Vol. 835
No. 38

Tuesday
30 January 2024

PARLIAMENTARY DEBATES
(HANSARD)

# HOUSE OF LORDS
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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 |

No party affiliation is given for Members serving the House in a formal capacity or for the Lords spiritual.

# House of Lords

*Tuesday 30 January 2024*

*2.30 pm*

*Prayers—read by the Lord Bishop of London.*

## Horizon Europe
*Question*

*2.37 pm*

*Tabled by* ***Viscount Stansgate***

To ask His Majesty's Government what progress has been made since the United Kingdom re-joined Horizon Europe.

**Baroness McIntosh of Hudnall (Lab):** My Lords, on behalf of my noble friend Lord Stansgate, and at his request, I beg leave to ask the Question standing in his name on the Order Paper.

**The Parliamentary Under-Secretary of State, Department for Science, Innovation and Technology (Viscount Camrose) (Con):** Our bespoke Horizon association deal means that UK researchers can now fully participate on the same terms as researchers from other associated countries. The Government want UK academics, researchers and businesses to seize the opportunities presented by participation in Horizon Europe. Yesterday, the Government continued our push to maximise UK participation with the launch of a campaign to encourage UK businesses, academics and researchers to apply to Horizon Europe.

**Baroness McIntosh of Hudnall (Lab):** My Lords, I thank the Minister for a very optimistic prospect, but as he knows, negotiations for the UK to rejoin Horizon were protracted and quite difficult. While there was great relief in the research community when they were eventually successful—he may have heard the Government's Chief Scientific Adviser Dame Angela McLean talking about this on the "Today" programme this morning—there is ground for the UK to make up. Now that we have rejoined, is the Minister confident that UK-led research bids in this new round will attract their fair share of available funding? Is he aware of any difficulties there might be with visa arrangements for EU researchers who might want or need to come work in the UK? Can he also tell the House whether the Government are formally represented in EU ministerial discussions about Horizon Europe?

**Viscount Camrose (Con):** I thank the noble Baroness for her questions and will try to cover as much of the material as possible. First, I am pleased to say that we look forward to welcoming Commissioner Ivanova to the UK the week after next, when we will discuss many of these matters. In fact, I will be participating the following week at a ministerial meeting on Horizon in Brussels. It is historically exceptional for associate countries to attend at ministerial level, so I think it demonstrates good will on all sides. Meanwhile, we are pursuing a wide programme of activities to maximise participation. That includes supporting SMEs and others who would not traditionally have worked with Horizon, as well as a campaign launched yesterday and ministerial engagement. We remain optimistic, but, as I have said in this House, the damage has been done by protracted absence.

**Lord Johnson of Marylebone (Con):** My Lords, there are seven years of uncertainty to recover from, but better late than never. I strongly welcome the Government's pump-priming on behalf of applicants to Horizon Europe. In assessing the value for money of the programme, how important do the Government think it is that Switzerland also rejoins, and what efforts are they making to support Bern in that objective?

**Viscount Camrose (Con):** A range of other countries, as the noble Lord said, are also joining on an associate basis; Horizon is the largest programme of its type anywhere in the world. The total value of the programme is £80 billion over two years, and we consider that rejoining represents a significant opportunity for us following the uncertainty of our period of non-association. As to engagement with Bern, I am afraid that I do not have an answer for the noble Lord, but I will look into it; it sounds like a valuable contribution we could make.

**Lord Hannay of Chiswick (CB):** My Lords—

**Baroness Smith of Newnham (LD):** My Lords—

**Baroness Williams of Trafford (Con):** My Lords, it is the turn of the Liberal Democrat Benches.

**Baroness Smith of Newnham (LD):** My Lords, I pay tribute to the noble Viscount, Lord Stansgate, in his absence for persistently bringing the issue of Horizon Europe to your Lordships' House. Today, obviously, we can be very glad that the UK has rejoined, and I declare my interest as a professor of European politics at Cambridge and as having previously received money from European Union research funding. Clearly, as an academic, I am delighted that we are back in, but how much is this blitz of information about rejoining Horizon Europe costing the Government and how far have we lost out by being an associate member and not a full member? As the Minister said, we are now treated like other associate members; what does that mean in practice?

**Viscount Camrose (Con):** I echo the noble Baroness's remarks about the noble Viscount, Lord Stansgate. Being an associate member in practice allows us access to all Horizon calls from 2024 onwards, with the very small-in-volume exceptions of EIC funds or what the EU has determined to be strategically sensitive areas, including quantum. I should add that we and the EU have publicly committed to working towards opening even those small areas up, so we would have very full access to the Horizon programme.

**Lord Hannay of Chiswick (CB):** My Lords, will the Minister accept welcome for the campaign launched by the Government today to catch up with what was

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lost? Does he recognise that many of these programmes are multiannual, spanning quite a period, and that it would therefore be a great help if the Government could make it clear that their intention is that we should continue to be an associate member of Horizon beyond the duration of the present programme?

**Viscount Camrose (Con):** Yes, indeed. I very much recognise the value of the Horizon programme. Of course, any Horizon programme beyond the current one does not exist yet, except conceptually in the minds of all the current participants, but obviously we would look very favourably at participating as and when its terms were made clear.

**Lord Winston (Lab):** My Lords, until Brexit, it was clear that the United Kingdom was second only to the United States in research in science, engineering and medicine. Can the Minister be kind enough to tell the House what assessment the Government have made of the impact of the loss of the Horizon programme in terms of citations and publications?

**Viscount Camrose (Con):** As I have said in this House before, there is no doubt that our period of non-association with the Horizon programme did lasting damage. We have to focus now on repairing that damage. It is very difficult to put a number in currency on the value of that and I am not sure I would know where to begin. I absolutely acknowledge that the damage was real and is going to take a very conscious effort to fix.

**Lord Patel (CB):** My Lords, it is good that from 1 January 2024 we are now associate members of Horizon, with the benefits it will bring, including the citation levels, but the Treasury withdrew £1.6 billion of funding that was earmarked for research during the time when we were negotiating joining Horizon Europe, and I understand from a further report published recently that a further £1 billion was removed. Can the Minister confirm that that is not the case?

**Viscount Camrose (Con):** As is absolutely normal practice, money ring-fenced for a purpose to which it does not go is, in order to keep budgets taut and realistic, returned to the Treasury, but that in no way indicates an intention to diminish our spend on science and R&D. The Government remain committed to spending £20 billion a year on R&D by the 2024-25 spending review.

**Baroness Jones of Whitchurch (Lab):** My Lords, what proportion of Horizon-funded projects are now led by UK research institutions compared to our previous well-known standing in the European research field?

**Viscount Camrose (Con):** We have only very recently reassociated to Horizon, so we will not know who bid under the Horizon 2024 programme, or who the leader is or who has been successful, for, on average, six to nine months between making the proposal and receiving word, but at that time I will keep this House up to date on that important question.

**Lord Trees (CB):** My Lords, today is World Neglected Tropical Diseases Day. Historically, EU Horizon research funding has been hugely valuable in supporting British scientists at our world-class biomedical institutions to collaborate with Asian, African, South American and European scientists to tackle neglected tropical diseases and diseases such as malaria. Can the Minister reassure the House that with our associate membership there will still be the possibility of funding those collaborative arrangements with the global South, with scientists in Africa, Asia and South America, in order to tackle these terrible neglected tropical diseases which threaten the most disadvantaged populations in the world but also our public health?

**Viscount Camrose (Con):** Yes, absolutely. I thank the noble Lord for bringing up such an important and interesting area of science. I can confirm that our associate membership of Horizon would give us access to any and all Horizon calls alongside any other EU member or associate member, provided they are not designated as strategically significant, which those tropical diseases would not be.

## Household Support Fund

*Question*

*2.48 pm*

*Asked by* ***Baroness Lister of Burtersett***

To ask His Majesty's Government what assessment they have made of the impact of the Household Support Fund; and what plans they have for (1) the future of the fund, and (2) the role of local crisis support generally.

**The Parliamentary Under-Secretary of State, Department for Work and Pensions (Viscount Younger of Leckie) (Con):** My Lords, an evaluation of the current household support fund scheme is under way to better understand the impact of the funding. The current household support fund runs until the end of March 2024, and the Government continue to keep all their existing programmes under review. Councils continue to have the flexibility to use funding from the local government finance settlement to provide local welfare assistance. As with all government policies, this remains under review.

**Baroness Lister of Burtersett (Lab):** My Lords, the discretionary household support fund has acted as a vital lifeline come sticking plaster, filling some of the holes in our totally inadequate social security safety net. If, as is feared, the sticking plaster is torn off from April—just two months away—it will leave and deepen a gaping wound of dire hardship. Will the Minister therefore convey to the Chancellor the urgency of the calls from local authorities and civil society groups for the fund to continue for at least a year, followed by a proper long-term strategy for local crisis support in place of last-minute, ad hoc funding decisions?

**Viscount Younger of Leckie (Con):** I will certainly convey the noble Baroness's entreaties on that front. I am the first to be aware that the Government recognise that pressures remain on certain household budgets. The household support fund primarily includes help with food and energy bills but also support for other household essentials and bills, such as broadband or phone bills, clothing and essential transport-related costs. On average, households in the poorest income deciles are gaining the most in cash terms as a percentage of net income in 2023-2024 as a result of this Governments' policies announced in the Autumn Statement of 2022.

**Baroness Redfern (Con):** My Lords, my noble friend the Minister stated that an evaluation is under way to better understand the impact of the household support fund. Does he agree that the scheme is allocated fairly to local authorities, and, importantly, who decides where funds are targeted?

**Viscount Younger of Leckie (Con):** I can reassure the House that allocations are targeted fairly and proportionally on the basis of population, weighted by the index of multiple deprivation. The distribution of funding is targeted at the areas of the country with the most vulnerable households. This ensures that funding proportionally reaches those areas in England with the most need. It is for each local council to decide, as my noble friend may know, where and when they distribute their funding, within the parameters of the fund's terms and conditions.

**Lord Palmer of Childs Hill (LD):** My Lords, the term "impact assessment" has been used by other speakers. I am sure that the Government have carried out impact assessments of what will happen if this fund is removed or reduced. Can the Minister tell the House how much funding will remain available to local authorities for discretionary local welfare assistance should the household support fund be reduced or discontinued? The idea is that it will come out in the wash, more or less, as the Minister says, but we want to know in advance what the situation will be. For instance, is there an estimate in the Minister's file of the number of children in England who will no longer be eligible for free school meals during the school holidays once the household support fund is ended or reduced?

**Viscount Younger of Leckie (Con):** To date, over £2 billion-worth of support has been allocated to local authorities in England via the household support fund to support those most in need. As I said, it is up to local councils to decide how it is disbursed. Local authorities in England are funded through the finance settlement to deliver local welfare provision.

**Lord Blunkett (Lab):** My Lords, it would be deception of the worst order if the Government were to announce, as they have over the last few days, a £600 million uplift to upper-tier local authorities only then, a few days later, to pull the plug on £2 billion. The £10 million that goes to Sheffield has been crucial in maintaining the well-being of thousands of children. I appeal to the Minister to go back to his colleagues and ensure that there is no duplicity and that the most vulnerable can continue to get help from 1 April.

**Viscount Younger of Leckie (Con):** I hope I can provide some further reassurance to the House and to the noble Lord. He will know that the Government have announced initial measures for local authorities in England worth £600 million. This includes £500 million for new funding for councils with responsibility for adult and children's social care, distributed through the social care grant.

**Baroness Lawrence of Clarendon (Lab):** My Lords, what discussion have the Government had with local authorities about sustaining a local crisis support service, given that the majority of the funding is about to vanish in March with the household support fund?

**Viscount Younger of Leckie (Con):** I alluded earlier to the fact that we were undertaking an evaluation of the household support fund; the HSF4 scheme is under way, which will seek to understand the delivery and impact of the HSF4 funding provided to local authorities. We expected this to be completed in the summer, so I hope that this answers the noble Baroness's question.

**The Lord Bishop of London:** My Lords, groups such as those with English as an additional language and disabled people face higher barriers to accessing local crisis support. Will the Government in their evaluation consider the strategies that are in place, or could be put in place, to ensure that those who face barriers can access local crisis support?

**Viscount Younger of Leckie (Con):** Absolutely. That is a very good point, because local authorities have the funding and the autonomy to decide how it is directed. The government guidance is that the most vulnerable must be targeted first. I think the categories the right reverend Prelate has raised would fit into that area.

**Baroness Thornton (Lab):** My Lords, I would like to return to my noble friend's original Question about the temporary sticking-plaster measures. Decisions made at the last minute are not a substitute for a proper social security system that offers families a safety net in difficult circumstances. I want to ask the Minister about the plan, beyond the decision about the household support fund, which will come very late for families and local authorities. How will the Government ensure proper stability and security for families during difficult circumstances?

**Viscount Younger of Leckie (Con):** I have outlined some of the measures. Perhaps the noble Baroness is alluding to the benefit cap, which we always keep an eye on. We believe that this provides a very strong work incentive and fairness for hard-working, tax-paying households and encourages people to move into work where possible. I reassure the noble Baroness that we are keeping that under review. The Secretary of State is not minded to review the levels, as there is no

[Viscount Younger of Leckie]
statutory obligation to do so. There was a significant increase, as the noble Baroness will know, following the review in November 2022.

**Lord Young of Cookham (Con):** My Lords, the household support fund has given a lot of help to vulnerable families, not least unpaid carers. I very much hope it will be possible to continue it. However, if the resources are not there, could my noble friend consider some sort of tapering, rather than a sharp cut-off at the end of March?

**Viscount Younger of Leckie (Con):** My noble friend is right that we should continue to recognise the important role that unpaid carers play around the country. Our guidance asks that local authorities consider the needs of various households, including unpaid carers. The Government have increased carer's allowance by around £1,200 a year since 2010-11.

**Baroness Scott of Needham Market (LD):** Will this evaluation include full consultation and discussions with the charity and voluntary sector, which, after all, understands very well the impact that reducing or removing this fund would have? That sector will be at the front line of picking up the problems should it be removed.

**Viscount Younger of Leckie (Con):** I will need to check, but I feel certain that that will be the case. I will write to the noble Baroness if I am wrong. It is a very good point.

**Baroness Royall of Blaisdon (Lab):** My Lords, in answer to my noble friend Lord Blunkett, the Minister mentioned the £600 million recently announced for local councils. My noble friend suggested that, even when Sheffield has its allocation of that money, it will still not be enough and will not provide the desperately needed assistance that clearly comes at the moment from the household support fund. How do the Government think that local councils will be able to provide the sort of support that the household support fund gives if it is not there?

**Viscount Younger of Leckie (Con):** Fairness should be at the heart of this. I reassure the noble Baroness that we are providing support to households, directly and indirectly, to help with the high cost of living, worth around £104 billion over 2022-23 and 2024-25. This includes raising working-age benefits by 6.7% and state pensions by 8.5% from April next year.

## Children's Care Homes: Private Equity

*Question*

*2.58 pm*

*Asked by* ***Lord Wood of Anfield***

To ask His Majesty's Government what regulation they are planning in response to the findings of a recent investigation by the *Observer* that private equity firms' investments in children's care homes in England have doubled since 2018.

**The Parliamentary Under-Secretary of State, Department for Education (Baroness Barran) (Con):** My Lords, we recognise the concerns that the noble Lord refers to, particularly around large providers with complex ownership structures. We agree that sometimes placement costs are too high. That is why we are providing £259 million of capital funding to support local authorities to increase care placements and ensure that they meet children's needs. We will introduce a new market oversight regime that will increase transparency on debt structures and profitability.

**Lord Wood of Anfield (Lab):**My Lords, I thank the Minister for that Answer. The problem, however, is that the current mixed economy in the children's care market is completely broken. Private equity providers are making high profits in the sector, increasing their margins and carrying large levels of debt, yet expanding their share of the care market at the same time. Meanwhile, increasing numbers of councils face crisis or even bankruptcy. Can the Minister tell us how the Government plan to eliminate specifically private equity profiteering in this sector? Can she also clarify whether it is government policy to substantially reduce the presence of private equity firms in the children's care market?

**Baroness Barran (Con):** I am glad that the noble Lord used the word "profiteering": he beat me to it. As he has heard me say before, the Government are not against profit-making but they are against profiteering. Having much greater financial transparency will go some way to addressing his concerns, but the fundamental thing that has to shift is having fewer children in children's homes and more children in foster care. That is why the Government place such emphasis on supporting foster carers and, indeed, kinship carers.

**Baroness Tyler of Enfield (LD):** My Lords, a recent DfE review found that a third of the just-over 6,500 youngsters in residential care homes could have gone to foster homes, which usually offer better outcomes and a better quality of life, and cost about a 10th of the price. The Minister has just referred to this. What precisely is going to happen to ensure that there is proper and meaningful investment in foster and kinship carers to reduce the councils' dependence on some of these private equity residential care providers and stop this extreme and excessive profiteering?

**Baroness Barran (Con):** The noble Baroness will be aware that we are investing £36 million in foster care, starting with work with local authorities in the north-east to encourage recruitment of more foster carers. That programme has got off to a very good start. We have also launched the first ever national kinship care strategy, backed by £20 million of investment in the financial year 2024-25.

**Lord Sikka (Lab):** My Lords, private equity has already devoured care homes such as Southern Cross and Four Seasons, which actually had more subsidiaries than General Motors. Profiteering, asset stripping and tax avoidance are the basic business model in private equity. Studies have shown that private equity in care

homes is making profits in the range of between 30% and 40% of the revenues. That is clearly unacceptable and is very poor value for public money. Can the Minister give an undertaking that there will be an investigation into the role of private equity in care homes and healthcare?

**Baroness Barran (Con):** The noble Lord will be aware that the Competition and Markets Authority has already done a great deal of work in this area and has made recommendations which are behind our commitment to a much clearer market oversight regime. We will bring forward legislative changes to enact that when parliamentary time allows.

**Baroness Bennett of Manor Castle (GP):** My Lords, I will follow on from the question of the noble Lord, Lord Sikka, about value for money. The Minister said that the Government are against profiteering but not against profit. What actual value is added by having private sector companies involved in this sector, when we should see all the public money that is being spent going into the care of children, and not into profits?

**Baroness Barran (Con):** The first thing—whether the noble Baroness agrees or not—is that it provides an enormous amount of capacity, and in her zeal to address the profitability of the sector we need to consider also the stability of those placements for children.

**Lord Whitty (Lab):** My Lords, I think it was only two Prime Ministers ago who promised before the last general election that they would fix social care. The problems that we have talked about today apply to the whole of the social care sector. In effect, those who pay for care—whether for elderly parents or local authorities for children and others, who are very vulnerable people—are subsidising private equity companies' profits. When are the Government going to get round to fixing it and have a whole new policy for social care that improves the conditions for everybody?

**Baroness Barran (Con):** We have announced our new social care strategy. The noble Lord will be aware of the independent review of children's social care, which we have acted on. We are now starting to implement the initial pathfinder sites to test our new family-led approach to social care. As he said, these are vulnerable children and families, so we need to do this judiciously.

**Baroness Wilcox of Newport (Lab):** The Minister previously spoke of bringing in financial oversight to children's social care. Figures from PoliticsHome show that the average placement now costs £281,000, which has risen by 25% over the last two years. Clearly, swift steps need to be taken to bring down those costs. She has previously alluded to the money going in, but can she be clear about the timeline for a new financial oversight regime and how it will help?

**Baroness Barran (Con):** As I said, bringing forward the legislative changes necessary to implement a new regime depends on parliamentary time. However, we are not wasting any time in trying to support the foster market, for all the reasons that noble Lords have already set out.

**Baroness O'Grady of Upper Holloway (Lab):** My Lords, there is a sense of urgency here, as this issue is not only about gross profiteering and loading up homes with debt but about respect for the human rights of children. What active consideration are the Government giving to price caps, which some local authorities have called for—or, better still, to moving towards a model of public ownership in the public interest?

**Baroness Barran (Con):** We are looking at a number of different options in this area. Although I am not suggesting that these are absolutely comparable, in 2023-24 the average cost of a residential care placement provided by a local authority is just under £5,500, but the average placement provided by the private or voluntary sectors is just under £4,700. Costs may not be the main issue here.

**Lord Alton of Liverpool (CB):** My Lords, to give the House a clearer idea of the trends, can the Minister tell us how many children are currently in care homes and foster homes? What have been the trends over the last decade and what are the predictions for the next decade?

**Baroness Barran (Con):** There are just under 8,000 children in children's homes, about 57,000 children in foster care and just under 7,000 children in either secure placements or independent supported accommodation.

**Lord Forsyth of Drumlean (Con):** My Lords, this attack on the private sector is extraordinary, is it not? Local authorities are desperate for capital and the resources to provide for children, yet the private sector, which is providing that capital, is under attack. Surely the alternative is that there will not be the resources needed for children.

**Baroness Barran (Con):** My noble friend pointed to a more fundamental question, namely: why have local authorities and charities, which used to provide these services, stepped back in a world where the private sector can make a decent return on them?

**Lord Watts (Lab):** My Lords, let me be clear: it seems from the Minister's answers that the Government are quite happy for these companies to rip off the taxpayer. When will they do something about the taxpayer being ripped off by companies that are adding to debt and making huge profits?

**Baroness Barran (Con):** I am not aware of the specific cases the noble Lord referred to, and it is dangerous to generalise in this area. We have seen disgraceful behaviour by some providers—noble Lords will remember the case of the Hesley homes where unforgivable child abuse went on—but that is not what we are seeing across the whole sector. What we need is

[Baroness Barran]
to move those children who do not need to be in children's homes out of them and into foster care or kinship care—and that is where we are focusing.

## UK-Canada Trade Deal: Suspension of Negotiations

*Question*

*3.09 pm*

*Asked by* ***Lord Foulkes of Cumnock***

To ask His Majesty's Government what assessment they have made of the effect of the suspension of negotiations for a trade deal with Canada.

**The Parliamentary Under-Secretary of State, Department for Business and Trade and Scotland Office (Lord Offord of Garvel) (Con):** I thank the noble Lord for his Question. The pause in negotiations does not impact our existing trade agreement with Canada, which underpins £26 billion-worth of trade per annum. The UK has decided to pause negotiations towards a new UK-Canada FTA in response to actions taken by Canada that reduce our current market access. Negotiations were launched with public commitments to increase and improve trade. Recent additions by Canada do the opposite. It is right, therefore, to pause the negotiations.

**Lord Foulkes of Cumnock (Lab Co-op):** My Lords, post-Brexit trade negotiations are in total chaos. George Eustice, who was Environment Secretary in the Cabinet at the time, described the deal with Australia as a "failure". Now we have pulled out unilaterally from the Canadian deal. Is that because the Secretary of State is too busy plotting, or perhaps because we do not have enough qualified people to negotiate with Canada? On what basis and terms do we crawl back in to ask Canada to restart negotiations?

**Lord Offord of Garvel (Con):** I fundamentally disagree that we are in chaos; quite the opposite. We are making great progress. The first thing that we did when we left the EU was do a trade deal with Europe that involved rolling over trade deals with 65 countries. We have now improved that with a further seven deals. When I was in Canberra two months before Christmas, the Australia deal was held up as one of the best deals it had ever signed. As we move through, because our economy is 80% services and 20% goods, we have now got trade deals that encompass services, digital and innovation.

We wanted to do the same deal with Canada, but Canada crossed one of our red lines. The negotiations have not failed. The noble Lord and I have done many negotiations together—we sometimes have moments of pause. The Canadians have crossed a red line where they know we would never accept the hormone beef trade deal that they want to do with us. We have said no to that, which is why we have stopped.

**Baroness McIntosh of Pickering (Con):** My Lords, I congratulate the Government on the position they have taken by pausing the trade talks at this time, reflecting the high production standards that our farmers have to meet in this country. Could my noble friend explain what the position is specifically on exports of British cheese to Canada, including the excellent cheese produced in north Yorkshire? I understand it now suffers from a 245% tariff on export to Canada.

**Lord Offord of Garvel (Con):** Cheese is now a pawn in the game, and that has now become the focus of attention. When we were in the EU, we had 2,000 out of 14,000 tonnes of cheese allocated to us. That has now been taken away and allocated to Europe—France and Germany, mostly. We are now allocated 6,000 for the rest of the world. Canada knew that we had a right to roll that over to 2,000 within the WTO trade agreement. We do not have that now. That is £18 million of trade. Out of £26 billion, one might say that is a small number, but we know that the farms in Somerset and Wales in particular, which produce incredible quality cheese, have built up a superior market share in Canada. The Canadian consumer wants this cheese and has been buying and stockpiling it for six months in advance of this happening. This has only happened because the Canadian farmers want to send hormone beef to the UK and we refuse to drop our standards, as some people said we would do when we left the EU.

**Lord Purvis of Tweed (LD):** My Lords, among the letters I received from Ministers after every trade negotiating round with Canada, saying everything was on track, the letter telling me that things had gone off the rails—sorry, "paused"—must have gone astray. That information that the Minister gave is not new information. I warned the noble Lord, Lord Johnson, last summer, after I led a CPA delegation on trade to Ottawa and Toronto, of the difficulties—but he ignored them. That is compounded by the fact that businesses are now paying £100,000 more per business for trade with Europe and new checks will be coming into place tomorrow. So when does the Minister forecast that we will have frictionless trade with Europe?

