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PARLIAMENTARY DEBATES
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HOUSE OF LORDS
OFFICIAL REPORT

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Abbreviation	Party/Group
CB	Cross Bench
Con	Conservative
DUP	Democratic Unionist Party
GP	Green Party
Ind Lab	Independent Labour
Ind SD	Independent Social Democrat
Ind UU	Independent Ulster Unionist
Lab	Labour
Lab Co-op	Labour and Co-operative Party
LD	Liberal Democrat
Non-afl	Non-affiliated
PC	Plaid Cymru
UUP	Ulster Unionist Party

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House of Lords

Wednesday 19 March 2025

3 pm

Prayers—read by the Lord Bishop of London.

Child Trust Fund Accounts

Question

3.07 pm

Asked by ***Lord Blunkett***

To ask His Majesty's Government what discussions they have had with the providers of child trust fund accounts about increased access to those accounts for young people who have not yet claimed their deposit.

Lord Blunkett (Lab): I beg leave to ask the Question standing in my name and offer a very warm welcome to my noble friend, who is making his first appearance at the Dispatch Box.

Lord in Waiting/Government Whip (Lord Wilson of Sedgefield) (Lab): I thank my noble friend. The Government have extensive engagements with providers, industry and other stakeholders. HMRC is an active participant in the industry-led Child Trust Fund Maturity Working Group, which meets quarterly and discusses how individuals can be encouraged to claim their matured funds, and any issues the industry is facing. Treasury officials have also recently met with industry stakeholders to discuss issues relating to child trust fund access.

Lord Blunkett (Lab): I thank my noble friend and realise that it is really difficult answering for the Treasury these days. We have had a very successful, but in one way fruitless, effort across this House. We have been supporting many charities, including Support SEND Kids, and Andrew Turner's campaign—he is in the Chamber today. I thank everybody for that. Some 780,000 accounts have not yet been accessed, and in up to 80,000 of those cases, the young people are said to have incapacity. Somehow, we have to unlock these accounts, and we have to stop the Court of Protection blocking this. We have to ensure that financial institutions that are not playing the game do so. In the end, we need the support of the Department of Justice, the Department of Work and Pensions and the Treasury. My noble friend is new, and he can come at this fresh: give them a good kick for us, will you?

Lord Wilson of Sedgefield (Lab): The Government are committed to reuniting all young adults with their child trust funds. HMRC has worked closely with child trust fund providers to encourage young people to track down their accounts. It has also issued a range of communications, including social media posts, and engaged influencers, who have greater visibility amongst young adults, and it continues to explore additional ways of communication. A free HMRC online tracking facility is also available. At the moment, the number of unclaimed matured accounts stands at 670,00.

Lord Young of Cookham (Con): My Lords, the Department for Work and Pensions has a streamlined process by which parents of a child with disability can access funds from the DWP—funds far higher than the average £3,000 in a trust fund account. Why cannot that process be used, instead of the cumbersome Court of Protection process?

Lord Wilson of Sedgefield (Lab): We know that there are real difficulties with this, and cross-departmental activities are taking place to try to resolve the problem. I understand from the courts that the Government are committed to bearing down on the outstanding caseload left by the previous Government, and the challenges we face in doing so are significant. As a crucial first step, we are funding another 108,500 sitting days in the courts this financial year, which is the highest level we have had for a decade.

Baroness Kramer (LD): My Lords, in cases where a parent or guardian were unable to set up an account for their child, the Government opened a savings account on the child's behalf. Can the Minister give me an assurance that all these children, for whom HMRC must have both contact details and legal authority, have been reached and are not part of the group who are unaware of the funds they have available?

Lord Wilson of Sedgefield (Lab): All young people who have trust funds are contacted at the age of 17, and those who do not respond will be continually contacted. Secondly, the funds available to them will be available for ever or until, potentially, things change; but at the moment, there is no reason why that should happen. Those funds will be there for as long as they need to be, before they are drawn down by the child. The one thing to remember is the funds not having been accessed does not mean that the person who can access them does not know they are there.

Lord Naseby (Con): I declare an interest as a former chairman of the Tunbridge Wells Equitable Friendly Society, which traded as the Children's Mutual. Are the Government getting full co-operation from the Association of Friendly Societies and some of the other providers? If they are not, I would be more than willing to try my very best to help to find an answer to this difficult problem.

Lord Wilson of Sedgefield (Lab): We are working across departments and with all the providers to try to ensure that access is gained for people who have child trust funds. I am not quite sure what kind of relationship and communication we have with friendly societies, but I will make sure that someone writes to the noble Lord to let him know.

Baroness Neville-Rolfe (Con): My Lords, I too very much welcome the noble Lord, Lord Wilson of Sedgefield, to his place. There is a problem, as he said, so can he

[Baroness Neville-Rolfe]
say whether he has formally consulted, or intends to, the financial institutions or the child trust fund providers on the feasibility of simplifying the process for young people accessing their funds? What steps might he take to ensure that they are more aware of the child trust fund accounts—perhaps using social media and so on—so that we communicate this opportunity for people to pick up these funds, which are not being claimed, as the noble Lord, Lord Blunkett, explained?

Lord Wilson of Sedgefield (Lab): As of 5 April 2024, some 2.5 million child trust funds accounts and 670,000 mature child trust fund accounts had not been claimed. The Government recognise the importance of ensuring that we marry up young people with those accounts. HMRC is working very closely with opinion-formers and stakeholders to try to ensure that this group is reached. This includes, for example, working closely with UCAS, joining with younger influencers who discuss personal finances online, and using traditional media and HMRC's own social media channels to target young people to ensure that they know the trust funds exist.

Baroness Lister of Burtersett (Lab): My Lords, I very much support my noble friend in his efforts, but as there do not seem to be any more questions on that subject, I will broaden it out to another of the Treasury's responsibilities for children. I realise that my noble friend may not be able to answer this now, but is there any evidence of the impact of the high-income charge, introduced by the previous Government, on the take-up of child benefit? Child benefit is a crucial source of secure income for parents.

Lord Wilson of Sedgefield (Lab): I thank the noble Baroness for that question, and she is absolutely right: it is not an area I know very much about. I will get the department to write to her with the answer she requires.

Commercial Vehicles: Safety

Question

3.15 pm

Asked by ***Baroness Pidgeon***

To ask His Majesty's Government what action they are taking to ensure that commercial vehicles sold in the UK are as safe as possible and have a 'five star' safety rating.

The Minister of State, Department for Transport (Lord Hendy of Richmond Hill) (Lab): My Lords, new motor vehicles, including commercial vehicles, must be approved through a broad range of rigorous safety requirements. In addition, the Department for Transport is a founding member of the Euro New Car Assessment Programme, a membership organisation providing information on the relative safety of cars and commercial vehicles beyond the regulatory minimum, typically using a one- to five-star rating system. Although it is not mandatory, it provides a market incentive for manufacturers to develop increasingly safer vehicles.

Baroness Pidgeon (LD): My Lords, the UK was at the forefront of developing the European Union's general and pedestrian safety regulations—GSR—which mandate a raft of proven safety features in vehicles. Will the Government adopt GSR in the UK to ensure that we improve the safety of commercial vehicles on our roads? I also take this opportunity to wish the Minister a very happy birthday.

Lord Hendy of Richmond Hill (Lab): I thank the noble Baroness, and she is absolutely right that the general safety regulations were mandated by the European Union in 2022. Prior to the United Kingdom leaving the EU, UK officials had worked on the range of 19 new vehicle technologies that she refers to. The Government have commissioned analysis to determine which of those technologies are right for Great Britain. This is under really active consideration at the moment. I will write to her about those 19. In the meantime, because the commercial vehicle manufacturing industry is international, many vehicles will already comply with GSR II.

Earl Attlee (Con): My Lords, I wish the Minister a happy birthday. There are 600,000 professional HGV drivers in the United Kingdom. We operate 400,000 HGVs. The Library tells us that only one person in Parliament has any practical experience of the operation of HGVs. Why do your Lordships want to get rid of me? To say that a Bill is going through Parliament is not a good answer.

Lord Hendy of Richmond Hill (Lab): There is only one person here who holds a passenger-carrying vehicle licence, which is a broadly similar experience, although the payload complains more often than it does with a commercial vehicle. The noble Earl's question has nothing to do with commercial vehicles at all. This matter is frequently debated in here, and I will leave it to the Leader of the House to answer that properly.

Baroness Kramer (LD): My Lords, will the Minister enlighten me as to how many people were killed last year—or the latest date that he has—on the roads by HGVs? I have the numbers for 1929.

Noble Lords: Oh!

Baroness Kramer (LD): The 2019 numbers! I have been here too long. There were 178 road users and 82 vulnerable road users. Surely he needs to bring in the protections that my noble friend described, ahead of waiting for some strategy, because people are dying on the roads daily.

Lord Hendy of Richmond Hill (Lab): I thank the noble Baroness for her question. I have those statistics somewhere and I have up-to-date ones. I will send them to her. Many of the 19 new vehicle technologies are already being applied, because the commercial vehicle industry is international. I also referred to this being under really active consideration, which means that shortly we will be able to say which of the 19 technologies this Government propose to introduce. When we do, that will be conclusive.

Lord Kirkhope of Harrogate (Con): My Lords, we are keen on safety throughout the country. Indeed, our own drivers are very well trained, in general, but there are real concerns that foreign drivers, who seem to be involved in quite a lot of the accidents that occur with heavy goods vehicles, do not appear be trained to the same standards. Will the Minister kindly comment on that and say what we are doing in association with other countries, particularly in Europe, to make sure that their standards are maintained?

Lord Hendy of Richmond Hill (Lab): The standards of professional vocational drivers in Britain are very high. The tests that you have to pass and the continuous professional development, which is broadly similar to the continuous professional development applied in European countries, are also very strong. Enforcement activities are run by the Vehicle Inspectorate, which is part of the Driver & Vehicle Standards Agency. It is much more sophisticated in targeting enforcement than perhaps it once was, including making sure that those who drive commercial vehicles from other countries on our roads are consistently to the same standard of safety as our own vehicles and drivers are. I will leave the detail of how it enforces what it does to it, but it appears to be very successful enforcement activity.

Lord Berkeley (Lab): My Lords, can the Minister confirm that the safety rules apply to all cars and heavy goods vehicles? Do they also include vintage Army vehicles, to which the noble Earl, Lord Attlee, referred?

Lord Hendy of Richmond Hill (Lab): The safety requirements that the noble Baroness, Lady Pidgeon, asked me about are those applicable to new vehicles. The standards of safety that apply to all vehicles on the UK's roads are the latest standards that applied at the time at which they were manufactured, of course, improved by the regular testing system. There are reasons why historic vehicles cannot always comply with modern standards. There is a silver lining in that, which is that most very ancient vehicles cannot go very fast. My experience of the vehicle testing regime is that it is rigorous but respectful of the age of vehicles and their original manufacturing condition.

Lord Moylan (Con): My Lords, I congratulate the Minister on his birthday. It is a great pity that it is not being celebrated by a parade around Parliament Square featuring the noble Lord driving his bus accompanied by my noble friend Lord Attlee driving his Army truck. Perhaps that it is something to plan for next year. Broadening this out a little bit, UK motor manufacturing is in a state of crisis. Is it not time for the Government to take a lead from the Conservative Party and start to reassess their net-zero and, in particular, imposed electric vehicle targets while we still have a domestic motor manufacturing base to save?

Lord Hendy of Richmond Hill (Lab): To the serious point that the noble Lord raises, the Government are continuing to modernise the requirements for vehicles on British roads and are continuing to insist on the trajectory to zero-emission vehicles, for obvious reasons. In fact, contrary to the implication of what he says, that was started by the previous Government. On a more jocular note, neither the noble Earl, Lord Attlee, nor I need to add to the traffic around Parliament Square, particularly in the past few days.

Lord Deben (Con): The targets having been set up by the previous Government, the present Government should stick to them and give British motor manufacturers certainty about what is going to happen, rather than uncertainty of the kind that has recently been stirred up.

Lord Hendy of Richmond Hill (Lab): We very much welcome the noble Lord's support in this. It is inevitable that the motor manufacturing industry moves on. Contrary to a lot of the noise, there is great evidence that the translation to zero-emission vehicles and electric vehicles is proceeding. Beneath all that noise, it is quite clear that electric vehicles are catching on and that the manufacturing market needs to carry on in that direction. My own experience of introducing hybrid and electric vehicles is that the one thing that really makes a difference is the continuing purchase in larger and larger numbers, which encourages manufacturers to make the right thing at a lower cost and be successful.

Safe Housing and Hospital Discharge

Question

3.25 pm

Asked by ***Baroness Thornhill***

To ask His Majesty's Government what steps they are taking to improve collaboration between integrated care boards and housing providers to address barriers to safe housing and support timely hospital discharge.

The Parliamentary Under-Secretary of State, Department of Health and Social Care (Baroness Merron) (Lab): My Lords, the Government recognise that the availability of safe housing contributes to timely and effective hospital discharge. We published a new policy framework for the £9 billion better care fund in January. Integrated care boards and local authorities have to work together, with involvement from local housing authorities, to agree joint plans to deliver joined-up care. The £86 million uplift to the disabled facilities grant this year can provide around 7,800 additional home adaptations.

Baroness Thornhill (LD): I thank the Minister for her Answer and welcome what she has said. It is absolutely clear now that the lack of supported housing is a major factor in delayed discharge from hospital and that integrated care boards are part of the solution. Can the Minister explain why, only last week, the Government made the shock announcement of a 50% cut to the core funding to these very boards? Surely they should be integral to creating solutions to this costly, damaging and seemingly intractable problem.

Baroness Merron (Lab): As the noble Baroness will be aware, this Government want to see provision and decision-making directed by local leaders. She and the

[Baroness Merron]
House will be aware of the financial situation which we have inherited. I reiterate what I said about the £9 billion committed to the better care fund, which includes £5.6 billion to integrated care boards and around £3.3 billion to local authorities.

Baroness Warwick of Undercliffe (Lab): My Lords, 73% of delayed discharges from mental health hospitals are due to a lack of appropriate supported housing step-down services. With bed occupancy rates of 94%, the increasing pressure is driving up the inappropriate use of out-of-area placements. What plans do the Government have to ensure that there is enough supported housing to meet the demand for step-down services?

Baroness Merron (Lab): My noble friend made particular reference to mental health care. She will be aware of the discussions that took place at Second Reading and in Committee on the Mental Health Bill. I am sure we can all agree that an out-of-area placement is not ideal, although there are some circumstances in which it has to be the case. In the progress of that Bill, we will be attending to the point that she makes. I agree with her that the delays attributed to housing are significantly higher, at 17% for patients who are discharged from mental health settings. This remains a challenge that we are focused on.

Lord Best (CB): My Lords, has the Minister considered the proposal from the Centre for Ageing Better for good home hubs, where older people whose homes are inaccessible, cold and unsafe can get all the advice and support they need on adaptations that can make such a difference—the stairlift, the walk-in shower, better insulation—thereby enabling them to live longer independently and to take the pressure off the NHS and care services?

Baroness Merron (Lab): The noble Lord puts the case strongly for the process of home adaptations. As I have already mentioned, we have provided an immediate in-year uplift to the disabled facilities grants of some £86 million, which will enable people to adapt their homes exactly in the way that the Centre for Ageing Better describes, and I welcome its work. I should say that it is the responsibility of local authorities to ensure that they are supporting applicants through the process of home adaptations as much as possible. We are always looking at ways to improve the process and share good practice, so I welcome the contribution of the Centre for Ageing Better.

Lord Blunkett (Lab): Will my noble friend confirm that very few integrated care boards are either integrated or about care? Much of the work that should be going on is going on with health and well-being boards, which are a combination at place level of the relevant local authority and the health service at the point where delivery takes place.

Baroness Merron (Lab): My noble friend has given me an invitation to agree with him. As he knows, it would be quite inappropriate to suggest that integrated care boards are not integrated or about care—that is their focus—but I appreciate his view on the matter. I do agree with him that much good work is done on the health and well-being boards. This all says to me that local decision-making, and local provision for local populations with their particular dimensions and demands, is the best way forward. My final point on this question is that local systems have to agree plans to achieve more timely and effective discharge from hospital, and to work with local authorities to develop those plans.

Lord Kamall (Con): My Lords, NHS data from last month revealed that there are about 13,800 people who are medically fit for discharge, which is up from 12,000 patients awaiting discharge on 1 December. As other noble Lords have said, we know that that causes a bottleneck in hospitals that is not good for patients while they wait to go home. As has been said, one way to reduce that bottleneck is the greater use of virtual wards, allowing people to stay in their home for longer, to be monitored in their home and to receive care. The Minister has answered this question to a certain extent, but can she tell us more about the Government's overall plan for virtual wards, not just in this case but for physical and mental health care, in order to ensure that we can get more patients out of hospital beds and into their homes, where they can receive the care they deserve and be constantly monitored?

Baroness Merron (Lab): I am glad that the noble Lord shares my enthusiasm for virtual wards. I shall expand on what they are: they allow people to be not in hospital but in their own home, whether it is their personal home or whether their home happens to be in a care home or some other setting, by the use of technology that allows them to be monitored. I recently saw an excellent example of that, and the liberation that it provides for individuals who would much rather not be in hospital is key. The noble Lord will know that, in the 10-year plan, the move from hospital to community is a key pillar, and we will soon be reporting on that. I certainly share his enthusiasm.

The Lord Bishop of London: My Lords, the VCSE sector plays a critical role in discharge planning. The Minister may know of a project in Warrington, where a social prescribing link worker and the VCSE team are integrated into the discharge team, and are therefore able to support people on discharge. The pilot has been positive, not least in that it has reduced readmission into hospital. Could the Minister say what support the Government are giving to integrated care boards so that they can enable this type of innovative provision? Can she reassure us that the aspiration to cut the ICBs by 50% will not impact on that potential?

Baroness Merron (Lab): I very much commend the innovation and the commitment of people locally in the way that the right reverend Prelate describes. ICBs would be wise to work closely with the third sector in order to provide support and to tackle the very real challenges. With regard to decisions on how they use their funding, it is for ICBs to take into account the

needs of the population and provide accordingly. As I say, it would be a wise ICB that took advantage of the innovation and the commitment in its local area.

Baroness Tyler of Enfield (LD): My Lords, does the Minister think that there is a case for further guidance or even legislative change to ensure that ICBs—those left standing anyway—are actively improving integration between the NHS and other stakeholders, such as housing and local government? We all understand that social care is vital to successful discharge plans. Is the Minister able to say how many ICBs have senior representation from social care or local government on their boards?

Baroness Merron (Lab): As the noble Baroness is aware, ICBs bring together local government and local health services. While I cannot be as specific as the noble Baroness asks, I will be very happy to look into that. There is not just an expectation but a requirement, as I said, to agree plans locally, which means more timely and more effective discharge. Certainly, the better care fund is crucial, so I feel that we are going in the right direction. This is a matter that we constantly have under review, and we are always looking for ways to improve delivery.

NHS Dentistry

Question

3.36 pm

Asked by ***Lord Young of Cookham***

To ask His Majesty's Government what steps they are taking to improve access to NHS dentistry.

The Parliamentary Under-Secretary of State, Department of Health and Social Care (Baroness Merron) (Lab): My Lords, we are tackling the challenges for patients trying to access NHS dental care by providing 700,000 more urgent dental appointments per year, with integrated care boards delivering those extra appointments from 1 April 2025, which is not long away. We will recruit new dentists to the areas that need them most and to rebuild dentistry in the long term we will reform the dental contract with the sector and shift to focus on prevention and the retention of NHS dentists.

Lord Young of Cookham (Con): I very much welcome the 700,000 extra appointments, which will begin to make an impact on the 2.2 million people who now need urgent care, but did the noble Baroness read the leader in the *Times* on Monday which said

"the scandal of NHS dentistry has dogged successive governments without resolution"?

It mentioned the 30,000 children each year who go to hospital to have rotten teeth extracted under anaesthetic and the 18 million adults and children who cannot access an NHS dentist. Does she agree that at the root of this problem is the 2006 dental contract, which has driven dentists out of the profession? When might a new contract be introduced? Given that the most effective public health measure is to add fluoride to the water supply where it does not exist naturally, when will she roll out the programme that has begun in the north-east?

Baroness Merron (Lab): As the noble Lord suggests, tooth decay is the main reason that five to nine year-olds are admitted to hospital. That is a scandal, and one that we are seeking to tackle. My ministerial colleague, Stephen Kinnock, has made reform of the dental contract an early priority and continues to collaborate with the British Dental Association and other representatives on what is, of course, a shared ambition to improve access to treatments for NHS dental patients. I wish I could give an exact date to the noble Lord; I am not in a position right now to do so. On water fluoridation, as the noble Lord said, an extra 1.6 million people across the north-east will benefit from a water fluoridation scheme following quite a lengthy process and that will start in 2027-28.

Lord Brooke of Alverthorpe (Lab): My Lords, dental problems put extra pressures on A&Es, particularly at the weekend when it is difficult to get access to a dentist. Does she recall that a group of dentists has suggested that we should create 40 mini-A&E centres around the country, under the NHS, open seven days a week? I believe that suggestion worked its way through to the Minister. If she is not able to give an immediate answer, would she write and put the reply in the Library for others to see?

Baroness Merron (Lab): As I said, it will be ICBs delivering the extra 700,000 urgent dental appointments each year. They will be best placed locally to decide how to do it. It may well be through the means that my noble friend said, but the duty on them will be to ensure that those are available. The appointments will be most heavily weighted towards the areas where they are needed most, although appointments will be available across the country. I welcome my noble friend's suggestion but how the extras are provided will be a matter for local decision-making.

Baroness Watkins of Tavistock (CB): My Lords, can the Minister comment on whether serious consideration will be given to debt relief for newly qualified dentists? They could then work as salaried employers for the NHS and deliver more than the 700,000 appointments we are aiming at, because we have such a long backlog. That would really support children's dental care immediately.

