but not that the inquiry itself was limited.

Baroness Goldie (Con): I thank the noble Baroness for the clarification; I apologise if I misrepresented her position. I think we all understand from looking at the terms of reference that the inquiry is going to have a broad scope, immense powers and a real capacity to try to find out what was happening in the periods covered by the terms of reference. I would not want to pre-empt that. It will be for Lord Justice Haddon-Cave, once he has constituted his panel with the inquiry, to proceed and go wherever the evidence takes him. As your Lordships will be aware, in the terms of reference it is hoped that he may be able to report back, albeit on an interim basis, within the next 12 to 18 months, his work starting in January of next year.

7.43 pm

Lord Browne of Ladyton (Lab): My Lords, I, too, hold our Armed Forces in the highest esteem. and I welcome this wide-ranging inquiry. However, I am bound to say that I do not think anybody could read this Statement and the detail of the terms of reference without coming away with a very strong sense of disquiet about how these cases were investigated until now and how much other activity beyond these two cases the inquiry will have to investigate.

The Minister refers us to Saifullah and Noorzai, the two judicial review cases which are—or appear to be—key to this investigation happening at all. The second paragraph of the Statement opens:

"The decision has been informed by two ongoing judicial review cases known as Saifullah and Noorzai. The claimants in those cases assert that relevant allegations of unlawful activity were not properly investigated."

The last sentence of the fourth paragraph reads:

"The Saifullah and Noorzai claimants have been consulted on the terms of reference but I will not comment further on ongoing court proceedings."

I am bound to say that after a quarter of a century of practising in a court, in plain English that seems to me that we were compelled by the fact that we were going to lose these cases to have this investigation, and that is why the cases have been suspended while a proper investigation takes place.

There is another point I feel bound to ask the Minister about. On 14 July, James Heappey, the Minister for the Armed Forces, answered a UQ arising from a "Panorama" programme, which used language that my noble friend Lord Coaker repeated—and I encourage that sort of language in the House of Commons. He said among other things that the

"alleged criminal events referred to in the … programme have been fully investigated by the service police".—[*Official Report*, Commons, 14/7/22; col. 490.]

The circumstances of these two cases, Noorzai and Saifullah, were referred to in the programme. Why is there no mention of this "Panorama" programme in the Statement? A completely different impression was left in July in the House of Commons, and indeed in your Lordships' House, about the reliability of that "Panorama" programme and the fact that it had happened at all, so why was there no mention of that? Did the Minister for the Armed Forces know about these two ongoing judicial reviews when responding to the UQ? Why did he not mention them to the other place, and why were they not mentioned in your Lordships' House at that time? That suggests to me that not all the information that should have been given to Parliament was given at that time.

Baroness Goldie (Con): I will deal first with the matter of previous investigations. The noble Lord will be aware that significant investigations and reviews have already been undertaken by the MoD to investigate the allegations. That includes through service police investigations; reference was made to Operations Northmoor and Cestro. Steps have also been taken to improve the service justice system, and the inquiry will take all this into account.

In response to the noble Lord, Lord Coaker, and the noble Baroness, Lady Smith, I said that the Secretary of State proposed back in May that progress should be made on looking at an inquiry. I cannot specifically comment on what my right honourable friend Mr Heappey said in the other place on 14 July; I would need to look at *Hansard*. I think it would be for him to respond to the noble Lord's challenge or charge that he did not fully disclose to Parliament what the current situation was. Obviously I am not privy to what he knew, and it will be for him to address these matters.

As I previously indicated, a process was already under way to look at the possibility of a statutory inquiry. On the "Panorama" programme itself, the Royal Military Police has independently requested material from several sources, and legal engagement continues to secure access to that material, but as yet no new evidence has been received. This matter will now pass to the inquiry and to Lord Justice Haddon-Cave to pursue whatever channels of evidence he wants to procure.

[Baroness Goldie]

I do not think there is anything more I can offer the noble Lord. He will see from the terms of reference that this goes much wider than just the two events investigated under Northmoor and Cestro. There is a very wide remit for the inquiry and for Lord Justice Haddon-Cave to investigate a whole raft of things. To go back to the earlier point on which I think we are all agreed, if anything needs to be discovered and to come out, it is in the interests of all those who serve this country bravely and with the highest standards of professionalism that their reputations are kept intact. If there has been any wrongdoing, this inquiry will seek to uncover that.

Lord Campbell of Pittenweem (LD): My Lords, like others, I too hold our armed services in high esteem. As the Minister has just pointed out, this makes it all the more necessary that we should have an inquiry of the kind that we are discussing.

I begin by acknowledging that the appointment of Lord Justice Haddon-Cave is a very good sign, not least because his previous experience involves other elements of the military. He will therefore start with an advantage compared with someone who might, for example, have spent all his time in the Chancery Court, however worthwhile that time might have been.