**Lord Offord of Garvel (Con):** With Europe, as the noble Lord knows, when we agreed to join what was then the European Common Market, Europe accounted for one-third of global trade. We all know that, when we left in 2019, that was 16% of global trade. In 2050, the OECD says it will be 9% of global trade. So the UK has tilted to where the market is. The market is in the Indo-Pacific, which is why we joined the CPTPP. The last time I looked at the map, Britain was not anywhere near the Pacific. We managed to get America's place in the CPTPP, which is 40% of the world's fastest-growing consumers. As we sign those trade deals and go around with Vietnam, Indonesia, Korea and Japan, we are building out a trade base for our farmers and manufacturers which is far greater than they had in Europe.

**Lord Wigley (PC):** My Lords, I recognise the importance of the safeguards on beef, which I am sure are of concern to everyone. However, does the Minister not accept the point made by the noble Baroness a moment ago about the impact on cheese manufacturers?

It is not only the extent of the charges that will hit them but the speed with which they may come in, and there could be very serious cash flow implications for many manufacturers. Can the Government please look at some possible relief for such companies, which may be suffering as a direct consequence of these changes?

**Lord Offord of Garvel (Con):** I thank the noble Lord for that question. We fundamentally agree with that. We have been talking with the cheese manufacturers all the way through this. We send £200 million-worth of food to Canada and it sends us the thick end of £600 million back, mostly wheat, maize and lobster. However, we do not want to take the hormone beef. That is where the beef is. The issue, therefore, is that we have £18 million of trade that we need to try to support, and we will do our best to support those impeccable farmers, especially in the West Country and in Wales.

**Lord Hannan of Kingsclere (Con):** My Lords, Canada is notorious for gearing its trade policy around its dairy sector, which is particularly strong in Quebec. However, is not the wider issue here whether Britain will always follow EU rules on sanitary and phytosanitary standards? According to the WTO, SPS measures must never be economic and can be justified only by science. The EU's ban on these various kinds of beef has been condemned by its own scientific advisory agency and by the WTO. Is it the view of my noble friend the Minister that our SPS regime, as long as it is tied to the Brussels one, it is compatible with WTO regulations?

**Lord Offord of Garvel (Con):** This is the issue. Canada has been in a recent—2016—deal with the EU and understood the SPS rules of the EU. It understands fundamentally that we are not reducing our rules on SPS, but it has seen an opportunity, and you go for the gap when you see the opportunity, do you not? If you are a trade negotiator, you think to yourself, "Where can I get my point of advantage?" On our two outstanding issues, the cheese and the rules of origin—where, again, we are pretty much sorted with a rollover from the EU—Canada has seen an opportunity to cross that line. It is a pause in negotiations and we will get back round the table as soon as it comes back over the red line.

**Lord Leong (Lab):** My Lords, the Institute for Government has warned that the Government's failure to set out red lines on key issues in trade talks is a "recipe for disaster" and could delay new trade agreements. They now need to move urgently to put them in place, otherwise they will find themselves losing control of trade negotiations to better-prepared partners. What assessments have the Government made of the size and experience of negotiating teams as part of the recent machinery of government changes?

**Lord Offord of Garvel (Con):** I thank the noble Lord for that. That is one of the reasons why we split up BEIS and put it into different, independent departments. However, my department, the Department for Business and Trade, is now well equipped to lead these negotiations. As I say, we have done the 65 country rollovers; we are now up to 73 countries and we have another 12 in the pipeline. We have a chief negotiator, Crawford Faulkner, who came in from New Zealand—I declare an interest in that he was born in Greenock, around the corner from me—who is doing an excellent job. The issue here is that our economy is now 80% services and 20% goods, but our exports are 50:50, which is because our goods are good. They go around the world and everyone wants to buy them. However, the direction of travel will be two-thirds services, one- third goods, which is why we need new trade agreements that cover services—not just goods—digital and innovation. That is exactly what we have with Australia, and that is what we are trying to achieve with Canada. I am hopeful that we will be able to get the show back on the road with Canada.

**Baroness Quin (Lab):** My Lords, following the comments made by the noble Lord, Lord Purvis, will the Minister at least assure us that trade with our nearest and biggest market is still important to us? Will he perhaps also reflect on some of the problems of trading with countries very far away, both in terms of environmental impact and of course recently in terms of the very worrying security situation in the Red Sea?

**Lord Offord of Garvel (Con):** I thank the noble Baroness for that. Indeed, the EU 27 still account for 40% or 41% of our exports. If you expand that to the euro 34, it is 49% of our exports. So 50% of our trade is still with Europe, 20% is with America and 30% is with the rest of the world. But the direction of travel is that the growth will come from the rest of the world, not just in Europe. Europe will remain important. In terms of our goods, the sticky part of our pie chart has been our manufactured goods to Europe, which is 24%. That has been difficult—but the other 76% is going gangbusters.

## Modern Slavery Act 2015 Committee

*Membership Motion*

*3.19 pm*

*Moved by* ***The Senior Deputy Speaker***

That Baroness O'Grady of Upper Holloway be appointed a member of the Select Committee, in place of Baroness Henig; and that Baroness O'Grady of Upper Holloway be appointed Chair of the Select Committee.

*Motion agreed.*

## Investigatory Powers (Amendment) Bill [HL]

*Third Reading*

*Scottish Legislative Consent sought*

*3.20 pm*

*Motion*

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

That the Bill be now read a third time

**The Parliamentary Under-Secretary of State, Home Office (Lord Sharpe of Epsom) (Con):** My Lords, throughout the preparation and passage of the Bill, we have been working closely with each of the devolved Administrations. Most of the provisions are UK-wide and are reserved, as national security is a reserved matter. A small number of measures in Part 2 of the Bill, on oversight, engage the legislative consent process in the Scottish Parliament. Currently, the Scottish Parliament has not granted a legislative consent Motion, although I can confirm to noble Lords that the Scottish Government have lodged one. We are engaging constructively with officials, and I reassure noble Lords that the Government will continue with this engagement as the Bill is introduced into the House of Commons. I beg to move that this Bill be read a third time.

*3.21 pm*

*Motion*

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

That the Bill do now pass.

**Lord Sharpe of Epsom (Con):** My Lords, I extend my gratitude to all noble Lords who have contributed to the Bill, both on the Floor of the House and outside. We all agree that this piece of legislation is both important and necessary. The targeted amendments that it will make to the Investigatory Powers Act 2016 will ensure that the UK's intelligence services and law enforcement will continue to have the tools at their disposal to keep this country safe, while ensuring that these are used in a proportionate way which places privacy at its heart. As the Bill passed through this House, the valuable debate has shaped it into what it is now. I am pleased that the House was able to reach agreement on several areas of potential divergence and that we send the Bill to the other place in exceptional shape and with cross-party support.

I first correct the record on one small point I made in my speech on the second group of amendments in last Tuesday's debate on Report. His Majesty's Treasury is not an example of a public authority that already has the power to acquire communications data using a Part 3 request. Examples of public authorities which do have these powers include His Majesty's Revenue & Customs and the Financial Conduct Authority, both of which perform a range of vital statutory functions using communications data.

Once more, I extend thanks particularly to the noble Lord, Lord Anderson of Ipswich, who has been crucial in shaping the Bill through his independent review of the Investigatory Powers Act and his contributions during the Bill's passage. My thanks go also to the noble Lord, Lord West of Spithead, and his colleagues on the Intelligence and Security Committee. The input from him and his fellow committee members has been valuable and intended to improve the Bill. He has been ably and knowledgeably supported by the erstwhile chair of the committee, the noble Lord, Lord Murphy of Torfaen.

Similarly, I have valued the collaborative and serious way in which the Opposition Front Benches have engaged on matters of such importance, so I offer my thanks to the noble Lords, Lord Coaker, Lord Ponsonby and Lord Fox, for their desire to scrutinise the Bill carefully and constructively.

I am much obliged to the support of other noble Lords who have contributed with such eloquence and expertise as the Bill has passed through this House. In particular, the noble Baroness, Lady Manningham-Buller, and the noble Lords, Lord Evans of Weardale and Lord Hogan-Howe, have all provided an invaluable perspective from their professional backgrounds. The noble Lord, Lord Carlile of Berriew, and the noble and learned Lord, Lord Hope of Craighead, both made a number of important and insightful interventions to help shape the debates and work towards practical solutions, for which I am grateful. My thanks go also to my noble friend Lord Gascoigne and his team in the Whips' Office for their support as the Bill passed through this House.

I ask noble Lords to join me as I thank the policy officials and lawyers in the Home Office teams led by Lucy, Phoebe, Lucy, Hugh, Rob, Daphne and Becca, whose significant efforts have made this Bill happen. It is their hard work that has brought the Bill to this point. My thanks go also to the Bill team—Tom, Megan, Sophie, Emer and James—as well as Dan in my private office. I am also very grateful to Pete and Lucy, the expert drafters in the Office of the Parliamentary Counsel, for preparing the Bill and amendments during its passage.

Finally, I thank the intelligence agencies and law enforcement for their expert contribution to the Bill and for the work they do to keep this country safe day after day. The Bill will ensure that they continue to have the tools they need to carry out this task. We will all be the safer for it. We remain hugely grateful for their work.

As we send the Bill to the other place, it needs very little amending, save for some tidying up here and there. It is the first job of government to keep this country safe. The Bill helps us do just that.

**Lord West of Spithead (Lab):** My Lords, first, I thank the Minister and his team for the liaison and the work we did together to try to meet all our concerns about the Bill. I also thank him for giving me the excitement of my life in that I had an amendment accepted—for the first time in 14 years. That is a pretty good strike rate, is it not? I was pleased about that as well.

We on the ISC are very happy that the Bill is needed. However, as the Minister knows, we are still concerned that there is insufficient acceptance of the fact that parliamentary scrutiny is required by the ISC more broadly in this and a number of other areas. I am sure this will be brought up in the other place; otherwise, I am pleased that we have moved this Bill forward at pace.

**Lord Anderson of Ipswich (CB):** My Lords, I echo all the thanks that came from the Minister. I do not think I can add to his list, but I certainly endorse everything he said.

Bills of this nature can be controversial. We are seeing this in some other parts of the world at the moment. That was not the case in your Lordships' House. That

is testimony to the care with which the Bill was prepared, the civilised way in which it was debated and the openness of the Government to some of the important points made during our debates. I single out in particular the work of the Intelligence and Security Committee for the great scrutiny that it applied to it.

If I may, I will depart briefly from the studied impartiality associated with the Cross Benches. With the Government and Opposition so closely aligned on a Bill, it was particularly useful that we heard from the Liberal Democrats—with their sometimes annoying but rather necessary process of probing amendments. They caused everyone to think carefully about what we were doing. All in all, it was a happy experience for me. I hope that this is a good model for future Home Office Bills.

**Lord Fox (LD):** My Lords, having been cleared to annoy your Lordships' House, I will do my best to do so.

This Bill started in your Lordships' House and now heads to the Commons. Its primary purpose of enabling the intelligence services to better build their data models and teach their AI systems has been left completely unmolested by your Lordships. However, other parts of the Bill have attracted a fanfare of concern from certain external parties—particularly the large platforms. Whether the Government and Apple are at cross purposes or the Minister really is out to get it, we in your Lordships' House were unable to muster sufficient traction to find out or clarify. It is now up to the MPs if they choose to pick up that particular baton.

There was also an unresolved issue around the triple lock and the Prime Minister's role when they might be in conflict. Again, this has moved from our orbit. I hope the tenacity of the noble Lord, Lord Anderson, and the noble and learned Lord, Lord Hope, might still be involved somehow between here and the other place. The Minister raised the important issue of legislative consent. I hope he is successful in these negotiations.

I echo what other noble Lords have said. This has been a well-mannered and constructive process of discussion, with everybody moving in the same direction, albeit at different speeds.

I thank the Minister and the team he named for their time, availability and openness in our discussions. I also thank all the many external organisations and individuals who took time either to meet and brief or to send information which helped inform our debate. The discussion was greatly enhanced by the noble Lords, Lord Coaker and Lord Ponsonby, from the Front Bench, and by colleagues on their Benches, as well as the Cross Benchers. They played a pivotal role in our discussions.

Finally, I thank the home team: my colleague, my noble friend Lord Strasburger, and, most of all, Elizabeth Plummer in the Lib Dem Whips' Office, without whom nothing is possible.

*3.30 pm*

**Lord Coaker (Lab):** My Lords, we welcome the Bill and see it as an important step forward for our country. I thank the Minister and his colleagues very much for their constructive engagement all the way through; we very much appreciate that. I join the Minister in thanking his officials, all of whom have been helpful in ensuring that we understand the Government's proposals. I wish him well with the Scottish Government and sorting out the various legislative consents; I hope that happens as soon as possible.

I thank my noble friend Lord Ponsonby for his support and help, and Clare Scally of our Whips Office, who has done an amazing job. I also thank the noble Lord, Lord Fox, the representative of the Liberal Democrats, who have engaged with us and others constructively on the Bill. I also single out the noble Lord, Lord Anderson of Ipswich, whose report gave us a hugely beneficial platform through which to move forward. When an expert puts a report together and the Government engage constructively with it, it helps enormously. Similarly, I thank my noble friends Lord West and Lord Murphy, the ISC for its work and the intelligence services, some of whose representatives are here, for their input. It would be remiss of us not to join the Minister in thanking them again, particularly when we read on the front pages of our newspapers the threat to so-called Iranian dissidents in this country from Iranian criminal gangs. It shows yet again the importance of the work they do.

The Bill is an important step forward because it maintains the powers that our police and other services need to stay ahead of the criminals and those who would organise against us. There are still one or two issues to be looked at, but the Bill leaves us in a good place. As the noble Lord, Lord Fox, said, there will be continuing debate about the triple lock and whether the wording used is completely right, but it is a significant step forward. As my noble friend Lord West mentioned, it shows the Government in a good light when they listen to the arguments and accept amendments because they are the right thing to do. I hope that we can do that in other areas as well.

There are still issues with the oversight the ISC has more generally of government business, and how large companies' security measures and the work they do will continue under the Bill. However, the Minister is to be congratulated on the open way he has led the legislation through the House. As others have said, it is a case study in how to do it, and we are very grateful for it.

*Bill passed.*

## Post Office Ltd

*Commons Urgent Question*

*The following Answer to an Urgent Question was given in the House of Commons on Monday 29 January.*

"Following a conversation with the Secretary of State for Business and Trade over the weekend, Henry Staunton agreed to step down as chairman of the Post Office. An interim chair will be appointed shortly, and a recruitment process for a new chair will be launched in due course, in accordance with the governance code for public appointments. I will update the House when we have further details.

The current chairmanship was not proving effective, and we had a difficult decision: change course, or wait and hope that it improves. Given the challenging context for the Post Office and the importance of the role of chair, the Business Secretary took decisive action. I understand that Members would like more details around the decision, especially considering that the Post Office is rightly under heightened scrutiny at this time. I can confirm that there were issues beyond the handling of the Horizon scandal, but as honourable Members would expect, I am not able to comment on the specifics of individual human resources cases.

As the Business Secretary has said, Post Office governance is a priority for the Government. The Post Office is a public corporation; as such, the Post Office board has responsibility for the strategic direction of the company. While there was a clear need for new leadership of the board, we continue to have confidence in the other board members, who are experienced executives with a range of business expertise across the legal, financial, insurance, asset management and pensions sectors; there are two elected postmaster non-executive directors, too.

The Post Office faces unprecedented challenges. It needs to work at pace to deliver compensation to the thousands of postmasters who fell victim to a faulty IT system, as well as to continue the essential work to implement the necessary operational and cultural changes needed in the business. As such, strong and effective leadership of Post Office Ltd is a necessity".

*3.33 pm*

**Lord McNicol of West Kilbride (Lab):** My Lords, I will follow up on the questions asked in the other place yesterday. When responding to a Post Office Question last week, the Minister said that this whole debacle and scandal had shown the Post Office in a good light—not Post Office Ltd but the postmasters and postmistresses. We agree with that. What changes was the Secretary of State looking to achieve in the removal of the chair, and what is the timeline for rebuilding trust in Post Office Ltd?

**The Parliamentary Under-Secretary of State, Department for Business and Trade and Scotland Office (Lord Offord of Garvel) (Con):** I thank the noble Lord for that question. To clarify, the question was whether the Post Office brand was damaged. Many people would say that it was a toxic brand. My argument was simply that if one believes that the real Post Office is actually the postmasters, they are the heroes of the day. If anything, their brand has been enhanced but there is no doubt that the management and oversight of the Post Office has been seriously compromised over many years.

Perhaps we should remind ourselves how this company operates, which is on an arm's-length basis. It is owned by the Government—the taxpayer—and there is one shareholder: HMG. Yet, like many of our public bodies, it is now managed on an almost separate, arm's-length basis. In doing so, a board is created that looks like a public company, but when is a public company not a public company? It is when there is a board that does not do the job it is meant to be doing.

There was an executive management team, and the role of non-executive directors is to challenge that team. The role of the chairman is, principally, to represent the shareholders and to call the executive management to account. Clearly, that has not happened here. Since 2015, a whole new set of executive managers has been put in place, as well as a new board. In 2023, there were three new independent directors. We have the chair, and through the increased scrutiny resulting from the Government perhaps being more interventionist, some disagreements within the board have come to light. The Secretary of State believes that the current arrangements are not working, so it was agreed by mutual consent to part company. We have taken decisive action to change course and improve, rather than to wait and hope that the situation improves.

**Lord Fox (LD):** The Minister's answer is really helpful, because the question is, when is arm's-length not arm's-length? It is clear that it has ceased to be an arm's-length operation, rightly or wrongly. His Majesty's Opposition asked for a timetable, and it would be helpful if the Minister gave it to us. How much leeway will the new chair have to do what he or she needs to do, in their mind, to achieve the objectives, and how much will that arm's-length relationship be pulling the chair back?

**Lord Offord of Garvel (Con):** To clarify, the Post Office is constitutionally set up to be arm's-length and will remain so. We are now talking to the Secretary of State about tightening the governance of that. The key position is the chair, who runs the board and is accountable to the shareholders. We will appoint an interim chair as soon as possible, with a view to getting a new person in post this year. That will coincide, I hope, with the inquiry coming through at the end of the year.

**Lord Sikka (Lab):** On 22 January, I tabled a Written Question about possible conflicts of interest associated with the position of Henry Staunton, the former chairman of WH Smith, which operates Post Office franchises. I have yet to receive and Answer. Mr Staunton has now gone—nothing to do with me, I am sure. First, can the Minister publish the conflict-of-interest assessment made when Mr Staunton was first appointed as chair of the Post Office? Secondly, can the Minister explain how it is that Simon Jeffreys is a director of the Post Office and the Crown Prosecution Service? How did that happen?

**Lord Offord of Garvel (Con):** I thank the noble Lord for those questions. The removal—the resignation by mutual consent—of the chairman, Mr Staunton, is clearly an ongoing HR issue and we have been clear that we are not going to comment on that in public. That will now take place and no compensation will be paid, but that is still in process in terms of taking action. As far as the rest of the board is concerned, we are happy with the three new non-executive directors who came in in 2023. We have two sub-postmaster representatives, and we are looking for a senior independent director, which will further strengthen the board.

**Baroness Brinton (LD):** In the Commons on 10 January, the Prime Minister promised that postmasters would be cleared and compensated swiftly. That same day, Minister Kevin Hollinrake said at the Dispatch Box that all compensation should be paid by August, which is encouraging after many years of delay. However, last Sunday, the Secretary of State Kemi Badenoch said on the BBC that setting a deadline is "not a priority" and that getting the money out and sorting out the governance of the Post Office is the critical thing. Which is it—that the compensation should be paid by August, or that a deadline is not a priority?

**Lord Offord of Garvel (Con):** I thank the noble Baroness for her question. We have to clarify that what we are doing here is separating their compensation, so that it is done as immediately and expeditiously as possible. Then we will do fact-finding through the inquiry and accountability will follow. The Prime Minister and Secretary of State have said that there will be no deadline put in place, partly because this is a complex process that requires the postmasters to co-operate and come forward. Of the 2,417 postmasters in the HSS scheme, 100% have received offers, of which 80% have been accepted. We are making great progress.

**Lord Browne of Ladyton (Lab):** My Lords, on the issue of how long the arm between the Government and the Post Office was, in 2020, following a High Court decision against the Post Office, experts on electronic evidence were invited by the Government to suggest changes to the legal presumption that computers are reliable. That lies at the heart of this case. To whom did those experts report, was the Post Office consulted about whether the recommendations should come into force and why have the recommendations never even surfaced, let alone been put into force?

**Lord Offord of Garvel (Con):** I thank the noble Lord for his question. I know that he is well versed in these matters. As we have discussed in the House before, there will be many ramifications from this case when the facts come out, one of which, as the noble Lord highlighted, is this presumption that the computer is always right, which clearly was not the case. I would have to refer to MoJ colleagues to find out exactly what happened in that case. The judgment was given in the Appeal Court in 2019 and the inquiry was set up in 2020. In 2021, when the convictions were overturned, the inquiry became a statutory inquiry. Under a statutory inquiry, we will get to the bottom of those questions.

**Lord Watts (Lab):** My Lords, the chairman oversaw this scandal. Can the Minister assure us that he will not be given a compensation package that demonstrates that, if you fail, you get paid?

**Lord Offord of Garvel (Con):** The chairman who is just leaving was not the chairman pre-2015 and he is not receiving any compensation.

**Lord Foulkes of Cumnock (Lab Co-op):** My Lords, I am perplexed: the Statement said that the chairman left by mutual agreement, the Minister spoke earlier about his resignation, but the Secretary of State made it clear that she sacked him. Which was it? Henry Staunton was appointed by a Conservative Secretary of State, so presumably that was a mistake, for which the Minister is apologising. How can the Government make sure that, when they appoint a new chairman, they will not make the same mistake again?

**Lord Offord of Garvel (Con):** I thank the noble Lord for that. A key part of making these appointments is to make sure that we have the right people, in the right place, and the right leadership. In this case, we agreed to part company by mutual consent. The point is that there are issues with the governance of the Post Office beyond Horizon. There needs to be further reform of the Post Office and we have to start with the chairman to move that forward.

**Lord Fox (LD):** My Lords, the Minister said that it was hoped that the appointment would be made as soon as possible, hopefully this year. In the meantime, this organisation is a burning platform; it needs leadership. Where does the Minister expect that leadership to come from until the appointment is made?

**Lord Offord of Garvel (Con):** The assessment at the moment is that, with the strengthening of the non-executive directors and the current executive team in place, we have a team that can continue to manage the Post Office. We believe that we have a situation that is stable, but it now needs to be improved. That is the challenge before us.

## Teesworks Joint Venture

*Statement*

*The following Statement was made in the House of Commons on Monday 29 January.*

"With permission, I would like to update the House on the independent review into the South Tees Development Corporation and the Teesworks joint venture, which the Government are publishing today, having received the final report last week.

Before turning to the specifics of the report, it is important that I remind the House of the significance and sheer scale of this project. Teesworks, in north-east England, is the United Kingdom's largest industrial zone. Remediating and regenerating the former Redcar steelworks is a highly complex brownfield regeneration opportunity, the alternative to which is a massive liability to taxpayers in clean-up costs and an annual multimillion pound bill just to maintain a highly contaminated site. Most importantly, as Michael Heseltine said in his 2016 landmark report on the Tees Valley, the site is also part of 'a much bigger picture', and one that provides an opportunity for regeneration that is unrivalled not only in size and scale, but in potential opportunity, as we are seeing with the development of the freeport. That is why it is too important to the communities of the north-east for Teesworks to be used as a political football.

Over the course of the last year, using parliamentary privilege, the honourable Member for Middlesbrough, Andy McDonald, who is not in his place, has made a

series of allegations about Teesworks. This culminated in April and May 2023, when the honourable Member spoke, and I quote for the record, of the existence of 'industrial-level corruption' and 'dubious dealings'.

These accusations are about the most serious that can be made. If true, they would almost certainly be criminal, and their mere existence threatens confidence in this immensely important, complicated and challenging project. At the request of the Tees Valley Mayor, an extraordinary independent review was launched by my right honourable friend the Secretary of State for Levelling Up, Housing and Communities, to consider the allegations as well as the combined authority's oversight role. Today we have the answers to the primary question about the extremely serious charges of corruption and illegality—they are not correct; they are untrue. For the avoidance of doubt, let me repeat that: no corruption, no illegality. There is no evidence to back up the worst of the allegations repeatedly thrown at the local parties managing the project, no referrals onwards to other bodies for further review, and no substance to the most serious of allegations.

In addition, and at the Secretary of State's request, the panel has also made a series of constructive recommendations, including strengthening governance and increasing transparency. We welcome that oversight, as does the Mayor of the Tees Valley, who has confirmed that he intends, in principle, to accept all the recommendations relevant to him and his authority. For the two recommendations relevant to central Government, the department will carefully consider how to support the continued success of mayoral development corporations across the country.

I know that colleagues in the Department for Environment, Food and Rural Affairs and His Majesty's Treasury will also consider the recommendation regarding landfill tax. My right honourable friend the Secretary of State has today written to the Tees Valley Mayor, asking that he responds to the panel's recommendations, with an initial response within six weeks. My right honourable friend will of course wait to review those proposals before deciding on further action, but the central point bears repeating: nothing was found by the reviewers to support the very serious allegations made.