Baroness Merron (Lab): I welcome the suggestion from the noble Baroness, and I will raise that with the Minister, Stephen Kinnock. What I can say is that strengthening the dental workforce is absolutely central, as we have to rebuild NHS dentistry in this country. Integrated care boards have started already to recruit for dental posts through a golden hello scheme. That means that up to 240 dentists will receive payments of £20,000 across three years to work in those areas that need them most. Already, as of 10 February this year, 35 dentists have commenced in post, a further 33 dentists have been recruited, and hundreds of job posts are currently advertised. There is a long way to go, but we have made a very strong start.

Lord Rennard (LD): My Lords—

Lord Glenarthur (Con): My Lords—

Captain of the Honourable Corps of Gentlemen-at-Arms and Chief Whip (Lord Kennedy of Southwark) (Lab Co-op): My Lords, we will hear from the noble Lord, Lord Rennard, next and then the noble Lord, Lord Glenarthur.

Lord Rennard (LD): My Lords, the promised extra 700,000 appointments will mean just two extra appointments a month for each NHS dentist in England. The Health and Social Care Select Committee concluded in 2023 that the current dental contract is not fit for purpose, so will a new dental contract stop penalising dentists who take on more units of dental activity or patients with more complex dental needs?

Baroness Merron (Lab): The noble Lord makes a very strong case for reform of the dental contract. The Minister concerned is very alive to the points he makes but, again, I will draw his attention to them. I do not quite recognise the figure that the noble Lord referred to on the number of extra appointments. If I can give just one example: out of 700,000 extra appointments, in the Midlands that will mean 143,424 extra appointments. I also emphasise that it is 700,000 extra appointments every year. If the noble Lord would let me have the figures to which he referred, I would be very happy to look into them.

Lord Glenarthur (Con): My Lords, there used to be a number of eminent dentists in your Lordships' House. I am thinking of Lady Gardner of Parkes and Lord Colwyn. I believe there are none now, so do the Government have any plans to fill this gap and ensure that the dental service is represented in your Lordships' House?

Baroness Merron (Lab): There is a cavity that needs filling. I defer to the usual channels, the senior leadership, the leaders of all parties, the Convenor of the Cross Benches, and all the other bodies that decide who should be in this House.

Lord Kamall (Con): My Lords, I say to the noble Baroness that when it comes to comedy, she is doing an excellent job as a Minister.

Noble Lords: Oh!

Lord Kamall (Con): I am sorry—I hope she takes that in the way it was intended. She is a wonderful comedian and a wonderful Minister. How about that? Hopefully, I have redeemed myself in the eyes of the Minister.

One of the frustrations of the past on this issue has been the battle between the Treasury and the department over the unit of dental activity—the UDA—as the noble Lord, Lord Rennard, said. That is how much dentists are paid for each patient they see. Can the Minister tell your Lordships about the conversations that her department is having with the Treasury? For example, how willing is it to raise the UDA in dental deserts to encourage local dentists who exist in those areas but do not see NHS patients? What conversations is the department having also with dental charities in the shorter term to help fill some of these gaps?

Baroness Merron (Lab): I can assure the noble Lord that I took his comments in good heart, which is exactly how they were intended. He touches on an important point, which is that this is not just about the number of dentists but about how many units of NHS dentistry they are doing. Again, we are very aware of that—which goes to the noble Lord's question earlier as well—and we are seeking to resolve it through the reform of the contract. We have found that the previous Government's dental recovery plan did not go far enough, because it has left many people still struggling to get an NHS appointment. The noble Lord asked about conversations with the Treasury, but perhaps some of that speaks for itself in that we have a rescue plan providing more urgent dental appointments. We are reforming the dental contract and not waiting to make improvements, because we are already increasing access and incentivising the workforce to deliver more NHS care.

Sentencing Council Guidelines

Commons Urgent Question

The following Answer to an Urgent Question was given in the House of Commons on Monday 17 March.

"The Sentencing Council is independent of Parliament and government. The council decides on its own priorities and workplan for producing guidelines.

The Sentencing Council consulted the previous Government on a revised version of the imposition guideline, which included new guidance on pre-sentence reports. That consultation ran from November 2023 to February 2024. The previous Government responded to the consultation on the guideline on 19 February 2024. The former sentencing Minister, the honourable Member for Orpington, Gareth Bacon, who is now the shadow Transport Secretary, wrote to the chair of the Sentencing Council thanking him for the revisions to the guideline. In particular, he thanked the council for fuller guidance on the circumstances in which courts should request a pre-sentence report.

The Lord Chancellor was clear about her discontent with the guideline when it was published. It is our view that there should not be differential treatment before the law. The House will be pleased to hear that the Lord Chancellor met the chair of the Sentencing Council last week, and the discussion was constructive. It was agreed that the Lord Chancellor will set out her position more fully in writing, which the Sentencing Council will consider before the guideline is due to come into effect".

3.47 pm

Lord Keen of Elie (Con): My Lords, the Secretary of State for Justice appears to have implied, perhaps somewhat implausibly, that she and her department were not aware that the new Sentencing Council guidelines would introduce a two-tier justice system until their final publication two weeks ago. She in fact has representatives on the Sentencing Council. To be fair, the Secretary of State moved rapidly to address the grave problem that this presented, but simply encountered a more fundamental problem stemming from the way

in which the previous Labour Government established the Sentencing Council. It is not directly answerable to any Minister. We are now told that the Secretary of State and the council are "talking". However, discussing the height of the drop as you approach the precipice is no substitute for a plan of action. What is the plan and, if these disastrous guidelines come into force on 1 April as intended, who will resign? Will it be the Secretary of State for Justice or the chair of the Sentencing Council?

The Minister of State, Ministry of Justice (Lord Timpson) (Lab): The Sentencing Council is independent of Parliament and government. The council decides on its own priorities and workplan for producing guidelines. The Lord Chancellor was clear about her discontent with the guidance when it was published on 5 March, which was the first time that she and other Ministers had heard about it. It is her view, and mine, that there should not be differential treatment before the law. The Lord Chancellor met with the chair of the Sentencing Council last Thursday and had a constructive discussion. The Lord Chancellor will be setting out her position in writing to the Sentencing Council and it has agreed to reply before 1 April. We will not get ahead of ourselves beyond that.

Lord Marks of Henley-on-Thames (LD): My Lords, the Lord Chancellor was reportedly incandescent that the new guideline appeared to suggest that lighter sentences should be imposed on members of ethnic minorities. I take a different view from the noble and learned Lord, Lord Keen, but I find the Lord Chancellor's position baffling. As the chair of the Sentencing Council, Lord Justice William Davis, explained in his letter to her, the imposition guideline is absolutely not suggesting that lighter sentences should be imposed on ethnic minority offenders. Rather, it is concerned with setting out when pre-sentence reports are particularly important.

As the Minister is well aware, there is strong evidence—often discussed in this House—that offenders from ethnic minorities are more likely than their white counterparts to receive immediate custodial sentences, and particular care is needed to change that. We all agree on equality before the law and the guideline is intended not to encourage unfair sentencing but to prevent it. So, on reflection, do the Government now agree that, in view of their vulnerability to unfair sentencing, the guideline is right to highlight the need for pre-sentence reports for ethnic minority offenders?

Lord Timpson (Lab): The issue of tackling disproportionate outcomes in the criminal justice system is a matter of policy and should be addressed by Government Ministers and not the Sentencing Council. It is my view and that of the Lord Chancellor that everybody should be treated equally in the eyes of the law. It is worth noting that the party opposite was not only consulted but welcomed these guidelines when it was in office. The former Minister for Sentencing wrote a letter to the Council setting this out on 19 February 2024 in which he stated:

"In particular, we welcome the clarification provided by the council regarding … fuller guidance around the circumstances in which courts should request a pre-sentence report".

Captain of the Honourable Corps of Gentlemen-at-Arms and Chief Whip (Lord Kennedy of Southwark) (Lab Co-op): My Lords, I remind noble Lords that we are taking questions on this Urgent Question. We need short, sharp, succinct and to-the-point questions.

Viscount Hailsham (Con): My Lords, does the Minister agree that, in general, a community sentence should be imposed rather than a custodial one? In that context, would he agree that, in general, and not confined to the cohorts referred to in the guidelines, there should be a pre-sentence report to assist the court in determining whether a defendant is likely to be compliant with a community sentence and also to benefit from one?

Lord Timpson (Lab): Our independent judiciary is best placed to decide whether a community or a custodial sentence is required. From my experience, pre-sentence reports can be very useful in supporting the judiciary in their decision-making. They are even more helpful when the pre-sentence report is written by someone who knows the offender well and has a lot of training and background information on that person.

Baroness Chakrabarti (Lab): My Lords, does my noble friend the Minister agree that, contrary to the confected outrage from across the House, sentencing is not a matter for politicians and should be independent of government? Does he also agree that it would be a jolly good thing if all offenders, whoever they are, had the benefit of a pre-sentence report?

Lord Timpson (Lab): I thank my noble friend for her question. It is up to the independent judiciary to decide whether to request a pre-sentence report. What we do know is that in a number of cases they are very appropriate. We also know that our judiciary—in which many noble, and noble and learned, Lords in this House have taken an important role—is respected around the world. We need to ensure that that is maintained.

Lord Paddick (Non-Afl): My Lords, can the Minister explain why judges requesting a pre-sentence report because they might not fully understand the background of those from different ethnic or social groups and might want to fill any gaps in their knowledge amounts to two-tier justice?

Lord Timpson (Lab): The independence of the judiciary and the fact that everybody should be treated equally in the eyes of the law means that pre-sentence reports are determined by the judiciary, and it should stay that way.

Lord Clarke of Nottingham (Con): My Lords, are the Minister and the Lord Chancellor having discussions on a more sensible subject, on which I know he has some views: reducing the amazingly high level of incarceration in this country, which is the major cause of the state of our prisons? The average sentence for many offences has pretty well doubled since I was Home Secretary and has increased very substantially since I was Justice Secretary more recently. There is no evidence that incarceration levels have any effect on

[Lord Clarke of Nottingham]
the level of offending. As the Sentencing Council in the end has the last word on the guidance to our independent judiciary, will this subject be taken up so that the Lord Chancellor and the Minister can share their views with the Sentencing Council and see whether it will help in the efforts to get down to more sensible levels of incarceration for the most serious offences?

Lord Timpson (Lab): I thank the noble Lord for his question and for his generosity and kindness to me many years ago in helping me get going when I first started recruiting people from prison. When we had those conversations many years ago, the prison population was much lower than it is today. That is why we have established the review on sentencing being carried out by David Gauke. We await his report, which will be published in the spring.

Lord Phillips of Worth Matravers (CB): My Lords, in my relative youth I used to chair the Sentencing Guidelines Council, the predecessor of the Sentencing Council. From the Library this morning I obtained a publication that I believe emanates from the Sentencing Council, which includes the guidelines. There then follows the comment:

"Courts should refer to the Equal Treatment Bench Book for more guidance on how to ensure fair treatment and avoid disparity of outcomes for different groups".

Does the Minister consider that valuable guidance?

Lord Timpson (Lab): The *Equal Treatment Bench Book* was written by judges, for judges. I am very clear that everybody should be treated equally in the eyes of the law.

Lord Browne of Ladyton (Lab): My Lords, confident as I am that the noble and learned Lord, Lord Keen of Elie, has read the guidelines, I am sure he will agree with the noble Lord, Lord Marks, as I do, that nowhere do they require judges to hand down lighter sentences to ethnic minorities or any category of offender. They simply recommend that pre-sentence reports be sought for more categories of offender, so that sentences can better take into account any and all relevant factors. Does my noble friend agree that having pre-sentence reports in greater numbers and in more cases would be a welcome step in helping sentencers arrive at fair, appropriate, transparent and effective sentences for all offenders?

Lord Timpson (Lab): I thank my noble friend for that question. It is clear that pre-sentence reports can be very useful. Our focus needs to be on having good pre-sentence reports and, when people leave prison and custody, making sure that they have a one-way ticket, not a return, because we do not want them to reoffend.

NHS England Update

Statement

The following Statement was made in the House of Commons on Thursday 13 March.

"With permission, I would like to make a Statement on the future of NHS England.

Since coming into office, this Government have made big strides in fixing our broken NHS. Under the Conservatives, the NHS suffered years of industrial action, costing taxpayers billions and costing patients more than 1 million cancelled operations and appointments. We negotiated an end to the resident doctors' strike within three weeks. We have delivered the 2 million extra appointments we promised in our first year, and we did it seven months early. After 14 years of rising waiting lists under the Conservatives, we are finally turning the tide, cutting waiting lists for five months in a row, cutting waiting lists through the winter pressures and cutting waiting lists by 193,000 so far and counting. We have agreed the GP contract with GPs for the first time since the pandemic—our first step to bringing back the family doctor—and we have delivered the biggest uplift in hospice funding for a generation.

However, there should be no doubt about the scale of the challenge ahead. We inherited an NHS going through the worst crisis in its history, so there is no time to waste. We inherited public finances with a £22 billion black hole, so there is no money to waste. The urgency of the crisis means we have to go further and faster to deliver better value for taxpayers and better services for patients—something the Conservative Party cannot even begin to speak to a record on.

The independent investigation into the National Health Service by the noble Lord, Lord Darzi, traced the current crisis back to the 2012 top-down reorganisation of the NHS by the noble Lord, Lord Lansley. The Darzi investigation said the reorganisation was 'disastrous' and a 'calamity without international precedent' that 'scorched the earth' for health reform,

'the effects of which are still felt to this day'.

The Health and Social Care Act 2012 established more than 300 new NHS organisations, created a complex and fragmented web of bureaucracy and, to quote the Darzi investigation,

'imprisoned more than a million NHS staff in a broken system'.

Today, we are putting the final nail in the coffin of the Conservatives' disastrous top-down reorganisation of the NHS.

There are more than twice as many staff working in NHS England and the Department of Health and Social Care today than there were in 2010—twice as many staff as when the NHS delivered the shortest waiting times and the highest patient satisfaction in history. Today, the NHS delivers worse care for patients, but is more expensive than ever before. The budget for NHS England staff and admin alone has soared to £2 billion. Taxpayers are paying more, but getting less. We have been left with two large organisations doing the same roles, with an enormous amount of duplication.

It is especially in times like these, when money is tight, that such bloated and inefficient bureaucracy cannot be justified. However, even if the Conservatives had not left a £22 billion black hole in the public finances, the Prime Minister would still be announcing the changes he is today, because every £1 that is wasted on inefficient bureaucracy—in good times or bad—is £1 that cannot be spent on treating patients faster, nor can it be spent on fixing our crumbling schools, lifting children out of poverty or putting money back into

people's pockets. There is always a duty on Ministers to get as much value for taxpayers' money as is possible, and I cannot honestly say that it is achievable with the way that my department and NHS England are set up today, nor can I say that the current set-up is getting the best out of the NHS.

I am sure Members will have heard their local NHS leaders complain about the top-down way in which the NHS is run. It is something I have heard for years. Now that I find myself at the peak of this enormous mountain of accountability, I do not just recognise the complaint; I agree with it. Front-line NHS staff are drowning in the micromanagement they are subjected to by the various and vast layers of bureaucracy.

In the Hewitt review, the former Health Secretary, my right honourable friend Dame Patricia Hewitt, reported that one local service was required to send 250 reports and forms to NHS England and the Department of Health and Social Care in a single month. That is time and energy that is not being spent delivering care for patients. The review also concluded that having two organisations doing the same jobs has led to

'tensions, wasted time and needless frictional costs'.

Since coming into office I have sought to correct that, by building a one-team approach between my department and NHS England, working towards our shared mission of building an NHS fit for the future. Today, the Prime Minister has announced that we are turning one team into one organisation.

I acknowledge that there are talented, committed public servants working at every level of the NHS and my department, including at NHS England, who I have had the privilege of working with over the past eight months. The reforms we are announcing today are not a reflection on them. They have been set up to fail by a fragmented system that holds them back. The actions we are taking today will change that.

Work has already begun to strip out the duplication between the two organisations, and bring many of NHS England's functions into the department. NHS England will have a much clearer focus over this transformation period. It will be in charge of holding local providers to account for the outcomes that really matter: cutting waiting times, and managing their finances responsibly. And it is tasked with realising the untapped potential of our National Health Service as a single-payer public service: getting a better deal for taxpayers through central procurement; being a better customer to medical technology innovators, to get the latest cutting-edge tech into the hands of staff and patients much faster; and being a better partner to the life sciences sector, to develop the medicines of the future.

Over the next two years, NHS England will be brought into the department entirely. These reforms will deliver a much leaner top of the NHS, making significant savings of hundreds of millions of pounds a year. That money will flow down to the front line, to cut waiting times faster and deliver our plan for change. By slashing through the layers of red tape and ending the infantilisation of front-line NHS leaders, we will set local NHS providers free to innovate, develop new and productive ways of working, and focus on what matters most: delivering better care for patients.

I cannot count the number of Conservatives who have told me in private that they regret the 2012 reorganisation and wish they had reversed it when in office. But none of them acted. They put it in the 'too difficult' box while patients and taxpayers paid the price, because only Labour can reform the NHS. And this Government are proving that only Labour can be trusted to reform the state. The Prime Minister has committed to cutting the number of quangos. Today, we are abolishing the biggest quango in the world.

I am delighted that Sir James Mackey will be leading the transformation team, as the chief executive of NHS England. Jim has an outstanding track record of turning around organisations, balancing the books, driving up productivity, and driving down waiting times. He is putting in place a new transformation team to drive change, and alongside Dr Penny Dash as the incoming chair, I am delighted to have such a capable leadership team of radical reformers to lead NHS England with me through this transformation.

I also take this opportunity to place on record my heartfelt thanks to Amanda Pritchard, who has shown an outstanding commitment to our National Health Service over her decades of service—which I know remains undiminished. She has also been a rock of enormous support, not only in the past eight months, but also in the past few weeks as we have worked together with Jim preparing for this change. I also place on record my thanks to her deputy Julian Kelly, who is one of the most outstanding public servants of his generation, along with the rest of the leadership team departing at the end of the month. They deserve our thanks and best wishes for the future.

Change is hard. There will always be cautious voices warning you to slow down. However broken the status quo is, there will be those who resist any change away from it. But we should be in no doubt: we inherited a National Health Service going through the worst crisis in its history. Patients are waiting unacceptable lengths of time for an operation, a GP appointment or an ambulance. This Labour Government will never duck the hard yards of reform. We will take on vested interests and change the status quo, so the NHS can once again be there for us when we need it.

The Prime Minister has set an enormously ambitious target for the NHS: to cut waiting times for operations from up to 18 months to a maximum of 18 weeks by the end of this Parliament. That will require us to go further and faster than even the last Labour Government achieved, but patients in our country deserve nothing less. The reform the Prime Minister is setting out today will mean fewer checkers and more doers. It will cut through the complex web of bureaucracy, and devolve more resources and responsibility to the front line, to deliver better value for taxpayers' money and a better service for patients. It will set the NHS up to deliver on the three big shifts needed to make the service fit for the future: from hospital to community, analogue to digital, and sickness to prevention.

The NHS is broken, but it is not beaten. Together, we will turn it around. I commend this Statement to the House".

3.58 pm

Lord Kamall (Con): My Lords, no one can really disagree with the intention to reduce unnecessary duplication between the NHS and the Department of Health and Social Care, so these Benches welcome these proposals where they ensure value for money for taxpayers and free up money from bureaucracy to spend on front-line services. One of the many things that many medical staff have complained about is the amount of paperwork. We hope that these reforms and better investment in technology will reduce the time spent on administration. Although administration can be tedious, it provides much-needed data to monitor the level of services and, we hope, to improve patient care. But these changes need to be judged on more than just money; they must make sure that the patient remains at the centre of the conversation when we talk about our system of health and care.

We have had many reforms over the years, and whether these reforms are the right ones can be judged only on what comes next. My noble friend Lord Lansley, who has been much maligned recently, has written that the lesson he learned from the 2012 reforms is that his Government, and subsequent Governments, delivered only one part of the intended reforms—creating NHS England—but did not always intervene when NHS England sought to block other reforms, such as clinically led local commissioning, competition and choice, choice of large-scale commissioning support organisations, tariff reform, "any qualified provider", and an annual mandate from the Government and Parliament to the NHS, with accountability through the NHS outcomes framework. This, he believes, is what led to the centralised, bureaucratic system that the Government are trying to reform.

Whether noble Lords agree with my noble friend or not, surely the lesson is to have an overall plan for reform and to intervene when a bureaucracy is a barrier to further reform. For this reason, noble Lords look forward to the publication of the 10-year plan. I wonder, at this stage, whether I can tempt the Minister to say whether she is any closer to giving us a date for that 10-year plan. I suspect that these reforms have to be seen in conjunction with the 10-year plan, and cannot be seen in isolation.

Given these lessons, where clinical leaders are calling for greater autonomy from centralised control in order to offer better care for patients at a local level, how do the Government intend to balance centralisation to the DHSC with empowering clinicians and giving them autonomy at a local level? They are better equipped to know what services are needed locally.

I know from my experience of organisational change that it is often not enough to change structures if the organisational culture does not also change. I will give your Lordships an example. I had an operation in Brussels a few years ago, and when I came back to the UK I wanted to have my annual check-up. I contacted a GP and eventually got a double appointment: an ECG at a local health centre, and a consultant phone call a week later. I thought that this was really good and modern. The ECG went smoothly and, a week later, I got a phone call from a junior doctor in the consultant's office. It was clear that he had not seen the ECG, so I asked him, "Have you seen the ECG?" He said, "No". I asked, "Can I tell you exactly what time, what day, and where it was, then you can call me back and we can discuss it?" He refused, and said, "I'll just make a new appointment, including a new ECG". I wonder what it is in the system that incentivises this sort of behaviour, rather than making that phone call and saving taxpayers an awful lot of money.