The procedure and conduct of this inquiry are to be a matter for the judge. I observe in the description a reference to the fact that closed hearings may be held. Since there is no reference otherwise, does that mean that evidence may be heard in public, always within the discretion of the presiding judge?

The third and last point I want to make is this: I have some limited experience of responsibility in my party in relation to defence. The Saville inquiry took 12 years to produce a report—Saville being, of course, an analysis of what took place on what came to be called Bloody Sunday—while the Chilcot inquiry into the second Gulf War lasted six years. One appreciates the finely balanced tension between detail and getting it right but, the longer the issue is dragged out, the more difficult it may be for people to believe that the word "expeditiously", which was used in the Statement made in the other place, has any real meaning.

I appreciate that the Minister cannot give any undertakings, but it might perhaps be enough for me to suggest that the issue of "expeditiously" is one that the Ministry of Defence should impress as reasonably as it can upon Lord Justice Haddon-Cave when he begins his inquiry in full.

Baroness Goldie (Con): On the first point raised by the noble Lord, my understanding is that the evidence will be heard in closed hearings. As the noble Lord will understand, we are dealing with a lot of classified information. I thought the noble Lord was going to ask me whether it was truly independent to have this inquiry based in the MoD building; that is happening because the inquiry team will require access, certainly to classified IT, and that cannot be routinely accessed outside the MoD. To reassure your Lordships, this was a decision made by Lord Justice Haddon-Cave and it will ensure that the inquiry can proceed efficiently.

On timescale, there is a mutual interest on the part of the MoD and the inquiry in trying to come to conclusions without the passage of an unduly excessive period of time. Looking at the terms of reference, we see that we are dealing with fairly well-defined circumstances and situations. Lord Justice Haddon-Cave, with his panel for the inquiry board, will have his own view of what he wants to focus on. While it is the case that many investigations have taken place—this has already been referred to—it does mean that some body of evidence will be available and it will be possible for Lord Justice Haddon-Cave to come to his own conclusion about where he wants to reach for his new evidence.

When I say I think there is a mutual interest, the MoD would certainly like to see this concluded expeditiously, and I think Lord Justice Haddon-Cave will want to do that. But the noble Lord, Lord Campbell of Pittenweem, is correct: we do not want to compromise the purity of the investigation by feeling that we have our foot on the accelerator just to come up with a result. That would be an unfortunate conflict. That is why the MoD will be very careful about any engagement, because we do not want to give any impression that we are trying in any way to influence this inquiry. To me, the value of the inquiry is its independence. The noble Lord will understand that there is a mutual interest in everyone hoping that it can get its work under way, procure its evidence, begin to draw its conclusions and make recommendations in a reasonably swift period.

Lord Campbell of Pittenweem (LD): If the Minister will tolerate me intervening again for a moment, the terms of reference say under the heading of "Method":

> "As such, the procedure and conduct of the Inquiry are to be directed by the Inquiry Chair. There will be closed hearings and all necessary steps taken to protect sensitive material and the security of witnesses",

but they do not say that all hearings will be closed. That ambiguity probably ought to be resolved in some way, lest there should be expectations that are not fulfilled.

Baroness Goldie (Con): I hear the noble Lord and I will certainly seek to obtain further clarification. I rather took it at face value—that there will be closed hearings, as a statement of fact—but I will go back and double check.

Baroness Bennett of Manor Castle (GP): My Lords, I join the Front Bench spokespeople in welcoming in particular the part of the Statement that says that

> "all service personnel, veterans, and current and former civil servants who are asked to engage with the inquiry"

will be

> "given full legal and pastoral support."

That is obviously appropriate, given the horrors of what so many people went through in Afghanistan, including those affected by the chaotic withdrawal of UK and other troops, the emotional impact of which we have discussed previously your Lordships' House. I note that that is probably continuing, given that just today, the Taliban have said they are planning to ban girls and women from university education in Afghanistan—just the sort of thing that people saw themselves as there fighting for.

My question relates to non-military, non-official witnesses, who I assume will be Afghans. Should they be available for the inquiry, will they also get full legal and pastoral support? Obviously, we would need top-quality interpreters and support for those witnesses, many of whom may well be refugees. Will they be given the opportunity to reach the UK and testify to the inquiry if they are not currently here?

Baroness Goldie (Con): The information I have about the support being provided to witnesses is that all members of the Armed Forces, including the Reserve Forces, MoD civilians and veterans, are entitled to legal support, at public expense, when they face allegations that relate to actions taken during their employment or service and when they were performing their duties. Witnesses called up by the inquiry will be contacted by the MoD to discuss appropriate support. My understanding is that this is for everyone, serving and civilian, and both those giving evidence for and against the MoD. I have no further information about the position on support for witnesses who may be coming from abroad, but I undertake to look into that, and I will write to the noble Baroness if I can get further information.

House adjourned at 7.58 pm.