This report has been a detailed and thorough piece of work, and I place on the record my great thanks to the three-strong panel for their thorough and well informed work over recent months. I thank Angie Ridgwell, chief executive of Lancashire County Council; Richard Paver, previously first treasurer of the Greater Manchester Combined Authority; and Quentin Baker, director of law and governance at Hertfordshire County Council. Copies of the review, and my right honourable friend the Secretary of State's subsequent correspondence with the mayor and the panel, will be placed in the Library of the House.

Finally, I wish to remind right honourable and honourable Members about the rich heritage of Tees Valley. It has a proud industrial history and this Government are committed to giving it the proudest possible future, putting it front and centre of our mission to level up the country, and supporting all our regions to prosper and flourish by making sure that local people have projects they can champion. The independent review has cleared the Tees Valley mayor and the combined authority of lurid allegations of corruption and illegality, and it has recommended improvements that I am confident will be driven by local stakeholders. We are delighted to support a project that is bringing huge benefits to the people of Teesside and the rest of the UK, and for all those reasons I commend this statement to the House".

*3.44 pm*

**Baroness Taylor of Stevenage (Lab):** My Lords, at the heart of this issue are the people of Teesside and the public asset formerly owned by them, which should be regenerated for their benefit, to generate jobs, employment and industry. They should also be receiving sufficient return for their investment of land and the other value of the site. The governance of the project should ensure an appropriate sharing of the risk taken by the private sector partners in order to justify the returns they have already accrued, as documented in the review. For the Government to suggest in this Statement that the report exonerates all those involved from any questions about what has happened and to insinuate that local MPs' challenge of the many issues explored in the review was them using the communities of the north-east as a political football is simply not appropriate.

We understand that the project is complex. I have experience of instigating and overseeing a billion-pound regeneration project, so I understand the complexities that can arise. We also recognise that, in an area like Teesside, the urgency of moving at pace on a project which is going to generate jobs and employment is vital. However, that should not give any of those involved carte blanche to ignore the absolute necessity for the project to follow the strongest principles of probity, governance, transparency of decision-making, procurement practice, scrutiny and best value.

This very thorough and detailed report delivers a scathing assessment of the way those principles have been treated. Its 28 recommendations highlight: the need for reviews of financial regulations; better oversight and scrutiny; the make-up of the board; reporting to the board; that the public interest test should be foremost in terms of transparency; and that not enough attention is paid to conflicts of interest, including those of the mayor. Very seriously, the report highlights procurement issues, including the decision in August 2021 to change the balance of ownership in favour of the private owners to a 90:10 split, and the issue of the balance of risk between the public and private sector, when, to date, the public sector seems to have taken the bulk of the risk and been responsible for the costs invested, while the private sector has had the benefit of the profits. I am sure this way of operating would have gone down as a wow factor on "Dragons' Den", but has it really all been in the best interest of the people of Teesside? Have they got value for money for their public investment?

The concerns outlined in the report are absolutely not minor or trivial matters. The Minister made much of the fact that the report concludes it did not find evidence of illegality or corruption. Well, good, but

surely we have learned from recent high-profile scandals, such as the Post Office Horizon issue, infected blood, and the supply of PPE, that there may be ways of operating that, while not strictly speaking illegal, are certainly not desirable or acceptable.

This scandal has exposed gaps in accountability and proper attention to local democratic scrutiny and a failure to follow the principles of spending public money, which makes it clear that there should be a further investigation by the National Audit Office. The NAO has already indicated that it would be willing and able to carry out that review. The people of the north-east surely deserve reassurance that every pound of their money invested in this project will count and will deliver sufficient return—especially as the private sector developers seem to have reaped a pretty healthy return, with little or no investment. So I ask the Minister: will a proper accounting review by the NAO will now be undertaken?

I understand that the chair of the Public Accounts Committee called the metro mayors together when they were elected and suggested they put robust auditing arrangements in place—as, following the abolition of the Audit Commission, there was no regulated accounting for them. The accounts published recently for Teesside were the first for the public to see. Is the Minister reassured that the advice of the PAC chair was taken?

This review represents a scathing indictment of what has happened on Teesside, and if we are to grow the country's economy at pace and scale, as is my party's ambition, surely it is important to understand the detail of the lessons that need to be learned. What steps did the Government take to ensure that officials who have previously worked at South Tees Development Corporation or public bodies on Teesside were free to comply with the investigation, regardless of any non-disclosure agreements they may have signed? The report itself cites that a former monitoring officer who advised on some of the significant decisions—including the move to 90:10 ownership—

"was invited to interview but declined because they felt their professional duties barred them from participating in the review".

Can the Minister answer the question that so many local people are asking about the sale of scrap metal and aggregate from the site? Is she reassured that an appropriate share of the benefit from those sales has gone to local people?

To conclude, while we all accept that there is a need for major regeneration projects to proceed with pace, is the Minister satisfied with a report which found that:

"We did not see sufficient information provided to Board to allow them to provide effective challenge and undertake the level of due diligence expected of a commercial Board"?

There has been no private finance invested to date, while over £560 million of public funds have been spent or committed. Outcomes are reported quarterly to government, in line with the agreed criteria. However, these do not record the cumulative position on either costs or benefits, nor do they compare the current overall position in respect of costs or benefits with those set out in the business case.

Inappropriate decisions and a lack of transparency, which failed to guard against allegations of wrongdoing, are occurring and the principles of spending public money are not being consistently observed. Does the Minister conclude that the people of Teesside got value for money for their very considerable investment? Does she conclude, as the Minister in the other place did, that there should be no referrals onwards to other bodies for further review? Surely this damning report asks more questions than it answers—questions that the people of the north-east deserve and have a right to have answered.

I will finish with the final words of the report, which ask the questions so many local people, including the *Northern Echo*, want answered. The report says that:

"Based on the evidence from the review the governance and financial management arrangements are not of themselves sufficiently robust or transparent to evidence value for money".

What are the Government going to do about this?

**Baroness Pinnock (LD):** My Lords, I thank the Minister for the Statement. What a sad state of affairs it is that a vital and very large regeneration project in the north-east of England has to be the subject of an independent government review because of justified public criticism and concern.

The *Financial Times* and the *Yorkshire Post* have both, independently, been investigating the decisions made by the mayor and the development corporation. Senior investigative journalists with considerable experience have been seeking answers to basic questions of openness and probity in relation to the mayor, the development corporation, the joint venture and the local councils. They were absolutely right to do so. What is more, this report confirms their claims.

Unfortunately, this Statement seeks to draw a veil over the very serious conclusions drawn by the independent panel. The starting point is that the Tees Valley project is funded by hundreds of millions of pounds of public money, either from government grant or local prudential borrowing. The investment of public money rightly brings with it higher levels of transparency, challenge and probity.

There are 28 recommendations in the report, and they reveal a damning indictment of the process and procedures adopted by the mayor and the STDC with the joint venture company. The report states that the panel is not confident that

"we have been given access to all relevant materials",

and that

"we have not been able to pursue all lines of evidence or examine all transactions".

Anyone reading that will know that the panel is greatly concerned that there is much more to be investigated. My first question to the Minister is whether the panel will be given more time to examine those areas that have yet to be covered, or, as the noble Baroness, Lady Taylor, suggested, whether the NAO will be asked to investigate.

In its own words, the panel focused on just six areas, the main one being the establishment of the joint venture. Initially, this was a 50:50 deal between the public and private sectors, and that is a common arrangement for such schemes. However, the arrangement morphed into a 90:10 split, with the private sector taking the 90%. The report states that

[Baroness Pinnock]

"there is no formal partnership agreement that sets out the obligations of the JV partners, although it is clear that the JV Partners are heavily influential within the operations of the Teesworks site".

My second question is whether the Minister concurs that there is no such formal agreement. If so, will the Government demand that there is one, and that that agreement will be open to public scrutiny?

One of the curious decisions made by the Teesside mayor and the combined authority is the appointment of two individuals as partners in the joint venture. In my experience, this is highly unusual in publicly funded projects. My third question is therefore whether a joint venture with individuals is in the best interests of transparency.

I turn to my fourth question. Following the report's statement that the panel were "surprised" that, when the joint venture was set up in 2020, the report doing so

"contains so little detailed explanation and implies that there aren't any material implications directly arising from this change in approach",

even though the result of the joint venture was that

"two or three privately owned companies would likely receive significant financial returns".

This was indeed the outcome. Can the Minister tell the House whether the balance of reward and liability detailed in the report is a fair one, and one which gives best value to public money?

There are myriad questions that require an answer from the Government. My next question concerns the liabilities apparently unknowingly acquired by the local councils and the Tees Valley Combined Authority. The first two recommendations of the report focus on the issue of who makes the gains and who holds the losses. My fifth question is this: does the Minister agree that passing on liabilities to local authorities while local government is in such a parlous financial state is, at the least, poor management, and, at worst, a deliberate ploy to shoulder local authorities with liabilities that are not rightly theirs?

I turn to my sixth and final question. Will the Minister agree to return to the House with a progress report on the implementation of all 28 recommendations, as I note the mayor has accepted these recommendations only "in principle"? Those of us who care deeply about good governance, probity in the use of public money and transparent decision-making want to see these recommendations implemented in full.

**The Parliamentary Under-Secretary of State, Department for Levelling Up, Housing & Communities (Baroness Penn) (Con):** My Lords, I thank both noble Baronesses for their questions. Before I turn to the specific points, it is worth reminding the House of the context of both the review and the work being done in Tees Valley by the development corporation.

Remediating and regenerating the former Redcar steelworks is a highly complex brownfield regeneration opportunity. The alternative is a massive liability to taxpayers in clean-up costs and an annual multimillion pound bill just to maintain a highly contaminated site. Most importantly, as my noble friend Lord Heseltine said in his 2016 report on the Tees Valley, the site is also part of a much bigger picture, which provides an opportunity for regeneration that is unrivalled in size and scale and also in potential opportunity, as we are seeing with development of the freeport in the area.

In June last year, at the request of the Tees Valley mayor, my noble friend Lord Houchen, an extraordinary independent review was launched by my right honourable friend the Secretary of State for Levelling Up, Housing and Communities. That review was commissioned in response to and to consider the serious allegations of corruption and illegality made by a Labour Member of Parliament in the House of Commons. The findings of the review are clear on this point: those allegations are not true. The panel found no evidence of corruption or illegality. In addition, the panel also made a series of recommendations aiming to strengthen governance and increase transparency. We welcome this oversight, as does the mayor, who has confirmed that he intends in principle to accept all the recommendations relevant to him and his authority. There were two recommendations relevant to central government. We will carefully consider how to support the continued success of mayoral development corporations and the recommendation regarding the landfill tax.

The noble Baroness, Lady Pinnock, asked a series of specific questions about the report's recommendations. It is right that the panel has considered a number of specific issues in the development of its conclusions and recommendations. The next steps are that the Secretary of State has written to the Tees Valley mayor, asking him to respond to the panel's recommendations within six weeks, and it would not be right at this time for me to comment any further on specific examples quoted. It is important that the combined authority shows progress, and we will wait to see its proposals before deciding on further action. However, I am confident that the mayor will take these recommendations seriously and I look forward to receiving that update. It is only right that we give the mayor, working with partners, time to reflect on the panel's report. We will review his reflections and response to the Secretary of State before setting out any further action that may be needed.

The noble Baroness, Lady Taylor, asked whether the NAO would now be asked to come in and do a further report in this area. The Secretary of State considered at the time of the review the suggestion that the NAO should undertake this review. However, it is not its role to audit or examine individual local authorities, and its powers would not normally be used for that purpose. Instead, the Secretary of State appointed a panel of three independent local government experts. It would therefore be duplicative and wasteful to commission a second review. The NAO said it would use our review to understand the implications for its other work programmes.

While the origination of the review is unique in that it was a request from the mayor, the form of the review is similar to others commissioned by the department, including in Croydon, Nottingham, Slough and Woking. We are taking a similar approach to other cases in relation to the next steps following the review by asking the mayor to respond to the Secretary of State about how he intends to respond to the review's recommendations.

The noble Baroness also asked whether people were free to give evidence to the review, and in particular about the use of non-disclosure agreements. The panel chair has confirmed that she is not aware of any party who could not speak to the review or provide information due to a non-disclosure agreement. She is right that in the review it is stated that one former monitoring officer was invited to interview but declined because they felt their professional duties barred them from participating in the review, but that was not the subject of an NDA. Indeed, Tees Valley combined authority confirmed to the panel that it had informed the individual that it had no objection to them participating in the review.

It is also important in that context and in the context of the question from the noble Baroness, Lady Pinnock, about whether the panel had sufficient information to draw conclusions from the review and sufficient time to conduct it, to give the full quote:

"We have however secured sufficient consistent evidence to support our conclusions. We have found no evidence of corruption or illegality. We have identified a need to strengthen governance and increase transparency which can be done with limited impact on pace of delivery".

The noble Baroness was right that the panel could not follow every lead; none the less, it stated that it had confidence in its findings based on the evidence that it had.

In terms of the timing of the review, I understand that it was totally independent of government; the panel was given sufficient time to conduct the review in the way that it wanted and gather the evidence it felt it needed to draw its conclusions. There was no constraint on the panel in that respect.

Finally, I turn to the questions of private involvement in the redevelopment of the Tees Valley, which is essential, as well as value for money and the public benefit that will come from the regeneration project. It is important to acknowledge that, after SSI's collapse, the Government took on the responsibility for the site via the receivership process. They spent around £18 million annually just to keep the site secure and manage the worst hazards, including explosion and pollution risks for local populations. The site has required investment to clean up and an important principle of devolution is that decisions are taken locally to benefit local people.

While regeneration is still in its early stages and it is too early to make such an assessment on value for money, the report has identified that a number of benefits have already been achieved, including: 17% of the land already under contract, with a further 40% at heads of terms; 940 construction jobs, plus a further 1,950 recently announced; 2,295 direct and 3,890 indirect jobs created once the sites are operational; 450 acres of land remediated or in remediation; £1.3 billion of business rate income potential over the next 40 years, with a further £1.4 billion at heads of terms; and a new £450 million quay.

So both noble Baronesses are right to say that at the heart of this issue are the people of Teesside and the potential value of that site. The figures I quoted show some of the benefits that we are beginning to derive from this major project. We welcome the scrutiny of the panel, and I place on record our great thanks to the three-strong panel for their thorough work: Angie Ridgwell, the chief executive of Lancashire county council, Richard Paver, previously the first treasurer of the Greater Manchester combined authority, and Quentin Baker, the director of law and governance at Hertfordshire county council.

Tees Valley has a proud industrial history, and the Government are committed to giving it the proudest possible future, putting it front and centre of our mission to level up the country.

*4.08 pm*

**Lord Lennie (Lab):** The Minister said it was not the National Audit Office's role to investigate individual authorities—or something like that—but the report has revealed at least massive financial mismanagement of this project. It seems that, since the report was published, further calls to the National Audit Office to investigate this have been made. Why will the Government not accept them?

**Baroness Penn (Con):** My answer is the same as before: the Secretary of State, at the time of the review, considered the suggestion that the NAO undertake the review. But it is not its role to audit or examine individual local authorities, and its powers would not normally be used for that purpose. The process that has been followed for this review has been followed for other reviews of local authorities when looking at such issues. We followed the normal process in this instance.

**Lord Jackson of Peterborough (Con):** My Lords, I very much welcome the Minister's Statement and the robust and comprehensive report of the panel. Does she agree that, particularly in the other place, elected representatives have a special responsibility to judiciously use parliamentary privilege? I think I can say that as a former Member of the other place, and now a Member of your Lordships' House. In future we need to learn lessons from this situation. Aspersions were cast and accusations were made of illegality against a Member of your Lordships' House. More importantly, it did real damage to inward investment and future business in the Tees Valley. That is obviously to be regretted.

**Baroness Penn (Con):** I agree with my noble friend that it is a matter of regret that those allegations were made, in the terms that they were made. It is incredibly serious to allege corruption and illegality. The findings of the review are absolutely clear on this; the review found no evidence of corruption or illegality.

**Baroness Chapman of Darlington (Lab):** My Lords, I am afraid that allegations of illegality and corruption were not the only allegations that led to this review. There were also allegations of a lack of transparency and—as a taxpayer in Tees Valley myself; my family have lived there for generations—there is a great deal of concern about a lack of value for money for taxpayers. Those complaints have been upheld by this report. On various occasions in the run-up to this review, the Mayor of Tees Valley asserted that there could not have been any wrongdoing because an official from

[Baroness Chapman of Darlington]
the Government was involved in the decisions that were found so lacking by this review. Would the Minister like to comment on that?

**Baroness Penn (Con):** As I said in my original response, the Government welcome the recommendations on strengthening governance and transparency. We welcome the oversight that this review has provided in those terms. I think the noble Baroness might be referring to the fact that the government official is a member of the board of the development authority. When a government official is a member on a board, in examples such as this, their role is as an observer. In this case, however, the panel noted examples of questions being raised by that government member as part of that review.

**Lord Scriven (LD):** My Lords, I would like to directly quote from the report because the devil is always in the detail:

"The JV partners are clearly astute, commercial businessmen. They have a clear business model whereby they support distressed businesses and do not accept liabilities until they are satisfied they can hedge investment against secure income streams … At this juncture, the JV partners have put no direct cash into the project and have received nearly £45m in dividends and payments, and hold £63m of cash … in TWL accounts".

This is on the back of £500 million-worth of public sector investment, which made those strips of land ready for the private sector operators to make these profits. Does this kind of approach show the principles of good and ethical public sector procurement that gives value to the taxpayer? If not, what will the Government do to ensure that this kind of deal does not happen again—not just in Teesside, but in any mayoral authority?

**Baroness Penn (Con):** My Lords, as I have set out, there have already been clear public benefits to the redevelopment in Teesside. On the question of involving private partners in this work, the report sets out very clearly that the business case was clear: public sector funding would not be sufficient to complete remediation of the site and a private sector partner would be required. There are lessons to be learned from this report; the Government have been clear on that. That is why we have given the Mayor of Tees Valley time to consider the recommendations in the report, as the vast majority are for the mayor and combined authority. We will then look at those responses and consider the recommendations for the Government alongside that and take forward a process for improving accountability and transparency in this instance.

**Baroness McIntosh of Pickering (Con):** My Lords, I congratulate the Government on the investment they have made and for the review panel they held. I will ask a slightly different question. Those of us in North Yorkshire feel a little like the poor relations, because a lot of investment has gone into Tees Valley. We are about to have elections for a North Yorkshire and York mayor. If my reading of the orders setting up the mayor are correct, we will not be in receipt of any government funds; we will have to raise our own money to pay for infrastructure, transport and other services. Is my understanding correct, and does it not seem a little unfair that we could not have even a small proportion of the money that has gone into Tees Valley?

**Baroness Penn (Con):** My Lords, the decision to set up the North Yorkshire and York Mayoral Combined Authority was taken in combination with the elected representatives and local councils in that area, which all agreed to it. Part of those discussions was around funding, and it is right that we take forward what was agreed as part of that package. Of course, a vast range of different funds are available to combined authorities and local authorities to benefit from, including our levelling-up funding, and those opportunities will continue in future.

**Baroness Bryan of Partick (Lab):** Does the Minister accept that the Oral Statement is all but a total whitewash? None of the issues raised in questions to the Minister was covered in it. Can she specifically explain what the issues were that resulted in the Secretary of State requesting the panel to make recommendations on strengthening governance and increasing transparency? From that, we must assume that very real concerns were held by the Secretary of State that were not covered in the Oral Statement.

**Baroness Penn (Con):** My Lords, my understanding of the genesis of the report is that it was requested by the Tees Valley Mayor himself to allow a response to the very serious allegations made by a Member of Parliament in the House of Commons about corruption and illegality. Those allegations have been found to be untrue.

**Lord Beith (LD):** My Lords, I know that the Minister takes seriously the importance of this project for Teesside, but I do not recognise anything that she said about those parts of the report that are excoriating in their description of how public and private money has been handled. It states that

"most decisions are vested in a small number of individuals. This together with the limited reporting means that there is not a robustness within the system. Inappropriate decisions and a lack of transparency which fail to guard against allegations of wrongdoing are occurring, and the principles of spending public money are not being consistently observed".

That is pretty serious, and I am sure that she must recognise that.

**Baroness Penn (Con):** My Lords, I absolutely recognise the issues raised by the independent panel. It has clearly considered a number of specific issues, and the Secretary of State has written to the Tees Valley Mayor asking him to respond to the panel's recommendations within six weeks. It is not right for me at this time to comment further on specific examples, but it is important that the combined authority shows progress. We will wait to see its own proposals before deciding on any further action. It is worth making sure that the report is taken in its full context and that we look at the full picture. Another quote from the report that may be useful is:

"There are many voices which articulate a positive view of the project, highlighting the work that has been done and the clear evidence of the achievements which have been made in regenerating

an historic part of the UK's industrial heritage, the final demise of which, in 2015/16 had devastating results for a community that had been badly affected by the changing global patterns of industrial production. A significant amount of regeneration of the area has occurred and new businesses are moving in bringing jobs and other collateral benefits for the local area".

**Lord Udny-Lister (Con):** My Lords, does the Minister agree that the report also clearly shows that the site was costing the Government £20 million? I went to the site in my former role as chairman of the Homes and Communities Agency many years ago. The report shows that there are now 9,000 jobs on the site and nearly £1.5 billion-worth of business rates being created, yet there is an awful lot being said here in criticism of something that is actually showing real levelling up taking place.

**Baroness Penn (Con):** My noble friend is absolutely right that the cost of not going ahead would not have been not nothing but an annual cost to the taxpayer with no benefit whatever—it was just keeping the site safe. I have just quoted the report's recognition of the regeneration that has started at that site. Benefits to the area have begun to accrue in terms of jobs, potential business rates and wealth generation that we would not have seen if action had not been taken to reinvigorate the largest site, in Europe at least, in terms of the need for regeneration.

**Baroness Ford (CB):** Does the Minister agree that the hollowing out of local government audits since the abolition of the Audit Commission has led to serious deficiencies in financial control in the audit of complex joint ventures such as this? It is simply not acceptable that we leave a situation where we have no capacity to understand the obligations and accountabilities of joint venture partners. What are the Government proposing to do about that as a result of this review?

**Baroness Penn (Con):** The Government do not agree with that position. The Audit Commission was bureaucratic; it tied up local government with tick-box exercises rather than having real value. That is why it was abolished. It is right that we have the proper processes in place to ensure proper accountability, transparency and value for money. We believe that can be done through local processes. We will obviously look at the recommendations in the report, including those for central government, and take those into account as we continue to take our work forward.

**Lord Mackenzie of Framwellgate (Non-Afl):** My Lords, would it be reasonable for this House to expect the mayor, who, as the Minister said, is a Member of this House, to perhaps attend this debate and answer some of the questions?

**Baroness Penn (Con):** My Lords, this Statement repeat is by the Government to respond on their position on this report. As I have set out, the Secretary of State has written to the mayor and asked for his response to its recommendations within six weeks. We will then consider any further steps that need to be taken and make sure that the House is updated appropriately.

**Baroness Bennett of Manor Castle (GP):** My Lords, as the noble Baroness, Lady Pinnock, said, there are many areas of concern that are yet to be covered by any investigation. Indeed, the report notes that many issues raised by third parties were outside the scope of its review, such as those raised regarding wildlife die-off and health and safety. There were, of course, many grave concerns and a tragedy of two men dying on the site. There were subsequent accidents where an excavator fell into the river with the driver inside, and dangerous exposure to benzine. There must be concern about whether the remediation of the site has been carried out properly. What further plans do the Government have to look into all those other issues raised locally, which remain concerns and which the report has not covered?

**Baroness Penn (Con):** I do not believe that there are any further plans to cover any further reviews.

**Baroness Chapman of Darlington (Lab):** My Lords, the report says clearly that the measures in place "do not meet the standards expected when managing public funds". I have read the recommendations and I look forward to the mayor's response to them. Does the Minister think that, outside of the mayor's response, the Government have a duty to ensure that this kind of practice does not continue and that there is training or perhaps some intervention from the Government? The Government have to take some of the responsibility here, because they have allowed a situation to evolve where the standards that we would expect for managing public funds have not been met. For all we know, because of the lack of transparency, this situation could be replicated in other areas.

**Baroness Penn (Con):** I say to the noble Baroness that we have considered the panel's findings against the draft best value guidance, which was published in July 2023, and concluded that they do not meet the test for urgent intervention. The panel makes a number of recommendations for the combined authority, the development corporation and other partners, and some for government. We are now giving the mayor and partners time to reflect on the panel's report. We have asked him to write to us and set out his action plan for responding to the recommendations within six weeks. One of the recommendations for government was around the clarity of legislation in this area and oversight arrangements. We will take that away and look at it carefully, because that is an area, for example, that could have read-across to other development corporations or combined authorities.

**Lord Scriven (LD):** The Minister has mentioned a number of benefits—and no one disputes that regeneration benefits are required—but does she accept that those benefits have come totally on the back of public sector investment and that, as the report says, no private sector investment has gone towards them, yet still the liabilities for the land, if not used, lie with the public sector? That is the correct position, is it not?

**Baroness Penn (Con):** The reality is that a project of this size will require significant public sector investment, which has taken place, but the review is also clear that remediation of this size and scale would not be able to

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take place without private partners also participating. We are making sure that we look at the lessons that we can learn from this review, but it is also important to consider both the option of doing nothing, which would have come at a multibillion-pound cost to the public purse, and the benefits that people in the local area are already reaping from the investment that has come in to date.