Although these changes will save money, which is welcome, can the Minister provide clarity to the House on how these reforms will drive efficiency and cultural change within the health service, and ensure that we improve care, with patients at the centre?

One of the key challenges your Lordships will be aware of when dealing with the NHS is the lack of willingness to own mistakes and accept responsibility. The NHS needs to be better at taking responsibility when targets are missed and things go wrong. Can the Minister assure your Lordships that the new structure the Government propose will have clear lines of responsibility, redress and transparency? Will it allow noble Lords, other politicians and people throughout the country to understand how the NHS is governed, who is responsible for what and how it operates? I look forward to hearing from the Minister, and I hope that we can work constructively, on a cross-party basis, to improve patient outcomes and our system of health and care.

Lord Scriven (LD): My Lords, the Government, with their sovereign right, propose the abolition of NHS England. Although the method of delivery is a matter for the Secretary of State to propose, governance changes in themselves will not achieve better outcomes. These Benches will continue to point out that chronic operational issues in the NHS cannot and will not be dealt with effectively until the Government show the same speed and determination to deal with the social care crisis. The Minister must know that you cannot have 13,000 hospital beds full of people medically fit for discharge and pretend that a change of who sits in what chairs in the governance of the NHS will solve that issue. When will the Government commit to a timetable to restart the cross-party talks to deal with this important issue?

The paramount—indeed, the sole—objective of any organisational change to the NHS must be demonstrable improvement of patient experience and outcomes. The Government assert that this change will improve efficiency and streamline services. However, assertions alone are insufficient. We require rigorous evidence, not mere conjecture.

Therefore, I am going to ask the Minister five questions. First, and most importantly, what detailed analysis has been conducted on the projected impact of this abolition on patient outcomes? We require more than abstract pronouncements. For instance, how will it improve cancer treatment? What will these changes do to improve access to GP services? How will they improve local integration, particularly when 50% of funding for ICBs will be reduced across the board?

Secondly, what specific legislative changes are required to abolish NHS England and redistribute its functions? I note that the Secretary of State pointed out that the Government could predominantly go ahead with these changes but that legislation is required, so will the

Minister explain to the House exactly what legislation will be required to bring about this change? Will she give a commitment that no redundancies will take place until legislation has been passed and these changes have been given the go-ahead by this House and the other House?

Talking of redundancies, my third question is: what are the estimated costs of redundancies associated with the abolition of NHS England, including not only financial implications but the potential loss of expertise and institutional knowledge? Furthermore, will the Minister indicate whether any departing executive has been offered a severance package exceeding statutory redundancy limits and, if so, how many? What justifications are there if such arrangements have been made?

Fourthly, how will the Government ensure continuity of service during the transition period? Any disruption to patient care is unacceptable, so when will there be a robust plan that outlines how essential services will be maintained, how staff will be supported and how the public will be kept informed?

Finally, in line with what the noble Lord, Lord Kamall, said, what mechanisms will be put in place to ensure ongoing accountability and transparency in the newly restructured healthcare system? How will the Government measure success—not just of the times in which people are seen but that these changes have contributed to improvements in patient care? The Government are the custodians of this vital public service and have a duty to ensure that any changes to NHS structures are driven by evidence, guided by principle and focused relentlessly on improving the lives of the people it serves. They must proceed not blindly but with clarity, so I look forward to the Minister's answers.

The Parliamentary Under-Secretary of State, Department of Health and Social Care (Baroness Merron) (Lab): My Lords, I am grateful to both Front Benches for their reflections and their support for the direction of travel, in certain areas. I am pleased to see the noble Lord, Lord Scriven, in his place and I wish him a full recovery. I note that the noble Lord, Lord Kamall, welcomed the moves on value for money, freeing up from bureaucracy and the need to put the patient at the centre. I am glad that he did that, because that is exactly what this is about: better services and cutting duplication.

It is probably worth my reflecting on the sentiments expressed in the other place by my right honourable friend the Secretary of State for Health and Social Care when he referred to the question of why we are doing this. The independent investigation by the noble Lord, Lord Darzi, was called for by this Secretary of State not long after we came into government and discovered a situation beyond what I think anyone had anticipated. The noble Lord, Lord Darzi—this relates to the point that the noble Lord, Lord Scriven, made about evidence—traced the current crisis back to the 2012 top-down reorganisation of the NHS and the establishment of NHSE. He stated that it had

"imprisoned more than a million NHS staff in a broken system".

There are twice as many staff working in NHS England and the Department of Health and Social Care today as there were in 2010. In 2010, the NHS was delivering the shortest waiting times and the highest patient satisfaction in history. When we came into government last year, it was the exact opposite: the longest waiting times and the lowest patient satisfaction in history.

You can add that up: taxpayers pay more, and they get less. We have been left with two very large organisations. I see that there are some former Ministers from the department in the Chamber today, which I am glad about. I will not speak for them, but they might also reflect that they will have noticed duplication and layers of bureaucracy that have stifled the progress and the patient treatment, patient focus and patient experience that we all seek to improve. The noble Lord, Lord Kamall, talked about the need for us all to coalesce around the interests of the patient, with which I certainly agree. Over the next two years, the intention is to bring NHS England into the department entirely. That will make significant savings of millions of pounds a year. To noble Lords who have raised some questions about whether the money will flow down to the front line, I say that it will cut waiting times faster and deliver our plan for change.

The matter of staff came up, and I will come back to that. I acknowledge that there are talented, committed public servants who work at every single level of the NHS and the Department of Health and Social Care, including NHS England, with whom I have had the privilege of working over the past eight months under this Government. I was previously a Minister in the department in the last Labour Government. This is about the system, not the people. I say that to reassure those who are employed both at the department and in NHS England.

The noble Lord, Lord Scriven, asked some important questions about staff reductions and when redundancies would potentially take place. There are currently 19,000 staff across NHS England and DHSC; across both, we are looking to reduce the overall headcount by 50%. Conversations have already begun with the trade unions on this change, and we will of course continue to engage with them throughout the process. As the noble Lord, Lord Scriven, rightly observes, abolishing NHSE—a non-departmental public body—will require primary legislation, so we are working with the usual channels to ensure that we have an appropriate legislative timetable to allow us to do things in a timely way, while safeguarding what is an ambitious legislative programme that has already been set out. We are already getting on with the job immediately, which also answers the point raised by the noble Lord, Lord Scriven, about bringing NHSE back into the department.

The noble Lord, Lord Kamall, raised a very good point about the need for better understanding, clear lines and transparency. One of my learnings since we announced the abolition of NHSE was that, unfortunately, some members of the public thought that meant we were abolishing the NHS. I would like to reassure anybody in this Chamber or outside it that we are not doing that at all: we are committed to the National Health Service, as we have always been throughout our history as a party, and we will continue to strengthen it. However, what that said to me relates to the point the noble Lord made. People do not care about structures,

[Baroness Merron]
and why should they? What they are interested in—and I completely endorse this—is what it does for them. Can they get that appointment? Can they get that treatment? Can their child get access to dentistry, or whatever it is? That is what people want.

Actually, this is a tremendous opportunity to be clearer and more straightforward about what those lines are, and I certainly look forward to doing so. The noble Lord, Lord Kamall, is right about the need for a change in culture, and I think that applies to a whole range of issues.

This measure has been considered and, as I explained, was born through experience and evidence. It will fit as part of the 10-year plan, to which the noble Lord, Lord Kamall, referred, and I thank him for that. On when that will be published, I will say only that I hope the noble Lord will not feel he is kept waiting for much longer. I am very grateful to everybody who gave input to the consultation—the biggest one ever in the history of the NHS.

The noble Lord, Lord Scriven, rightly asked for a number of details about impact; there will, of course, be a full impact assessment with the legislation. He asked particularly about improvements overall, which is what we seek. Currently we have two organisations, many layers and duplication. I cannot think of one organisation that can boast all that—I do not say boast in a positive way—and say it is at its most efficient in delivering for whoever the service users are.

All of it will translate to improvements on the front line, which is what we are talking about. As I mentioned, as I often do, earlier in Questions, we believe that decision-making locally—done in the interests of the local population, with their involvement and reflecting their nature—is crucial. Noble Lords will be aware that, on the advice of the report by the noble Lord, Lord Darzi, we reduced the numbers of targets in the planning guidance from 32 to 18, to free up local areas to better meet the local requirements. Again, we see the direction of travel.

The noble Lord, Lord Scriven, asked about senior management and severance packages. Of course, I cannot comment on individuals, but I emphasise that, in the cases of those who announced their resignation, it was just that, so all the normal arrangements would apply.

I hope we can continue to work together to improve the structure, support the staff and, most importantly, keep patients at the centre, so that they see improvements from this change and the recognition that two organisations are duplication and this needs to change.

4.18 pm

Baroness Thornton (Lab): My Lords, I apologise again for my wonky voice. My noble friend the Minister and I are veterans of running the NHS, when we were both Ministers in the last Labour Government. I am a veteran of leading the Opposition against the Lansley reforms when they came to the House; I spent two years of my life on them.

It is worth reminding the Liberal Democrats that they were party to putting that legislation on the statute book, so we hope they will help to remove it in a positive fashion. This was a huge piece of legislation—as somebody said, it was so big it could be seen from space—and over the years wasted billions that could have been spent on front-line services.

As a veteran of my local CCG and a non-executive director of my local NHS hospital, I value this announcement. I hope that the people who help to run the hospital of which I am non-executive director—the Whittington—who are brilliant managers in difficult circumstances, will be freed up to do their jobs better and more freely.

I ask my noble friend the Minister: what is the timescale—

Noble Lords: Question.

Baroness Thornton (Lab): I am just asking the question. What is the likely timescale for when investment might be released? I am thinking particularly about technology and investment in infrastructure, as a non-executive director of a hospital, a large part of which is still a Victorian build.

Baroness Merron (Lab): I thank my noble friend for her reflections on what has gone before and her welcome that the opposition parties can work with us to put this into a better place now. With respect to change and productivity, and a further extension to the point raised by the noble Lord, Lord Kamall, about culture, I can say straightaway that the Government have a 2% productivity growth target in 2025-26. That is immediate. We are not waiting to make this change, because if we do not improve NHS productivity and efficiency, we will not be able to deliver the three shifts needed to future-proof the NHS and support the Government's growth mission.

We have already invested more than £2 billion in NHS technology and digital in 2025-26, which will help with essential services and drive productivity in hospitals, such as the one that I know my noble friend serves very well. That will free up staff time, ensure that all trusts have electronic patient records, improve cybersecurity and enhance patient access through the NHS app. That is before we even make this change.

We have already achieved a lot in the past eight months, but that is why we have to continue with this reform. We have delivered the 2 million extra appointments that we promised, months ahead of schedule, we have cut waiting lists by 193,000, and, as I said earlier, we have committed to 700,000 extra urgent dental appointments, just to name some. We know about the importance of change, which the noble Lord, Lord Scriven, asked me about, and that my noble friend calls for. That is why we will always continue to take bold steps where we have to, and not shy away.

Baroness Bottomley of Nettlestone (Con): My Lords, the point is well made about duplication, bureaucracy and excessive cost. Can the Minister give us an assurance, though, that we will not move from excessive bureaucratic centralisation to political centralisation? There are few politicians who are clinicians, sophisticated managers or financiers. This is the largest employer in the world, with extraordinarily dedicated and talented individuals concerned. They will not be happy to think that they will be organised on the whim of whoever is the latest Minister.

The right reverend Prelate the Bishop of London used to be the Chief Nursing Officer—there are many people who have worked at high levels in the NHS. We need to be confident that there will be an evidence-based, rational system at some distance from party-political considerations, because the viciousness of health debates about hospital closures, boundaries and other matters knows no bounds. We do not want by-elections to become involved in non-party-political matters.

The noble Lord, Lord Waldegrave, and even the noble Lord, Lord Clarke, and I, were very happy with an NHS executive which was part of the department. However, the role of the chief executive was not the same as the role of the Secretary of State. I hope the Minister can give us some assurance.

Baroness Merron (Lab): I am very pleased to give the reassurance that the noble Baroness seeks. When we reflect, the disastrous 2012 top-down reorganisation certainly did not depoliticise the NHS—it made it less efficient and less able to treat patients on time.

This is not about politicisation; this is about responsible government. I add—without embarrassing anybody—that a number of former Conservative Health Ministers have said to me, and to my colleague Ministers and the Secretary of State, how much they welcome this and how they wish that they had taken this step. That, for me, as well as the tone of the contributions from the Front Benches today, provides the reassurance the noble Baroness seeks.

Lord Kakkar (CB): My Lords, I draw the House's attention to my registered interest as chairman of King's Health Partners. In the announcement made by the right honourable Secretary of State for Health in the other place, there was particular emphasis on identifying that in this period of transition, NHS England will focus on ensuring that local providers are better able to cut waiting times and to organise their finances appropriately. But NHS England has many other functions beyond those two important ones, and they will need to be delivered in what is a substantial transformation in reabsorbing NHS England into the Department of Health and Social Care. What reassurance can the Minister give your Lordships' House that functions such as the recently integrated Health Education England function into NHS England, the NHS Digital function and many others, are going to be properly supervised and delivered during this period? They are as essential, in many ways, as delivering on waiting times and organising finances.

Baroness Merron (Lab): The noble Lord is right to talk about NHS England in all its functions. Bringing it together with the department will not diminish those functions but will allow them to be delivered rather more effectively than they are currently. At the head of the transformation team is Sir James Mackey, the new chief executive of NHS England, working with Dr Penny Dash as chair. Both individuals are well respected across the sector for their outstanding track records, not least on turning round NHS organisations, in Jim's case, but also on balancing the books, driving up productivity and driving down waiting times—exactly what is needed. But I agree totally with the noble Lord, and we are going to ensure that the necessary functions are continued; it is the way they are delivered that we are changing.

The Lord Bishop of London: My Lords, I declare my interest as indicated by the noble Baroness, in that I am a former government Chief Nursing Officer. Following on from the noble Lord's point, this is a very significant change not just to the NHS but to its workforce. We know from looking back that when there is a reorganisation of the NHS, attention and funds are distracted away from the front line and patient care. The announcement came on the same day as the publication of the NHS staff survey results, which highlighted that only 31% felt that there were enough staff to enable them to do their job, and that 45% felt unwell due to work-related stress. What action will the Government take to make sure that there is not a management distraction, through this reorganisation, away from the front line and patient care in particular? How will staff be supported during this transition, not least those who, I suspect, fear that their jobs are now under threat?

Baroness Merron (Lab): I recognise what the right reverend Prelate is saying. I myself have experienced change in large organisations, and change is never easy. We are talking about job losses; we cannot shy away from that. But it is appropriate that I re-emphasise the reassurance of our respect for and thanks to all those talented and hard-working staff in both the department and NHSE. We will, as I said, work with trade unions on this change in order to be fair and transparent and to deal with it properly. Of course it is uncomfortable, and people naturally find it difficult.

It is also important to look at the benefits. Currently, we have rather too much micromanagement, which frustrates progress and staff. Reducing that is one of the liberations that this will provide, so we can innovate and get on with caring for patients.

On maintaining people's morale, this is a big challenge for us because morale has not been good at all, so we will pay particular attention to this as we publish the workforce plan later in the summer. This work continues. Senior managers and transformation team are very alive to the points the right reverend Prelate has made, and they will continue in that regard.

Baroness in Waiting/Government Whip (Baroness Blake of Leeds) (Lab): My Lords, I am very conscious that a number of noble Lords want to get in. Can all keep their questions brief? I will take the Liberal Democrat contribution first and then Labour.

Baroness Tyler of Enfield (LD): My Lords, I will be brief. With such a strong emphasis in the Statement on reducing duplication and bureaucracy, can the Minister say what consideration is being given to fusing NHS England's regional offices with the remaining ICBs that come within their geographical area? It strikes me that there is scope for savings there.

Baroness Merron (Lab): All of this will be looked at by the transformation team, because it is a considerable change. I thank the noble Baroness for that contribution, and I will ensure that it is heard.

Baroness Rafferty (Lab): My Lords, can my noble friend the Minister kindly confirm that the role of the Chief Nursing Officer for England will migrate to DHSC?

Baroness Merron (Lab): My noble friend will know—as I am sure the right reverend Prelate knows—that the Chief Nursing Officer has always played a role in advising Ministers; that the case was long before the establishment of NHS England and will continue long afterwards. The chief executive, Sir James, has announced his new transformation team, and that includes NHS England's Chief Nursing Officer.

Lord Markham (Con): As a former Health Minister, I too welcome this move, but the devil is in the detail. The point made about the NHS regions is completely right: that is another layer which will stop hospitals being freed up in the way the Secretary of State said he wants to happen. There is the question of whether lots of merged entities will be demerged again. As we all know, it is the uncertainty which hits productivity in the meantime, when people are naturally worried about their jobs.

I would really like to press the Minister on when we will see the detail behind the plan. When will it be produced, and when can we give the staff the information they need, so they know their position? Until that happens, the uncertainty will, unfortunately, hinder productivity and stop the changes we all want to see happening.

Baroness Merron (Lab): I understand that point and the noble Lord's wish for dates, which I am not able to give him, as I am sure he will appreciate. These reforms are not about front-line staff losing their jobs; we are talking about people employed directly by the department and the NHS. The noble Lord referred to the Secretary of State, and I would add that other arm's-length bodies also need to be leaner than they are today.

I understand the problem, and we are going to work very closely with staff organisations, but it is not a neutral situation. Staff are suffering from box-ticking, duplication and red tape, which prevents them doing their job properly. Their morale is not good in this case—in any case. We do not want to add to that, but we do want to give them hope for the future.

Baroness Butler-Sloss (CB): After the transformation team has completed its work, who will take over the duties that the noble Lord, Lord Kakkar, referred to in his question?

Baroness Merron (Lab): That will be declared in due course, once the work has been completed.

Baroness Sugg (Con): My Lords, I spent yesterday morning at the women's health department in Mile End hospital—I know the Minister is a great champion, and I highly recommend a visit. What will the NHS England update mean for the women's health strategy, and, specifically, for NHS England's commitment to eliminating cervical cancer by 2040?

Baroness Merron (Lab): It will not affect commitments to women's health. As we have said, women's health remains a priority. The noble Baroness will know that there are some 600,000 women already on the gynaecology waiting list; that is far too long for women to wait. Women's health hubs are part of the solution, and I continue to champion those with the integrated care boards.

Lord Turnberg (Lab): My Lords, I am delighted to support the direction of travel towards patients first. I wonder if there are savings to be made. We can concentrate on the gap in social care, where I suspect much of the NHS is so interdependent. Social care is so badly funded, and we need to do something there.

Baroness Merron (Lab): As we discussed earlier, the provision of social care and housing has a huge impact on quality of life and discharge from hospital. As my noble friend will be aware, the noble Baroness, Lady Casey, will be commencing her look into social care, to report to us all on the immediate and long-term changes that are needed and to build cross-party consensus.

Baroness Freeman of Steventon (CB): My Lords, since NHS Digital was merged with NHS England, NHS England staff have been running absolutely critical data and digital infrastructure. During this period of uncertainty, we are bound to be in danger of losing some staff with expertise that is difficult to replace. What are the Government doing to make sure that these jobs are absolutely safeguarded and that this expertise is not lost?

Baroness Merron (Lab): Nobody should worry about data or their privacy. Our job is to improve our ability on data, and this change will not affect that. Indeed, part of the 10-year plan will include a move from analogue to digital, because we recognise the importance of data and digital change in improving healthcare. This change will give us a better opportunity to implement that.

Baroness Fox of Buckley (Non-Afl): My Lords, I congratulate the Government on removing a powerful and unelected body—the world's largest quango. What the Government have done is so important democratically, given that the Secretary of State says, "The buck stops here". However, it is not a silver bullet. There is no NHS England in Wales—my neck of the woods—and the buck stops with the Senedd, but the Welsh health service is in a terrible state, with wastage of money, red tape, bureaucracy, and smoke and mirrors about where money is being spent. Does the Minister agree that that can happen even when the buck, apparently, stops with the politicians?

Baroness Merron (Lab): I am not sure if that was a question about politicians or Wales. We work very closely with the devolved Governments, as the noble Baroness will be aware. On her point about politicians, we take our responsibilities very seriously. That is why we have recognised the problem and are acting.

Children's Wellbeing and Schools Bill
First Reading

4.38 pm

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

Church of Scotland (Lord High Commissioner) Bill
Second Reading

4.39 pm

Moved by ***Baroness Smith of Basildon***

That the Bill be now read a second time.

The Lord Privy Seal (Baroness Smith of Basildon) (Lab): My Lords, the Church of Scotland (Lord High Commissioner) Bill is a short but important piece of legislation that removes a legal barrier preventing Roman Catholics holding the office of the Lord High Commissioner to the General Assembly of the Church of Scotland. This historic legal restriction applies specifically to Roman Catholics and not to people of different or no religious faith.

For noble Lords who may not yet be acquainted with the role of the Lord High Commissioner—although I suspect from looking around the Chamber that most noble Lords know more than I do, even though my mother is Scottish and Church of Scotland—I shall try to shed light on the position. I note that the noble and learned Lord, Lord Hope of Craighead, who will speak later today, held that office between 2015 and 2016, being appointed by Her late Majesty Queen Elizabeth II. I hope he will bear with me while I provide a brief explanation, and I look forward to his contribution.

The Lord High Commissioner is the sovereign's personal representative to the General Assembly of the Church of Scotland. The General Assembly is the governing body of the Church of Scotland. It meets each May in Edinburgh, to hear reports, make laws and set the agenda for the Church of Scotland. The Lord High Commissioner is appointed as an observer to attend proceedings and to inform His Majesty the King personally about the business of the assembly. The Lord High Commissioner also undertakes important ceremonial duties, including addressing the General Assembly at its opening and closing sessions and attending the daily business on the sovereign's behalf. The Lord High Commissioner undertakes official visits in Scotland, as well as hosting engagements at the Palace of Holyroodhouse.