**Lord Lennie (Lab):** My Lords, the noble Baroness, Lady Ford, asked about the lack of the audit function in local authorities. The Minister said that the Government had put "processes in place" to replace the Audit Commission. Can she explain what those processes are, and whether they will now be involved in investigating financial management in this Tees Valley development corporation?

**Baroness Penn (Con):** My Lords, the Audit Commission regulated, micro-managed and inspected local councils, forcing them to spend time ticking boxes and filling in forms rather than getting on with the business of local government. It hindered transparency and scrutiny. Local government can put in its own systems of local authority financial reporting and audit to ensure that it is accountable for spending public money effectively.

With regard to transparency functions, there is Oflog—the new data-driven organisation that will provide transparent and authoritative sources of information for the performance of local government. This will, however, be vastly different to how the Audit Commission operated, which imposed compliance requirements on local authorities and conducted routine inspections.

**Baroness Taylor of Stevenage (Lab):** I have not heard anyone advocating for the Audit Commission; what we have been saying is that, since the Audit Commission went, the private sector auditors who have been appointed have struggled to deal with the complexities of joint venture auditing. That is the issue. With that in mind, will the Minister reflect on the quite exceptional circumstances of this case and whether it might justify a more detailed audit review by the National Audit Office? Has she had a response to the request from the noble Baroness, Lady Pinnock, that we hear back once the mayor has had a chance to consider his response to the 28 recommendations in the review?

**Baroness Penn (Con):** I am afraid that I will have to disappoint the noble Baroness on her first question. We will not be referring this matter to the NAO. However, as I said in my initial response, the NAO has said that it will reflect on the findings of the review for its own programme of work. Of course, when the Government receive their response from the mayor and partners, we will reflect on what that means for next steps and will make sure that the House is kept up to date on what they are.

## Situation in Israel and the Occupied Palestinian Territories

*Statement*

*The following Statement was made in the House of Commons on Monday 29 January.*

"With permission, I will update the House on the situation in Israel and Gaza.

Last week, my noble friend the Foreign Secretary visited the region as part of sustained British efforts to end the fighting and build towards a lasting solution. This statement will also cover the International Court of Justice's decision on provisional measures, and the appalling allegations against the United Nations Relief and Works Agency for Palestine Refugees. As we debate these events, I know the whole House shares my horror at the heart-wrenching impact of this conflict.

One hundred and fourteen days on from Hamas's barbaric attacks, they still hold more than 130 hostages. Innocent Palestinians are suffering, with over 25,000 people having died, and hunger and disease spreading. The Government's end goal is clear: Israelis should be able to live without fear of Hamas terrorism, and Gazans should be able to rebuild their lives.

My right honourable friend the Prime Minister has led our engagement in the region and with partners to achieve that goal. Last week, he spoke to President Biden and met families of hostages, while my noble friend Lord Ahmad joined a Security Council debate in New York. The Foreign Secretary visited Israel, the Occupied Palestinian Territories, Qatar and Turkey, meeting leaders, Ministers, and other hostage families. The Foreign Secretary called for an immediate pause to get more aid in and to get hostages out, and for that pause to turn into a sustainable, permanent ceasefire, without a return to fighting.

The British Government have identified five vital steps for that to happen: a political horizon that provides a credible and irreversible pathway towards a two-state solution; forming a new Palestinian Government for the West Bank and Gaza, accompanied by an international support package; removing Hamas's capacity to launch attacks against Israel; the release of all Israeli hostages; and key Hamas leaders agreeing to leave Gaza. All those things are intricately linked, and we cannot secure one without all the others. There are also many other elements to consider, such as Arab-Israeli normalisation, security guarantees, and financing the rebuilding of Gaza, but we need to generate momentum now towards a permanent peace. That is why pushing for a pause now is so important, and why we need a Contact Group meeting, bringing together the key players as soon as possible.

I will now turn to the desperate humanitarian situation. The Government are focused on practical solutions to get aid into Gaza. We have trebled our aid to the Occupied Palestinian Territories since 7 October, committing £60 million this financial year. In Israel, the Foreign Secretary pressed for changes to allow unhindered humanitarian access, such as opening more crossing points for longer and permitting deliveries via Ashdod port. He announced work with Qatar to get more aid into Gaza, with our joint consignment containing 17 tonnes of family-sized tents being flown last Thursday. Earlier this month, Royal Fleet Auxiliary 'Lyme Bay' delivered 87 tonnes of aid into Port Said. Crucially, we are supporting the United Nations World Food Programme to deliver a new humanitarian land corridor from Jordan into Gaza, which has already delivered over 1,000 tonnes of aid into Gaza. We know the

desperate plight of civilians caught up in this and the suffering they are going through, and we will continue to do all we can with our partners to save lives.

I turn to the ICJ ruling and allegations against UNRWA. Right honourable and honourable Members will know that we had considerable concerns about South Africa's decision to bring this case. Israel has the right to defend itself against Hamas, and we do not believe that Israel's actions in Gaza can be described as a genocide. Of course, we respect the role and independence of the ICJ, and the court has now reached a decision on provisional measures. It called for increased aid into Gaza, and measures to ensure basic services, as we have been calling for. It has ordered Israel to preserve evidence relating to allegations of genocide, reporting to the court on progress within one month. It has also ordered the immediate release of all hostages, and reminded all parties to the conflict that they are bound by international humanitarian law. Those are points that we have been pressing consistently, and we will continue to press them after the court's decision. For our part, Britain continues to engage closely with the Israeli Government on the conduct of their military campaign in Gaza. We have said that they must take greater care to avoid harming civilians and civilian infrastructure.

Finally, I turn to the very serious allegations about UNRWA first publicised last week, with further media reporting over the weekend. The agency is critical to delivering humanitarian assistance into Gaza and across the region. It plays a stabilising role at a time when we need focus on de-escalating tensions. The UK is a long-standing donor to UNRWA, as are our closest partners, notably the United States. Since 7 October, we have allocated a further £16 million to it as part of our response to the crisis. UNRWA's 13,000 staff in Gaza continue their working at great personal risk in the most dangerous circumstances: 152 UNRWA staff members have lost their lives.

The UK is however appalled by allegations that any agency staff were involved in the 7 October atrocities. We welcome the swift action that UNRWA has taken to terminate contracts while it launches an immediate investigation. We and several partners are temporarily pausing future funding until we have reviewed these investigations. We continue to fund vital aid delivery through multiple other partners, including other UN agencies and international and British non-governmental organisations.

This week, the Government's engagement continues. The Foreign Secretary and Lord Ahmad will again travel to the region. I am travelling to Qatar next week. We will continue to drive progress towards a lasting solution. As the Government have said, it is only when the prize of peace is more attractive than the potential benefit of continued conflict that there will be the chance of a better future. The time to start is now".

*4.29 pm*

**Lord Collins of Highbury (Lab):** My Lords, the horrors of recent months in Israel and Gaza have been intolerable. Millions are displaced, desperate and hungry, and Israel continues to use devastating tactics that have seen far too many innocent civilians killed. With unacceptable blocks on essential aid and nowhere safe for civilians, there is a humanitarian catastrophe and, now, warnings of a deadly famine. Meanwhile, Hamas terrorists continue to hold hostages, hide among civilians, and fire rockets into Israel.

The need for a sustainable ceasefire is clear. The fighting must stop urgently; we need a humanitarian truce now. A humanitarian truce leading to a sustainable ceasefire is a necessary step from which we can begin a bigger push towards a political solution and a just and lasting peace. A sustainable ceasefire means that Hamas must release all remaining hostages and end attacks on Israel, and that Israel must end its bombing campaign and allow full humanitarian access to Gaza. I hope the Minister will be able to update the House on the latest negotiations to secure the hostages' release and a humanitarian truce. There must be a new political process to turn the rhetoric around two states living side by side in peace into a reality. Israeli and Palestinian leaders must engage with this process as the only long-term hope of delivering peace and stability.

Last night, the Foreign Secretary, the noble Lord, Lord Cameron, said that the United Kingdom has "a responsibility" to set out what a Palestinian state would look like. He stressed that the Palestinian people would have to be shown "irreversible" progress towards a two-state solution, and that

"as that happens, we with allies will look at the issue of recognising a Palestinian state, including at the United Nations".

This morning, in FCDO Questions, my right honourable friend David Lammy welcomed this, arguing that recognition should not wait for the final status agreement but should be part of efforts to achieve one. Can the Minister tell us how we will take this forward at the United Nations, and which allies will be backing the Foreign Secretary's call?

The International Court of Justice's interim ruling under the genocide convention on the situation in Gaza is a profoundly serious moment. International law must be upheld, the international courts must be respected, and all sides must be accountable for their actions. The ICJ's interim ruling does not give a verdict on this case, but it sets out urgent provisional measures that must be followed. Andrew Mitchell said yesterday that he welcomed the ICJ's call for the immediate release of hostages and the need to get more aid into Gaza, making it clear that an immediate pause is necessary to get the aid in and the hostages out. He then stressed that the United Kingdom regularly calls on Israel

"to uphold its obligations under international humanitarian law, and … will continue to do so". —[*Official Report*, Commons, 29/1/24; col. 623.]

Can the Minister confirm that this included calling on Israel to comply with the orders in this ruling in full? Have we made that call?

The allegations that a number of UNRWA employees were involved in the appalling 7 October terror attacks are truly shocking. Anyone involved should be held to account in full by law. It is right that contracts have been terminated and UNRWA has launched an investigation. However, Gaza is in a humanitarian emergency, and aid getting in must surge, not stop. UNRWA plays a vital role in providing life-saving assistance.

[Lord Collins of Highbury]

Yesterday, Andrew Mitchell said that he had spoken to Sigrid Kaag, the humanitarian and reconstruction co-ordinator for Gaza, and that

"she made it clear … that while we have zero tolerance of these dreadful things that are alleged to have been done, we cannot operate at zero risks".

In confirming that the United Kingdom will suspend any future funding until we have the reports of the investigation, Andrew Mitchell recognised that UNRWA assets are absolutely

"essential to delivering in Gaza".—[*Official Report*, Commons, 29/1/24; col. 628.]

Will the Minister this afternoon outline a clear and fast pathway for future funding to return, so that aid can get in? We cannot let innocent Palestinians lose life-saving aid because of the actions of the Hamas terrorists.

**Lord Purvis of Tweed (LD):** My Lords, the noble Lord, Lord Benyon, is a respected Minister in this House and I mean no disrespect to him. However, we are asking questions on a Statement about the Foreign Secretary's activities, in the House that he is a Member of, but repeated by another Minister, it having been made in the House of Commons. The Foreign Secretary made a very significant contribution to this debate, outside this House, to the Conservative Middle East Council, on which we are also going to be asking questions of this Minister. I think it would be appropriate for the Foreign Secretary to be in this House, of which he is a Member, to take questions on speeches that he makes—especially those which could make a significant change to policy, and which the noble Lord, Lord Collins, asked valid questions on. We can now only go on a speech made at a Conservative Party event and an article in the *Daily Mail* in trying to elicit whether the Government's policy on the recognition of the state of Palestine has changed.

If it has changed, these Benches will welcome it. We have a long-standing view on the recognition of the state of Palestine. My honourable friend Layla Moran has twice now launched her presentation Bill in the House of Commons, and in it she outlined what practical steps would be necessary if we were moving towards recognition. That was first presented before the violence in October and the Hamas atrocities, but it is even more important now. I look forward to the Minister outlining very clearly what the Government's new approach is regarding what practical steps they will be taking to bring this about. This House has debated recognition of the state of Palestine. Is it the Government's intention that, in government time, we will be debating this again? That would be a natural corollary of what the Foreign Secretary's speech last night indicated.

With regard to the ICJ, it was regrettable from our perspective that the Government rather undermined the processes, but it is welcome that they have accepted what the rulings are: the recognition of the atrocities committed by Hamas and the responsibilities now upon Israel. Previously, I have asked the noble Lord, Lord Ahmad, what data and information the UK Government are collecting from our monitoring, both in the skies and through other monitoring, with regard to activities. Will we be participating in the work of the ICJ now, given its ruling, to ensure that proper information is collated about the tactics of the Israel Defense Forces within Gaza? We know, even just today, from BBC Verify, of the estimate that between 51% and 61% of all buildings in Gaza have now been destroyed or damaged; that is between 144,000 and 175,000 buildings. It is estimated that 26,000 Palestinians have been killed, 70% of them being women and children. The need for adherence to the ruling is incredibly important.

On the UNRWA situation and the very serious allegations, I agree with the noble Lord that the investigation needs to be expedited and clear, and that those responsible need to be prosecuted. I welcome the Minister's Statement that 13,000 staff are providing life-saving services for the people within Gaza. As we know, UNRWA is operating outside Gaza too. Can the Minister clarify what the UK "pause" means in reality? Have we stopped co-ordinating on the delivery of aid with UNRWA, given that, in many areas, it continues to be the only provider of assistance? Is our pause open-ended, or will it be contingent on whether the report has been made or any prosecutions carried forward?

Finally, there is now likely to be US retaliation for the attacks and the deaths of their service personnel. There is likely to be political change in the Israeli Government, depending on coalition partners' response to the latest talks in Paris. This is a time of great volatility and concern. What role is the UK playing overall? Is it a leading role, if we are changing our position on the state of Palestine, to ensure a collective approach to not just a full bilateral ceasefire, but a regional partnership for peace, in what may be a very dangerous time ahead?

**The Minister of State, Department for Environment, Food and Rural Affairs, and Foreign, Commonwealth and Development Office (Lord Benyon) (Con):** I am grateful to both the noble Lords. I agree wholeheartedly with the analysis of the current situation given by the noble Lord, Lord Collins. The whole House shares his and my horror at the impact of this war. It is 115 days since Hamas's attacks against the State of Israel. Hamas continues to hold more than 130 hostages, and innocent Palestinians are suffering, with over 25,000 people killed. Israelis must be able to live in security and Gazans must be able to rebuild their lives.

The noble Lord, Lord Collins, asked about the latest negotiations. The United Kingdom is involved, at the highest levels, in setting up a contact group with key partners. We are in the key position of having friends across the region and being a friend to the State of Israel. We are working closely with everyone. The Prime Minister has spoken to the President of the United States at length and to a great many other people. The Foreign Secretary is not here today because he is travelling to the Kingdom of Saudi Arabia, Oman and Lebanon, as part of a continued list of engagements in the region which he has been undertaking since he took his post. I am sure that the House thinks that is right, because he clearly has to take that role. I will come on to talk about concerns about recent comments.

We have called for an immediate pause to get more aid in and hostages out. We want this pause to turn into a sustainable, permanent ceasefire, without a return to fighting. We have identified five steps for this to happen, which answers one of the crucial questions that both noble Lords asked. A political horizon will provide a credible and irreversible pathway towards a two-state solution. We can then form a new Palestinian Government for the West Bank in Gaza, accompanied by an international support package. Key to that is removing Hamas's capacity to launch attacks against Israel, the release of all Israeli hostages and Hamas leaders agreeing to leave Gaza.

The noble Lords asked about the ICJ ruling. The United Kingdom is a firm supporter of the rules-based order and has been for decades. We respect the ICJ ruling in its entirety. One cannot pick and mix on this. There is a question about whether it came at a time when such sensitivities were manifest in the region, but we absolutely accept this ruling.

My right honourable friend Andrew Mitchell spoke to Philippe Lazzarini, the head of UNRWA, the day before yesterday. The inquiry that he announced goes much further than a normal UN inquiry; it is independent and we must let it take its course. I share everyone's view that it is wrong to have people who are alleged to have been perpetrators of the 7 October attacks in this organisation. It is right to cease their employment and to investigate further.

I give the House this clear commitment. First, our contributions to UNRWA have been made for this financial year and our commitment to trebling aid to Gaza still stands. The UK is providing £60 million in humanitarian assistance to support other partners, including the British Red Cross, UNICEF, the UN World Food Programme and the Egyptian Red Crescent Society, in order to respond to the critical food, fuel, water, health, shelter and security needs in Gaza.

We will continue our support for the United Nations World Food Programme to deliver a new humanitarian land corridor from Jordan into Gaza. Some 750 tonnes of life-saving food aid arrived in the first delivery in December. The second delivery of 315 tonnes was made earlier this year. We will continue to support the Red Crescent Society, with which we have a long-standing, trusted relationship, to make sure that this happens. But for this to happen, we need to see border crossings open on a more sustained basis. We are calling for the Ashdod port to be opened as a route for aid to reach Gaza, and to extend the opening hours and the capacity of the Nitzana screening facility and the Kerem Shalom checkpoint so that more trucks, aid and fuel can enter Gaza. This requires the Kerem Shalom crossing to be open seven days a week. My noble friend Lord Cameron has raised this at the highest levels in Israel.

I cannot give the noble Lord, Lord Purvis, a complete answer today to his question about data collection. There is a variety of different sources—some open, and some requiring other forms of data. We are monitoring what is going on, and we are concerned about the scale of the tragic loss of life. We want to make sure that we are encouraging Israel to defend its borders, as it has the absolute right to do, but to do so proportionately.

The US retaliation against the attack on its base in Jordan is obviously an indication of the complexity of the problems right across the region. We are in close touch with the United States about this. We are deeply mindful of the 2,500 British personnel in the region, and we want to make sure that they are safe and that their families are assured that they are safe. Any response must, first of all, give a clear indication to Iran and its proxies that they cannot operate in this way. We are also mindful that we need to move this whole region towards a more peaceful and stable future.

*4.47 pm*

**Lord Hannay of Chiswick (CB):** My Lords, does the Minister accept that there was a very warm reaction to the reports of what the Foreign Secretary said to the Conservative Middle East Council dinner? Does this not show that the old approach to a two-state solution—whereby Palestine is recognised as a state and Israel is fully recognised by the Arabs at the end of the process—is not going to work? This is a very difficult issue. What is probably needed is a process which, from the start, makes it clear that Arab participants should recognise Israel and that all of us, including Israel, should recognise Palestine as a state. This is the only viable outcome.

Do the Government share the view of the US Secretary of State, who said that UNRWA's ability to provide and distribute various forms of aid in Gaza was "absolutely indispensable"? This is surely covered by the ruling of the International Court of Justice that all must do their best to increase the flow of aid into Gaza—including UNRWA, even though what some of its employees have been accused of is quite horrible and must be punished following an inquiry.

**Lord Benyon (Con):** The noble Lord understands more than any of us how sensitive this time and the surrounding negotiations are. It is absolutely clear that Gaza and the West Bank are occupied Palestinian territory and will be part of a future Palestinian state. We support a two-state solution that guarantees security and stability for both the Israeli and the Palestinian people. Recently, I read a most interesting quote from former Mossad director, Meir Dagan. Commenting on the two-state solution, he said:

> "We have no other way. Not because the Palestinians are my top priority but because I am concerned about Israel's well-being and I want to do what I can to ensure Israel's existence."

That shows a real depth of understanding of the importance of working towards that conclusion.

On the noble Lord's point about UNRWA, we are not alone in having paused our financial support for UNRWA. The United States, Germany, Australia, Italy, Canada, Finland, Switzerland and the Netherlands have all temporarily paused funding. I gave a list of other organisations that we are using. The noble Lord is absolutely right that UNRWA has the facilities on the ground and many thousands of people working in and around Gaza who have the ability to get food, fuel and all other humanitarian items to the people of Gaza. We want to be back working with it when this inquiry has worked out who precisely was involved in the attacks to get back international confidence in it as an organisation to deliver aid.

**Lord Wolfson of Tredegar (Con):** My Lords, we have been having discussions about the process which will lead to peace, but we need to start the process. In order to start the process, do we not need to recognise two things? First, the world of 8 October is a fundamentally different world from the world of 6 October. Secondly, Israel is a democracy, unlike Hamas in Gaza or the Palestinian Authority in the West Bank. That means that if we are going to be realistic about encouraging Israel to start that process, we need to recognise that, even today, well over 100 of its citizens are still being held hostage. I know the Minister has personally made significant efforts to meet hostage families and to work on that issue. If we are going to start a process to peace in the Middle East, which I would welcome as I have worked on it for as long as I can, we need to face basic political realities. Unless and until those hostages are released, the process will not begin. If we want to see peace in the Middle East after that conflict, the first step must be to get the hostages released. Does my noble friend agree?

**Lord Benyon (Con):** I certainly do. That is the first step in a road out of this sorry saga that we all want to see achieved. I cannot imagine—well, I can imagine what it is like for the families, because on two occasions I have met them, and I am due to meet some more this week. Noble Lords can understand the emotion. When you meet them, it is absolutely a searing realisation of the true brutality of those events and the continuous misery for those families, including the parents of a child who is around one year old. You can only imagine what they feel about that.

On my noble friend's point about democracy, he is absolutely right. As we can see daily in our newspapers, Israel is a vibrant democracy. There are future changes perhaps—we do not know—but we will support whoever is the legitimate Government of Israel to help to find a solution to this. My noble friend is also right that it has been 18 years, I think, since free and fair elections, or elections, have taken place in Gaza. The Hamas controlling body has no democratic authority. We want to make sure that the future of Gaza does not have Hamas anywhere in it.

**Baroness Blackstone (Lab):** My Lords, while welcoming much of what the Minister has said, will he tell the House what steps the Government are taking to ensure that the Israeli Government actually respond to the request that the UK Government and the Foreign Secretary are now making about an immediate cessation of hostilities to allow for more aid to get in, for hostages to get out and above all for the slaughter to stop with a view to turning this into a permanent sustainable ceasefire, which is demanded by more and more countries and by public opinion in this country? Has the time not come for the UK to cease trading in arms with Israel while it continues to kill thousands of civilians, as we have heard, 70% of whom are women and children, which my noble friend Lord Collins has described from the Front Bench as a humanitarian disaster?

**Lord Benyon (Con):** We are very concerned with the immediate days—hours, even—of this emerging saga. Whatever any Minister says at any Dispatch Box is very often out of date by the time he or she sits down. First of all, we absolutely accept that Israel has the right to defend itself against the vile terrorism that it suffered on 7 October. We have very strict rules in this country and fantastic oversight, in this place and beyond, of our arms trading arrangements. Any Government should apply those oversights to it, and we do. But it is absolutely vital that we concentrate on the immediate problem, which is getting those hostages released. I pay tribute to the Government of Qatar for their support and great expertise in achieving this. Those who have been involved in the Northern Ireland issue over the years know how galling it is when you see people that you know have done terrible things being swapped for victims of terrorism who have done no wrong. But it does require an enormous amount of courage and determination to make sure that we can get these hostages out and move forward to sustainable, lasting peace.

**Baroness Janke (LD):** My Lords, I thank the Minister for his remarks. I also pay tribute to workers in Gaza, particularly, and in the West Bank, many of whom are risking their own lives to provide support and medical help for the victims of the bombardments. Does the Minister appreciate that UNRWA apparently does not have enough money to see it through February, to provide aid in Gaza and in the West Bank? Will he look into, or have the Government looked into, the fact that medical facilities for victims are being denied and systematically destroyed, according to the reports coming to us from Medical Aid for Palestinians? What are the Government going to do to ensure that all the victims have access to the medical support and the help that international law says they should?

**Lord Benyon (Con):** It is crucial to get the right amount of medical aid and food, and all the other types of sustenance the people of Gaza require. That means more trucks, more ships and more material getting across borders. That is our priority, and there are a great many organisations that can assist with the delivery of that; I listed them earlier. But the noble Baroness is right; UNRWA employs 13,000 people in Gaza and has provided essential basic healthcare, education, protection and vital humanitarian assistance for hundreds of thousands of people in Gaza. Some 1.7 million Palestinians in Gaza are eligible for UNRWA support. In Gaza, it operates 183 schools and two primary healthcare facilities. We want to make sure that we can use this agency as quickly as possible, but that is not stopping the level of compassionate support that the British people are giving to the people of Gaza. We are getting that aid in as quickly as we can, but we need those border crossings to be more functional.

**Lord Pickles (Con):** My Lords, I draw attention to my entry in the register, particularly those relating to friendship with Israel. Does my noble friend remember that, when the International Court of Justice announced its inquiry, Hamas pledged to honour those interim judgments? The court has asked for the release of hostages. Is my noble friend disappointed that that has not happened—that Hamas has broken its word? If we are to recognise an independent Palestinian state

before there is a lasting peace and mutual recognition of boundaries, what assurances does my noble friend intend to put in to ensure the safety of Israel? Or would the British Government be content, for example, with a sovereign Palestinian state entering into a defence arrangement with Iran?

**Lord Benyon (Con):** I understand my noble friend's concerns and hope that, through the process we can now move towards, we can address the 30-year failure of the international community to support a lasting solution. In Israel we have seen rising incomes and a state that is very advanced in its security, trade and the living standards of its population, but one thing that has not been delivered to the people of Israel, and which really matters to them and to Palestinians in the Occupied Territories, is security. That is what we want to achieve. We want a lasting security, and then Israel can continue to be a real force, both economically and culturally, around the world.

**Baroness Uddin (Non-Afl):** My Lords, no democratic country should have the mandate to mercilessly kill another nation. What advice have our Government received since the ICJ interim ruling as to whether they will also be dragged into complicity should the international court determine that there have been war crimes and breaches of the genocide convention?

**Lord Benyon (Con):** The British Government have never defined what genocide is; we leave that for a court to do. However, we do not believe that this qualifies as genocide. We accept, and are pleased by, the ruling of the court in its calls for the release of the hostages and for the necessity of getting aid into Gaza.

**Lord Dobbs (Con):** My Lords, the Minister referred to the failure of the international community for 30 years or more in this matter. That implies that, if a two-state solution is to be brought about, as the Foreign Secretary said last night—and I very much welcome his remarks, and indeed the very balanced remarks of the Opposition, if I may say so, this afternoon—that surely implies that simply asking them to bring about a solution is not going to be enough. It requires more than just persuasion, and possibly a degree of international coercion on both sides, to bring about a solution in the wider interest. That is difficult when the Israeli Government, as at the moment, do not believe in and have rejected a two-state solution. Does the Minister have any ideas how the real problem of Hamas might be dealt with in this ongoing discussion?

**Lord Benyon (Con):** None of these solutions is entirely in our gift. We do not have the ability to wave a wand or send a gunboat or do all the things that Foreign Ministers might have done in centuries past. It comes down to really hard work and old-fashioned diplomacy. That is what my noble friend the Foreign Secretary, the Prime Minister, other Ministers, my noble friend Lord Ahmad—who has been ceaselessly working on this—and the Diplomatic Service have been trying to draw together. We think we have a thread which can lead towards a solution. We have to be positive about this. If you just think of the world as it exists—my noble friend referred to 8 October, the day after the attack—it is so bleak and depressing that you can hardly see a way forward. But there is a solution and we know it can work. It comes down to working with our partners, and, most of all, working with the Government of Israel and with sensible people in the Occupied Territories, to make sure that we can have a solution which is free of Hamas and gives lasting security to the Palestinian people and Israeli citizens.

**Lord Anderson of Swansea (Lab):** My Lords, do the Government assume that alternative sources of finance for humanitarian aid, which the Minister mentioned, will make up for the loss of financial aid currently going to UNRWA? Clearly, the Government are radically revising their policy at the moment and have set out these five important conditions. So far as the two-state solution is concerned, are the Government going to wait for the slowest? Will they wait for a consensus among their allies? What will they deem to be necessary before they accept a two-state solution? On the other matter, is the Minister confident that the Palestinian Authority is ready to assume responsibility for the West Bank and Gaza?

**Lord Benyon (Con):** My noble friend the Foreign Secretary met the President of the Occupied West Bank Territories, Mahmoud Abbas, and will continue to talk to him to find, I hope, precisely that solution. On the noble Lord's first point, on UNRWA, as I said, we have given to UNRWA what we were going to give this financial year, and the additional sums that we are promising will still get, in aid, to the people of Gaza through a variety of sources that I listed earlier.

**Lord Leigh of Hurley (Con):** My Lords, can my noble friend the Minister clarify his last remarks? When he said that my noble friend Lord Cameron has had discussions with the Prime Minister of Palestine, can we be crystal-clear that the United Kingdom will not recognise a state of Palestine that is led by the current Palestinian Authority and the Fatah organisation, which has been so involved in terror, and will not recognise a Gaza-led Government where Hamas has either control or power?

**Lord Benyon (Con):** I am grateful to my noble friend, and allow me to clarify. We will recognise a Palestinian state as part of a two-state solution at the time that is right and with the leadership in place. We have already talked about needing a technocratic Government who will resolve the issues that exist within Gaza in particular, and we want to make sure that that Government do not have Hamas anywhere near them, or as part of them, and that they are trusted in those territories but also by the people of Israel, who want to live in peace with their neighbours.

**Lord Grocott (Lab):** My Lords, for as long as most of us can remember, Ministers at the Dispatch Box, of both parties, have reiterated the commitment to a two-state solution, although I have to say—and a Select Committee of this House made this position explicit not so long ago—that the possibility of that being achieved as long as the Government in Israel pursue

[Lord Grocott]
their expansion of settlements on the West Bank is diminishing. It is only at times of awful violence, such as we have seen in the last few months, that the attention of the international community is focused on what the two-state solution actually means and whether we will work for it as soon as the violence ceases. What is new is not just that Israel has been moving towards making a two-state solution more difficult but that the Prime Minister of Israel, Benjamin Netanyahu, has made it quite clear that he simply will not accept a Palestinian state. I should like to know what steps the Government are taking to try to impress on him that there can be no long-term chance of peace in the Middle East until the Palestinians, like the Israelis, have a state of their own.

**Lord Benyon (Con):** The noble Lord raises the fundamental issue here. There are different voices in Israel, and we will work with whoever is in government to achieve what we, with our partners in the region and with countries such as the United States, think is the best way forward for the people of Israel and those living in the Occupied Territories. The noble Lord is right: that is very difficult to achieve, particularly when people at the top of the Government are saying that our policy is not right for them. However, there are plenty of people who believe—I earlier quoted somebody deeply involved with the security of the State of Israel—that it is fundamentally important not just for the Palestinians but for the future of Israel. It is that which we want to secure. Israel is our friend; we can speak frankly with friends, and that is what we do in diplomatic terms. We do not cut ourselves off from it just because there might be some side to an argument that we disagree with. We will work with Israel to try to achieve what we think is best for the long-term security of the region, which affects us all.

## Pedicabs (London) Bill [HL]

*Report*

*5.09 pm*

***Clause 2: Licences, fares and other matters***

*Amendment 1*

*Moved by* ***Lord Davies of Gower***

**1:** Clause 2, page 2, line 19, at end insert "(including, in particular, provision about making noise)"

Member's explanatory statement

This amendment spells out that provision in pedicab regulations about the conduct of drivers can include provision about making noise. Regulations might, for example, prohibit a driver from making certain kinds of noise or noise over a certain volume at some or all times or in some or all places.

**The Parliamentary Under-Secretary of State, Department for Transport (Lord Davies of Gower) (Con):** My Lords, I am grateful for your Lordships' continued interest in this small but important Bill. The Government have listened carefully to the concerns raised by noble Lords, and I reiterate what I have said in private sessions: that your Lordships' engagement has helped the Government reflect on the Bill's provisions.

The first group today consists of a single amendment. It will amend Clause 2(6)(i), which relates to the conduct of pedicab drivers. It will specify that pedicab regulations can include provisions about making noise. During Grand Committee, I was clear that the Bill as drafted provided sufficient scope for pedicab regulations to address the issue of noise, under Clause 2(6). Furthermore, Transport for London has provided assurance that the playing of loud music and causing disturbance would be covered in its regulations.

However, it was clear that your Lordships felt particularly strongly about this issue. This is understandable. The Government are aware of the stories of loud music being played from pedicabs during the day and long into the night, and understand the disruption this causes to residents, businesses and those going about their daily lives. The Government have therefore tabled the amendment in recognition of the importance of this issue and to support the emergence of an effective regulatory regime.

Consistent with the approach taken in the Bill, the precise manner in which noise nuisance is addressed will be for Transport for London to determine in bringing forward regulations, and, again, this will be subject to consultation as per Clause 1(3). I hope that noble Lords welcome this amendment and that it satisfactorily addresses any outstanding concerns. I beg to move.

**Baroness Stowell of Beeston (Con):** My Lords, I welcome the amendment tabled by my noble friend. I am hugely grateful to him for having listened carefully during our debates in Committee. I congratulate him on the influence he has been able to have in the department in securing the Secretary of State's agreement to this change.

I note that my noble friend said that in the Government's view, the Bill's original wording was sufficient to tackle the concern about noise; none the less, it is reassuring to have noise provisions in the Bill. I should be particularly pleased if my noble friend emphasised when he winds up that the explanatory statement alongside the amendment on the Marshalled List points out that the regulations that can be made to deal with noise, and which would be subject to consultation by Transport for London, might

"prohibit a driver from making certain kinds of noise or noise over a certain volume at some or all times or in some or all places."

As my noble friend knows, one of my concerns, and one of the reasons why I was keen to get provisions on noise in the Bill, is that there has been a tendency to talk about noise only after a certain time of day. The existing law that allows any clampdown on noise pollution very much kicks in after a certain time and, as we know, the noise made by these vehicles and their drivers can be particularly disturbing and disruptive at any time of day. That is worth us reinforcing, so that TfL knows the expectation of this House.

As this is probably the last time I will speak during the passage of the Bill, I thank my noble friend again and congratulate him on his successful stewardship of this important Bill, which people have waited a long time for in London. I congratulate him on what he has been able to achieve over the past couple of months.

**Lord Borwick (Con):** My Lords, I repeat my declarations of interest from previous occasions. I entirely agree with my noble friend Baroness Stowell—she is right. I worry about the House of Lords legislating for the difference between "noise" and "music". We might be in a minority in the country overall in our distinction between the two, but this is a magnificent example of a Bill that has been changed by good points made by Back-Benchers in this House. The clause proposed by my noble friend Lord Davies is an entirely sensible move.

**Viscount Goschen (Con):** My Lords, I too congratulate my noble friend on his stewardship and handling of the Bill. It is, perhaps, not the biggest, most important transport Bill to come before your Lordships but is none the less highly targeted, and we commend it. In particular, I thank my noble friend for listening to the concerns about noise that have been raised almost universally around the House. I have witnessed this when walking back from your Lordships' House to where I often stay during the week, and I have heard this extraordinary noise coming from these vehicles.

There is a problem, and the Bill is an enabling Bill. It allows TfL to produce the regulations and regulate the operators of these vehicles. Noise is one of the most important issues the House has heard about, and I am delighted the Government have recognised it and produced their own amendment.

**Baroness Randerson (LD):** My Lords, there is a risk that this is beginning to sound like Third Reading, but I put on record from these Benches my thanks to the Minister and his team for their time and the care with which they have considered the points we made on Report and in meetings between then and today. They have been generous with their time and prepared to give serious consideration to the points made.

This amendment is, as noble Lords have said, about noise. Where, when, how and how loud the noise is, is a key aspect of the concerns about pedicabs. This is therefore a very useful addition and clarification and is in direct response to points made in Grand Committee. I am delighted that this amendment has come forward.

**Lord Liddle (Lab):** My Lords, on behalf of the Opposition, I will be very brief. We support this amendment and congratulate the Minister on bringing it forward; it demonstrates that Members of the House have been listened to. There is clearly a problem of noise created by pedicabs, and it affects people of all social classes who live in Soho, Mayfair and parts of Westminster. We are glad to see this amendment being proposed.

**Lord Davies of Gower (Con):** My Lords, I am grateful for the acceptance of this amendment. We recognise the point made by my noble friend Lady Stowell about noise being disallowed after 9 pm. Clearly, during the winter months and dark nights it is not good to have this sort of behaviour and high levels of noise on the streets. That was very much behind the thinking in bringing this amendment forward. I am very grateful to all other noble Lords who have spoken, and I will certainly pass the thanks on to the team.

*Amendment 1 agreed.*

*Amendment 2*

*Moved by* ***Baroness Randerson***

**2:** Clause 2, page 2, line 19, at end insert—

"(6A) For the purpose ensuring greater safety of electric powered pedicabs (of a type specified in subsection (6B)) and secondary lithium-ion batteries used to power them, regulations must be made within 12 months of the passing of this Act specifying that such vehicles and the lithium-ion batteries used to power them must—

(a) have had conformity assessment procedures carried out on them by a conformity assessment body authorised by the Secretary of State to carry out such assessments; and

(b) have the technical documentation and declaration of conformity drawn up by the manufacturer.

(6B) The type of pedicab to which section (6A) refers—

(a) must be pedalled in order to receive electric-powered back-up; and

(b) has an electric motor with a maximum power output of backup power of no more than 250 watts; and

(c) can travel at no more than 15.5 mph as the electric motor will not propel the bike when travelling more than 15.5mph."

Member's explanatory statement

This amendment would require the Government to make regulations to introduce independent conformity assessment processes for electric powered pedicabs and the batteries used to power them.

**Baroness Randerson (LD):** I regret to tell the House that this group will take slightly longer than the previous one. This amendment in my name is about the safety of pedicabs and the lithium-ion batteries that assist with the pedalling to propel them in certain cases. It covers only pedicabs where the battery back-up is available only when the pedicab is being pedalled, where such back-up can be given only up to 15.5 miles per hour and where the maximum power is up to 250 watts. Currently, there are no requirements for independent safety tests on such vehicles and their batteries.

In Committee, my noble friend Lord Foster put forward amendments about these issues, which I also spoke to. He is unfortunately unable to be here today, so I am attempting to carry forward his work. From the outset on the Bill, safety and testing, in general, have been at the centre of the Government's thinking. Clause 2(6)(c) refers to "safety requirements" and Clause 2(6)(f) to "the testing of pedicabs". In his opening speech, the Minister referred to safety on four occasions.

My amendment builds on an issue that has been taken up by noble Lords across the Chamber. I have also raised it previously in different contexts, as has my noble friend Lord Foster. I raised it on 11 July last year with the Minister's predecessor and my noble friend raised it on 23 November last year in a QSD. Unfortunately, on both occasions, government responses lacked the clarity that we need on the crucial differences in testing requirements between the L-category vehicles up to 1,000 watts and the sub-250-watt electric bicycles. The latter are pedal cycles with an auxiliary electric motor and a maximum continuous rated power of up to 250 watts. The other key difference is that the more powerful vehicles, over 250 watts, have to be registered and have a number plate, which vehicles up to 250 watts do not require.

[Baroness Randerson]

In Grand Committee, Amendments 21 and 22 dealt with charging systems and with lithium-ion batteries powering electrically assisted pedicabs. The Minister, in his response, said:

"I note that the requirement for power-assisted pedicabs to meet suitable product regulation is covered by existing law and therefore this amendment is not necessary".—[*Official Report*, 11/12/23; col. GC 243.]

He then went on to point out that manufacturers are responsible for ensuring that their products meet safety standards. That is self-certification, which is exactly the point of the amendment and why we need higher standards with third-party safety assessments coming in. Those safety assessments should be undertaken by conformity assessment bodies, also called test houses. To assist noble Lords with a parallel, that is how fireworks, for example, are tested and assured for safety.

In his response to our last debate, the Minister also said that batteries must comply with the Batteries and Accumulators (Placing on the Market) Regulations 2008. However, unfortunately, those regulations limit only the amount of cadmium and mercury in the battery and have nothing to do with fire safety testing. I press these issues because already, 13 people have died as a result of lithium-ion battery fires, one person on New Year's Day this year. Many more people have been very badly injured and there has been a massive cost from the destruction of property.

These amendments are supported by organisations such as the National Fire Chiefs Council, the Association of British Insurers, the Royal Society for the Prevention of Accidents and the charity Electrical Safety First. They are also supported by dozens of other similar organisations—30 in total.

In June, the noble Lord, Lord Offord, assured my noble friend Lord Foster that the Government were taking action on these issues, but nothing has happened since. A recent survey showed that a third of e-bikes and batteries are bought online, where is it known that standards are likely to be lower and the whole situation is known to be riskier. As the Bill is intrinsically concerned with a set of activities—pedicab riding—known to be without any regulation, where the Government rightly say that risks have been taken and these are dangerous activities, this is exactly the kind of situation where some of kind of control over the lithium-ion batteries involved in the vehicles would be very useful, worth while and likely to save lives or reduce the risk to people's health.

Nearly half the people who charge their bike batteries do so in a communal area. That is known to be the most dangerous place to do it. If a fire breaks out, it blocks your exit and it is far too hot in these circumstances for you to be able to go through that area. More than half of people with electric bikes charge them while they are asleep, so a fire is more likely to take hold. All these risks could be dealt with by safety measures built into the regulations flowing from the Bill and public awareness could be raised. The Government have emphasised the dangers posed by pedicabs and battery fires are clearly part of that. I am certainly not going to push this to a vote today, but I ask the Minister—who is clearly keen to listen to concerns—to think about this very seriously. I urge him either to accept this amendment or to bring something back of a similar nature.

*5.30 pm*

**Lord Moylan (Con):** My Lords, I have considerable sympathy with the argument made by the noble Baroness, Lady Randerson. I find it very strange that, in this modern world, it seems impossible to rely on the safety of something as straightforward as a battery. We have known about battery-like things for at least 250 years. I think it was in the 18th century that the first battery was discovered.

Now we have lithium-ion batteries, which appear to be perfectly safe in one's telephone but not if they are attached to a pedicab. We have a similar problem with e-scooters. On some occasions, the batteries have been known to blow up, which is why they are banned from every part of the London Underground network—platforms and stations as well as trains; they are a fire risk. How has this circumstance come about? I have no answer.

While I have sympathy with the noble Baroness's argument, I am glad to hear that she is not intending to advance this to a vote. I am not entirely sure that this is the right Bill for the issue to be addressed in. There is a wider question about what the Government are doing to ensure the safety of batteries that are available for consumers to buy as part of equipment. In this case, they are allowed to buy e-scooters, but not to ride them on the public highway. That is another anomaly that perhaps we will address at some stage, when the endless trial the Government have been conducting on e-scooters is eventually brought to a conclusion and some determination is made about their future. There needs to be a measure that addressees the safety of batteries more broadly than simply in pedicabs, as this amendment would.

We will come in the next group to the question of guidance. I will simply say that if my noble friend were to say that safety issues including the safety of batteries would be included in guidance and covered by regulations, I think that would be satisfactory, without the need for the noble Baroness's amendment. It is an issue that needs to be addressed.

**Lord Borwick (Con):** My Lords, I entirely agree with my noble friend; it all makes sense. I shall give a little history: at one stage I was chairman of a lithium battery manufacturer. It is possible in the manufacturing of a lithium battery for a little strip of lithium to move from one part of the battery to another during the manufacturing process. That can later cause a fire.

The trouble with this amendment is entirely that, as my noble friend mentioned, if we got it right in pedicabs, we would be getting it right in only a tiny percentage of the total number of vehicles with large lithium batteries. It is a particularly serious problem when fires break out in big batteries in small houses. These pedicabs are not going to be recharged in people's houses in the majority of cases; it will be done at a depot of some sort.

This is a good provision in the wrong place. I would look forward to supporting such a clause in a different place, if only there was something equivalent. The noble Baroness has grabbed the opportunity and should be applauded for doing that.

**Viscount Goschen (Con):** My Lords, I agree with my noble friend that the first part of the noble Baroness's amendment is very interesting but has a much wider application. None the less, she has cleverly found an opportunity to air broader concerns about lithium batteries. However, I feel rather sorry for the second part of her amendment, which is a very substantive measure. I do not think she particularly referred to it in her remarks and it has not been covered in the debate so far. It is about the amount of power that can be deployed by these vehicles and that they must be pedal-assisted and not just pure electric power.

The reason I support the noble Baroness's sentiment behind that is something that we have covered in earlier debates. With electrically powered vehicles, which I think are great and have the ability to solve all sorts of environmental and other problems, particularly in cities, there is a blurring of where an electric bicycle ends and an electric motorcycle begins, and where an electric-powered but pedal-assisted vehicle ends and a motor vehicle begins, and whether the words that the noble Baroness has suggested really belong in TfL's guidance or in the Bill. My concern is about putting very specific things in the Bill in terms of future-proofing. Who knows what will come along in future developments? Perhaps it is better covered by guidance.

However, there is a much wider concern about the difficulty of keeping up, from a regulatory perspective, with very rapid consumer change and the availability of electric scooters, which we talked about a lot at earlier stages of the Bill. Perhaps when the noble Baroness comes to wind up her remarks, she might just dwell a little on the second part of her amendment.

**Lord Liddle (Lab):** My Lords, we on this side of the House have enormous sympathy for the amendment that the noble Baroness, Lady Randerson, has proposed, and I find myself, at least on this occasion, in full agreement with the remarks of the noble Lords, Lord Moylan and Lord Borwick, and the noble Viscount, Lord Goschen. However, it is the Government's decision that one of the few transport measures they were prepared to put in their programme for this Session was a pedicabs Bill which, of course, is of very limited reach and scope. In fact, you could say that its reach is two wards of a single London borough. That is a pity, given that the country has enormous transport challenges in front of it, such as a failing railway system and the need for bus regulation. I could go on.

However, one of the issues that clearly has to be addressed is the one highlighted in this amendment. Although it would be inappropriate to try to carry amendments on this question of electric batteries, I hoped that the Minister might be able—indeed, I have urged him privately to do this—to come up with a timetable for when the Government might address these wider and more important questions. I am looking forward to his speech because it seems to me that in the House we have had a lot of concern raised about electric batteries and about the experimental period, as it were, of regulation of e-scooters, and we do not know how long that is going to go on for or what the outcome is eventually going to be. I would have thought that the Government must have a plan—after all, they are, I assume, thinking they might be re-elected—so we would quite like to know what future plans the Government have on what are very important and serious matters in which lives are at stake.

**Lord Davies of Gower (Con):** My Lords, I thank your Lordships for their diligence in scrutinising this Bill's provisions. This second group of amendments is focused on electric pedicabs. My department is aware of concerns held by noble Lords surrounding batteries in e-cycles and e-scooters. Amendment 2 in the name of the noble Baroness, Lady Randerson, seeks to place a requirement on the Government to introduce independent conformity assessment processes for electrically powered pedicabs and the batteries used to power these vehicles. If I may say so, she Baroness puts her case well, and I will now seek to answer some of her points.

Noble Lords may recall my response to an amendment tabled in Committee on conformity assessments and potentially placing requirements on power-assisted pedicabs. My response to the amendment debated today will echo my previous position. The Bill is about closing the legal anomaly so that London pedicabs can be licensed for the first time. The amendment raises a much wider question about the construction of electrically assisted pedal cycles.

The UKCA, the UK conformity assessment marking, and its EU equivalent, the CE, the conformité Européene, demonstrate a manufacturer's claim of conformity with statutory requirements. All e-cycles and e-scooters need to comply with UK product safety regulations. This includes the Supply of Machinery (Safety) Regulations 2008, which set out the detailed health and safety requirements for the design and construction of a product. Additionally, there is an existing requirement in these machinery regulations that responsible persons for all machinery within scope, which would include power-assisted pedicabs, must draw up a detailed technical file and a declaration of conformity. There are existing requirements to carry out appropriate conformity assessment procedures. In instances where the responsible person does not comply with existing requirements, they are in breach of the regulations.

The Government are seeking to reform the UK's product safety framework through the product safety review. The Office for Product Safety and Standards is currently reviewing responses to its consultation on how it regulates all products on the GB market, including machinery, and where multiple regulations apply to specific products. The Government's intention is to publish a response later this year that summarises findings and sets out its future plans.

Product regulations would not cover a scenario whereby a pedicab driver or operator adapted their power-assisted pedicab following purchase, However, Clause 2(6) provides Transport for London with the ability to make provisions relating to matters such as safety requirements, testing, speed restrictions, and the quality and roadworthiness of pedicabs. Therefore, there is sufficient scope for Transport for London to determine the expected standards for pedicabs operating on London's roads.

Although pedicab batteries when not supplied as part of a pedicab would not be subject to a regime that requires the UK conformity assessment marking to be

[Lord Davies of Gower]
affixed to them, their safety would be covered by the General Product Safety Regulations. These regulations require that all consumer products placed on the market are safe. Furthermore, batteries must comply with the Batteries and Accumulators (Placing on the Market) Regulations 2008, which restrict the substances used in batteries and accumulators, as well as setting out requirements for their environmentally friendly end of life.

In bringing my comments to a conclusion, I draw your Lordships' attention to the work of the Office for Product Safety and Standards, and Defra. They are in the process of reviewing the position on batteries. This includes examining the new EU battery directive and looking into the safety of the lithium-ion batteries used in e-cycles and e-scooters. This work should conclude in 2024. Alongside this, my department is developing guidance on the safe use of batteries in e-cycles and e-scooters, and we will publish this soon. I respectfully suggest that the Bill, with its narrow focus on licensing London pedicabs, is not the place to start tackling this issue. It is best dealt with as part of the wider work being taken forward by the Office for Product Safety and Standards and by Defra.

**Baroness Randerson (LD):** I thank the Minister for his response, although it was rather disappointing. The noble Lord, Lord Moylan, makes the point that this is not the right place for these regulations, but he accepts that there is a clear danger. I simply approach it from the point of view that this might be a good place to start dealing with this danger. However, I accept that pedicabs make up a tiny percentage of the problem, as the noble Lord, Lord Borwick, says.

*5.45 pm*

I say to the noble Viscount, Lord Goschen, that the key point that I was trying to tackle was that the second half of the amendment simply explains that the safety measures in the first half of the amendment apply specifically to pedal-powered bikes up to 250 watts. In our debate in Grand Committee, the issue became rather opaque, shall we say? My hope was that, within the 12 months specified in the amendment, perhaps the Government might actually tackle the whole issue so that, in tackling the pedicabs issue, they would also be tackling all the bikes concerned.

I am pleased to hear that the Minister thinks that Transport for London could do something to address this issue, and time will tell whether these are adequate powers for it. I am not arguing that it should be given the additional powers in relation to this, because I think this is a job for central government. However, we will see whether it has the sorts of powers needed to raise levels of safety. We will, I am sure, be looking to see what the office of public safety recommends, because this is not an issue that I have dreamed up. It is based on clear evidence of danger and risk and repeated fires, which come when something has gone wrong, when corners have been cut in the manufacturing process. There is clear evidence, and I very much hope that the Government pursue this with some additional urgency following this debate. Having said that, I beg leave to withdraw my amendment.