Historic legislation currently prevents the appointment of Roman Catholics to this role. The Claim of Right 1689 sets out restrictions against Roman Catholics being appointed to public offices in Scotland, which include the Lord High Commissioner. The Roman Catholic Relief Act 1829 removed many legal restrictions on Roman Catholics. Crucially, however, it explicitly did not remove the restrictions against Roman Catholics holding the post of Lord High Commissioner. Therefore, there remains a legal barrier that prevents Roman Catholics undertaking this role. This Bill is concise and narrowly focused, and will deliver a straightforward but important change by enabling Roman Catholics to undertake the post of Lord High Commissioner.

The immediate impact of the passing of this Bill will be to facilitate the appointment of Lady Elish Angiolini, who is a Roman Catholic, as Lord High Commissioner for 2025. Lady Elish's distinguished career encompasses law, justice and academia. In 2011, she was honoured as a Dame Commander of the Order of the British Empire for her outstanding contributions to the administration of justice. Since 2012, she has served as principal of St Hugh's College, Oxford, and she was appointed pro-vice-chancellor of the University of Oxford in 2017. In 2022, Her late Majesty the Queen appointed her to the Most Ancient and Most Noble Order of the Thistle, and she participated in the Coronation in 2023. Should this Bill pass, she will make history as the first Roman Catholic to be appointed Lord High Commissioner.

Lady Elish's appointment would be a historic gesture of unity, good will and collaboration between the Church of Scotland and the Catholic Church in Scotland, following the St Margaret declaration signed in 2022, as well as a continuing declaration of friendship between the two Churches. This combined effort between the two denominations is a welcome demonstration of how people from different religions and backgrounds in our society can unite to emphasise the values and issues that unite us all and can acknowledge our differences with respect and dignity. I note that the appointment of Lady Elish to the role of Lord High Commissioner has been warmly welcomed, including in the other place when this Bill was debated, taking note of her distinguished career and personal achievements.

The legislation is before the House today on an accelerated timetable, which is necessary to ensure that Lady Elish's appointment can be made ahead of the General Assembly in May. Subject to Royal Assent, the formalities of the appointment will begin. This process will include a formal commission for the office, accompanied by a royal warrant.

I can reassure the House that the UK Government have worked closely with key stakeholders in the development of this legislation. While the Bill concerns a reserved matter, my right honourable friend the Chancellor of the Duchy of Lancaster spoke to the First Minister of Scotland and representatives of the Church of Scotland in advance of bringing forward this legislation. We thank them for their constructive and collaborative approach to this issue. The Government also engaged with the Catholic Church to ensure that it was kept informed ahead of the introduction of the legislation. My right honourable friend the Chancellor of the Duchy of Lancaster also discussed the matter with Lady Elish directly and we have absolutely no doubt that she will be an excellent Lord High Commissioner.

I will briefly summarise this two-clause Bill. Clause 1 makes provision to allow a person of the Roman Catholic faith to hold the office of the Lord High Commissioner to the General Assembly of the Church of Scotland. Clause 2 sets out the territorial extent of the Bill and the commencement of the Bill, including that it will commence on Royal Assent.

[Baroness Smith of Basildon]

To conclude, this Bill has a welcome aim and delivers a concise, albeit narrow, objective. I hope the Bill will receive support from all sides of the House. In that spirit, I commend it to the House. I beg to move.

4.45 pm

Lord True (Con): My Lords, I am very grateful to the noble Baroness the Leader of the House for introducing the Bill. As she says, it is a simple and straightforward Bill which will enable a most distinguished Scottish lawyer, Lady Elish Angiolini, to take up her appointment as His Majesty the King's Lord High Commissioner to the General Assembly of the Church of Scotland. I can assure the House that it has the full support of His Majesty's Opposition and we were very grateful to be able to consent to accelerated consideration through the usual channels.

As my honourable friend the Member for West Aberdeenshire and Kincardine said in another place, this Bill is an important step towards full equality for Roman Catholics under British law. There is in fact a long Conservative tradition of supporting Catholic emancipation, which the noble Baroness alluded to. In fact, the first Duke of Wellington risked the future of his own Government to secure the passage of the Catholic Relief Act in 1829, which granted Roman Catholics the right to take up positions of trust and responsibility in public life. There were some objections from some quarters in Scotland at the time, which might be why we are here today. The passage of that 1829 Act led Britain out of shameful centuries of penal laws against Roman Catholics. The Bill before us today shows how far we have come since 1829.

I remember it was Sir Keir Starmer who in 2002 wrote an important article calling for an end to another disqualification of Roman Catholics—of people who married Catholics from succession to the Crown. It was good that the coalition Government took that up and passed the Succession to the Crown Act 2013, which ended that disqualification of Roman Catholics. We are always ready to support Sir Keir in good ideas and the attempt to reduce any element of discrimination in public life has universal support. I hope we can continue to foster greater acceptance and a stronger tradition of ecumenism for the future. This Bill achieves that. We are absolutely united across this House in opposition to discrimination. In government, we worked to foster stronger relationships between all communities, whatever differences of religion they may have had, and we will work with Ministers in this Government to continue that work, as we are doing today.

As the noble Baroness said, the Lord High Commissioner to the General Assembly of the Church of Scotland is one of the most significant roles in Scottish public life. Our sovereign has appointed Lord High Commissioners as representatives since 1690, for only rarely have sovereigns attended the General Assembly in person. The King is not the head of the Church of Scotland, so the Lord High Commissioner is a representative to the General Assembly, not a member of the Assembly itself, and it is therefore not a requirement for them to be a Presbyterian or a member of the Church of Scotland.

Lady Elish Angiolini has an impeccable record of public service, having served as Scotland's first female Lord Advocate, and she has had a distinguished legal and academic career. We on this side also welcome her appointment. Indeed, the decision to appoint Lady Elish, the first Roman Catholic to receive the King's commission to be his representative to the General Assembly, is a momentous one. As the noble Baroness rightly said, it builds on the St Margaret Declaration of November 2022, in which the Church of Scotland made:

> "An historic declaration of friendship between the Church of Scotland and the Catholic Church in Scotland".

We welcome this continued commitment to friendship between those two great Churches.

Before I conclude, I note that the Government say they are looking also to make changes to other, similar areas of law. In her letter to all Peers of 5 March 2025, the noble Baroness the Lord Privy Seal wrote that the Government were considering how to address historic restrictions on Roman Catholics and Jews advising the Crown on appointments in the Anglican Church. Perhaps she will take this opportunity, either now or in a letter, to set out in further detail what is intended. It might be helpful to know when the Government intend to bring such proposals forward, which I am inclined to think that we on this side would want to support.

In conclusion, we wholeheartedly support the Bill. We wish to see it pass swiftly through your Lordships' House ahead of the next meeting of the General Assembly of the Church of Scotland in May this year, as the noble Baroness told us. We have absolutely no doubt that Lady Elish Angiolini will fulfil her duties assiduously and we wish her well as she prepares to take up her important role as Lord High Commissioner.

4.51 pm

Lord Wallace of Tankerness (LD): My Lords, I am happy to follow the Lord Privy Seal and the noble Lord, Lord True, in welcoming the Bill. I shall start by declaring interests: I am a member and elder of the Church of Scotland and a former moderator of the General Assembly.

I have known Lady Elish. We served in government together in Scotland in the early 2000s and then, when she was Lord Advocate, I was the Advocate-General for Scotland, so we had a lot of dealings with each other. I certainly consider Elish and her husband Dominic to be good personal friends. I should probably also declare another interest: she has invited me to stay overnight at Holyrood Palace during the General Assembly—assuming, of course, that the legislation has passed.

I congratulate the noble Baroness the Lord Privy Seal on giving a very good analysis and description of the role of the Lord High Commissioner, which I am sure the noble and learned Lord, Lord Hope, will be able to elaborate on. It shows, as I said last week in one of our debates, that you can have a national Church that enjoys a positive and assertive relationship with the sovereign without the need for its senior clergy to be in the legislature. Maybe there are lessons to learn from that in other ways.

Repealing the provision in the Roman Catholic Relief Act 1829 brings us into the 21st century. Like the noble Lord, Lord True, I am pleased that the noble

Baroness has indicated that the Government will look at other religious discrimination that still exists, with a view to bringing forward some consultation. If she could elaborate on that, that would be very welcome.

I noted too that the noble Baroness made the following statement under the Human Rights Act:

"In my view the provisions of the Church of Scotland (Lord High Commissioner) Bill are compatible with the Convention rights"—

which of course they are. Indeed, they help to implement convention rights. The noble Baroness's equivalent in 1829 would not have been able to make such a declaration, which is a sign of the times. I am not quite sure what happened then—whether it was the fact that the Church of Scotland and others in Scotland made representations to the Duke of Wellington for the exclusion, or whether it was just that, knowing the slightly febrile situation in the religious atmosphere of Scotland in the early 19th century, the Government took the view that it was probably better to avoid such a controversy. But controversy there would have been and there was no way it would have been acceptable in 1829.

Nor, I am ashamed to say, would it have been acceptable in 1929. During a shameful period in the Church of Scotland's history in the 1920s and early 1930s, General Assemblies often became obsessive about Irish immigration into Scotland. They perceived a threat to our cultural identity and that the people coming in would take Scottish jobs, and some Scots demanded immediate repatriation. Now, we may have echoes of some things that are going on today, but we should remind ourselves that these attitudes were there. I think it says something that the person we are discussing today, Lady Elish, is of Irish descent, and a female Roman Catholic of Irish descent becoming the Lord High Commissioner shows the progress that we have made. In 1935, thousands demonstrated violently in Edinburgh when the freedom of the city was granted to the Prime Minister of Australia, Joseph Lyons, because he was a Roman Catholic. That was less than 90 years ago and it shows just what we have to do.

Progress has been made. Ecumenical links have been strengthened over the years and, as has already been referred to, the St Margaret declaration of friendship between the Church of Scotland and the Roman Catholic Church in Scotland, in which as moderator I was pleased to play a part, was delivered and achieved on the back of much mutual respect and good will, not least on the part of the Scottish Catholic Bishops' Conference by Archbishop Leo Cushley. It was signed in November 2022 and was seen as a landmark and, I hope, as a signal to the rest of Scotland.

However, to say that everything in the garden is rosy would be wrong. When my predecessor as Moderator of the General Assembly, the very reverend Dr Martin Fair, made his valedictory address to the General Assembly in 2021, among the things he said was the Kirk's mission. He said:

"For as long as anti-Catholic, anti-Irish bile is spewed onto our streets by so-called football fans - there is work for us to do".

I think we would certainly endorse that.

The St Margaret declaration says in its very first paragraph:

"We recognise each other as brothers and sisters in Christ, and we wish to express our friendship and respect for one another as fellow Christians, citizens and partners in announcing the kingdom of God in our land".

I would say amen to that. This Bill is in the spirit of that declaration.

4.57 pm

Lord Hope of Craighead (CB): My Lords, I very much welcome this Bill and it is a great pleasure to follow the former moderator, the noble and learned Lord, Lord Wallace of Tankerness. This is indeed a necessary reform which, as the Lord Privy Seal has told us, clears the way for Lady Elish Angiolini to take up her appointment in just a few weeks' time. It will also settle the issue for the future, which in itself is very much to be welcomed.

This amendment could not, of course, have been achieved without the full support of the Church of Scotland, to whose wisdom I wish to pay tribute. As the noble and learned Lord, Lord Wallace, has reminded us, we do not have to look all that far back into our history to a time when its response might have been very different.

My reason for contributing to this debate is that I had the immense privilege of serving as the Lord High Commissioner on two occasions, in 2015 and 2016. That experience enables me to assure your Lordships that the question as to which denomination of the Christian faith the person belongs is wholly immaterial to his or her ability to perform the duties of that office, so I should like to say just a few words about what the office involves.

The duties of the office will be defined in a commission under His Majesty's sign manual that Lady Elish will receive when she presents herself at the opening of the General Assembly. It will commission and warrant her to represent His Majesty at the General Assembly as his High Commissioner specially appointed to that office, no more and no less than that. It will authorise her

"to do all and everything belonging to the power and place of a High Commissioner to a General Assembly as fully and freely in all respects as any other in that High Station hath done or might have done in any time heretofore and as We Ourselves might do if Personally present".

She will, in short, be His Majesty's personal representative to do what he would have done if he had been there himself.

It will not be her function to participate in the work of the assembly or to perform any religious duties. She will sit high above in the Royal Gallery as an observer, from where her only function will be to deliver two speeches, one at the opening and the other at the closing sederunt. Her opening speech will, as tradition requires, begin by stating that His Majesty the King has commanded her to assure those attending the General Assembly of the Church of Scotland of his great sense of their steady and firm zeal for his service and to assure them on his behalf of his resolution to maintain the Presbyterian Church covenant in Scotland. She will also offer to the incoming moderator warmest congratulations on her appointment and wish her a most happy and successful year in office. Her final speech will end by, in the King's name, bidding everyone

[Lord Hope of Craighead]
farewell and, in between, she will attend the General Assembly's morning services throughout the week and a Sunday service in St Giles' Cathedral, where she will sit in a place of honour as the King's representative.

Those are the formal requirements. As for the rest, there is an immensely busy programme of ceremonial: of receptions, of lunches and dinners which she must host, and of visits to organisations and places of the kind that His Majesty would have wished to do had he been there. She will travel everywhere in a car with no number plate, with a police escort to speed her through the traffic. She will reside, throughout the week, in the Palace of Holyroodhouse, where a large and rather beautiful fountain will always play in the courtyard. A guard of honour will be on parade and the full national anthem will be played whenever she appears at the door of the palace to carry out her duties elsewhere on the King's behalf.

All good things must come to an end of course. The police escort will have disappeared when she returns to her car at the end of the closing sederunt. When she returns to the palace, she will find, like Cinderella, that the guard of honour has disappeared and the fountain has been turned off. She will then have to use her own car when she drives herself home. But she will have an audience with His Majesty some weeks later, to report to him on her week as his High Commissioner, and there is the possibility that, all being well, she will be invited to do the same next year. For all this, she has my very best wishes.

5.01 pm

The Lord Bishop of London: My Lords, it is a great pleasure to follow the noble and learned Lords, Lord Wallace and Lord Hope. We on these Benches welcome this Bill and, as we have already heard, so does the Church of Scotland.

The Columba declaration was signed in 2016 between the Church of England and the Church of Scotland, which means we work closely together in mutual respect and appreciation. We are both established churches of this United Kingdom, though how the establishment is manifested in our national life is, of course, different.

We have heard that the Bill will amend the Roman Catholic Relief Act 1829, which still prohibits Roman Catholics from holding the role of the Lord High Commissioner. Given the prohibition does not exist for those with other faith or belief, or for those of no faith, this is a welcome and long overdue change. Indeed, previous officeholders have been Episcopalians, Free Church and from other Christian denominations, so this Bill will remove a legal discrimination that is no longer relevant or required. That it is long overdue for repeal is obvious by the fact that I believe its continuing effect came as a surprise to those making the most recent appointment, so the speed at which this short and straightforward Bill needs to go through is both understandable and entirely justified.

As we have heard, Lady Elish has already contributed significantly to Scottish national life and is clearly well qualified. On these Benches, we support this important change to ensure that the role of the Lord High Commissioner can function as it needs to and to remove a long-standing prohibition whose time is long past.

5.03 pm

The Earl of Dundee (Con): My Lords, I join others in welcoming this Bill and will briefly touch on three connected points: the positive, and fortunately prevailing, attitude towards religious tolerance; that also towards human rights; and, in regard to ecumenism, free thinking and free speech, the significant contributions to each of these made by all parts of the United Kingdom, including Scotland.

All of us are delighted that His Majesty the King has appointed Lady Elish Angiolini to be Lord High Commissioner this May at the General Assembly of the Church of Scotland, that appointment enabled once this Bill has amended the Roman Catholic Relief Act 1829.

Nevertheless, while the present Bill deals with this purpose, when she comes to wind up, can the Leader of the House agree that to avoid confusion and give further clarity at least two more related aspects have to be addressed in due course? My noble friend Lord True referred to yet another.

For, to manage conformity with the Lord Chancellor (Tenure of Office and Discharge of Ecclesiastical Functions) Act 1974, the reference to the Lord High Chancellor should be removed from the 1829 Act. Equally, to align with the Equality Act 2010 and Article 9.1 of the European Convention on Human Rights, the Roman Catholic Relief Act 1829 and other legislation relating to Roman Catholics ought to be carefully re-examined, along with the Jews Relief Act 1858.

Your Lordships will know that the assembly week is of two separate parts. First, chaired by the new Moderator in the Church assembly itself, come relevant Church business discussions; yet they do so alongside transparent and topical debates on issues such as those taken recently on the assisted dying controversy and the current European crisis in Ukraine.

Secondly, as the noble and learned Lord, Lord Hope, has just indicated, at the same time, and away from the General Assembly having opened it, the Lord High Commissioner gives useful encouragement and support by visiting Church and social care projects in Scotland.

We are indeed fortunate to have heard participate in our debate today the noble and learned Lord, Lord Wallace of Tankerness, who is a recent Moderator of the Church of Scotland, as we also are to have heard from the noble and learned Lord, Lord Hope of Craighead, as a previous Lord High Commissioner to its General Assembly.

As standard-bearer for Scotland, it is a great honour and privilege for me to carry the royal banner of Scotland at the opening of the General Assembly every May, and, among the large gathering of those attending, to be able to witness an unequivocal solidarity of good purpose and good will.

Not least does this attitude, and that of the Church of Scotland, also reflect a positive approach towards those of other faiths. For, as the noble and learned Lord, Lord Wallace of Tankerness, has said, the Church of Scotland already works with other churches in Scotland and across the world to form ecumenical partnership bodies, such as ACTS, or Action of Churches Together in Scotland; CEC, the Conference of European Churches; and WCC, the World Council of Churches.

To some extent, this achievement of the Church of Scotland is perhaps mirrored here by the Lords spiritual, mentioned in a moving Committee stage tribute last week by the noble Lord, Lord Moore of Etchingham, who himself has converted to Catholicism. For, in the context of ecumenism, he eloquently explained how and why two otherwise different objectives become consistent with one another instead.

The first is that within a reformed House, yet on their same Bench and under their existing statute, the Lords spiritual would continue to speak for all Christian faiths as they anyway naturally do, rather than just for the Anglican faith.

However, the second is that HOLAC should in any case separately appoint to this House some different faith representatives, to sit here on the same Bench as our existing independent non-political Cross-Bench Peers.

The parallel to that is the way in which Scottish Presbyterianism, while remaining the established form of church government in Scotland, already reaches out to welcome and respect other Christian faiths and their different forms of Christian worship, thereby also embracing free speech, free thinking and free worship: the cornerstones of the European Convention on Human Rights, which we debate tomorrow, in a debate introduced by the noble Lord, Lord Alton. In commemorating its 75th anniversary, we give thanks for what this convention has done and will continue to do.

For that is not just to heal the wounds of Europe. It is also to provide soft power direction and stability throughout the world.

5.09 pm

Baroness Alexander of Cleveden (Lab): My Lords, like other noble Lords, I welcome this Bill and look forward to Lady Elish opening the General Assembly in May. By any measure, this is an overdue Bill. We have just five minutes each to canter through a history that began five centuries ago. It began in the 16th century with the declaration of Scotland as a Protestant nation, and continued into the 17th century, with the passing of the Claim of Right Act, which restricted Catholics' access to public office; the 18th century, and the Act of Union; the 19th century, and the relief Act that swept away most of the anti-Catholic restrictions, but not this one; and the 20th century, when ugly sectarianism scarred Scotland. Today, we are repealing only this specific anti-Catholic prescription. The narrow scope, as my noble friend the Leader of the House has made clear, is because of the imminence of the General Assembly in May.

Lady Elish will be an outstanding Lord High Commissioner. She is only the fifth woman to hold the role in almost 500 years. Let us hope those odds also improve. As we have heard, the Lord High Commissioner attends the assembly as the monarch's representative, because the monarch is not head of the Church of Scotland but simply a member. This reflects the core tenet of Presbyterianism, and the broader reformed tradition, that everyone is equal in the sight of God.

I have just three minutes left to raise a trinity of issues: the Churches, Scottish society and the future. First, the Churches: as we have heard, the Lord High Commissioner is a Crown, not a Church, appointment, but as my friend, the noble and learned Lord, Lord Wallace of Tankerness, has noted, it is right and proper to acknowledge how sectarianism scarred the Kirk and Scottish society, most egregiously in the interwar years.

The journey to ecumenicalism has sometimes been a long one. I grew up in an ecumenical community dedicated to interfaith dialogue, and I recognise the continuing work and witnesses of the Church and faith groups of all kinds. Today's mainstream churches want nothing to do with sectarianism. In our secular age, church people of whatever denomination invariably have more in common than anything that divides them. Sectarianism has been pushed to the fringes and is now a cultural phenomenon rather than a religious one.

So where does Scottish society stand? In the other place, it was the Chancellor of the Duchy of Lancaster who piloted this Bill. He, like me, attended a west of Scotland secondary school 40 years ago, but on a different side of the divide. Later, as fellow students, we talked about sectarianism. Therefore, as a daughter of the manse, I learned about Irish music, the bookies and Guinness. These were stories that I did not share with my teetotal granny, who, like Keir Hardie, has signed the pledge at 17 and celebrated Hogmanay with ginger wine.

This enrichment from getting to know other communities and traditions has since accelerated. My children have just completed 12 years in Glasgow schools and witnessed little of the past tensions. As a Glasgow friend pithily summed it up to me last weekend, "Wendy, in our youth there were 50,000 people singing sectarian songs on the terraces; now it's just 10,000". The data bears this out. Today, religious hate crimes number 500 a year in Scotland, while race hate crimes hover around a shameful 4,000. Therefore, the best verdict on sectarianism is perhaps, "Down, but not yet out".