*Amendment 2 withdrawn.*

***Clause 6: Procedure for pedicab regulations***

*Amendment 3*

*Moved by* ***Lord Davies of Gower***

**3:** Clause 6, page 4, line 24, leave out subsection (2)

Member's explanatory statement

This amendment means that pedicab regulations will no longer be subject to any form of parliamentary procedure.

**Lord Davies of Gower (Con):** My Lords, this final group of amendments covers the process for regulations made under the Bill. Amendment 3 places responsibility for making pedicab regulations solely with Transport for London, meaning that pedicab regulations will no longer be subject to any form of parliamentary procedure.

Noble Lords will be aware that this marks a shift in the Government's approach. The Government have listened to, and reflected on, the points raised at Second Reading and in Grand Committee, and reached the conclusion that these powers should rest with Transport for London. The Government have reached this view for several important reasons. First, it is consistent with the position for taxi and private hire vehicle licensing in the capital, where Transport for London has demonstrable experience of operating effective licensing regimes. Secondly, the Bill's provisions extend to Greater London only, addressing the legal anomaly that has meant that London's pedicab industry has been unregulated. The Bill presents a solution to a London-centric issue. Thirdly and finally, the relative size of the pedicab industry in London is an important factor. Estimates suggest that pedicab numbers range from 200 up to 900 in peak season. This is a significantly smaller industry than London's taxi and PHV industries, where there are over 100,000 licensed vehicles and over 120,000 licensed drivers. Therefore, this amendment offers a proportionate approach.

While I am confident that this amendment is supported by the majority of your Lordships, I am aware that there may be some noble Lords concerned that Transport for London would seize this opportunity to remove all pedicabs from London's streets, or to impose draconian restrictions that all but ban these vehicles. I reiterate that I do not—

**Lord Tunnicliffe (Lab):** I apologise for jumping in on this point but it is very important. The Minister said that the generation of regulations would be solely the responsibility of Transport for London, which is exactly where we seek to be. In preparing for this debate I looked through the Bill, and all the Minister's amendment does—I say "all" but it may be enough, in which case I will be delighted—is to take a subsection out of Clause 6. Can I be assured that that subsection's deletion effectively removes any DfT input to the creation of regulations other than the amendment that goes with it to introduce guidance?

**Lord Davies of Gower (Con):** Yes, that is my understanding of the amendment and is correct.

Although I am confident that this amendment is supported by the majority of your Lordships, as I said, I am aware that some noble Lords may be concerned

that Transport for London would seize this opportunity to remove all pedicabs from London's streets or to impose draconian restrictions. However, I reiterate that I do not understand this to be TfL's intention and, furthermore, it is highly unlikely that pedicab regulations could be used to do this.

However, this moves me to Amendment 4, which gives the Secretary of State the option of issuing statutory guidance to Transport for London relating to how functions under pedicab regulations are exercised. The amendment specifies that statutory guidance may cover how functions are exercised so as to protect children and vulnerable adults from harm. This amendment intends to strike a balance with the removal of parliamentary procedure for secondary legislation made under the Bill. The Government remain aware this will be a newly regulated industry, and this amendment will give the Secretary of State the option of influencing the shape of the London pedicab regime.

Transport for London or any person authorised by it to carry out functions under pedicab regulations on its behalf will need to have regard to guidance issued by the Secretary of State. This provides a level of oversight which I hope provides assurance to any noble Lords with concerns. Further to this, Clause 1(3) requires TfL to conduct a consultation prior to making pedicab regulations.

I hope this demonstrates that the Government have listened, and that these amendments are viewed by your Lordships as a thoughtful way forward, one which will best enable Transport for London to commence work on bringing forward its regulatory regime. I beg to move.

**Lord Storey (LD):** My Lords, this is almost full circle for me. About six years ago I received several complaints about pedicabs, and I tabled Written Questions for the then Minister, to be told straight off, "It is nothing to do with the Government—it is a matter for Transport for London". Therefore, it is quite good that, coming full circle, many of these issues will be taken—with guidance—by Transport for London. That is the right and proper place for some of these issues; it makes sense to me.

I am particularly pleased that notice has been taken of safeguarding issues, particularly for children, and I am sure guidance will include that, and for anybody who is in a vulnerable situation as well, whether it be children or young women. That is absolutely right and proper.

I slightly worry that the issue of identification has not taken place. For example, if a pedicab driver does something that is not correct or behaves in an outrageous way—as we have often seen happen—as I understand it, there is no way to identify who is the owner or the driver of that pedicab and therefore to take action. I hope that this issue might be raised, maybe in guidance to Transport for London.

**Baroness Randerson (LD):** My Lords, I will speak to Amendment 5 but in doing so, I welcome the Minister's acceptance that this is very much an issue for Transport for London. My Amendment 5 is simply there to give the Minister the opportunity to provide this House with clarity on the potential scope of the Secretary of State of State's guidance. Because we have had this complete somersault between Committee and Report over who is going to be responsible for this, it is important to get that clarification.

There is cross-party consensus that this really is an issue for Transport for London. Like my noble friend Lord Storey, I am very pleased to see the reference to safeguarding in Amendment 4. This legislation obviously applies only to London, but it would be helpful if the Government were to publicise it beyond London because, as we made clear in our discussions at the previous stage, there are pedicab regulations in other parts of the country. It would be useful to have greater awareness of issues such as the importance of safeguarding, registration, safety and so on.

My amendment is a kind of checklist of the main issues to consider: environmental benefits; safety, which is about a lot more than just battery fires; and minimising disruption, danger and disturbance to other people, as some neighbours in London have suffered from noise and inconsiderate parking for a long time. We should not be discussing the suitability of cab ranks in detail here, but it will clearly be of great importance when decisions are made by Transport for London. My final issue is that of licensing and penalties. I assume that licensing will involve identification and registration.

It is important to make it clear that we do not want regulations which are so onerous that they destroy this industry altogether. Like other noble Lords, we want just to bring it under control so that it benefits London and is an asset, not a liability, to London tourism. For the people who hire these cabs, it should be safe and fun, not risky. I press the Minister to reassure us that the Secretary of State's guidance will not be so onerous that it enables penalties so stiff that they put people out of business.

Proposed new subsection (6) of government Amendment 4 refers to consultation, and rightly so. Can the Minister give us an assurance that there will be Secretary of State consultation with cycling organisations and the organisation representing pedicab operators in London? Its representatives were in touch with us prior to Committee, so there is clearly such an organisation, and it is the kind of organisation that, in other industries, brings a sense of coherence that raises standards, as taxi organisations do. It is important that proper consultation is done.

**Lord Borwick (Con):** I am grateful to my noble friend for bringing forward this suggestion, which, as he said, was proposed by many parties. But I am still confused, in that the Member's explanatory statement, which is very sensible, does not quite tie up with Amendment 3 itself. Amendment 3 says "leave out subsection (2)", but why is subsection (1) still in place? That says that

> "The power to make pedicab regulations is exercisable by statutory instrument".

If the intention is that they should not be exercisable by statutory instrument, why should we leave in that phrase? Would it not be better if the amendment left out both subsection (2) and subsection (1)? I think that would improve the Bill.

*6 pm*

**Lord Tunnicliffe (Lab):** My Lords, I first thank the Minister, as others have done, for the amount of time he has taken on this Bill. Our central concern was that this is a London problem, and we created TfL to look after London's problems. Now, I am in favour of TfL—somewhat biasedly, because I helped create it—but it has lived up to our expectations and has done a good job over the 23 years of its existence. It is very much the right organisation to do this task.

I thank the Minister for his Amendment 3, which he assures me will give TfL sole responsibility for developing regulations. I do take the point about why subsections (1), (3) and (4) are being retained, but I am sure it is all right because I have faith in the wonderful drafting powers of his team. If, upon consideration, they become a concern, I am sure that a government amendment will be tabled at Third Reading to amend any conflicts between the different parts. I hope he will give that consideration, if his team do advise him that there is a conflict.

Having said that I am in favour of Transport for London doing this task, I grudgingly accept that some of the concerns about TfL getting carried away and banning everything in sight, and making people bankrupt by charging them utterly unreasonable fees et cetera, do make a case for Amendment 4. Therefore, I recognise that that is the trade-off between the important position to take throughout the parliamentary process, while making sure there is a potential for government to create guidance that TfL has to have regard to. The balance between the two amendments, from our point of view, is acceptable.

The noble Baroness, Lady Randerson, has produced Amendment 5, which is drafted very much in the terms of many of her amendments, in the sense that it is motherhood. I am actually in favour of motherhood; it helps the world go round, and it says a series of sensible things. But the problem with putting something in legislation is whether it says all the things that should be said, or whether, conversely, it contradicts things that might be wanted. I am afraid I cannot support her. I do not think it is her intention to press the amendment, but I do commend it as a questionnaire for the Minister, to clarify the Government's position on the points raised.

**Lord Davies of Gower (Con):** My Lords, I once again thank your Lordships for their careful consideration of the Bill. I have outlined the purpose of the Government's amendments in this group, and will now address Amendment 5, in the name of the noble Baroness, Lady Randerson.

I first reiterate the Government's objective in bringing forward this Bill. The purpose is to provide Transport for London with the tools it needs to regulate London's pedicabs so that journeys and vehicles are safer and fairer. This means addressing both the safety-related and traffic-related concerns, and tackling the antisocial and nuisance behaviour of certain pedicab operators and drivers.

Amendment 5, which attempts to set objectives to which the Secretary of State must have regard when issuing statutory guidance, shares the Government's objectives. However, this has been tabled in response to the Government's Amendment 4, which provides the Secretary of State with the option of issuing statutory guidance to Transport for London relating to the exercise of its functions and the pedicab regulations. This provides clear parameters for the scope of any statutory guidance and therefore Amendment 5 is not necessary, as the matters it covers are addressed by provisions in the Bill. In addition, I note that prescribing in detail what the Secretary of State must consider when issuing guidance could have the effect of inadvertently excluding from the scope of the guidance matters which have not been specifically listed. For this reason, a general approach is considered preferable.

I will highlight some of the relevant provisions in the Bill. Clause 2(5) covers fares, including what fares may be charged and how passengers are notified of these. Clause 2(6) covers a wide range of issues relating to the operation of London's pedicabs. This includes safety, the quality and roadworthiness of pedicabs, the working conditions of drivers and their conduct. Clause 2(7) gives Transport for London the power to place limitations on where and when pedicabs can operate, and Transport for London has already confirmed it will need to give proper consideration to the matter of pedicab ranks, taking into account the needs of pedicab drivers, passengers and other road users. Clause 3 sets out the enforcement mechanisms available to Transport for London and includes details of penalties.

A couple of points were raised by noble Lords. The noble Lord, Lord Storey, talked about identification of the pedicabs. That really will be a matter for Transport for London, however it intends to license them. I can think of various ways it could do it; I am sure he could as well but it will be a matter for Transport for London. On the point raised by the noble Baroness, Lady Randerson, regarding the need to consult, that is written into the Bill, most certainly, and I feel quite sure that cycling organisations will be included in that. I think that more or less covers everything apart from the point from the noble Lord, Lord Borwick. On that, we can confirm that this is solely Transport for London's responsibility.

*Amendment 3 agreed.*

*Amendment 4*

*Moved by* ***Lord Davies of Gower***

**4:** After Clause 6, insert the following new Clause—

**"Guidance**

(1) The Secretary of State may issue guidance to Transport for London about the exercise of their functions under pedicab regulations.

(2) The guidance may, in particular, include guidance about how those functions may be exercised so as to protect children, and vulnerable individuals who are 18 or over, from harm.

(3) The Secretary of State may revise any guidance issued under this section.

(4) The Secretary of State must arrange for any guidance issued under this section, and any revision of it, to be published.

(5) Transport for London, and any person authorised by them to carry out functions under pedicab regulations

on their behalf, must have regard to any guidance issued under this section when exercising their functions under the regulations.

(6) Before issuing guidance under this section the Secretary of State must consult whoever the Secretary of State considers appropriate."

Member's explanatory statement

This clause allows the Secretary of State to give guidance to TfL about the exercise of functions under pedicab regulations. Subsection (5) requires TfL, and those authorised by TfL to exercise functions under the regulations, to have regard to the guidance when exercising functions under the regulations.

*Amendment 5 (to Amendment 4) not moved.*

*Amendment 4 agreed.*

*House adjourned at 6.08 pm.*

# Grand Committee

*Tuesday 30 January 2024*

## Arrangement of Business

*Announcement*

*3.45 pm*

**The Deputy Chairman of Committees (Baroness Pitkeathley) (Lab):** My Lords, as your Lordships know, if there is a Division in the Chamber while we are sitting, this Committee will adjourn as soon as the Division Bells are rung and resume after 10 minutes.

## General Aviation (Persons on Board, Flight Information and Civil Penalties) Regulations 2024

*Considered in Grand Committee*

*3.45 pm*

*Moved by* ***Lord Gascoigne***

That the Grand Committee do consider the General Aviation (Persons on Board, Flight Information and Civil Penalties) Regulations 2024.

**Lord Gascoigne (Con):** My Lords, the purpose of these regulations, laid under paragraphs 27BA and 27BB(6) of Schedule 2 to the Immigration Act 1971 and Section 32B(6)(b) of the Immigration, Asylum and Nationality Act 2006, is to require owners, agents or captains of international general aviation flights to submit information about the flight and the persons on board online and in advance of the flight. General aviation flights are those that do not operate to schedule. They include large commercially operated business jets, air taxis and private pilots in light aircraft. The regulations also amend the Passenger, Crew and Service Information (Civil Penalties) Regulations 2015 and make a failure to comply with the requirements of the new regulations liable to a civil penalty of up to £10,000.

The safety and security of our citizens is the Government's top priority. We are committed to implementing resilient border security processes for all modes of international transport for counterterrorism, policing and immigration purposes. A key part of our border strategy is the ability to know who is travelling or intending to travel to and from the UK's border before they arrive or depart. Through the provision of advance passenger information, known as API, our border officers can quickly determine who does and does not pose a threat to the UK or to UK interests and, importantly, can prevent travel in accordance with the authority to carry scheme 2023.

All airlines making scheduled commercial international flights to and from the UK, other than for some flights within the common travel area, are required to provide API for all individuals on board their aircraft. Additionally, all passengers arriving on scheduled international flights are subject to full passport control checks at the border. Individuals arriving in the UK or leaving the UK on international general aviation flights are not all subject to the same checks. Many international general aviation flights operate out of private airfields and landing strips where there is no permanent border control or police presence. This means that a requirement to provide API forms a key part of our approach to managing international general aviation flights and individuals on board.

Those operating international general aviation flights are currently required to provide data in advance of departure for customs purposes, and on some routes for security purposes, but they are not currently required to provide the information electronically in a way that enables law enforcement to process it efficiently. In order to effectively assess the risk posed by individuals on board international general aviation flights, our border control authorities need not only to know who is intending to travel in advance of their journey to or from the UK commencing but to receive the information in a way that supports effective processing to clear individuals posing no concerns and to focus on subjects of interest.

Submission of flight information, online and in advance, will allow Border Force and other law enforcement authorities to analyse and quantify the extent of the potential threat and level of risk. It will enhance automated checking and intelligence-led decision-making to improve the effectiveness with which resources are deployed to meet flights.

Last April, the Home Office undertook an eight-week consultation, targeted at the general aviation sector, on regulations to require information about general aviation flights and persons on board to be submitted electronically in a manner that enables automated watchlisting. Respondents to the consultation understood the reasons for doing this, and most were supportive of the introduction of the regulations.

To be clear, these regulations will not require the provision of new information over and above what is already required. They simply specify the manner in which the information must be supplied: it must be provided online. More than 50% of submissions are already made electronically and the regulations will have no impact on them. There will be a small impact for pilots and operators who submit their flight information via email or even fax. Border Force has a free-to-use web service, known as "Submit a GAR", hosted on GOV.UK, which general aviation owners, agents or captains can use to comply with these regulations. For individuals arriving and departing in private aircraft, these requirements reflect and support the Government's intention for a fully digitised border system providing greater ability to know and have control over who is travelling to, entering and leaving the UK.

We recognise the significant economic benefit the general aviation sector provides to the country and that the majority of owners, agents and captains are making information available to the border authorities and the police about their international flights and the persons on board. The Government believe that these changes are sufficiently balanced with the needs of border security and law enforcement. It is of paramount importance that information about persons on board is received in a way that enables automated border

[Lord Gascoigne]
checks and pre-departure action to be taken. Therefore, I commend the regulations to the Committee. I beg to move.

**Viscount Goschen (Con):** My Lords, I declare my interest as a private pilot and an aircraft owner and operator. I welcome the regulations that the Minister has outlined. Looking at the consultation response document that was published, it seems that very few issues caused any sort of concern, and that this comes under "common sense". I emphasise that the general aviation sector is acutely aware of the privileges that it enjoys and hence is a highly law-abiding section of the community that is keen to play its role in the policing of our borders.

There is broad support for the regulations, which are not hugely different from those currently in force, as far as I can see. Pilots are used to completing a general aviation declaration, which has not caused any problems. The systems that are used are so much better than they were previously. Technology has really helped. Commercially available applications have a strong interface with flight planning systems. I trust that the Minister can reassure the Committee that this will be the case for the new general aviation declaration format—that commercially available apps will be able to interact successfully and seamlessly.

I have only one substantive question for the Minister and I am sure I know the answer, but none the less it would be reassuring to have it from him. The regulations are cast, as they should be, around the expected arrival location. As we know, aviation, particularly general aviation, can be affected by weather, and we do not want to put in place any regulations that create a perverse incentive to carry on—not to turn back or divert to alternative fields. There can also be technical problems with the aircraft. I would like my noble friend the Minister's reassurance that nothing in these regulations will affect the ability of the pilot or captain of the aircraft to divert for genuine safety-related reasons, and that we are not baking in any perverse incentive. I know that the Government have consulted widely, and I am quite sure that it will not be the case. None the less, this is a good opportunity for the Minister to make that point.

**Lord German (LD):** My Lords, these are sensible regulations, but they raise a significant number of questions, including one that the Minister talked about at the outset: moving online from fax. I wonder, do we still have people doing this on the telephone or even by post? Moving into the modern age seems critical to me.

My first question is about the form, which I have just printed out. It is substantially more information than I would give as a passport holder on a regular airline when I go outside the United Kingdom. I presume, but perhaps the Minister can clarify, that that is because of the ability of major airlines to get instant information back from the system. I wonder whether the level of information now available to anybody online is still available to people in this sector, in which case it would shorten the whole form-filling regime.

I will come back to form-filling in just a moment, but the real question that struck me in reading the regulations and information provided to the general aviation sector was the relationship between Border Force's work and that of the CAA. It is clear to me that flights can be detected and are being tracked by those who control our airspace. I am not certain whether that is because every major airline has transponders, which then indicate exactly where those aircraft are. I do not think that is the case with the general aviation sector but, where it is, that will enable the Civil Aviation Authority to know where these aeroplanes are in the sky and will help detection of flights not designed to land in the United Kingdom. Perhaps the Minister can tell us a little about the relationship between the two.

The second issue is about awareness raising in the sector. I went online to see whether I could join an event, simply to find out whether and how it was taking place. It said on the Home Office website that 20,000 people had been hosted for an awareness event. That sounds to me an extremely high number. If that is the case, that is really quite substantial, but there may perhaps be a fault in the way this information is recorded. So how many people have engaged in the events that have taken place to raise awareness of this change, where presumably they are advised not to use post, fax, telephone or emails but to use the online system?

Paragraph 7.9 of the Explanatory Memorandum talks about 10% of non-compliant people. Can the Minister give a figure for that? That would help me with the first figure about awareness raising and give a sense of the size of the sector we are talking about.

Clearly, these regulations are simply changing the method by which this information is provided, but you have to provide it when you leave and when you come back. Presumably, for the other way around, people in this sector in France, Belgium, the Netherlands and so on are having to do exactly the same thing for us. Are we matching their requirements? In other words, it would seem sensible that, if I were required to provide this information to the UK, I would need to provide that information to France as well. Sharing the data, which I am coming to, would make life a lot easier for people if there were simplification of those procedures.

Finally, I have two technical questions. I note that ICAO or IATA-designated airports or airstrips are permitted to use only the online version. If I have that wrong, I would be grateful if the Minister could tell me, but why is that the case? If it is the case, as I read it in the information pack, it seems to me that we are not capturing all the small airstrips in this country.

My final question is about the requirement to record passport information if you fly to the Republic of Ireland. I have gone across to Ireland, our next-door neighbour, quite frequently, and I often use my parliamentary pass to get across the Irish Sea both ways. If I cannot use it to go to Ireland in the general aviation sector, I would like to know why. As I understand it, that applies to the whole of the common travel area.

I would be grateful if the Minister could answer those questions, but in general terms these regulations seem sensible.

*4 pm*

**Lord Young of Cookham (Con):** My Lords, I agree with my noble friend Lord Goschen about the importance of this SI. Unlike him, I am not a pilot but, like him,

I am a former Transport Minister. I will raise two issues, both touched on tangentially by the noble Lord, Lord German.

The first is the general issue of penalties and enforcement. After yesterday's long debate, there is increased emphasis on security of the borders and, with all parties agreed that we need to do something about the boats, I think there will be an incentive to look to general aviation to bring more illegal immigrants into the country. Some 400 airfields have no police, customs and excise or immigration presence, so there is a general issue about enforcement and penalties.

The civil penalty for non-compliance under paragraph 2.2 of the Explanatory Memorandum is £10,000. I assume that there are also other penalties available for someone who illegally brings in somebody, so on what basis has that figure been arrived at? Has the existing figure simply been carried forward, or does it line up with some other measurement?

Secondly, on Northern Ireland, Regulation 2 says:

"This regulation applies to an aircraft which … is expected to arrive in the United Kingdom, or … is expected to leave the United Kingdom".

I assume that internal flights are excluded, as paragraph 7.4 of the Explanatory Memorandum refers to "124,000 international GA flights", so I assume that there is some other legislation that qualifies Regulation 2 and that the regulation applies only to an aircraft that is arriving in the UK from outside the UK.

Like the noble Lord, Lord German, I downloaded the latest guidance, *General Aviation Guidance—January 2024*, and came across this under paragraph 6 on customs requirements when travelling to the UK:

"Personal Allowances … If you're travelling from Great Britain to Northern Ireland, you do not need to declare your goods if both of the following apply … you're a UK resident … you have already paid both VAT and excise duty … on the goods in Great Britain".

However, it goes on:

"You may need to declare your goods if any of the following apply … you're not a UK resident … you have alcohol or tobacco over your allowances … you have goods worth more than £390".

As I understand it, someone who arrives in this country from America, for example, and then goes to Northern Ireland has to declare his goods because he is not a UK resident. However, the next paragraph says:

"If you're travelling from Northern Ireland to Great Britain … you do not have to declare any goods".

There seems to be a bit of a mismatch in the requirements of what you have to do if travelling from here to Northern Ireland or coming back the other way.

I do not expect my noble friend to have the answer at his fingertips, but it is worth posing the question. If I am a pilot taking an American citizen on general aviation to Northern Ireland, what is my obligation to cross-question him about what he has in his luggage, and what penalties will I be exposed to if, by any chance, I get it wrong?

**Lord Coaker (Lab):** My Lords, these are generally sensible regulations. There have been some very interesting points. The contribution from the noble Viscount, Lord Goschen, about being sensible—he flies in and out of these sorts of airfields—is useful to our consideration. There were also some interesting points from the noble Lords, Lord Young and Lord German, particularly on Northern Ireland, which is always a complicating factor with respect to regulations, not least because people could land in Dublin and because of the interaction with the common travel area, et cetera. There are some interesting questions for the Minister.

It is worth placing on record for people who read our deliberations quite how serious an issue this is and how welcome it is that the Government are seeking to tighten it up. The noble Lord, Lord Young, alluded to that. Some 400 airfields currently operate 124,000 general aviation flights. That is a huge number of flights. I appreciate that many will be individuals, but it is still a significant number. Although we hear that the majority conform with the Government's current regulations, 10% do not. It is welcome that the Government say quite categorically that none of these various airfields can be policed routinely—I think that is the word the Government used—by Border Force officials or police officers. Again, you do not have to be an intelligence expert to realise that there is potentially a real problem here, so the Government's attempt to tighten this up through the requirement for people to submit information online is a welcome step forward.

The Minister very helpfully answered a couple of questions for me prior to this debate. I know it is not the subject of the SI, but I wonder whether the Government are considering this issue with respect to seaports. I take the point about Dover or Holyhead, but international shipping must come in and out of numerous other ports. If we are talking about the necessity of borders, I wonder whether the Government are giving any consideration to whether any changes are needed with respect to that. I appreciate that is outside the scope of these regulations, but I wanted to ask the Minister that. Perhaps he could answer by letter.

There is clearly a major issue here that the Government need to deal with. The point made by the noble Lord, Lord Young, is especially pertinent: how will all this new information be monitored and enforced? How can we be sure that the Government will be able to do this effectively? If this information is coming into Border Force, it is really important that it can be collected and utilised. If I have read the regulations right, the information has to be provided not 48 hours before the flight but up to two hours before. How were those figures arrived at? I ask because if, two hours before, something arrives into Border Force and it is a problem, is that sufficient time to respond? I do not know. It clearly has not been plucked out of thin air, so I wondered whether the Minister could say something about how the figures of 48 and two were arrived at.

On the territorial extent, if this is obvious then I apologise, but I think it is worth putting on record that the regulations talk about the United Kingdom. Are the Channel Islands are added on, or not? Are Jersey and Guernsey, and the Isle of Man, subject to these regulations, or not?

Lastly, without repeating the questions from the noble Lords, Lord German and Lord Young, and the noble Viscount, Lord Goschen, military flights are clearly excluded under Regulation 3. Military personnel are exempted; I understand that and obviously agree

[Lord Coaker]
with it. Can the Minister say something about what that means for intelligence services and for diplomats flying in and out? If there is an exemption for military personnel, I wonder whether the Minister can say anything —he may be constrained on this—around intelligence and/or diplomatic flights coming in and out.

As I say, the integrity and policing of our borders is obviously a really important matter. This instrument will help in a proportionate way and, subject to the answers to a couple of those questions, which will help inform discussions when it goes to the other place, these regulations are generally to be welcomed.

**Lord Gascoigne (Con):** As the noble Lord, Lord Coaker, said, some interesting questions have certainly been thrown up. This has been a useful and helpful conversation and it has been interesting to hear not just the concerns and issues raised but some of the direct experience that your Lordships have in using this method of travel. I will briefly set out the overall position, further to what I said in my opening remarks, but also try to answer some of the many questions that I received.

As I set out, these regulations intend to provide Border Force and other law enforcement partners with greater visibility of who intends to travel to and from the UK on international general aviation flights, and enable them to better use that information. While we have considered the impact on the general aviation sector, this must be viewed against the wider border security benefits that these regulations will provide.

As I said, more than 50% of those in the general aviation sector already submit their information using online methods. For these, there will be no change or impact as they are already complying. Yes, for those who submit via email and other means there will be a change, but we consider it to be a small change in behaviour and have provided a free-to-use web service through which to do this. The impact will be felt most by those who do not comply, and it is these persistent offenders who will be subject to the civil penalty regime.

I understand that there may be concerns about the operation of Border Force and the underpinning civil penalty regime where general aviation owners, agents or captains who breach a requirement of the regulations may be subject to a penalty of up to £10,000. We recognise this, of course, and I assure your Lordships that the civil penalty regime, while being robust, will also be fair. Our approach is one of collaborative working but, where a serious breach of the regulations occurs or Border Force has to deal with persistent non-compliance, it is only right and proper that we should penalise the general aviation owner, agent or captain. The Home Office has drafted guidance for Border Force and the general aviation sector, which will be published in advance of these regulations entering into force. This will give the sector adequate time to understand its obligations and the penalties should some fail to comply.

I will try to address some of the points raised, particularly by my noble friend Lord Goschen. There obviously may be occasions when, due to a technical issue during a flight, the aircraft cannot land at its intended destination or has to be redirected to an alternative aerodrome. In such circumstances, I understand that there is guidance available on GOV.UK setting out the process that should be followed on arrival. I assure your Lordships that there is no suggestion that safety should be put at risk to comply with the information that has been submitted.

Where changes in weather mean that a flight has to divert at short notice, that change should be notified to Border Force where possible. In the event that it is not possible for the information to be supplied online, in accordance with the proposed regulations, it should be supplied to the relevant Border Force region by telephone at the earliest opportunity. I understand that the detail of this is also set out on GOV.UK.

I thought it would also be worth setting out some of our engagement with other government departments that have an interest in this sector. The Home Office works in close partnership with colleagues from other government departments and law enforcement bodies, in particular HMRC, the Department for Transport, counterterrorism border policing and the National Crime Agency. Home Office officials hold regular meetings with their HMRC and DfT counterparts. All government departments and law enforcement partners, as well as the devolved Administrations, were invited to respond to the consultation last summer; I believe that the Home Office responded to each response received in order to address their specific concerns.

*4.15 pm*

I turn to some of the other concerns that have been raised today on whether we can be tougher in our approach and whether we have looked at the risks. Let me be clear: acquiring and processing information about these flights online and in advance is the primary element of our approach to managing the risk posed by general aviation. Working with HMRC, the Home Office has reduced the number of airfields into which an international GA flight can arrive from more than 3,000 to 400. This is a result of the UK's departure from the EU, which meant that, to continue receiving international flights, airfields had to apply for a certificate of agreement. This was another significant step taken to manage the risks posed by GA flights.

As a result of these regulations, all crew and passengers arriving on international flights have their details checked before departure and arrival. Border Force, the security services and the police use intelligence to address a series of security, policing, immigration and customs matters then determine an appropriate operational response. That combination of intelligence assessment, expert judgment and spot checks means we can provide an appropriate operational response.

As I have said, security is paramount and we are absolutely alert to the risk that general aviation could be used to evade detection or smuggle goods; that is why these regulations assist Border Force to better manage the data that we have and our response. Equally, general aviation is often seen as the preserve of those who are wealthy enough to own or hire private aircraft and may feel that these regulations do not apply to them. Let me be clear: this will not be tolerated. The underpinning civil penalty regime will enable front-line officers to take immediate and swift action in the event of non-compliance. Further, general aviation owners, agents or captains who persistently fail to comply will

see the amount by which they are penalised increase up to £10,000. The Home Office will closely monitor compliance should it become apparent that there are still persistent offenders for whom the maximum penalty is an insufficient deterrent. We will have no qualms in seeking to amend the regulations further to make the penalty more significant in due course.

A number of other issues were raised. The noble Lord, Lord German, asked about the awareness events. My understanding is that, for these regulations, 80 people attended. Obviously, there was also an online facility with the consultation; just short of 200 responses were received through that.

My noble friend Lord Young asked a number of questions about how this will impact on internal flights. These regulations apply only to international flights and do not cover domestic flights. He and the noble Lord, Lord German, also asked about a related issue. The requirement for passport information on flights between Ireland and Great Britain does not apply to British and Irish nationals as they will now not be required to hold their passport. All other nationalities are required to do so; as I said, these regulations apply only to international flights, not domestic ones.

My noble friend Lord Young asked about the penalty of £10,000. I understand that this corresponds with the penalty for operators of scheduled flights.

The noble Lord, Lord Coaker, asked about ports. As he said, they are not covered by this instrument, but I assure him that I will write on this. Obviously, there are some related issues. He also asked about the figures of 48 and two hours. My understanding is that in 2017 Border Force conducted a study analysing the time needed for a Border Force officer to deploy to any location. It was found that most locations could be reached within the two hours; as a result, we have had to maintain two hours prior to departure as the latest point at which the information must be submitted. We are confident that the checks can be done within that two-hour period.

The noble Lord also asked about exemptions and military flights. Military personnel are exempt on military flights. Everyone else will have to go through this regime.

**Lord Coaker (Lab):** Can I just emphasise that point so that people who read our proceedings are clear? Any diplomat, of whatever rank, leaving or coming into this country who seeks to come in outside of a scheduled flight has to notify Border Force that they are coming in or leaving. Is that right?

**Lord Gascoigne (Con):** Yes, I confirm that. I sought that clarity for myself. You are correct; it is only military personnel on military flights who will be exempt.

**Lord Young of Cookham (Con):** Could my noble friend write to me on the issue I raised about the anomaly between travelling from England to Northern Ireland and Northern Ireland back to England?

**Lord Gascoigne (Con):** Yes, I appreciate that. I absolutely will.

To conclude, adopting these regulations will deliver significant border security benefits to Border Force and other law enforcement partners, ensuring that we have a greater awareness of all individuals intending to travel to or from the UK and that we can prevent the travel of certain individuals where it is in the public interest to do so. Therefore, I commend the regulations to the Committee once more.

*Motion agreed.*

## National Crime Agency (Directed Tasking) Order 2023

*Considered in Grand Committee*

*4.22 pm*

*Moved by* ***Lord Gascoigne***

That the Grand Committee do consider the National Crime Agency (Directed Tasking) Order 2023.

**Lord Gascoigne (Con):** My Lords, the impact of serious and organised crime on the United Kingdom is significant and growing. It poses a threat to our national security and prosperity. In partnership with law enforcement and industry, the Government are taking significant steps to tackle the increasingly complex threat posed by economic crime, fraud, bribery and corruption. These crimes severely harm the economy and cause significant suffering. We must do more to keep pace with the evolving threat. A whole-system response is critically important.

To this end, the Government announced, as part of the Serious and Organised Crime Strategy 2023, our intention to amend Section 5(5) of the Crime and Courts Act 2013. This amendment would allow the director-general of the National Crime Agency to direct the director of the Serious Fraud Office on matters relating to the investigation of suspected incidents of serious or complex fraud, bribery and corruption.

With the addition of the Serious Fraud Office to the list of agencies that can be subject to directed tasking, this measure will strengthen the ability of the National Crime Agency to co-ordinate a national effort against serious and organised crime. This will support strong ongoing collaboration between the National Crime Agency and the Serious Fraud Office, enabling the director-general of the National Crime Agency to direct the director of the Serious Fraud Office where the National Crime Agency requires the assistance, skills and expertise of the Serious Fraud Office, but where satisfactory arrangements cannot be made under the existing voluntary tasking arrangement.

It will also place the National Crime Agency's relationship with the Serious Fraud Office on the same footing as that which the agency has with police forces in England and Wales and the British Transport Police.

The Government's aim is to reduce serious and organised crime in the UK. We will do this by disrupting and dismantling organised crime groups operating in and against the UK. The social and economic cost of serious and organised crime to the UK is eyewatering, running to at least £47 billion a year. But, vast as that

[Lord Gascoigne]
figure is, it does not begin to tell the whole story—a story of lives destroyed and of unimaginable suffering caused by heinous criminality such as sexual exploitation, drug abuse and human trafficking.

Beyond the enormous financial and human costs, serious and organised crime threatens the legitimacy of the state. It damages our national security and prosperity. That is why the Home Secretary recently published a new serious and organised crime strategy. Our mission is to reduce the impact of serious and organised crime on the country in all its forms. This includes reducing fraud.

The threat from fraud has increased in volume over recent years. The Government are implementing the fraud strategy, including launching a national fraud squad, blocking frauds at source and empowering the public to respond. This includes committing £100 million as part of a wider £400 million to tackle economic crime and improve the law enforcement response to fraud. We have also set ourselves the target to reduce fraud by 10% from December 2019 levels by the end of this Parliament.

The National Crime Agency is crucial to our response. The agency leads and co-ordinates the UK law enforcement response to serious and organised crime. We have strengthened the agency's ability to combat organised criminals, increasing its budget by 21% to £860 million in 2023/24.

The Serious Fraud Office is a critical partner in the fraud system. In the last five years alone, it has recovered over £150 million in proceeds of crime, put 26 executives behind bars and forced big business to pay more than £1 billion in fines.

To summarise, this order gives effect to an element of the Government's approach to tackling economic crime, an issue that causes significant direct and indirect harm to the country. Subject to proper safeguards, it brings the investigative capability of the Serious Fraud Office's work within scope for direction by the director-general of the National Crime Agency, akin to what already exists in relation to police forces in England and Wales, as I said.

The addition of the directed tasking power is intended to enhance collaboration between the National Crime Agency and the Serious Fraud Office and assist in the sharing of tools and expertise to fight serious or complex fraud, bribery and corruption. I beg to move.

**Lord Sharkey (LD):** My Lords, we are happy to support this SI. We welcome any increase in the effort to combat economic crime, in particular serious or complex fraud, bribery and corruption. The SI seems straightforward; it simply adds the SFO to the list of organisations that may be directly tasked by the NCA to investigate serious or complex economic crime that falls within the SFO's remit.

However, one element of the SI would benefit from further explanation. Paragraph 4.2 of the Explanatory Memorandum says:

"The territorial application of this instrument … is England and Wales, Scotland and Northern Ireland".

It defines the territorial application as being

"where the instrument produces a practical effect".

The police services of Northern Ireland and Scotland are not listed in Section 5(5) of the Crime and Courts Act 2013 as organisations that the NCA may direct, unlike the police services of England and Wales. The NCA seems to have a kind of jurisdiction in Northern Ireland. The Explanatory Memorandum says that special provisions apply to Northern Ireland and that the memorandum of understanding between the Police Service of Northern Ireland and the NCA

"will be reviewed and amended as necessary, to reflect the extension of the directed tasking powers in this Order".

Can the Minister tell us when this review is likely to take place and when any amendments are likely to be published?

What happens in Scotland is less clear. The SFO does not have jurisdiction there, and Police Scotland does not feature in Section 5(5) of the Crime and Courts Act 2013. Scotland does not feature in this SI, except in the assertion of territorial application that I mentioned a moment ago. What difference does this SI make in Scotland? What practical effect does it bring about? In the absence of explicit power to direct, how does the NCA operate in Scotland? What is the formal relationship between the NCA and the procurator fiscal service? I would be grateful if the Minister could address those questions when he replies.

*4.30 pm*

**Lord Coaker (Lab):** My Lords, we also welcome the general direction that the Government are taking in this SI. It goes without saying that we all agree that financial and economic crime and fraud are very serious issues and that we must do all we can to tackle them. Obviously, there is no disagreement between us at all.

I start where the noble Lord, Lord Sharkey, finished. There is a bit of confusion. It is necessary for the Minister to clarify some of the territorial applications between the various powers outlined in the order. I highlight paragraph 6.3 of the EM, which says:

"Section 5(5) of the 2013 Act makes provision for the Director General of the NCA to direct chief officers of an England and Wales police force or the Chief Constable of the British Transport Police".

Clearly, that does not apply to direct tasking in Scotland and Northern Ireland, yet this order applies to the whole of the UK. How do the NCA's powers, as directed under this SI, and the Serious Fraud Office's powers relate to each other? It is about understanding that and having some clarity around the legislation with respect to that issue; this would also give clarity to the NCA, the Serious Fraud Office and the chief officers of the police of all four parts of the United Kingdom. The noble Lord, Lord Sharkey, is quite right to raise this; indeed, it is one of the issues that I was going to raise.

I want to ask the Minister about a couple of other things. Can he say why the change is needed? Presumably, the co-operation is good. If it is, why does it need to be legislated for? Have there been occasions when there has been a refusal by the SFO director to do something that the NCA's director-general has asked them to do, leading the Government to think that we need some clarity there? What problems have emerged in the current arrangements to necessitate the Government deciding that they need to take this action?

Also, can the Minister explain what direct tasking actually is? Is it a compulsory demand that the SFO does this or that? Is there a level of seriousness that must be met, or is it a subjective judgment on the part of the NCA's director-general—that is, this is what they would like the SFO to do and can require them to do? The other thing that emerges from this is the fact that, presumably, there is no way in which the SFO's director can refuse? Otherwise, there would be no point to this legislation. Some clarity around direct tasking and the problems or difficulties that have come up, including what this SI seeks to overcome and in what circumstances it may be used, is needed.

Clearly, we all support this attempt to do more about economic and financial crime and fraud. The Government think that this order will help. I think that a little more explanation of how it will help, rather than an assertion that it will, would be helpful in our deliberations.

**Lord Gascoigne (Con):** My Lords, I thank both noble Lords for their comments and their support for this order. I will begin with some brief remarks that should answer a number of the points raised and then try to tackle any specific outstanding ones.

As we have discussed, this order would amend the Crime and Courts Act 2013 to grant the National Crime Agency direct tasking power over the Serious Fraud Office in relation to combating fraud, bribery and corruption. The use of this power would be at the discretion of the director-general of the National Crime Agency. It will be used when it is deemed that such tasking would assist the agency in its role of investigating and reducing crime and, in particular, tackling serious and complex fraud, including bribery and corruption, as well as when satisfactory voluntary arrangements cannot be made, or cannot be made in time.

Through the extension of these tasking powers to the Serious Fraud Office, we align the arrangement between this office and the National Crime Agency, as I have said, with those for police forces in England and Wales and the British Transport Police. In doing so, we are strengthening the mechanisms for co-operation and a system-wide response. The agency has previously used its power to task to great effect: taking weapons off our streets; identifying and bringing to justice the highest-harm drug gangs we face; searching for and tackling prolific child sexual abusers; and combating fraudsters and seizing the proceeds of crime.

Further to the comments of the noble Lord, Lord Coaker, ideally this mechanism would not need to be used because of the already very good co-operation and relationship between the National Crime Agency and the Serious Fraud Office. However, it is important to have it in place to ensure a joined-up response to serious or complex fraud, including bribery and corruption, when and if needed. This step is part of the response set out in the Government's serious and organised crime strategy. As we have discussed, this new strategy, which the Home Secretary published last year, makes clear the challenges we face from serious and organised crime. Its mission is to reduce serious and organised crime in the UK by disrupting and dismantling the organised crime groups operating in and against the UK. The strategy has five lines of action for reducing serious and organised crime: in-country, at the border, international, technology and capabilities, and a multiagency response. The package of measures announced as part of the strategy also included new powers in the Criminal Justice Bill that will clamp down on organised criminal gangs. As I have said, there is also a further £5 million for the police to disrupt organised immigration crime and £24 million allocated to the modern slavery fund to address the serious root causes of modern slavery and human trafficking.

To be clear, this power is intended to strengthen the ability of the NCA to lead the system in tackling serious and organised crime. The Serious Fraud Office will remain a strong and independent body. The wider reform agenda being delivered by Director Ephgrave is strengthening its capacity to deliver more effective investigations into the most complex cases. It has had several notable successes over the past few years, including deferred prosecution agreements, which have contributed almost £1.3 billion to the public purse since 2017. This attests to its capacity and capability to investigate the most serious, complex and harmful fraud cases and prosecute those responsible.

I will now try to address the points raised—with the emphasis on "try". The devolved Administrations have been consulted on this and, before any application, we will have further discussions with them. They have been consulted in advance, but we will continue to do so. The SFO may need to use its powers to investigate crime within its jurisdictions in England, Wales and Northern Ireland. The noble Lord, Lord Sharkey, asked when there would be a review of the MoU. This is a consultative process, and we will check on requirements to update the MoU—but I reiterate that this is consultative and collaborative, and that is the crucial part.

I was also asked about examples. I think the noble Lord, Lord Coaker, asked whether there have been refusals. As it stands, there have not been any. A lot of it is just streamlining the process to ensure that it is there. I am informed that when different agencies talk it may not be possible for the NCA to raise a specific issue, so in effect it is a power that it has in its back pocket.

On how it might be used, decisions on voluntary and directed tasking are taken following discussions with the national strategic tasking and co-ordination group where it is assessed that improving the intelligence picture or operational delivery to tackle a threat is required as a priority. Obviously, there are discussions between a number of parties at official and senior level in advance of those discussions. Directing tasking will occur only where a voluntary arrangement cannot be made or made in time.

**Lord Coaker (Lab):** The territorial complexities of that may need to be teased out a little more between now and discussion in the other place. To be fair, there is still a little confusion in my mind about the inter-relationship between all that. I leave that on the table for the Minister to consider. That would be helpful; I do not know whether the noble Lord, Lord Sharkey, agrees.

Before we move on, the main point I want to make on this direct tasking is that there clearly is an issue where the National Crime Agency wants to be able to

[Lord Coaker]
direct the Serious Fraud Office to do certain things that the NCA is worried the SFO is not going to do. Is that a fair interpretation? In other words, the Home Office wants to strengthen the response to financial and economic crime, it is worried about whether the Serious Fraud Office will take the same priorities as the National Crime Agency, and this is a way of saying, "If you don't, we'll direct task you to do it".

**Lord Gascoigne (Con):** I thank the noble Lord for those two points. I will certainly write to both noble Lords on the devolved nations and any other outstanding issues. I completely appreciate the points made.

Forgive me if I have not been clear. Given that this has not been used in other circumstances, my understanding is that this has always been the intent for some time. It is not in response to anything in particular but an important part of a broader strategy to tackle crime. I am assured, having spoken to officials in those bodies, that there is a very good working relationship at senior level. My understanding is that this is just a backstop, just in case, should that relationship not work. If I am not correct on that I will write to both noble Lords, but I will also reiterate the point if it is correct.

To conclude, this measure represents a positive step forward, in our view. It is part of a larger effort and a wider package of measures to strengthen our collective ability to identify and investigate the most harmful and complex criminal cases, and prosecute those responsible.

**Lord Sharkey (LD):** I am no wiser, really, about Scotland. I do not know, from listening to the Minister or reading the material, how this SI has any effect in Scotland, if at all, and I do not know how the NCA will operate. I have asked the questions anyway—I will not repeat them in detail here—but I would like an assurance from the Minister that he will write to us to answer those questions and that he will do so before this instrument reaches the other place.

**Lord Gascoigne (Con):** I am very sorry not to have answered that sufficiently. I assure the noble Lord that I will write, and I will do so as fast as I possibly can. Forgive me for not answering it in the first place.

*Motion agreed.*

## Maternity Leave, Adoption Leave and Shared Parental Leave (Amendment) Regulations 2024

*Considered in Grand Committee*

*4.45 pm*

*Moved by* ***Lord Offord of Garvel***

That the Grand Committee do consider the Maternity Leave, Adoption Leave and Shared Parental Leave (Amendment) Regulations 2024.

**The Parliamentary Under-Secretary of State, Department for Business and Trade and Scotland Office (Lord Offord of Garvel) (Con):** My Lords, these regulations were laid in draft before the House on 11 December 2023. They are being introduced using powers inserted into the Employment Rights Act 1996 by the Protection from Redundancy (Pregnancy and Family Leave) Act 2023. I was pleased to note that the latter, as a Private Member's Bill, attracted support from all sides both here and in the other place. I thank the noble Baroness, Lady Bertin, and Dan Jarvis MP for bringing that important Act forward.

According to research published in 2016 by the then Department for Business, Innovation and Skills and the Equality and Human Rights Commission, one in nine mothers reported that they were dismissed or made compulsorily redundant where others in their workplaces were not, or treated so poorly that they felt they had to leave their job. If scaled up to the general population, that could mean as many as 54,000 mothers a year. Although that data is from some time ago, we know that the problem persists.

Under the Maternity and Parental Leave etc. Regulations 1999, which we call MAPLE for short, redundancy protections are already in place for a mother on maternity leave. These regulations put a mother on maternity leave in a preferential position in a redundancy situation. There are parallel negotiations that have the same effect for parents taking adoption leave or shared parental leave. Under MAPLE, before making an employee who is on maternity leave redundant, employers have an obligation to offer them a suitable alternative vacancy if one is available, not just to invite them to apply for one.

The regulations we are debating will extend that existing redundancy protection so that it is available during pregnancy and for a period after returning to work from relevant parental leave. That is maternity, adoption and shared parental leave. This will help to address the issues that the research identified. We hope it will alleviate some of the anxiety about job security that a pregnant woman or new parent may face.

The new regulations will amend the existing regulations covering relevant parental care. This means that MAPLE-type protections could be in place from the point when a woman tells her employer she is pregnant and continue for 18 months after the birth of the child, which will include the period of relevant parental leave.

The 18-month protection period has two main purposes. First, it ensures that a mother returning from 12 months of maternity leave will receive six months' additional redundancy protection when she goes back to work. This meets the commitment that the Government made in the consultation response. Secondly, a single, consistent and clear period of protection is a simple way of accommodating the flexibility of shared parental leave, as well as the interaction between it and other types of parental leave. Creating a bespoke approach for these and other scenarios would have introduced considerable complexity into the regulations, which is why we have opted for the simplicity and clarity of a single period of protection.

The period of protection from redundancy on return to work is activated immediately when someone returns to the workplace following a period of maternity or

adoption leave. However, the regulations introduce a minimum qualifying period for those taking shared parental leave alone; by "alone", I mean that they would have previously not taken a period of maternity or adoption leave. This is to avoid the situation where a parent who has taken just a few weeks of shared parental leave receives 18 months' additional protection in a redundancy situation.

When we spoke with the stakeholders, they considered that it would be disproportionate to extend this level of protection to someone who had taken only a short period of shared parental leave. For this reason, the regulations require a parent to have taken a minimum period of six continuous weeks of shared parental leave to activate the additional redundancy protection once they have returned to work.

These measures will provide valuable support and protection for pregnant women and parents after parental leave. The Government are pleased to have supported the Private Member's Bill and have delivered these regulations.

**Baroness Bennett of Manor Castle (GP):** My Lords, I rise briefly in an unusual situation. We Greens in your Lordships' House are sometimes accused of not giving the Government credit where it is due, but I want to congratulate the Government on this statutory instrument and applaud the progress that is made in it.

We should also applaud the fact that behind this has been a huge amount of campaigning of public concern. I note that the charity and campaigning group, Pregnant Then Screwed, which took four awards at the Third Sector Awards last year, has been campaigning on these issues for a very long time and is making real progress. This is a real demonstration that campaigning works; we have seen something happen here, so I can only congratulate the campaigners and the Government on this.

I want to put a couple of questions to the Minister. What are the Government going to do to ensure that employers and employees know about this change in the law? What kind of publicity campaign will there be? The Minister referred in his introduction to the fact that the figures that the Government were relying on were quite old. Are there plans to update and take assessment both of the current situation and of what happens in the months and years after this statutory instrument comes into effect? What reporting back will there be to the House and the other place so that we can continue to monitor this important area, given that it is important to individuals and households, but also important to ensure that people are able to remain in the workplace?

**Lord Leong (Lab):** My Lords, this is the second time that we are meeting across the Dispatch Box. If it continues, people will start talking. I thank the Minister for the overview and explanation of this statutory instrument, which builds on the Protection from Redundancy (Pregnancy and Family Leave) Act 2023. I fondly remember the debate on this Bill last spring. It was the first time I had the honour of speaking from the Front Bench in the main Chamber. Not only did the noble Baroness, Lady Bertin, praise the work of the TUC in the development of this legislation but we agreed to have a massive group hug.