My final word is about the future. This Bill—very belatedly—enshrines tolerance. We should all take pride that last year, Scotland had a Muslim First Minister and the UK had a Hindu Prime Minister. As we look around our world today, we must not only defend but celebrate difference.

There is something else to be proud of: this is a Scottish Bill—an exceptionally rare thing in Westminster these days. The passing of power to Holyrood a quarter of a century ago ended the era where Scottish legislation piled up at the end of a very long Westminster queue. Holyrood, of course, was the stage on which Lady Elish first shone. I wish her godspeed; we look forward to her Sermon on the Mount, and I hope the General Assembly impresses this most able of Lord High Commissioners with its wisdom, kindness and compassion.

5.14 pm

Lord Kirkhope of Harrogate (Con): My Lords, I rise with a certain nervousness to contribute to this debate. One might assume that, as an Englishman, albeit with Scottish ancestry on my late father's side linked to an area near Selkirk in the Borders, I would have only a passing interest in this measure. I am neither a Catholic nor a practising Presbyterian, nor a member of the Church of Scotland, although in my teens I was a regular attender at the fellowship of youth at my local

[Lord Kirkhope of Harrogate]
Presbyterian church in Newcastle upon Tyne—more linked, I think, to the facilities for table tennis than anything to do with my religious denomination. I happen to live in a village in Yorkshire which was a recusant community and the home for a long time of Guy Fawkes and his family.

None of that is enough to compel me to speak but, in strongly supporting this short but important measure, I would like briefly to draw on my experience as the Government's Scottish Whip in the House of Commons between 1990 and 1994—an interesting experience, to say the least. Apart from duties entailing the encouragement of some real personalities of whom I had the care, who will today remain nameless, to join me in the same Lobby at least occasionally, I had the important but pleasant duty of entertaining the Moderator of the Church of Scotland soon after appointment each year on their visit to the United Kingdom Houses of Parliament. I was able to provide a suitable pot of English breakfast tea—I do not think there is a Scottish equivalent—in the House of Commons Dining Room and a meeting with the Speaker in his rooms, with perhaps a visit to the chapel to round things off. It was all very congenial.

After a year or two of this, I suddenly had an inspired thought: why not invite the visiting Moderator to offer the Prayers at the commencement of proceedings in the House of Commons on the day he was with us? After all, he was a Christian. I rushed to arrange this with the authorities. Little did I realise that what I was proposing was not only totally unacceptable but apparently an affront to our constitutional and spiritual conventions. If my idea was adopted, what next? Might I even come to suggest that a similar function be performed by a senior Catholic priest on a visit from Rome? I was strongly reprimanded and withdrew what I had thought a seemingly innocent and even helpful proposal. Such a precedent was clearly not welcome here. I refrained from suggesting it again during my remaining term as Scottish Whip. I say all this because it shows how there are still impediments to ecumenism, even in our Parliament. I hope that, when we carry out further reform of this House, we might consider extending the hand of unity in religion a little further than at present.

Back to Scotland: from what I have heard, it seems as though this anomalous situation arising never occurred to anyone before the decision to appoint the new Lord High Commissioner was well advanced. Hence the need for speed in these legislative changes, which need to be in place before the General Assembly meets in May. If true, that seems rather extraordinary. I hope there will now be a re-examination of the Roman Catholic Relief Act 1829 and all other legislation relating to religious discrimination which may remain on the statute book to ensure that we do not have to carry out such an exercise again. I am encouraged to know that the Government seem to have agreed to consider this.

In the meantime, I find the monarch's appointment of the Lord High Commissioner very refreshing. With understanding and diplomacy, it must surely be a very positive and progressive initiative. Of course, there is one remaining area of discrimination. I hardly dare mention it, but what if the monarch or a successor were to adopt the Catholic faith? That would be a totally new and mighty challenge, even to the most reasonable minds in this House.

I wish the new Lord High Commissioner all the very best in her new role. I just hope that she will have enough time to attend matches at both Ibrox and Celtic Park.

5.18 pm

Lord Browne of Ladyton (Lab): My Lords, it is a real pleasure to follow the noble Lord, Lord Kirkhope, in this relatively unusual outburst of ecumenism among Scots. It is also a pleasure to join the chorus of unanimity which has characterised this Bill's progress here and in the other place. I have often had occasion to chafe against the time restrictions on Back-Bench contributions in your Lordships' House, but, given my unqualified support for this Bill and the absence of any dissenting voices, I will keep my contribution short. I cannot guarantee, however, that it will not in part be repetitive of other noble Lords'.

This legislation is becomingly simple, and rights an obvious wrong. As we have heard, it amends the Roman Catholic Relief Act 1829 to allow the sovereign to nominate Lady Elish Angiolini as His Majesty's High Commissioner to the General Assembly of the Church of Scotland, much as Section 1 of the Lord Chancellor (Tenure of Office and Discharge of Ecclesiastical Functions) Act 1974 opened that office to members of the Roman Catholic faith. It is no surprise that it is His Majesty King Charles's nomination of Lady Elish that has prompted this important legislation. His commitment to interfaith dialogue and mutual respect between different faiths was a constant animating principle during his time as Prince of Wales, and the Bill before your Lordships' House today represents a further step towards formal equality.

The Promissory Oaths Act 1871 already removed a bar to people professing the Jewish faith holding the office of Lord High Commissioner. In that context, I refer to the briefing paper of the Law Society of Scotland, which I thank for identifying the remaining elements of the Catholic Relief Act 1829 and the Jews Relief Act 1858 which hold trace elements of religious discrimination that remain part of British law. I commend my noble friend the Lord Privy Seal, and the Prime Minister, for their energy in seeking to tackle those remaining matters of discrimination as soon as possible. As the noble Lord, Lord True, and the noble and learned Lord, Lord Wallace of Tankerness, referred to, the sooner that can be done, the better, because, as we all know, legislation holds both a practical and a symbolic value. In this particular context, a Bill which removes these historic anomalies would not just be overwhelmingly welcomed in Scotland by the Roman Catholic community and others but would be a worthy symbol of positive change for a Government who base their whole term of service on changing, and this is one of the many changes which need to be added to their list.

As we have already heard, the appointment of Lady Elish Angiolini exemplifies, and gives expression to, the historic St Margaret declaration of friendship between the Catholic Church and Church of Scotland, signed in 2022. I am pleased to have been reminded by

my friend, the noble and learned Lord, Lord Wallace of Tankerness, that this was during his term of office, and I am not surprised that he was part of the process which caused that to happen. I thank him for his contribution.

Lord Wallace of Tankerness (LD): It was not signed during my term of office, but it was worked up during my term of office, and then approved at the General Assembly when I stood down, and signed by my successor.

Lord Browne of Ladyton (Lab): I thank the noble and learned Lord for that clarification. None the less, I will not withdraw my thanks and congratulations to him.

It is perhaps difficult for anyone who has not lived in Scotland to appreciate just what an extraordinary step that represented, and, still further, what the sovereign's appointment of an Irish-born Catholic woman as Lord High Commissioner represents. The spirit of ecumenism, amity and fraternity between different Christian denominations is at the heart of this legislation. In his 1995 encyclical on ecumenism, Pope John Paul II pleaded with Catholic leaders to adopt a fraternal attitude to the members of other denominations in the following words:

"We should therefore pray … for the grace to be genuinely self-denying, humble, gentle in the service of others, and to have an attitude of brotherly generosity towards them".

Whatever one's view of Catholicism, Christianity or faith in general, it is hard to quarrel with those sentiments. In that spirit, it is perhaps appropriate that the nomination of Lady Elish has taken place so close to the King's state visit to the Vatican, as he continues to demonstrate his commitment to interfaith dialogue.

It has been said, but bears repeating, that Lady Elish has a record of distinguished public service, and a career that already encompasses several firsts. Noble Lords will recall the opening of Evelyn Waugh's *Decline and Fall,* in which he describes

"the sound of English county families baying for broken glass".

Lady Elish must be used to a similar—though rather more wholesome—sound, given the number of glass ceilings that she has shattered in the course of her distinguished career. As she does so yet again, I wish her well in her new appointment, and give my wholehearted support to the Bill before your Lordships' House.

5.24 pm

Baroness Goldie (Con): My Lords, while it is not a registrable interest, I am a member of the Church of Scotland, an elder of the Church and, with recent effect, a worship leader. With that background, I value the presence of the Bishops in your Lordships' House as Lords spiritual; I am not sure that we voice that appreciation often enough. It is good to see the right reverend Prelate the Bishop of London in her place: I see her and her spiritual colleagues less as advocates for the Church of England and much more as disciples of Christ and the manifestation of a Christian presence in Parliament, and I welcome that enhancement.

I am not precious about which Christian denomination discharges that role, and that is not intended to be disrespectful to the Church of England. What matters to me is that, across our different Christian denominations, we believe in the word of God as contained in the scriptures and we seek to live out that example. That is the tremendous strength that we have in common and what cements us together. So, as a child growing up in a sectarian Scotland, there was a lot which I found baffling. I heard the playground slights, the derogatory remarks about those from a different Christian background. What I found increasingly incomprehensible was that these two denominations, the Protestant Church of Scotland and the Roman Catholic Church were apparently commanded to do the same thing, to

"love the Lord thy God with all thy heart, and with all thy soul, and with all thy mind, and … love thy neighbour as thyself".

Perversely, this was traduced by so-called adherents of both Churches to a crass representation of hatred, intolerance and bigotry.

Let me be clear that the transgressors were not the practitioners within the two denominations but the so-called hangers-on, whose grasp of theology was tenuous, whose bigotry was entrenched and who personified a complete absence of Christian love and forgiveness. People were judged, dismissed as of no value and written off because of their surname, how they spelled their surname or where they went to school. Fortunately, increasing enlightenment and tolerance over decades have brought about much-needed change. I pay tribute to all the Churches in Scotland, the Scottish Parliament, the politicians and the charities that have worked so hard to erase this ugly stain of sectarianism.

My own parish church in Bishopton has a great relationship with our friends in Our Lady of Lourdes, the local Roman Catholic church, and there are many similar examples to be found across Scotland. Playing her part in this transformation with characteristic skill and compassion was Her late Majesty Queen Elizabeth II. The historic and memorable visit by Pope Benedict to Scotland in 2010, when he was received by Her Majesty at Holyrood Palace, was a watershed moment. I was privileged to be there and the sense of history being made, of a new age of tolerance, was tangible.

This Bill is the essence of brevity but, in simple terms, removes an unjustifiable inequality. It abolishes an impediment which has existed for 196 years to a person of the Roman Catholic faith becoming, at the choice of the monarch, the Lord High Commissioner of the Church of Scotland. A Christian might be moved to say "Amen: what more is there to add?" As a Member of your Lordships' House, I say, "A wrong at last righted, and high time too". I can think of no more appropriate and distinguished incumbent under these new arrangements than Lady Elish Angiolini. To her, I extend my very best wishes and I support the Bill.

5.28 pm

Baroness Kennedy of The Shaws (Lab): My Lords, it is really heartwarming to hear such unanimity in support of the Bill, and I, like others, welcome it with all my heart. I too am a Catholic Scot of Irish descent. I am also a close and admiring friend of Lady Angiolini and I am delighted that the King has been so insightful about this appointment, because it has initiated this legislative change but is also symbolic in what it is saying about his own values and about the importance of non-discrimination. That is what the Bill stands for: an end to discrimination.

[Baroness Kennedy of The Shaws]

I want to remind people, because it is within my own memory, that the wonderful Lord James Mackay, who was a really fine Lord Chancellor, was forced to resign from the Free Presbyterian Church, to which he and his family had belonged all their lives, because he attended the Catholic funeral of two judges. That he had set foot in a Catholic church was deemed to be an abomination and he decided that he could not remain within the congregation that was making that determination.

It is not that long ago since the very experience of sectarianism affected lives in the most horrible ways. If people married out—and that was on either side—they would basically be abandoned by their families. It was so frowned upon: people did not attend the weddings or marriage ceremonies of people who were daring to marry someone of a different religion.

As a child in a family of four daughters, I remember the fear that we had. I was not baffled like the noble Baroness, Lady Goldie: I was frightened when my mother insisted that we remain indoors on 12 July, when there were going to be "Orange walks", as they were called. They started at the foot of our road and my mother was frightened that, somehow or other, the violence that often took place might somehow mete out some ghastly experience on one of us. We lived with that, and we lived with the knowledge that members of our family had applied for jobs and, because they had clearly gone to Catholic schools, they had been refused the opportunity.

In fact, when I made my decision that I wanted to be a lawyer—an advocate—I was warned that it would be very unlikely that a Catholic woman would be well received in the faculty of advocates at that time, back in the early 1970s. That was partly behind my choice to come south and study law in England, because I really did not want to face that sort of sectarianism. I am happy to say that it did not live within my own family. Only recently, a number of my nieces have married and chosen—because of the depth of commitment of their partner—to marry inside the Church of Scotland, but with a Catholic priest also giving a blessing. That is an example of people coming together in a very different way from the way that it was when I was a child.

The appointment of Lady Angiolini is a really inspired, symbolic moment. She is an extraordinary and exceptional woman who is incredibly clever. She became the Lord Advocate in Scotland, having been a solicitor. That was not the normal route. She, like me, had not thought it was going to be possible to be an advocate. Yes, one or two Catholic men had become advocates in Scotland, but it was really not a route that seemed open to us. Many routes seemed to be closed; many admissions did not seem to be there for us. So the symbolism of this is very real, and to end sectarianism in Scotland is vitally important.

I welcome, and listened to, my noble friend Lady Alexander with such pleasure. When she described the numbers of hate crimes involving sectarianism, it sounded celebratory, except that it is so accepted in some ways within Scotland that I do not know whether people go to the police to complain about sectarianism.

Finally, one of our Prime Ministers—Tony Blair—became a Catholic once he stepped down from his role. I remember saying to my mother that Tony would go to Mass with his wife and children and describe how he was so active in their local Catholic church. She was shocked and said, "They'll block him from becoming Prime Minister if people find out". That was because people believed that we could not be there in those places. So we should be celebrating this piece of legislation.

5.34 pm

Lord Bruce of Bennachie (LD): My Lords, it is a privilege to take part in this debate and to hear so many personal experiences, views and opinions from both sides of the divide and from outside of the divide. It is a historic moment, but is coming way too late.

I first met Elish Angiolini, as she was then, in 2000, when she was procurator fiscal for Grampian and the Highlands and Islands, and was living in my constituency. It was after that that she set up the victim liaison scheme. As a teenager, she had been a witness in a case, and was treated in such a cavalier and dismissive way by all the bigwigs in the establishment that she felt victims needed some kind of support, and so she set up that scheme, which, I understand, continues. She has obviously had a meteoric career—worked for and earned, all the way through—and she was respected by everyone, with very few words of criticism. If there have been any, it is because she has had the honesty to challenge something, as you would expect, because she is a professional.

My noble and learned friend Lord Wallace and others have talked about history, and we referred to the Roman Catholic Relief Act 1829. I wonder if I might indulge the House with a little more history. Going back to the 17th and 18th centuries, we should remember that, in effect, we had a long-running war of Protestant succession. We had the civil war. We then had James II—James VII of Scotland—trying to turn the country back to Catholicism and being expelled from the country. We then had the Glorious Revolution and the Act of 1689, and William and Mary. That, apparently, secured the Protestant succession—except that in 1715 there was an attempt to do something about it, and another attempt in 1745. Over many years, the attempt to reverse the Reformation—which was later and probably more fundamental in Scotland—generated very hostile attitudes between the Protestants and the Catholics, and laid the foundations for this discrimination.

I found an interesting aspect of history from the aftermath of Culloden, the last war on British soil. A lot of people think that that was a war between the Scots and the English, but it was not; it was a civil war, mostly between Protestants and Catholics, and there were more Scots on the side of the King than there were on the side of the prince. But that is not the way it is remembered and told.

Flora MacDonald helped Bonnie Prince Charlie to escape; she took him "over the sea to Skye"—by the way, it was from Benbecula to Skye, not the other way. It is assumed that she was a young Jacobite, but she was not: she was a Protestant, from South Uist. After Flora MacDonald was arrested, she said that she did

it only because she was concerned for his safety and would have done it for anybody. She then married, emigrated to the colonies, to America, and established farms and plantations. Then the revolution happened; she and her husband sided with the King, which is not the obvious action of a young Jacobite, because she was not one. Unfortunately for them, they were on the losing side; the King lost and they were dispossessed of all their properties. Initially, they moved to Nova Scotia, but the compensation was not sufficient to sustain them, so they moved back to Skye, where she spent the rest of her days. The story is instructive to show that this is one of these moments of history which is not fully reported and understood, and definitely not always objectively digested. The point is that that created a legacy which has lasted so long.

I have no doubt that, in 1829, people were not ready for this. It is absolutely the case that we should have been ready for it long before now, but the fact remains that it is only because the King appointed Lady Elish Angiolini that we have this legislation now. I am delighted it is happening and I hope we get it through as quickly as possible. However, I agree with the noble Lord, Lord True, and others, that, if there are any other bits and pieces of discrimination against anybody for their religious beliefs that have not been dealt with, we need to deal with them. I hope the Government will find the space and time to do so.

We on these Benches support and welcome the Bill. I agree with everybody who has said that Lady Elish will be a magnificent Lord High Commissioner. She has all the experience, grace, charm and intelligence to make the most of it. It will be a great General Assembly. As it is so historic, it will probably be nearly as memorable as the one that my noble and learned friend was involved in. We are united in this. It should have happened long ago. Let it happen, and let it happen quickly.

5.39 pm

Baroness Smith of Basildon (Lab): My Lords, it has been an absolute pleasure to be part of today's debate and to listen to the contributions made. It may have been one of the easiest debates I have taken part in, such is the unanimity and warmth around the House. Lady Elish will know from the comments that have been made about her the support she has from across Parliament —it was the same in the other place—in the position that this legislation will enable her to take up.

What I have found so impressive about this debate has been not just how passionate many noble Lords have been about the issue but the way in which the humanity and humour has come through, as well as some history lessons. As a mere Englishwoman, there is a lot that I have to learn. I declare that I am half Scottish.

The noble Lord, Lord Kirkhope, said that he hesitated before standing up to contribute. I think that English voices are welcome, as this is something that affects us all. Some of the stories and accounts that we have heard today show just how important, symbolic and valued this legislation is. I am really pleased to hear such strong support for the measures in the Bill, and that we can make progress towards removing a historic, and in many ways shameful, legal barrier.

I will respond to some of the comments that were made in the debate. The noble Lord, Lord True, was the first to make clear his strong support for this measure. He made the point that we should celebrate our unity but respect our differences; the two are not exclusive in any way at all. We have brought this legislation forward because of the practical and immediate effect that it will have, but noble Lords are right that there are a few—not many, now—historic restrictions. We will look into those, and, when I can report back to your Lordships' House, I will do so. It is right that we do not want to be in this position again.

I thank the noble and learned Lord, Lord Wallace of Tankerness, for declaring his interest. It was very helpful to the House, as was his knowledge of Lady Elish. It was with some relief, as I listened to him and the noble and learned Lord, Lord Hope, to learn that I had not got it badly wrong, given the experience they have both had. They both spoke of the progress that has been made.

The noble and learned Lord, Lord Hope of Craighead, obviously enjoyed his time in this role. It was a delightful speech—the memory of the fountain will remain with me always. He has explained to Lady Elish what will come and what is to be lost. The trappings of office are short-lived in many ways, but his description of the duties of the office was very helpful to the whole House. The voice of the right reverend Prelate the Bishop of London was welcome in this context, as well.

The noble Earl, Lord Dundee, made a strong case for co-operation between religions and across the board, including in your Lordships' House. He spoke from the Law Society brief about the Lord Chancellor's role and asked why it was not included here. I reassure him on that point that the Lord Chancellor's relief Act was made obsolete by the 1974 legislation. I understand the desire to tidy up legislation, but the 1974 legislation had the practical effect of ensuring that there is no bar on Catholics taking on the role of Lord Chancellor. I hope that reassures him on that particular point.

The speeches of the noble Baronesses, Lady Alexander of Cleveden, Lady Goldie and Lady Kennedy of The Shaws, all showed, in powerful and passionate ways, the progress that has been made in society, but also how far we still have to go.

As a child growing up, I was not aware of the same kind of sectarianism as other noble Baronesses. I saw a taste of it as a Northern Ireland Minister and it was quite illuminating for me. My noble friend Lord Browne and I served for a number of years together in the Northern Ireland Office. I remember talking to a group of schoolchildren where the Catholic boys' school and the Protestant girls' school had come together. They were doing events together and meeting; it was great. But when I asked the boys whether they would they date a girl from the other school, a couple of the Catholic lads said to me, "Oh no, we couldn't". That was some years ago now, but it just showed me how ingrained some of these things are, how hard we have to work and how we should never, ever take progress for granted as we make it but should always to fight to make further progress. I thank all those who spoke on that particular point.

[Baroness Smith of Basildon]

Religious hate crime is something that we can never tolerate, should never try to explain and should always do everything we can to deal with. On religious discrimination, for my noble friend Lady Kennedy of The Shaws and the noble Baroness, Lady Goldie, to have grown up feeling puzzled or frightened is completely unacceptable. We would not want any child to be feeling that way ever again.

I thank my noble friend Lady Kennedy of The Shaws for reminding us about Lord Mackay of Clashfern. I remember hearing him speak about this. This was a man of enormous ability, compassion, humanity and values. I think it was a great sadness to him that in a church that he had been a member of for so long he was no longer able to worship because he, rightly, wanted to show his respect to friends who were Catholics by going to their funeral. It remained a sadness to him. Given his values and his humanity, just think what he would think of this Bill today. I think he would be enormously proud of it.