Pleasingly, almost exactly nine months after this group hug, are now delivering additional legislation through this statutory instrument. It provides similar rights in a redundancy situation to pregnant women and new parents who have recently returned from a period of maternity, adoption or shared parental leave lasting six weeks or more. Additionally, the protection will now start when the employee tells the employer about the pregnancy.

This legislation is supported by my friends and colleagues in the trade union movement. In fact, some of these measures were discussed in the preparation of the Bill last year, which, at the risk of disrupting this very collegiate atmosphere, I remind noble Lords was a Private Member's Bill from my friend, the honourable Member for Barnsley Central.

As supportive as we are of this change, it does not come without implications for employers, especially those who may be considering restructuring shortly after the instrument comes into effect on 6 April, as mentioned by the noble Baroness, Lady Bennett. What steps are the Government taking to make sure employees are prepared? Additionally, is there any additional monitoring for the implementation period where employees may not be abreast of the new law?

Among other possible difficulties with implementation, women may now feel under pressure to inform their employer of their pregnancy very early if there is an impending redundancy exercise. What consideration have the Government given to this likelihood and potential steps to help protect women from this? Another potential difficulty comes from the notification requirements and record keeping. The regulations are not clear as to the form of the notification required. Can the Minister shed any light, or would this be a matter for the courts? Would oral notification suffice, and what would then happen if accounts varied?

Since 2019, we have been promised more than 20 times an employment Bill that will

"protect and enhance workers' rights as the UK leaves the EU, making Britain the best place in the world to work".

Will the Minister finally accept that this long-promised Bill is a mirage and will not be delivered? I look forward to his responses to our various questions. Other than that, we are very supportive of these regulations.

**Lord Offord of Garvel (Con):** I thank the noble Lord and the noble Baroness for their contributions.

I come first to the noble Baroness, Lady Bennett. I appreciate her support on this matter. I know that she is close to the campaigning charities; it is good to be able to report that their campaigning results in meaningful change in legislation. That should be noted. I agree that the big issue now is communication. On many of these matters, it is now all about how we work closely to get the message out. We will work closely with the Pregnancy and Maternity Discrimination Advisory Board on the guidance and on basic ITJ promotion. We will also work with the board to work out how best to monitor and measure a more up-to-date labour workforce in this area. We expect to see great improvement in this area with the legislation passed, but it will be down to the communication.

[Lord Offord of Garvel]

I turn to the points made by the noble Lord, Lord Leong. I welcome his support for the regulations, which shows that we can work together when we have common interests. It shows that more unites us than divides us, especially when it comes to helping the more vulnerable members of our society. Clearly, there are philosophical differences between the two sides of this place when it comes to employment matters and the employment Bill, which was referenced by the noble Lord, Lord Leong.

We think that employment law in this country is in good shape, as proven by the fact that we now have 33 million people, out of a population of 65 million, in work—a record number—and by the protections that they have cascading down while they are employees. From the self-employed through to parallel workers, all now have legislation affecting and contributing to their safety and rights. We would therefore say that the focus for our Government should be to help the 5 million people who are economically inactive, have fallen out of the workplace and need a pathway back to work. We need to focus our efforts on helping that cohort back to work, because we know that there is a lot of talent in that cohort that is currently being wasted.

Putting those philosophical differences aside, I believe that we have consensus on this matter. The Government are pleased to be able to deliver these stronger redundancy protections for pregnant women and those returning from parental leave. We want to see these regulations succeed, because we have an opportunity here today to make a real difference to the lives of those who may rely on this protection in future. Supporting these measures is in line with our ongoing commitment to supporting workers and building a highly skilled, high-productivity and high-wage economy.

*Motion agreed.*

## Post Office Network Subsidy Scheme (Amendment) Order 2024

*Considered in Grand Committee*

*5 pm*

*Moved by* ***Lord Offord of Garvel***

That the Grand Committee do consider the Post Office Network Subsidy Scheme (Amendment) Order 2024.

*Relevant document: 8th Report from the Secondary Legislation Scrutiny Committee*

**The Parliamentary Under-Secretary of State, Department for Business and Trade and Scotland Office (Lord Offord of Garvel) (Con):** My Lords, under Section 103 of the Postal Services Act 2000, the Secretary of State for Business and Trade has the power to make payments to support the provision of the Post Office network. This power is subject to conditions, one of which includes a cap on the total amount of funding that can be given to the Post Office in any given financial year. The current cap, set in 2011, is £500 million, and we are proposing to increase this to £750 million per annum.

Raising the legislative cap on funding that can be provided to the Post Office does not reflect a funding commitment but is simply an enabling power to allow the Government to provide appropriate funding to the Post Office when needed. The rationale for the increased cap is simple: we must avoid a situation where the Government cannot legally provide the funding that the Post Office needs for its essential activities.

As all noble Lords will be aware, the Government currently provide funding support to the Post Office in a number of important areas, enabling it to maintain its delivery of key services across the UK.

First, funding is provided for compensating victims of the Horizon scandal. The scandal was one of the biggest miscarriages of justice in living history, and the victims must get the justice that they deserve. As part of this, it is essential that impacted postmasters are compensated fairly and as quickly as possible. The Government are contributing funding for a number of compensation schemes, as well as funding associated with delivering the compensation schemes. It is essential that this process is not held up at any stage of the process.

Secondly, the Government provide significant and vital funding to support the Post Office network. Post offices are the beating heart of communities. Through its network of over 11,500 branches, the Post Office delivers essential services across the United Kingdom. There are currently over 6,000 rural branches, representing 54% of the total network. Over 3,000 of these are described as being the last shop in the village, providing vital retail, mail and banking services together in one space and helping to sustain thousands of rural economies. These services are highly valuable to both individuals and SMEs in urban and rural areas across the UK. It will come as no surprise that, in the Association of Convenience Stores' recently published annual local shop report, Post Offices were identified as the type of service considered by the public to have the most positive impact on a local area.

The Government have provided significant financial support to sustain the nationwide network: over £2.5 billion in funding in the past decade alone. The Government remain steadfast in their support for the network and have committed to maintaining the annual £50 million subsidy to safeguard services in the uncommercial parts of the network until 2025. Without that funding, most of these Post Office branches would be unsustainable.

The Government provide targeted investment funding to the company. The retail sector is facing challenging conditions. It is still feeling the effects of changing consumer behaviours arising from Covid-19 and the impact of cost of living pressures on consumer confidence arising from a range of factors including inflation and high energy and supply chain costs. As such, the Post Office is experiencing pressures as the business attempts to operate within this challenging commercial environment, while meeting the costs to right the wrongs of the past.

Further pressures have also arisen through the work to replace the outdated Horizon IT system. Although this is a Post Office-led programme, it is essential for the future of the company and the network, and the Government have already committed to providing

£103 million to support the development of the replacement system and to ensure that the Horizon system is maintained before the replacement is rolled out. We have provided funding to meet the company's immediate needs for this programme, and we are working closely with the Post Office to understand what funding may be required beyond that.

These three areas are critical to the future of the Post Office, and the current legislative cap risks the Government not being able to provide the Post Office with the funding it needs for essential activities. Having taken into account the current forecasts and inflationary context since the previous cap was set in 2011, the Government consider a new cap of £750 million to be reasonable, sensible and proportionate. I beg to move.

**Lord McNicol of West Kilbride (Lab):** My Lords, I thank the Minister for outlining this SI. It is one of the shortest statutory instruments that I have had to deal with. I aim to give it a bit of colour. We on these Benches will not oppose it, but it raises a number of questions, which I will run through, giving the civil servants in the Box a bit of time to answer them and to help the Minister if needed.

A cap has been set at £500 million since 2011—so for quite some time now—and has not risen with inflation over the years. Pre the scandal and having to pay and settle some of the problems—let us deal with the scandal completely separately—has the money from the Government to the Post Office come close to that cap over the last four or five years?

The only question to the DBT from the Secondary Legislation Scrutiny Committee, in paragraph 54 of its eighth report, was not really answered. If this £750 million is not enough, will the DBT come back to Parliament with another SI to uplift it? That is purely in the context of the scandal, because in normal times £750 million should be adequate. It is an uplift of 50% from the previous cap limit, so my expectation is that the cap was never hit. However, the department did not answer the SLSC's question about whether the Government would return to it. I think the department's answer was that it was confident that £750 million would be enough. It is worth asking whether, if there is a need to come back for more, the Government would seek to do so.

In dealing with the scandal and the payments from it, is there a gross figure that the Government are expecting or looking to pay across all the compensation schemes? We have individual sums—there is the £600,000, and bits and pieces across different schemes—but is there an expected overall compensation figure on the back of the Horizon scandal?

Also, if I remember correctly, one of the senior executives at Fujitsu commented at Davos that, as a business, Fujitsu would be looking to make some recompense. Do we know what level of financial recompense it is looking to make towards the scandal? Would that money be paid to Post Office Ltd or to the Government, since they are basically underwriting any and all of the compensation payments?

A number of questions have arisen on the back of this very short SI. This will come back to the Floor of the House through Oral Questions and Statements or via Written Questions, so I am more than happy for the department to write to me or put a letter in the Library on some of the detail of my questions, if the Minister does not have them to hand.

**Lord Offord of Garvel (Con):** I thank the noble Lord for those questions, all of which are perfectly reasonable.

The first question was about the £500 million limit from 2011. Of course, up until 2022 we did not have inflation, so it has not been an inflationary environment. Part of the increase is recognising the inflationary hike that we have had and part of it is recognising that significant compensation has to be paid out. I do not know the precise amount of spend against that £500 million; it has not been above it.

To give some idea of this number, we know that, for example, in the last 10 years we have spent £2.5 billion just supporting the network. If you divide that by 10—although it has not been £250 million a year—you get the idea that that is over or under as a scale. Some £50 million has also been given to support the loss-making branches that we want to keep open, of which there are 3,000 in rural areas. There have also been the IT costs: another £100 million to build the new IT system to replace Horizon.

All of that has been within and is manageable within the £500 million, but now we move to the new world of compensation. So far, £153 million has been paid out. That has, therefore, been within the £500 million cap. On the question of how much will ultimately be paid out, guidance has been given that this could, shockingly, end up being £1 billion, but that would be over a number of years. We expect that to be accommodated within the increase to £750 million. That is how it has been budgeted.

Fujitsu has expressed that it has a "moral obligation". That has not yet been tested as to amount and recipient. That will now be negotiated. I can see a situation where the Williams inquiry establishes the facts and a lot of repercussions come out of that, as we have said in the Chamber. One of those will be a discussion with Fujitsu about the right amount that it needs to contribute. My ministerial colleague in the other place has been very clear that it should not just be the taxpayer who has to foot this bill. Therefore, Fujitsu will need to off-set that. Quite how that will happen and where it will go is not yet decided, but that will be a significant part of that off-set.

I hope that answers in the main the noble Lord's questions. Clearly, we all knew the Post Office to be a valuable asset in our own communities, but our awareness of this issue has been raised considerably following the TV series. Therefore, this is effectively a mechanism to ensure that the Post Office is in funds to allow the compensation to be made quickly, as we have indicated many times. We need to right the wrongs of the past in this Horizon scandal. This is an important part of that. This order therefore ensures that the Government can provide appropriate levels of funding to the company over the coming years. I urge noble Lords to support it.

*Motion agreed.*

# Combined Authorities (Mayors) Filling of Vacancies Order 2017 (Amendment) Regulations 2024

*Considered in Grand Committee*

*5.14 pm*

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

That the Grand Committee do consider the Combined Authorities (Mayors) Filling of Vacancies Order 2017 (Amendment) Regulations 2024.

**The Parliamentary Under-Secretary of State, Department for Levelling Up, Housing & Communities (Baroness Scott of Bybrook) (Con):** My Lords, in moving this Motion, I will also speak to the Combined Authorities (Mayoral Elections) Order 2017 (Amendment) Regulations 2024.

These draft regulations were laid before the House on 11 December 2023. If approved and made, they will amend the existing legislation to provide the rules for the conduct of elections for directly elected mayors of combined county authorities and the rules by which mayoral vacancies in such authorities are to be declared, as well as the procedure for filling them through by-elections. The mayoral elections regulations are essential to enable the first election of a combined county authority mayor—in the east Midlands—to take place as planned in May 2024. It is highly desirable that the filling of vacancies regulations are made before the possibility of a vacancy in the post of combined county authority mayor arises.

The two sets of regulations that we are considering, if approved and made, will mark a milestone in implementing the east Midlands devolution deal and pave the way for further mayoral combined county authorities. As noble Lords will be aware, the Government agreed an historic devolution deal with Derbyshire County Council, Derby City Council, Nottinghamshire County Council and Nottingham City Council in August 2022. This deal, if the necessary secondary legislation is approved by Parliament, will see significant powers and budgets conferred on the East Midlands Combined County Authority.

This authority, if approved by Parliament, will be the first of its kind to be established under the new powers in the Levelling-up and Regeneration Act 2023. Its directly elected mayor, agreed and consented to by the four councils concerned, will provide an essential single point of accountability for such major powers. The draft mayoral elections regulations are necessary to conduct an election of the east Midlands mayor and, indeed, to conduct elections for any future combined county authority mayors. The draft filling of vacancies regulations provide the rules for filling any mid-term vacancies in the office of mayor for a combined county authority.

Turning to the specifics, the draft mayoral elections regulations make detailed provision about the conduct of the elections for mayors of combined county authorities. They do this by extending the application of the Combined Authorities (Mayoral Elections) Order 2017 to elections for combined county authority mayors. They also apply the Voter Identification Regulations 2022 to combined county authority mayoral elections in order to maintain consistency with other local government elections, and ensure that transitional provisions for EU citizens standing as candidates in other local elections in May 2024 apply to combined county authority mayoral elections.

The Combined Authorities (Mayoral Elections) Order 2017 largely replicated the rules for elections for local authority mayors and police and crime commissioners. This procedural consistency is the hallmark of local government electoral law and ensures the smooth running of polls, particularly where they are held in combination. However, I will mention certain specific provisions that we are making for combined county authority mayors, reflecting the constitutional arrangements for these authorities.

We are creating a new role—the combined county authority returning officer—to oversee the whole of the election of a combined county authority mayor. This important role mirrors the role of the combined authority returning officer. The combined county authority returning officer, like the combined authority returning officer, will be personally responsible for publishing the notice of elections, administering the nomination process, ensuring that candidates comply with the requirements regarding the content of their election addresses, collating and calculating the number of votes given for each candidate, and calculating and declaring the result.

The draft regulations also clarify that the returning officer for the district council in a two-tier area of a combined county authority is to be responsible for running the mayoral election within that council's area. This is because the procedural expertise and experience, as well as the responsibility for the electoral register, sits with these councils. This is the approach generally taken in polls run on different geographies to that of the district council including, for example, county council and police and crime commissioner elections.

In addition, the regulations also contain two provisions that apply to both combined authority and combined county authority mayoral elections. First, we have included provision enabling the appointment of a combined authority returning officer, or a combined county authority returning officer, before the respective authority is established. This will help ensure the smooth running of the first mayoral election where the statutory instrument establishing the new authority is made only relatively shortly before the date of the mayoral election provided for in that secondary legislation.

For combined authorities, commencement of this provision is delayed until 1 July 2024. This is because the order to establish the new north-east mayoral combined authority, which we expect to lay before Parliament shortly, includes an area-specific provision for the first mayoral election in May 2024, reflecting the unique circumstances of that authority. This delay in the commencement provision avoids the risk of two alternative sets of provision being in play at the election on 2 May 2024.

Secondly, we have set the figures in the formula for the calculation of candidate spending limits at combined county authority mayoral elections at £3,040 per

constituent council and 8p per elector. We have consulted the Electoral Commission on this as statute requires and, on the basis that these figures align with the candidate spending limits for combined authority mayors, the commission recommended this approach. These regulations also establish new spending limits for combined authority mayors by uprating in line with inflation the limits that were set in 2017. To do this, we have used the powers given by Parliament to the Secretary of State to make such upratings in line with inflation, for which no further recommendation is required from the Electoral Commission. Parity is therefore maintained between combined county authority elections and combined authority elections.

Turning to the filling of vacancies regulations, these smaller regulations also extend the scope of existing provision for combined authorities to include combined county authorities. They are necessary to establish the rules by which vacancies are to be declared in the office of a combined county authority mayor and the procedures for filling these vacancies through by-elections. These provisions need to be in place in advance of any combined county authority mayor being elected to ensure that any subsequent vacancy can be appropriately and consistently dealt with.

On consultation, the Government undertook extensive consultation ahead of the 2017 electoral provisions for combined authorities. The regulations before us today replicate the 2017 provisions and apply them to combined county authorities, reflecting the parity between the two types of authority. We have undertaken statutory consultation with the Electoral Commission on the provision in the draft mayoral elections regulations about expense limits for candidates for combined county authority mayoral elections and combined authority elections. The regulations reflect the commission's recommendation with regard to the setting of the new combined county authority mayoral spending limit.

In addition, we shared informally with the commission a draft of the filling of vacancies regulations. We also engaged with officers of the constituent councils of the East Midlands; I want to say at this time that we are grateful for their input as we have developed the drafts of this legislation.

In conclusion, these draft regulations set out a robust legal framework for the election of combined county authority mayors. They provide the necessary clarity to those tasked with running these elections and ensure that local electors can have confidence in the fair conduct of these elections. I commend both sets of draft regulations to the Committee.

**Lord Shipley (LD):** My Lords, I am grateful to the Minister for her introduction to these two SIs. I understand entirely the need for speed on them both. I should declare an interest as an elector in the North East Combined Authority. I listened carefully to what the Minister said about the arrangements for the next few months regarding the processes being put in place. It is appropriate that combined county authorities and mayoral combined authorities have the same regulations as each other; that is the right thing to do. It is also right and appropriate to uprate expenditure limits in line with inflation.

The Minister mentioned voter ID. I suggest to her that more attention be paid to the concerns around that. There has been a consultation with the Electoral Commission, which made clear its concerns about some of the requirements on voter ID that certainly seem to make it more difficult for younger people to vote. More generally, it is our view that the voter ID requirements need urgent reform. The Minister mentioned that voter ID regulations are to be the same for both kinds of authorities. Perhaps the Government should be more proactive about addressing the need for change.

There are some issues behind both these statutory instruments, which result, in part, from the passing of the levelling-up Act. I have grave concerns about the electoral system being used in these elections, first past the post, because the mayoral combined authority model is highly centralist. It does not engage fully with the general public or, indeed, most elected councillors; only council leaders will be engaged. There is an issue of legitimacy for those elected on very low turnouts with a very low share of the poll. It is entirely possible that, in a first past the post system, the person being elected on a 30% to 35% turnout may have only 30% support on first preferences. That is not adequate when the powers of a mayor are so great. I repeat my concern about the legitimacy of the electoral system, given that difficult, complex and challenging decisions will have to be made by the mayoral combined authorities of whatever kind.

The second issue is the role of district councils, which the Minister mentioned when she talked about managing the electoral process. During the passage of the levelling-up Act, we raised the issue of their rights to full membership of combined county authorities. They are the planning authority, not just the manager of the electoral processes. Can the Minister give us any update about whether district councils are now satisfied with the roles the Government are planning? I should say, in passing, that I am a vice-president of the Local Government Association.

I also have a concern, which I raised during the passing of the levelling-up Act, about scrutiny, audit and risk. I take these issues extremely seriously, and I just hope that the Government have ensured that every mayoral combined authority and every combined county authority has adequate risk, audit and scrutiny systems in place, given the huge sums of public money that they will be spending through that very centralised, top-down system.

*5.30 pm*

Finally, I remind the Minister—this may be a matter for after the general election—that we now have a patchwork of devolved structures, which in most cases are not devolved because the finances are in the control of the Treasury. There are so many differences, and I hope that the Government are planning to review all of them, so that it is not just a question of a local area getting together to establish a combined authority that will have a certain number of powers that the area asks to be devolved, but, rather, that we look at the overall structure across England and try to build on best practice —what we have learned that works well—so that we get a more certain system of devolved powers.

[Lord Shipley]

Having said all that, I understand the need for speed on these SIs. We shall not stand in their way.

**Lord Khan of Burnley (Lab):** My Lords, I too thank the Minister for introducing these statutory instruments. I concur with many of the points made by the noble Lord, Lord Shipley, in relation to district councils and their role in administrating elections, which I will come to shortly.

These regulations provide the rules for declaring a combined county mayoral vacancy, the procedure for by-elections and the rules governing a mayoral election. They do this simply by extending the existing rules for combined authority mayoral elections or by-elections to cover the new combined county authority mayors. We on these Benches supported the passage of the original orders in 2017, and we support these instruments today.

These regulations are required in advance of the first planned combined county authority mayoral election in May 2024 in the East Midlands, as the Minister mentioned, and we on these Benches want to focus on a particular point. While we are discussing the combined county authorities, I will take this opportunity to raise the importance of ensuring that all constituent councils get the opportunity to have their say. We hope that the mayors duly elected under the regulations we are discussing will take heed of the importance of that very local representation and expertise in parish, district and town councils.

As the noble Lord, Lord Shipley, mentioned, the Minister talked about a two-tier system where there is a county and a district council. She referred to how the district council presiding officers will have the responsibility to administer the election process. My concern is that, as the noble Lord mentioned, there is a lot of confusion about the financial resources to support the administration of these elections. We all know that local councils are already so stretched, and there is a lot of discussion about certain councils not having enough funds to deliver statutory services. What extra financial support or resources are the Government giving to district councils in light of the new responsibilities created by these statutory instruments?

Can I press the Minister further in relation to consultation? She mentioned a number of organisations. I have seen this repeatedly in numerous statutory instruments. What is the consultation in relation to working with the Local Government Association, and what is the overall focus with regard to the district, parish and town councils? What discussions and deliberations are there with these councils in the light of these statutory instruments being introduced? I look forward to the Minister's response.

**Baroness Scott of Bybrook (Con):** I thank both noble Lords for taking an interest in this debate and for their contributions. Once again, these regulations are essential in providing the rules by which all county combined authority mayors will be elected, including in May, as well as the mayor of the East Midlands if Parliament approves this new authority.

The noble Lord, Lord Shipley, asked about voter ID. Yes, that is understood. We have heard him loud and clear throughout many debates on voter ID. Obviously, we went through reviews on that, as did the Electoral Commission. I have been away, and have not been so close to it, but I will write to the noble Lord to say what the next moves are. I think we all have to agree that the first use of voter ID—I know it was in a smaller area—was successful, but we should never be complacent. We need to keep listening and learning from it.

On first past the post, which is another thing that the noble Lord often brings up, there is not going to be a change. The Government are very clear that the first past the post system is the most straightforward way of electing representatives. It is well understood by the electorate of this country. It makes it so much easier for the public to express a clear preference and reduces a lot of the complexity that we have seen recently in police and crime commissioner elections. There is no plan to change or relook at that; we had that discussion again on the recent Bill on elections, and we will not be looking back at it.

The patchwork of differences across the country is an interesting issue. The problem is that the whole of local government in this country is complex anyway, and reflects the different areas: cities, rural areas, and towns with rural areas around them. Government is trying to reflect that and give local people some choices about how they look in a bigger and more overall way at their area, rather than at small—down even to county—areas. As things change in this country, we are seeing bigger areas of economic development. We need to look at where the work patterns and travel-to-work patterns are. We need to look at all those things as well as at the traditional districts and counties that we have seen in the past.

I think it is up to local people. They have choice through the Levelling-up and Regeneration Act—they now have choices on how to plan for the future—but we in government have no further plan to look at the overall structure across the whole country.

On district councils, I will come back to the noble Lord. As far as I know, there has been nothing further since the Act came into force, but I will go back and see what discussions have been had with the district councils. That links to something brought up by the noble Lord, Lord Khan: do we talk to the district councils? Yes, we do. We talk to the LGA, the District Councils' Network and the County Councils Network. They are part of the team that looks at these things, and part of our top stakeholder group, but I do not know what the latest conversations with particularly the district councils are.

As far as audit, risk and scrutiny are concerned—all important parts of local government—as we get bigger and there is more money to spend, people expect that money to be accounted for and to be accounted for quite publicly. In the new combined county authorities, while it is the upper tier that is doing it, the same audit requirements will be there as for other councils as they exist now. There must be scrutiny committees and audit committees, and they must have a risk register. I do not think it is any different but, in my opinion, we need to continue to challenge local authorities and to

make sure that they are accessible to local people to know what their money is being spent on.

Quite rightly, the noble Lord, Lord Khan, talked about consulting with local people about any changes. I have been through that consultation; it is tough at times, but it is important. It will always be part of our process that local people are consulted in those early stages of changing their council structures, if that is what local people want. It is up to local elected representatives, whether district, county, borough or wherever they come from, to listen to local people before any changes are made. We expect that to happen.

In conclusion, these regulations are essential—as I said—to progress the devolution powers and to enable the election of combined county authority mayors. I commend both sets of draft regulations to the Committee.

*Motion agreed.*

## Combined Authorities (Mayoral Elections) Order 2017 (Amendment) Regulations 2024

*Considered in Grand Committee*

*5.41 pm*

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

That the Grand Committee do consider the Combined Authorities (Mayoral Elections) Order 2017 (Amendment) Regulations 2024.

*Motion agreed.*

*Committee adjourned at 5.41 pm.*

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