There is probably little more I can say, because the speeches we have heard today have spoken for themselves. It has been an absolute privilege to engage in this debate. I think the point my noble friend Lord Browne made was that here we have an Irish Catholic woman taking on this role by sheer strength of her abilities and aptitude, and that has been welcomed. My noble friend Lord Browne also made a comment about how the King has opened up to different faiths. It just took me back to the Coronation, where four Members of your Lordship's House representing four faiths had quite a central role, and what that said about the country we have become and the country we want to be.

It has been a privilege to engage in this debate. We have other stages to go through, but it is an honour for me to move that this Bill be now read a second time.

Bill read a second time and committed to a Committee of the Whole House.

Finance Bill

Second Reading (and remaining stages)

5.48 pm

Moved by ***Lord Livermore***

That the Bill be now read a second time.

The Financial Secretary to the Treasury (Lord Livermore) (Lab): My Lords, it is a pleasure to open this Second Reading debate on the Finance Bill. I take this opportunity to warmly welcome my noble friend Lady Caine of Kentish Town to your Lordships' House, and I very much look forward to her maiden speech.

The Bill before your Lordships' House legislates for tax changes announced in the Budget last October, many of which come into effect this financial year. That was a once-in-a-generation Budget, on a scale commensurate with the challenging inheritance that this Government faced, an inheritance consisting of three distinct crises: a crisis in the public finances, a crisis in our public services and a crisis in the cost of living.

In the public finances, as noble Lords may have heard me say before, this Government inherited a £22 billion black hole—a series of commitments made by the previous Government that they did not fund and did not disclose. The OBR has established that the previous Government concealed £9.5 billion and

"did not provide the OBR with all information available".

As we now know, during the five months they had left in office, the previous Government continued to amass unfunded commitments that they did not disclose. By the Spring Budget, Treasury records show that these had reached £16.3 billion; by July, they had reached £22 billion.

The Treasury has published a line-by-line breakdown of these unfunded commitments: 260 separate pressures that the previous Government did not fund and did not disclose. The previous Government also failed to budget for costs they knew would materialise, including £11.8 billion to compensate victims of the infected blood scandal and £1.8 billion to compensate victims of the Post Office Horizon scandal.

Of course, this Government inherited not just broken public finances but broken public services, with NHS waiting lists at record levels, children in portakabins as school roofs crumbled and rivers filled with polluted waste. Added to this was a cost of living crisis that had hit working people hard, with inflation peaking at over 11%. This was the reality we inherited. Faced with this reality, any responsible Government would need to act.

That is why this Government took action in the Budget to wipe the slate clean, repair the public services, protect working people and invest in Britain. That included a historic investment of an additional £25.7 billion for the NHS, which is helping to bring down waiting lists more quickly and put an end to over a decade of under-investment and neglect. We took this action in the fairest way possible, by keeping the promise we made to working people in our manifesto not to increase their income tax, national insurance or VAT.

The Government did, however, need to take some very difficult decisions elsewhere in relation to tax—difficult decisions, but the right decisions. We have always been clear that there are costs to responsibility and that the increase in employers' national insurance contributions will have consequences for businesses and beyond, but the costs of irresponsibility would have been far greater. As a result of the decisions we have taken, we have created a foundation of stability on which we are now taking forward our agenda of growth and reform.

The Bill before your Lordships' House is wide ranging, and I will speak to the measures within it in three distinct categories: first, the measures the Government have taken to deliver on the specific commitments made in our manifesto; secondly, measures to put the tax system on a fairer and more sustainable footing; and thirdly, measures to improve health outcomes and support the clean energy transition in line with our growth strategy.

On the first of these, our manifesto included a commitment, which is being delivered through this Bill, to remove the outdated concept of domicile status from the tax system and ensure that everyone who is a long-term resident in the UK pays their taxes here. In its place, the Bill introduces a new residence-based regime from April this year. This new regime will be internationally competitive and focused on attracting the best talent and investment into the UK. The new rules mean that anyone who has been tax resident in the UK for more than four years will pay UK tax on their foreign income and gains, as is the case for other UK residents. That is a much simpler and clearer test than exists under the current regime.

The independent Office for Budget Responsibility has confirmed that these reforms will raise a total of £33.8 billion over the five-year forecast period. This includes £21.1 billion from the previous Government's reform and £12.7 billion from the further reforms announced at the Budget. This will help to fund vital public services and provide stability in the public finances. Reflecting our continued engagement with stakeholders to ensure the reforms operate as intended, the Chancellor recently announced that we are making elements of these reforms simpler to use and more attractive, while retaining the structures announced at the Budget.

Our manifesto also pledged to

"end the VAT exemption … for private schools to invest in our state schools".

This Bill delivers on that commitment too. Some 94% of children in this country attend state schools. However, too many children do not get the opportunities they deserve because too often these schools are held back by a lack of investment. That is why we introduced VAT on private school fees from 1 January this year to secure the additional funding needed to improve educational outcomes across the UK. Together with our changes to business rates, this measure will raise around £1.8 billion a year by 2029-30 and just under £500 million in this year alone.

The Government published a tax impact and information note setting out the impacts of this policy at the time of the Budget. The Government's costings, set out in a detailed costings note, have been certified by the OBR. The evidence to date supports these assessments, and we remain very confident in them. Private schools have continued to open in England. Pupil movements remain in line with expectations. Many private schools are partially or fully absorbing costs, instead of passing on higher fees. More pupils are receiving their first choice of school than they did last year.

A final key manifesto commitment relates to the energy profits levy on oil and gas companies. The Bill before your Lordships' House fulfils our promise to increase the rate of the levy by three percentage points to 38%. It also extends the levy by one year and removes an investment allowance for the oil and gas industry that was not available to any other sector. While oil and gas will continue to play an important role in the energy mix during the transition, we must drive public and private investment towards cleaner energy.

The money raised from these changes will help finance our clean energy transition, enhance energy security and create new jobs. To support these objectives, the Bill maintains 100% first-year allowances in the energy profits levy regime, along with a targeted decarbonisation allowance to help the sector reduce its emissions.

The Bill also contains a range of measures to make the tax system fairer and more sustainable and to restore stability to the public finances. The Bill takes a balanced approach towards capital gains tax, which is paid by fewer than 1% of adults each year. The higher main rate will increase from 20% to 24%, ensuring that the system remains internationally competitive, with the UK retaining the lowest rate of any European G7 economy. The new headline top rate will also remain lower than it was from 2010 to 2016. We are maintaining business asset disposal relief, with its £1 million lifetime limit, and increasing the rates of capital gains tax applied to this relief and investors' relief in a phased way to give businesses time to adjust.

On inheritance tax, the Bill will ensure that wealthy estates contribute their fair share by extending the freeze in inheritance tax thresholds by a further two years to 5 April 2030. To support home ownership, the Bill also increases the higher rates of stamp duty land tax, so that those looking to move home or purchase their first property have a greater advantage over second home buyers, landlords and companies purchasing residential property.

Putting the tax system on a fairer and more sustainable footing also requires addressing the tax gap—the difference between the amount of tax that is owed and the amount that is collected. The measures set out by the Chancellor in the Budget last October represent the most ambitious package ever to close the tax gap and ensure that everyone who should be paying their taxes is doing so.

Overall, our package is expected to raise £6.5 billion per year by 2029-30. We will achieve that by investing £1.9 billion in HMRC staff and modernised IT systems, including recruiting an additional 5,000 compliance staff, and we will remove loopholes used to reduce tax liabilities. For example, the Bill introduces capital gains on liquidation of a limited liability partnership, changing the way capital gains are taxed and closing a route used for avoidance.

The third and final set of measures in the Bill seek to reduce health-related harms, support the clean energy transition and fund our vital public services. As our growth strategy makes clear, improving health outcomes is essential for delivering resilient, long-term growth. The Bill renews the tobacco duty escalator at RPI plus 2% and increases duty by a further 10% on hand-rolling tobacco this year. The soft drinks industry levy is being reviewed and uprated to maintain incentives for manufacturers to reduce their sugar contents. Alcohol duty is uprated in line with RPI, except for draught products in pubs, recognising the unique role that pubs have in communities.

To support our net-zero commitments, we are introducing new powers to allow for the introduction of the carbon border adjustment mechanism, which will place a carbon price on emissions-intensive goods

[Lord Livermore]
imported into the UK. We are supporting the take-up of electric vehicles by increasing incentives for zero-emission vehicles in the vehicle excise duty first-year rates.

This Bill delivers on the Government's manifesto commitments, puts the tax system on a fairer and more sustainable footing, supports the transition to clean energy and improves health outcomes. It is also a Bill to fix the foundations of our economy by repairing the £22 billion black hole in the public finances that we inherited.

The measures contained within the Bill reflect responsible choices. The Government have always been clear that there are costs to this responsibility, but the costs of irresponsibility would have been far greater. As a result of these choices, we have now created a foundation of stability in the public finances on which we will drive forward our agenda of growth and reform. We have set out a clear strategy for achieving our growth mission, but we are not satisfied. That is why we are going further and faster to put Britain on a better path and to deliver for the British people. I beg to move.

6 pm

Baroness Neville-Rolfe (Con): My Lords, I start with a note of regret that participants in this vital debate are given an advisory time of only five minutes. As the Official Opposition's spokesman, I can speak for a little longer, but the time set aside seems inadequate to deal with all stages of such an important Bill—especially on top of consigning the national insurance contributions Bill to the Moses Room. We have distinguished economic and financial experts in this House, and we should make it easier to hear from them in prime time. I look forward to the maiden speech of the noble Baroness, Lady Caine of Kentish Town, and to welcoming her to their number.

It seems a long time since the Chancellor delivered her Budget and James Murray, the Exchequer Secretary, introduced the Bill in the other place. At that time, the Chancellor was destroying morale and animal spirits by talking the economy down, and then bashing business with the highest tax burden in the history of our country. Now, growth is flatlining—as we predicted—and the legacy of fragility lives on, with 10-year bond rates currently at 4.6%.

I have some sympathy for the Minister, as it was necessary to deal with the challenges facing the country—not least improving productivity, which is the long-term way to sustainable growth. That also means tackling the public sector, which the Health Secretary, Wes Streeting, has shown the determination to do, not least with the abolition of NHS England and the multiple tiers of staffing that he hopes to tackle.

The worst and biggest mistake in the Budget was the hike in national insurance—the jobs tax—especially the lowering of the threshold, not least because it will not deliver the hoped-for savings. The OBR has said that by 2029-30, the annual yield from these NIC increases will be slashed by nearly £10 billion through the job cuts and lower nominal wages these measures will inflict. Moreover, a further £5 billion a year will be needed to compensate public service employers. We will come back to these issues at ping-pong next week.

The second mistake, which will hit entrepreneurs, family businesses and the farming community, is the class-driven raid on IHT—the family farms tax. We look forward to hearing the results of the consultation and hope that the noble Lord, Lord Wood of Anfield, the new chair of the Economic Affairs Committee, will follow convention and arrange a sub-committee to look at the changes before the details are finalised.

The third mistake is the ideologically driven tax grab on private schools—the education tax. The Bill introduces the first-ever tax on education, and I will major on this because it is provided for in the Bill before us. The Minister has also done so, albeit from a different perspective. Since 1 January 2025, all education, boarding and vocational training provided by private schools in the UK has been subject to VAT at the standard rate of 20%. Alongside this, the Government are removing charitable business rates relief for independent schools in England, meaning they will, for the first time, face the additional burden of local business taxes from April 2025.

To be clear, this is a new, punitive tax on education. Its imposition part-way through the academic year will cause—and has already caused—significant disruption to the education of thousands of children. It harms parents on modest incomes who have worked hard to send their children to the school they believe is best suited to them, and will make independent schools unaffordable for military families, who make the greatest sacrifice by serving in our Armed Forces.

Most of all, the Government's education taxes will have a disastrous impact on pupils with special educational needs and disabilities, especially on those in independent and state schools who lack education, health and care plans. Over 100,000 children with special needs—many of whom are in independent schools—will be hit. The Government have acknowledged that the policy will have a "disruptive impact" on pupils with SEND, potentially forcing them out of their schools as fees become unaffordable, which will overwhelm the state-funded system and burden local authorities with a surge in EHCP applications.

Ultimately, this tax on education could, according to the Adam Smith Institute, cost the taxpayer £1.6 billion a year if it forces a quarter of pupils into the state sector. This policy is a direct attack on aspiration. It punishes those who have worked hard to succeed and we will only begin to see the real damage at the start of the next academic year. Parents will deprive themselves of much to avoid taking a child out of school during the year, but, in the autumn, hard-pressed parents will in many cases have no choice but to remove their children from private education.

The Government have also broken their manifesto promises with the Budget and the Finance Bill. Their pledge was:

> "We will ensure taxes on working people are kept as low as possible".

Yet, they have increased the tax burden to a historic high of 38.2% by 2029-30.

Rather than creating an environment that promotes investment and growth, the Bill makes our tax system less competitive. It abolishes the remittance basis of taxation for non-domiciled individuals and raises the

main rates of capital gains tax—from 10% to 20%, and from 18% to 24%, respectively. It reduces investor relief and increases stamp duty.

These measures do not lay the foundations for the growth we need; they erode the incentives for businesses to invest and create jobs in the UK. We are seeing the consequences. More than 10,000 millionaires left Britain last year, up from 4,200 in 2023. With his growth hat on, can the Minister confirm how the Government will ensure that the UK remains an attractive place to work and invest in? What has happened to the enterprise economy?

The Government made another promise. They said:

"The dream of homeownership is now out of reach for too many young people",

and vowed to

"support first-time buyers who struggle to save for a large deposit".

However, once again, the promises have been broken. Millions of young people have now learned that those were empty words.

The Government have confirmed that stamp duty relief for first-time buyers will be slashed this month. This means that first-time buyers purchasing homes worth over £300,000 will pay thousands more in tax under this Budget. Rents will also be pushed higher as a result of this stamp duty hike, as stated by Paul Johnson of the Institute for Fiscal Studies. This will further squeeze young people, who are already struggling to make ends meet. It is plainly clear: the Government are not prioritising the future of young people as they should.

The Bill also perpetuates the Government's flawed energy policy, which fails to prioritise our energy security. It increases the energy profits levy to 38%, bringing the headline rate on oil and gas activities to 78%, and extends that rate for another year, removing investment allowances.

The real-world consequences of this ideological policy are dire. Offshore Energies UK has warned that the change will stifle investment and put 35,000 jobs at risk. If investment falls—the OBR concludes that capital expenditure will be down 26% over the forecast period—the country will become more dependent on imported energy. This will not only compromise the UK's energy security but expose consumers to price fluctuations, leaving them vulnerable to global supply disruptions.

The Government are relying on the levy to help fund GB Energy and support the transition to clean power. However, if investment in UK oil and gas declines, the revenue generated by the levy will diminish, eroding the very schemes that they claim will create a "green energy superpower". We should be maximising our homegrown energy, not undermining domestic production.

There are three other points that I hope the Minister may be able to clear up. First, what are the Government's plans for the digital services tax, particularly in the light of adverse comments from Washington about the future of the tax in any trade deal? I was in favour of the introduction of the tax as a means of reducing the discrimination against physical retail that has been so damaging to our high streets. Any reassurance would be most welcome.

Secondly, the Government acknowledged that the transitional provisions for remittance by non-doms were faulty and helpfully tabled an amendment in the other place, now paragraph 6 of Schedule 9. However, I have been advised by the Chartered Institute of Taxation that this is also defective, so that, for example, individuals who brought money into the UK to buy a house several years ago would now face a big retrospective tax charge. To stop yet further departures from the UK to avoid such perverse effects, could the Minister make a statement that the Government recognise the issue and commit to a further amendment in the next Finance Bill?

Thirdly, and this is important, will the Minister repeat the Chancellor's commitment that the Government will not extend the freeze of income tax and national insurance contribution thresholds beyond April 2028?

I conclude by reminding the House that the Government inherited the fastest-growing economy in the G7, with inflation under control, unemployment halved and the deficit reduced, yet the measures in the Bill do nothing to boost growth or to secure our stable future. The combination of the jobs tax, the family farms tax and the education tax has devastated business confidence, put the future of British farming in jeopardy and is disrupting the education of hundreds of thousands of children. This was a Budget that failed to rebuild the foundations of our nation, as promised. It does not deliver the economic growth that we need. It does quite the opposite. The Government pledged that their prime mission would be to boost economic growth. Instead, they have consistently talked down the British economy and growth has evaporated. Ministers must act in the Spring Statement next week to correct the mistakes they made and put the British economy back on track.

6.12 pm

Baroness Caine of Kentish Town (Lab) (Maiden Speech): My Lords, it is a life-memorable moment to be making my maiden speech in the customary way. I owe my sincere thanks to my noble friends Lady Morris and Lord Stevenson, who supported and introduced me to this place, and to my noble friend Lady Smith, the Leader of the House, who has shown me much kindness and, with the Chief Whip, my noble friend Lord Kennedy, such warm and welcoming leadership. Warmth and kindness are a signature of the culture here, for which my thanks go also to all my new noble friends on these Benches, as well as noble Lords from the other parties and indeed on the Cross Benches, and to Black Rod, the excellent doorkeepers and all the parliamentary and party staff, who have all been so friendly and supportive as I wander around seeking directions and help. I thank them all so much.

To my background: my father was working-class and my mother middle-class. After the Second World War, they were both recruited into the Foreign Office. Their paths crossed in Bucharest at the start of the Cold War, where they fell in love. I was born in Tokyo. My first schools were in the Jordanian side of Jerusalem just before the Six Day War, then in South Africa at the height of apartheid, followed by other postings around the world. In our family home, the news was always on, newspapers were eagerly read and round

[Baroness Caine of Kentish Town]
the dining table from a very early age we discussed current and foreign affairs, but it was the Foreign Office way that at 10 I was sent to my other home, an English boarding school, and it provided a stark contrast.

I was 13 in 1973, and it was a defining year. It was the time of the three-day week and power cuts. The headmistress, who belonged to another era, had been invited to lunch at our boarding house to raise morale, and I was one of those chosen to sit at her table to learn the art of conversation. Hers covered the evils of the miners' union and the importance of people knowing their place. Mine was that the miners seemed poorly paid and worked in hard conditions. It was a cue for a frozen silence. I was then told that young women should never pass opinion on politics at the dining table and that if I continued to do so, I would never find a good husband and enjoy a comfortable life. That day I chose which table I wanted to guide my life, and it was the one that taught me to think not just for self but for all, to understand that democracy and equality are hard fought for, precious and should never be taken for granted, and to recognise that politics profoundly matters and that not all politicians are the same.

My sister and I were the first young women in our family to go to university. I chose to study politics at Nottingham—well, half the time. The other half I devoted to creative activities and student politics. I joined the Labour Party in 1982 and have worked all my life in the creative industries supporting skills and education. One role for many years was as a member of the Creative Industries Council chairing the skills and education priority of its industrial strategy.

That brings me to the Finance Bill before us, which enhances audio-visual expenditure credits for UK visual effects works. The UK is home to world-renowned companies, and this will further support them in an increasingly competitive global market. It builds on the benefits of the current tax reliefs, which together have turbocharged these sectors of the creative industries. That trail was first laid by my noble friend Lord Smith of Finsbury when he was Secretary of State for DCMS. A tax relief for film was the key outcome of his 1997 film policy group, which I served on, working with industry and DCMS to establish a voluntary skills levy. Producers recognised that the growth that the tax relief would incentivise required them to take on greater responsibilities for developing the UK's largely freelance workforce. It is to their credit and that of previous Governments that there are now voluntary skills levies in place across all the enhanced credit areas with high levels of freelancing.

Greater impact could have been achieved through alignment between the statutory apprenticeship levy, those investments and other public investments, but that has yet to be fully realised. The DfE and the Treasury have historically tended to one-size-fits-all policies, modelled on larger companies in traditional sectors, rather than enabling necessary flexibilities better to support the service sectors and small companies that make up the majority of our economy.

The Government's industrial strategy has prioritised the creative industries as one of eight growth-driving sectors. Education and skills is a key area for government and the industries to work on together. It is encouraging to see that with the establishment of Skills England and announcements around apprenticeships and the levy in the Finance Bill, flexibilities will be enabled to help drive success sectorally and regionally. The development of the sector plan for the creative industries provides opportunities for new actions and investments to help close current shortages and gaps that are hampering their further growth and productivity. They are a powerhouse of our economy, with the potential to contribute even more.

Finally, I am proud that mine is one of 382 female life peerages that have been created since 1958, the year before I was born, when women were allowed into this House on equal terms with men for the first time. It is the greatest honour of my life to serve in this place. I give my lovingest thanks to my very good husband of many years. Yes, indeed, dear listeners, I did manage to find one. I have much to learn here and will strive to honour my party and the memory of my parents by seeking to contribute to the same high levels that I see and hear others achieve. It is a pleasure and privilege to be alongside them all.

6.19 pm

Lord Eatwell (Lab): My Lords, it is an honour and a pleasure to follow the excellent maiden speech of my noble friend Lady Caine. It must have been a special delight for her to highlight the importance of the creative industries on the day that the Government announced the creation of a national centre for music and dance as part of their plan for change. The changes will ensure that young people across the country will have greater access to high-quality arts education, and wider creative and sporting activities, as well as access to skills in technology and artificial intelligence. My noble friend has been one of the foremost advocates of the importance of creative education, not just for its own sake but for its impact on success in science, technology, engineering and mathematics. It is due in no small degree to her persistence that, today, Britain is enjoying such success in global markets from film and television to computer games and artificial intelligence. My noble friend brings a valuable new ingredient to the proceedings of this House and we look forward to hearing more from her.

The Finance Bill is an important Bill by means of which the Chancellor tackles two essential tasks. The first is clearing up the financial mess left by the irresponsible fiscal policies of the Conservative Government, and the second is laying the foundations for economic growth. The most powerful impact of the Bill on growth is not to be found in individual tax measures, as the noble Baroness, Lady Neville-Rolfe, erroneously argued. Instead, the most important impact on growth derives from the overall fiscal balance. That is because the level of business investment for domestic markets is predominantly affected by the level of total effective demand. It does not matter nearly so much if interest rates or taxation are high or low; if the product cannot be sold due to a lack of prospective demand, there will be no investment, no matter how low taxes might be.

Moreover, it is the Government's commitment to maintain effective demand that fuels the upbeat sentiment that stimulates those all-important animal spirits—the positive sentiments that drive commitment to the future.

Hence, although it is important that current spending is kept within the Chancellor's fiscal rules, any cuts in current spending should at least be balanced by increases in investment spending on infrastructure, support for housebuilding, industrial investment policies and defence.

There has been a persistent view in policy circles that investment is somehow an inefficient means of stimulating demand, since investment takes time whereas stimulating consumption has immediate impact. This typically short-termist view could not be further from the truth. The Government's commitment to public investment is at one and the same time a commitment to long-term demand and commercial profitability, and businesses know that—hence the Chancellor should be congratulated on the fact that, in the face of the dreadful economic inheritance from the Conservative Government, in the Budget she provides a stimulus to effective demand that the OBR estimated at £26 billion. That is the fuel to power the engine of growth.

There is one important area of investment in which tax rates really do matter: namely, where the international allocation of investment is concerned. A fine example of that is the television and film industry. As my noble friend Lady Caine noted in her excellent maiden speech, the Finance Bill enhances the audiovisual expenditure credit for the UK. This seemingly small measure builds on the work begun by Chris Smith—now my noble friend Lord Smith—and Gordon Brown, using fiscal incentives to stimulate investment in film and TV production. Today, as a result of those measures, the UK film and TV production industry is thriving as never before. It is worth around £7 billion a year and it produces a range of highly skilled, well-paid jobs.

The success of that industry is an example of what can be achieved by a carefully targeted industrial policy linked with the necessary investments in education and training. But this successful example of the use of fiscal incentives in the context of a global industry must be used with care and with an awareness of the dangers of increasing the complexity of the tax system. Complexity generates tax avoidance and undermines any sense of fairness in taxation. It diminishes the economic efficiency of the tax system. In the immortal words of *1066 and All That*, tax complexity is "A Bad Thing". Yet attempts to reduce complexity have repeatedly failed. Consider the history of the Office of Tax Simplification—remember that?—established by George Osborne in 2010 and eliminated in the disastrous mini-Budget of 2022. It is gone without trace.

So what are we to do, given the undoubted damage that tax complexity is doing to the growth objective? I propose that we establish a royal commission on taxation, charged with examining the efficiency of our tax system, applying Adam Smith's principles of taxation and proposing reform. Establishing the commission now will produce the non-partisan proposals that will provide the framework for the radical tax reform that Britain desperately needs and avoid the dangerous trap of piecemeal changes. The major loser would be the thriving tax-avoidance industry.

This Finance Bill is but one step on the long road to rebuilding the British economy while facing severe international headwinds. It clears the fiscal decks for the fundamental reforms to come. It should be welcomed.

6.26 pm

Baroness Coffey (Con): My Lords, I congratulate the noble Baroness, Lady Caine of Kentish Town, on her eloquent maiden speech. Both she and the noble Lord, Lord Eatwell, referred to the audiovisual industry, or the film and TV industry, and the noble Baroness was right to explain what a successful part of the United Kingdom this is. The noble Lord, Lord Smith, has been praised, understandably, but I extend some praise to George Osborne. He appeared in the credits of a "Star Wars" film, recognising that he took the opportunity to create tax credits that attracted the franchise back into Pinewood. Indeed, further changes have meant that Warner Bros set up a studio. I am sure that, when we are looking at a good film, we can recognise the contributions of all the parties that have been in Government in making sure that we have this thriving industry.

On thriving industry, it is important to think about how Finance Bills generally are there to attract investment and raise money, as well as to drive change in innovation and behaviour. I welcome that the 100% expensing has been maintained in this Finance Bill, which is a sensible approach.

Clause 56 builds on the Financial Services and Markets Act 2023. On a recent trip to the London Stock Exchange, organised by the Industry and Parliament Trust, I learned about PISCES. Stamp duty exemption is going to be important to attract investment in young companies, so that we make sure that we grow more businesses in this country, rather than just seeing them acquired abroad.

I welcome Clause 61, about agricultural property relief. Although I am not going to go into the farmers' tax, because that is for another Bill, I welcome the environmental management agreements exemption that replaces the exemption for habitats in the Finance Act 1997. As Secretary of State for the Environment, I lobbied to try to make sure that landowners did not stop investing in nature because of this, and I am pleased that the Government have brought through the detailed regulations to make that happen.

However, in a number of other clauses, I am trying to understand the psyche of the Government and what they are trying to do to change behaviour. Clause 78 relates to the plastic packaging tax, which is just going up by inflation. The resources and waste strategy, which I principally authored, was intended to make sure that packaging materials had at least 30% recycled plastic and to drive activity towards that.

It would be worth while now to do a review of whether that has had the desired impact. In some of my discussions with food companies during the time of Covid regarding the challenge of the cost of living and what measures could be done there, several of the companies said, "Well, it would make more financial sense for our financial director to just pay the tax rather than make the changes". To their credit, they kept to it, trying to reduce the use of virgin plastic, but I am concerned, with some of the winds that are happening in the world's economy, about whether we might see any companies going back. So it would be worth while doing a review in that regard.

[Baroness Coffey]

On Clause 76, landfill tax reform is a great example, which is cited around the world in environmental conferences, of a change in behaviour that has basically driven a lot of landfill more to recycling. There may be more to do on incineration, but it has been hugely successful. I noted the significant increase—I think it is about 24%—but I believe that is connected to the fact that we have had high inflation for a couple of years.

However, I was concerned about comments made by the Economic Secretary in the other place relating to Clause 79, and this is to do with the soft drinks levy. There is going to be a 27% uplift. Now, this tax initiative did make lots of firms reformulate, which is good for public health and for the prevention of issues later. However, the rationale given by the Minister was simply that, "Oh well, previous Governments hadn't raised this since 2018". Part of the issue is that in effect the tax had more or less done its job. I worry about this backdating approach simply because we have not caught up. I am not suggesting that the Government are going to do this, but, if we took the same approach to fuel duty, we would be looking at a 64% increase. So I hope the Minister will rule out any backdating measure.

I am conscious that we have an advisory time limit but I have one final point that has been strongly missing, and it comes back to farmers. Despite the fiscal plan on Labour's website saying there will be investment in reducing tax avoidance, the Prime Minister and the Secretary of State, Steve Reed, have encouraged people to properly manage their tax affairs and advocated tax planning to minimise their tax liability. There is one gap, and that is connected to the tax treatment of double cab pick-ups. The original legal case relates to Coca-Cola. I am conscious that a lot of firms—I am particularly thinking of forestry and many rural farmers—are being hit by this. It really is not fair on them, relating to something that they have invested in to do their business. I ask the Government to think again in their next Finance Bill.

6.32 pm

Lord Markham (Con): My Lords, I also welcome the noble Baroness, Lady Caine of Kentish Town, to the House. I believe that her worldwide experience, her business expertise in the creative industry and her steely determination from such a young age will be a real asset to the House and I welcome her here today.

I come at this issue from a slightly different perspective. While there are many points in the Bill that I disagree with, I accept that it will pass. I want to concentrate on what I see as the chance for a few unintended consequences.

As noble Lords are aware, I am a business guy and invest in lots of businesses. I have come across a lot of high net worth non-doms during that time and, for better or worse, a lot of tax advisers. From that, I have learned three main things. First, high net worth non-doms are very mobile; secondly, tax advisers are very risk averse; and, thirdly, tax advisers generally have significant sway over their clients. This leads them to give UK non-doms two bits of advice that I know go against what the Government intend to do. The Minister himself has said they are hoping to attract the best talents from around the world, but I fear this will not be the case.

First, in terms of the changes to the transfer of assets from abroad, the Bill intends that non-doms will be taxed only on future overseas earnings. However, my understanding is that tax advisers are telling non-doms that they think this might be applied retrospectively. I know this is not the intention, but HMRC needs to urgently provide clarity on this, because non-doms are being advised that they should leave, and I know that is not what anyone wants.

Secondly, the temporary reparation facility is a measure designed to give people a reduced rate of 12% to 15% on any assets they transfer into the UK for a period of three years. Again, this clearly seeks to encourage non-doms to bring those assets into the UK, to the wealth and benefit of the country. Unfortunately, again, tax advisers are highlighting the risk that, in future, HMRC or the courts might reclassify this as a tax avoidance scheme. Again, I know that is not the intent here, but unfortunately that is what tax advisers are currently advising and there is a real danger from that that high net worth non-doms will be put off and, again, will decide to leave as a result.

I know that neither of those things is the intention of the Government, so I urge them to urgently put out guidance to spell out that this is not a risk, otherwise—although, as I say, I know this is not the intent—it is likely to happen. I offer these points, hopefully in the spirit of helpfulness, and I hope the Minister will provide the necessary assurances as quickly as possible to make sure that this does not happen.

6.36 pm

Lord Hain (Lab): My Lords, I too congratulate my new noble friend Lady Caine on her excellent speech, which suggests that her husband was lucky to catch her, not the other way round.

The Conservatives have been parroting the preposterous claim that last July they bequeathed our Labour Government a fast-growing, resilient economy, despite their 14 disastrous years in government, seeing abysmally low, slow economic growth; falling productivity; falling real living standards for the first time since the 1950s; UK investment as a share of GDP the lowest in the G7 between 2010 and 2022; key public services savaged by austerity; and a cavalier indifference to rising inequality and to communities collapsed by deindustrialisation.

The shockingly poor performance of the UK economy in the 14 years after the 2008 financial crisis, almost all under the Tories, stands in marked contrast to the success of the 14 years before the global financial crisis, almost all under Labour. Tory austerity was worse than in any of the advanced economies, and over 80% of cuts were to public service budgets, equivalent to £180 billion in today's terms, which is more than we spend on health and social care in England. It is why NHS waiting lists are so long, why GP appointments are so difficult to get, why our prisons are full to overcrowding and so on.

The Tories' addiction to public spending cuts was driven by a misplaced faith in neoliberalism, an obsession with cutting the size of the state, reducing the role of government in running the economy or in promoting

the common good, relying instead on free market forces and rewarding winners, slashing top rates of income tax on the fortunate few while more than doubling the standard rate of VAT paid by the many.

However, the election of Donald Trump has transformed everything. As well as facing the biggest military threat to peace in Europe since the Cold War—and without, it seems, US backing—we are now in the opening stages of a trade war that could cause a global slide into slump. In the face of huge global security threats and geopolitical turmoil, Germany has dramatically changed its fiscal rules and committed to radically higher defence spending, paid for by increased borrowing along with a €500 billion 10-year fund to boost infrastructure investment. EU leaders have recently pledged €800 billion extra to radically increase military spending by allowing member states to take out loans and increase national debt without incurring the usual penalties under the bloc's strict fiscal rules.

Our UK Government are rightly also increasing defence spending, albeit financed by a humongous cut in overseas aid. But nobody seriously thinks we can leave it at that, nor that we can cut front-line services such as health, education or policing. We must therefore make sure that extra defence spending delivers faster domestic growth too, so that a bigger GDP funds our other pressing priorities.

The financial markets will have to grasp why today's new security threats warrant increased defence spending financed by extra borrowing, as all our European partners are doing. Our Labour Government's duty, together with our partners, is to do whatever it takes to make Britain and Europe safe again. If that means modifying our fiscal rules for these exceptional and exceptionally dangerous times, that is what we have to do. If we had not done something like this in the Second World War, Hitler would have won. Britain rearmed in 1938 by raising defence spending to £400 million, of which £272 million was financed from taxation and £128 million by extra borrowing under the Defence Loans Act 1937.

Extra borrowing for defence purposes only could be made possible by issuing special purpose financial vehicles such as defence bonds up to set limits, as some of our European allies already have in mind. The key will be a steady expansion of defence procurement, not a sudden splurge which could benefit US defence contractors but leave British suppliers out in the cold. I very much hope that the Chancellor will break free from Treasury orthodoxy and do this.

6.41 pm

Lord Leigh of Hurley (Con): My Lords, I am really pleased to have a chance to make a short contribution to this debate on the Finance Bill and to congratulate the noble Baroness, Lady Caine of Kentish Town, on her most eloquent and enjoyable maiden speech.

I have been the chairman of the Finance Bill Sub-Committee of the Economic Affairs Committee of your Lordships' House but we have not been invited to sit this year, which is a polite way of saying that we feel we have been discarded unceremoniously. I am really sorry that we have not been invited to prepare a report on the Finance Bill in the normal way. If we had, one of the areas I would have liked us to look at in depth is the OECD pillar 2 in the Finance Bill. As the Minister will recall, I have raised pillar 1 and pillar 2 a number of times in this House and in fact first raised them in 2013.

We are all pleased to see progress in this Finance Bill in Clause 19 and Schedule 4, building on the work of previous Conservative Administrations. It is disappointing to see that in respect of pillar 1, the digital services tax raised only £678 million in 2023-24. Does the Minister agree that this is too low? As the noble Baroness, Lady Neville-Rolfe, has mentioned, if the Government are keen to raise revenue, enhancing DST would be supported by many in both Houses, so it would be interesting to know what he might be thinking about that.

However, I accept that we are of course now worried by President Trump's views on pillars 1 and 2. As the Treasury plans to raise some £2.8 billion from pillar 2, it would be interesting to know what plans the Government have to protect this figure given that Trump has said a list of protective measures will be drawn up by the United States.

I remind the House of my membership of the Chartered Institute of Taxation—one of the dreaded tax advisers that the noble Lord, Lord Markham, spoke about—and I am sure Ministers are aware of its observations on the transitional safe harbour routes. It called the top-up taxes of pillar 2 "complicated and burdensome", so will there be further clarity on these rules? It would be good to hear that.

As the noble Lord, Lord Markham, mentioned, the changes to tax of people formerly called non-doms have, unfortunately, proven to be a bit of a disaster. The temporary repatriation facility will have no material effect and in 2024, on a net basis, more than 10,000 millionaires left the UK, more than double the 2023 figure. That equates to over 500,000 average taxpayers, as each of them would have paid at least £400,000 in income tax alone last year.

A survey by Oxford Economics estimates that two-thirds of those remaining are thinking of leaving simply due to the tax changes and even the OBR estimates that 15% to 25% of the remaining non-doms may well leave. I cannot believe that the Chancellor's estimates of raising £13 billion over five years from such people is right; in fact, it has been calculated that it will cost £1 billion, not make £13 billion. Has the Minister had a chance to revise the £13 billion in view of the hard fact that people are leaving the UK in much greater numbers than anticipated? The Minister may now be aware of serious concerns about deficiencies in the legislation regarding so-called double remittances. This needs to be urgently addressed in future Finance Bills.

It seems appropriate to mention national insurance, particularly given PMQs earlier today, where I think the Prime Minister was embarrassed to have to admit that the amendment that we tabled in respect of hospices had not been accepted in this House and has gone to the other place.

I am grateful to the Minister for once again mentioning the £22 billion. He mentioned "line by line". He mentioned the OBR's £9 billion, although he did not mention the £13 billion that no one can find. I cannot find one economic commentator who agrees with the Government,

[LORD LEIGH OF HURLEY]
and he makes no mention of the underprovisions that always exist every year, which have been ignored by this Government.

Much of the "black hole" has been created by the Government folding to their bosses in the unions and paying public sector wages with no productivity gains, which is a disaster if you want growth as the NHS is included in the growth statistics. Once again, we have to question those claims. Indeed, on statements of economic competence, the last Labour Administration left government with the financial crisis and, of course, left a note apologising that there was no money left in the kitty. Let us not forget that.

So, as a result, private businesses are going to suffer now as resources are sucked out of them unnecessarily. The first few months of the new Government have been a disaster fiscally, with the unfortunate announcement on the winter fuel payment, the virtual riots on the streets by our farmers—normally the backbone of our society—and charities, social care homes and even hospices openly hostile to the Government.

Let us try to create a better environment for fiscal changes. It is clear that the Treasury has persuaded Ministers to apply taxes which previous Chancellors have wisely resisted. I hope they learn from this and chose to consult more widely before the imposition of new taxes.

6.46 pm

Baroness Penn (Con): My Lord, I too welcome the noble Baroness, Lady Caine of Kentish Town, who clearly brings a wealth of experience to the House. It is always somewhat strange debating a Finance Bill at this end. We cannot amend it; we do not have much time to make our contributions, and it is five months after the measures were first announced in the Budget and a week ahead of the spring forecast, which will provide us with our next update on the state of the public finances. In October, the Chancellor assured people that the spring forecast would not be a fiscal event, and I think everyone would appreciate it if the Minister could repeat that commitment today.

Perhaps in that context it is little wonder that these debates can range more widely than the contents of the Bill, but I shall try to reward the Minister's hard work in preparing for the debate by focusing on four measures that are related to the Bill—one for each of my remaining minutes.

The first is the changes to stamp duty, which were touched on by several noble Lords, where the additional relief for first-time buyers has been removed and an additional surcharge for second homes increased. Stamp duty is a terrible tax economically speaking but I understand the temptation to increase it. It was our Government who first introduced an additional rate for second home owners. However, the IFS has said that the measures in the Budget will result in even more unaffordable rents, which is the opposite of what our housing market needs. Does the Government's assessment of the impact of the stamp duty changes agree with that of the IFS that it will lead to higher rents?

The second measure I want to touch on are the changes to the energy profits levy. What assessment have the Government made of the impact of these changes on investment and jobs in the industry and have they made any assessment of the impact on consumers from lower production? More broadly, what is the cost in forgone revenue of the decision to grant no further North Sea licences? Have the Government made an assessment of the emissions impact of importing more gas to meet our domestic needs as we transition towards low-carbon power?

The third measure is the welcome extension of agricultural property relief to land management schemes, thereby supporting the success of those schemes, as noted by my noble friend Lady Coffey. Of course, that is against the background of the wider concerns about the impact of restricting APR and BPR, announced in the Budget but legislated for elsewhere.

To really understand the impact of these measures, it is important that we understand how much revenue the change to each relief is expected to generate. I asked the Minister this in January, but I think he misheard the question, so I will ask again in the hope of getting a response. Can the Government provide separate estimates for the revenue generated by the changes to APR and the changes to BPR?

Fourthly and finally, the Finance Bill sets unchanged income tax rates and thresholds in England and Northern Ireland for the 2025-26 financial year. At the time of the Budget, the Chancellor said this:

> "Having considered the issue closely, I have come to the conclusion that extending the threshold freeze would hurt working people ... I am keeping every single promise on tax that I made in our manifesto, so there will be no extension of the freeze … beyond the decisions made by the previous Government".—[*Official Report*, Commons, 30/10/24; col. 821.]

Will the Minister repeat the Chancellor's pledge today? At PMQs, the Prime Minister failed to do so, so perhaps the Minister can do the Prime Minister's job for him in this debate.

6.51 pm

Lord Davies of Brixton (Lab): My Lords, I welcome the opportunity to contribute to this debate on the Finance Bill, particularly as it is the first such Bill from our new Government. I disagree with the noble Baroness, Lady Penn, about the usefulness of the debate; I have found it an ideal opportunity to raise issues. We have the ear of the Minister, who is sitting here and listening to every word we say. In practice, we could raise any issue we like; the breadth of the Finance Bill is such that we are not restricted to narrow topics. The ability to take part in this debate, albeit with a short period, I think is valuable.

The good news is that there is very little in the Bill about pensions, although this is the calm before the storm. We have the pensions Bill coming up and, presumably, in next year's Finance Bill, there will be inheritance tax on unused pensions—perhaps the Minister could confirm that.

Three clauses in the Bill deal with pensions. The only material change is in Clause 34, which tells us that administrators now have to be resident in the UK. I am a bit surprised that that was not already the case, but can the Minister give us clue as to the ideas that lay behind that decision, because there is very little in the Explanatory Notes?

The main issue I want to raise, in the little time left to me, is the impact on recipients of the state pension of the decision to continue the freeze on income tax personal allowances until 2029, as the previous speaker mentioned. Successive Governments have decided to freeze the personal allowance. It is clearly a good way of surreptitiously increasing the tax burden without touching the standard rate. My main point is that we are storing up a problem for the future with frozen personal allowances, albeit up to 2028-29—I really should not believe rumours, but there are some rumours that maybe that would not be stuck to following the Statement that we expect next week, because it is a way of meeting the fiscal requirements. I ask the Minister: are the Government sticking to the decision to increase personal allowances at the end of the current freeze period?

The problem that I wish to highlight and bring to the attention of the Minister is the impact of frozen personal allowances, albeit up to 2029, coupled with a state pension most of which, for people on low incomes, is covered by the triple lock, so you have the frozen personal allowance and the state pension increasing faster than inflation. Using figures from the OBR, I calculate that the impact will be that by 2027-28 the new state pension will be greater than the personal allowance. I think pensioners should pay tax like everyone else, but the problem is that the state pension is not included within the PAYE system. As soon as the income of people on low incomes who depend mainly on the state pension passes the personal allowance, there will be a big political consequence. There will be no way to collect that tax from many low-income pensioners without sending them a brown envelope saying, "You've got to pay some money because you haven't paid enough". The political downside of that I urge my noble friend to appreciate.

For example, let us take someone on £15,000 a year: that is hardly a high income, but it is roughly £2,000 more than the personal allowance. They will be liable for 20% tax on £2,000, which is £400. As they are not part of the PAYE system, they will get that demand for £400 in a brown envelope at the beginning of the next fiscal year. That sounds like a political calamity to me, and I hope my noble friend will be seized of the importance of doing something to avoid this problem.

6.56 pm

Lord Moynihan (Con): My Lords, not wholly surprisingly, I will speak to the impact that this Bill, and the Budget which preceded it, will have on investment in sport and physical activity. I regard this as part of the creative industries of which the noble Baroness, Lady Caine, spoke so eloquently in her maiden speech, not least because the creativity part of sport is the original creation of the sport itself.

From my experience as a former Minister for Sport and chair of the British Olympic Association for the London 2012 Games, I warmly welcome confirmation from the Government that an extra £9 million a year will support athletes ahead of the LA Olympic and Paralympic Games. It is an increase of 10% on the current settlement, which now means a total investment of £344 million over the cycle. This is welcome news, but not surprisingly, I do not believe it goes far enough, because some proposals in the Bill could wipe out the benefits I have just mentioned. The first is the decision set out in Clause 47 to apply VAT to the independent schools sector. The cost savings urged by government on independent schools to pay for the heavy tax increases, set out by my noble friend Lady Neville-Rolfe, are predicted to have a serious impact on the dual use of their excellent sports facilities by local communities. There is also the loss of sports scholarships and bursaries, which will impact opportunities for talented young people from a wide range of backgrounds.

To demonstrate the scale of this support, I drew the attention of the House yesterday to the 14 athletes on Team GB who came from Millfield School and participated in the Paris Olympics. Thirteen of those 14 came through its means-tested financial support mechanism. Those athletes brought home seven Olympic medals and one Paralympic medal—four gold, three silver and one bronze—yet now, sadly, support of this scale across the independent sector is under threat. At the Paris Olympics in 2024, 33% of Team GB's medallists attended independent schools, yet just 7% of our pupils go to these schools. This demonstrates again how, through sports bursaries and scholarships, the independent sector has become a cornerstone of the sporting success of which we are so proud and yet is now at risk.

Sadly, the loss of sporting opportunity in the independent sector is not made up by investment in the maintained sector nor in the wider public sector, although Clause 79, referring to the soft drinks industry levy, may help, despite my noble friend Lady Coffey's strictures. In that context, I ask the Minister to confirm that the increased revenues from the SDIL will, as now, be ring-fenced to fund the PE and sports premium for primary schools. That would be very important, and I would welcome it if the Minister could confirm that when he comes to wind up.

The harsh reality is that we are losing public sector sports and recreation facilities at an alarming rate. This is not a party-political point: 710 local football pitches have been sold since 2010 and ukactive estimates that 400 gyms, pools and leisure centres have already been lost, with a further 2,400 at risk without support. In 2021, Swim England estimated that 1,868 of the 4,336 public pools in England could be forced to close by 2030. State schools continue to sell off their playing fields. As a result, Britain's prohibitively high levels of childhood obesity are rising and low physical activity levels cost our economy £7.4 billion a year. Surely we can all agree that it is vital we protect the places where local communities can be active.

The top of the sports pyramid continues to do well and is supported by the Budget. Our best continue to perform brilliantly across the world, but the heart and base of the pyramid are fracturing. We have old and out-of-date sports facilities; we have poor participation rates; we face growing levels of obesity. We are becoming a second-tier nation with poor and ageing sports facilities, while failing to support our sport and recreation policies.

I believe that the Government recognise the challenge and, for my part, there should be all-party support for Ministers if it is openly addressed. In the meantime, despite the Bill's and the Budget's focus on revitalising

[LORD MOYNIHAN]
the NHS and other public services, there remains a notable absence of the role that sport, recreation and physical activity can play in tackling the nation's key policy priorities—and that needs to be addressed.

7.01 pm

Baroness Lawlor (Con): My Lords, I welcome the noble Baroness, Lady Caine of Kentish Town, to the Benches and look forward to her many contributions in this House. I am grateful to the Minister for setting out the Government's aims in the Bill and would like to comment on the overall direction of travel, which we see before us, in terms of the Government's aim of achieving economic growth.

This aim of growth is indeed laudable but the measures anticipated in this Finance Bill, along with measures proposed elsewhere, are not the way to promote it. Rather, the evidence is that raising tax, higher borrowing and increased public spending as a proportion of GDP hinder rather than help growth. Here, we have all three. Higher tax of almost £40 billion each year in this Parliament will take money out of the productive entrepreneurial economy. The increase in capital gains tax, both its higher and lower rates, in the energy profits levy for oil and gas firms—up to 38%—in stamp duty on second homes, and in changes to non-doms come on top of the payroll taxes in the employers' NICs Bill: £25 billion per annum is levied on businesses by lowering the threshold at which employers start paying NICs and increasing the level to 15%.

The consequences have already been felt. Unemployment went up in the last quarter of 2024 by 213,000 people to reach 4.4%, up from 3.9% the previous year. Entrepreneurs and businesspeople are fleeing the UK with their assets; my noble friends Lady Neville-Rolfe and Lord Leigh of Hurley have both referred to this. I echo his question about the taxes forgone and the costs. Have any revisions been made to what this is supposed to yield?

The impact of higher tax on business and individuals has its mirror in the charitable and educational sector, to which noble Lords on this side of the House have already referred. Under the Bill, VAT will be levied on independent schools, including those which educate children with special needs. Early reports have confirmed that they are cutting staff numbers. They are also reducing the number of bursaries and the range of subjects taught. Pay and pensions are being cut, as well as jobs, and I am afraid that school closures have already been announced—we have had nine announced so far this year.

Overall economic growth is now down on expectations. For 2025, we are looking at 0.9% and next year at 1.4%, instead of the rather dismal 1.5%. The state and the public sector are growing, in terms of cost and numbers. The increase in the size of the state has to be paid for by taxing the productive and innovative private sector, and higher borrowing is costing £32 billion a year. At the time of the Budget, the public sector had increased by 28,000 people between July and October. This is the only growth we see from the measures being taken by the Government.

There is another, more sinister side to what this Bill and its policies imply: that the Government have declared war on the private sector; that they want to impose penalties on those who succeed, while referring euphemistically to broad shoulders. The truth is that by penalising the private sector in this way, the Government are penalising the whole economy. Despite its apparent move to the right—I welcome the cuts to quangos such as NHS England—Labour still appears to see the world in terms of class division: employers versus employees and haves versus have-nots, but this is myopic.

The victims of this Bill are the whole of society: the jobless with no job on offer and none in the offing, the employee with pay frozen and the child whose school closes. To judge by this Bill, we are looking at a revolutionary Government. They threaten to devour not just Britain's wealth but the freedoms of its people and the settled ways in which they have ordered their society, the fruit of their efforts over centuries, paid for by their work, shaped under the laws they have ordained, and for which people from all political sides have come together to enable a state which knew its place.

7.07 pm

Lord Sikka (Lab): My Lords, I welcome my noble friend Lady Caine of Kentish Town to the House and look forward to hearing more from her.

The key point is that Governments cannot rejuvenate the economy or reduce the welfare bill without increasing the purchasing power of the bottom 50% of the population. Some 16 million people live below the poverty line and their lack of purchasing power has turned many town centres into economic deserts. The Chancellor must improve their purchasing power, but this Bill does not do that.

The Bill continues the Tory freeze of income tax personal allowances. Consequently, more people are trapped into real tax rises. In 2024-25—that is, this year—37.4 million individuals are paying income tax, compared with 30.6 million in 2010. This year, 8.5 million pensioners are paying income tax, compared with 5.69 million in 2010. The erosion of poor households' disposable income is compounded by continuing the Tory two-child benefit cap and deepened by the removal of winter fuel payments from pensioners below the poverty line.

This Bill misses the chance to reduce taxes on the poorest. This year—that is, 2025—the richest fifth will pay 30% of gross household income in direct taxes, compared with 16% paid by the poorest fifth. The richest fifth will pay only 11% of their disposable income in indirect taxes compared with the poorest fifth, who will pay 27%. Altogether, the poorest will pay a higher proportion of their income in taxes, and that is damaging society. Whatever happened to this thing called progressive taxation?

The Chancellor could have abolished VAT on domestic fuel and cut the standard rate of VAT to help the poorest, but she did not do that. To appease private equity, the Government did not impose the promised 45% tax rate on private equity managers and made late amendments to the Bill. Who hears the cries of the less well off? They too are crying for concessions.

The Bill does little to address tax inequities, and I have time to give just a couple of examples. The Government are continuing with the anti-worker policies: capital gains and dividends are taxed at a lower rate than wages, and recipients of capital gains and dividends

do not pay any national insurance, even though they use the social infrastructure. By aligning taxation of dividends and capital gains with wages, the Government could raise billions—some estimates suggest at least £15 billion a year. Can the Minister explain why labour is taxed at a higher rate than the return on investment of wealth?

Accountants, lawyers and private equity managers operate through limited liability partnerships. This enables them to dodge national insurance contributions. Partners of LLPs derive most of their income from one source but are treated as self-employed for national insurance purposes. They pay only class 4 national insurance rates but avoid employers' national insurance contributions. This perk alone saves the partners around £138,000 for every £1 million of profit shared. Partners of just four big law firms benefit from this gift by around £4 billion a year. Add to this the profits shared by partners of other law, accountancy, architecture, surveying and other firms and one can see that the Government could collect billions simply by attacking this anomaly.

Can the Minister explain why such anomalies have not been eradicated? Is it really fair that our lower-paid workers pay national insurance but some of the richest do not? To remind the Minister, it is easier to eradicate tax anomalies than punish the disabled with benefit cuts. The Government must improve the economic well-being of the bottom 50% of the population or there is a risk that they will be only a one-term Government.

7.12 pm

Lord Fuller (Con): My Lords, I want to reflect for a moment on the impossibility of achieving the economic growth our country needs when the family-owned businesses, which are some of our most innovative, entrepreneurial and successful enterprises, will be hobbled. The changes to business property relief announced in the Budget place a material uncertainty over the future of family-owned enterprises; as a result, the growth ambitions of the Government and our nation will be damaged.

I should declare an interest. I have managed to make a career in a number of family businesses, and, in some way, it is my role to speak for them in this place. I know there is no such thing as unearned income when someone puts the whole of their family's wealth on the line to provide good jobs and secure careers for those who work alongside them. Family businesses have an eye to the long-term thinking that builds generational wealth in our islands. They spend money locally, and they enjoy the services of local employees for decades. Those sorts of businesses comprise nearly 90% of all firms in our nation. They employ 14 million people—51% of all private sector employment—and represent the spirit of enterprise and aspiration that we see in the trading estates that surround every market town. These are the people who pay their taxes on honest profits.

McKinsey tells us that family businesses

"focus on purpose beyond profits",

with

"a long-term view and emphasis on reinvesting in the business",

combined with

"a conservative and cautious stance on finances".

That resonates with me. My grandfather, an Olympic sprinter, told me that nothing less than running 110 yards to everybody else's 100 would do in our family business. I have combined his hunger for business with my strong work ethic to stand beside loyal friends who have worked alongside our shareholder families for over 40 years. Nothing has pleased me recently more than the son of one of our long-term employees, Curtis, joining us in business.

Tim Rix, of the Rix Group in Hull and Montrose, tells us in the *Times* how the chilling effect of the changes in business property relief has already caused him to stop doing deals, trim back on investment and shelve staff growth. I know Tim's business well; his family has built it up over six generations. It is a shining example of what patient capital can achieve. But he warns that enterprises crafted over generations can be easily dispersed and lost. Labour's Budget plans carelessly and recklessly place businesses like his in danger.

For a Government apparently fixated on growth since the Chancellor's damascene conversion at a car factory in Oxford in January, it is odd that they imperil growth in this way. The effect of the BPR plans is to starve businesses of working capital—the lifeblood of next year's profits and corporation tax receipts—while at the same time put an arbitrary £80,000-a year aspiration cap on profit, because that is the level at which the EBITDA multiplier gets you to a £1 million valuation. It will see diverting cash to less productive uses—unless you are in the life insurance business—and damage incentives to grow and innovate. It amounts to an asset-stripping of that part of the economy with the greatest growth potential.

Most businesses are not rich in cash terms. In my own, we reinvest all our money into growing that business. These plans will result in a pivot away from profit. They will drive new core activities to offset future tax liabilities and the preparation of different succession plans. In many cases, these will involve selling assets, diverting investment, cutting hiring or, terribly, doing something completely different entirely.

It all exposes how Labour fundamentally misunderstands how business works, whether through the effect on VAT in schools hollowing out rural market towns, stifling innovation by restricting APR relief to schemes run by the Government and not by others, and killing off the country pub. At its heart, we see that Labour does not understand the relationship between profit and loss and the balance sheet, and between revenue and capital, and that today's working capital drives tomorrow's profits. To Labour it is just money and, "We'll have that".

History will show that the plans laid out in the Budget will slowly start to strangle private businesses and instead show a preference for large, debt-fuelled corporations that reshore profit and taxes elsewhere. It is generational investment, long-term thinking and, yes, business property relief, that have helped private business make Britain the world's sixth-largest economy in GDP terms. BPR is not a loophole, it is a feature. Britain is already poorer as a result of this Budget, but damaging the bedrock of family businesses will impoverish us even further by killing the geese that lay the golden eggs.

7.17 pm

Baroness Kramer (LD): My Lords, from these Benches I welcome the noble Baroness, Lady Caine of Kentish Town. We thoroughly enjoyed her very warm speech. She brings an expertise not only in a key industry but in skills development, and boy, do we need that.

The Finance Bill, in so many ways, feels like old news, but it is relevant and many of its features will go into effect in the next few weeks. We on these Benches approached our response to this Bill with an understanding of the difficult fiscal position Labour inherited from the Tories. Consequently, we have not objected to replacement of the non-dom regime—though we think it could have used much better and proper consultation—and we have accepted the increase in capital gains tax and the rise in the energy profits levy. We would have also closed existing loopholes in the capital gains tax regime and backdated the increase in the energy levy, as outlined in our general election manifesto.

However, we absolutely cannot support a tax on education through the introduction of VAT on independent school fees. Our concerns lie particularly with the thousands and thousands of families with SEN children who do not have an education, health and care plan and who have turned to independent schools because they cannot find available state provision. In some cases, this is because the EHCP assessment process is so long, onerous and costly, but it is also because the hurdle for an EHCP is so high that many children fail to get the early help they need to prevent them falling behind unless they switch to the private sector, and now the VAT costs will further penalise those families.

We are also worried about the impact of the increase in alcohol duty, particularly on the whisky and wine industries and the knock-on to the hospitality sector, which already faces so many stresses and new costs—not least the increase in employers' NICs. I do not understand the Government's resistance to at least doing an impact evaluation on this sector and all the many ways in which it has been hit post Budget. The hospitality sector and the high street could be so much helped by a proper reform of business rates; we are dismayed by the delay in that process and call for something much more drastic that would make a fundamental difference—a commercial landowner levy.

I pivot to an issue raised primarily by the noble Lord, Lord Leigh of Hurley, on which I would go farther than he did. Clause 19 and Schedule 4 bring into UK law the undertaxed profits rule, pillar 2 of the OECD's project to counter the use of artificial arrangements by large multinationals to shift profits away from the country where they should rightly be taxed to a jurisdiction where tax is low or non-existent. This is known as base erosion and profit shifting, or BEPS, and the biggest culprits, as we all know, are the mega US tech companies. This is a crucial piece of international law which, when implemented, would mean that the UK can charge a top-up tax where BEPS is demonstrated. This would replace the UK's current 2% digital tax, which, as the noble Lord said, raises the pathetic amount of something like £600 million a year, according to the Treasury.

It shocked me—I am not sure whether the noble Lord, Lord Leigh, noticed this, because it slipped by most of us—that on 17 January the PRA and the Treasury announced that they would delay beginning the implementation of this undertaxed profits rule until 2027; it had already been postponed once to 2026. This is even though the anticipated tax revenue is more than £2 billion a year; the noble Lord cited the updated figure of £2.8 billion a year. The reason the Government gave was that:

> "This allows … time for greater clarity to emerge about plans for its implementation in the United States".

Even more significantly, the PRA has paused until further notice its firm data collection exercise, which is a vital step in bringing us to a point where we could support the implementation of this rule. In effect, the PRA and the Treasury might just as well have written that they will close their eyes to tax avoidance by the US mega tech companies because they are afraid to annoy President Trump and Elon Musk. Will the Minister explain to me why—at a time when we are looking at cuts in benefits to disabled people, there is pressure on the public sector in every direction and we have to increase defence—we will make a £2.8 billion annual gift to tax avoiders when these other measures are necessary?

The UK's economic numbers are not in a happy place, as many have noticed. GDP declined in January and the drop in construction is particularly worrying. The Government seem to be tackling the problem with answers that in some ways are too simplistic, and I do not hear them being challenged much on it. Diverting pension money into illiquid, high-risk investments may sound like an excellent strategy, but it is utterly unconvincing until we get safeguarding for small pots. Not a word has been said on that issue.

Updated public/private partnerships can work to bring in private money, particularly for infrastructure investment, but only under limited and highly controlled circumstances. I had to sit and watch from the board of TfL the last Labour Government enter into a completely insane public/private partnership for the London Underground. It was the flagship PPI arrangement, but predictably collapsed at a cost to the taxpayer and the London fare payer of many billions of pounds. At TfL I was told the loss was £11 billion; the latest reports now estimate it at closer to £20 billion. There are limited circumstances in which this engagement can be used; it has to be done with a very open-eyed and carefully crafted set of rules. I beg the Government not to be naive in the way they were a decade ago.

I accept that the international backdrop of live wars and trade wars would be a challenge to any Government, but in these circumstances we need to know who our real friends are and stand with them. On this theme, I urge the Government not to be naive in dealing with the United States. The UK steel industry is the first UK casualty to the Americans, but it will not be the last. Any trade deal on offer by Trump will be one-sided. If it is not, the Americans will simply renege when it suits them, as they have with Canada and Mexico. That should be a salutary lesson. Getting closer to Europe and into the customs union should be plan A, not plan B or C. That strategy alone would seriously strengthen our hand with the Trump Administration.

7.26 pm

Lord Altrincham (Con): I thank the Minister for listening so carefully to this debate and welcome the noble Baroness, Lady Caine. I was so pleased that she talked about politics at the table; it is a privilege for us that she has joined this House, and we look forward to hearing from her in future.

As the noble Baroness, Lady Penn, pointed out, we are looking at a Bill from a little while back. It went in the oven more than four months ago and comes to us like a slow-roast goose. Just before it went in, the OBR was allowed to have a look and, if noble Lords remember, was rather unkind. Very soon afterwards, public market investors took a look, sold off UK gilts—the 10-year gilt has not come back to the previous level—and said they did not want to see another goose any time soon. We already know what the public markets thought about this Finance Bill at the time. It is a reminder to us, with the perspective of time, of how important fiscal policy is and how impactful a Budget can be for jobs, investment and prices. This Budget will be remembered primarily for allowing, and partly driving, a degree of unemployment through policy. It will be remembered for its impact on jobs, for slowing private sector investment and for allowing a degree of tax migration, as raised by the noble Lord, Lord Leigh.

On jobs, the Government like to talk about growth—we all want to—but unemployment among young people is moving up sharply. There are 640,000 unemployed people under 24; that is the age group in which many are in education, but that number is approaching the cohort size of the age group. Their cohort sizes are smaller than ours were when we were young. There are at least 750,000 unemployed people under 28 and the unemployment rate for under-28s is in the mid-teens at the moment. It is going up sharply and has been doing so months ahead of this national insurance change.

The noble Lord, Lord Eatwell, always helpfully updates us in these Treasury debates with a little macroeconomic insight and reminds us that there might be public or fiscal demand and a stimulus in the economy. That might be true, but it is not particularly helpful for an unemployed 24 year-old and is not coming through any time soon. It is the Keynesian thing about imagining aggregate demand, the long-term future and what might happen on a macro level. It will not help unemployed young people today. It will not help an unemployed economics graduate, who might be rather disappointed with their status.

Thinking about employment, the only source of new growth is going to be from the private sector. The problem here is that the private sector is going to need the economy to be taxed a little less than it is currently. We have the tax to GDP ratio going through 38% to now 39%. This level of taxation on the economy may be the level where the tax yield can go no higher. We may already be at the limit of yield—not of tax rates or levels, but of the actual yield, the amount of money that the Government can take out of the economy, at this current time. The reason why that is so sensitive is that the tax system is very concentrated. We have 2 million to 3 million people in the country paying the large majority of all taxation—not just of income tax but of all tax—and the concentration is close to being around 2 million people. So migrations out of the country of higher rate taxpayers in the tens of thousands could be very dilutive to our tax base, which is why the comments of my noble friend Lord Leigh about non-doms really matter.

We asked the Minister a few weeks back if the Treasury had numbers on departures of wealthy people, and the reply was that it did not, because HMRC does not collect the data. That is a real shame, because we have had a problem with population forecasting in the UK. One of the reasons why the Government have had to recognise a higher population—another million people who need public services—is that there was an underestimate of the number of people in the UK. Now, we might be misestimating the population because of population movement out. It is very important that the Government have a good grip on this, and I wonder whether the Minister could comment on that.

On non-doms, the focus of the Government's discussion has been on foreigners and their position in the UK, and my noble friend Lord Leigh asked some good questions about that, in particular whether the yield from non-doms of £13 billion over the next five years will be achieved. It seems most unlikely, but it would be helpful to have an update on that. Much more sensitive, and not commonly talked about, is the movement of doms, of UK taxpayers moving out of the UK. They are not non-doms, they are Brits, and they may also be moving in the tens of thousands. They are not in this same topic, so we need to get a grip of what is happening here.

For example, in the Budget, they moved the inheritance tax rules to a residency basis. The issue with being UK domiciled—which we all are in this Chamber—is that inheritance tax goes with domicile, so that, even if you leave the UK, you would still be subject to inheritance tax. Everything has been moved onto a residency basis, meaning that everybody in this Chamber, and everybody in the UK, who might choose to no longer be resident, would no longer be subject to inheritance tax. It creates a tremendous incentive for certain types of wealthy people to leave the UK. Would the Minister comment on this adjustment, and to what extent the Treasury has looked at what might happen to inheritance tax? As an aside, it is relevant to an issue that came up in the elections Bill a couple of years ago. We extended the franchise out for years and years, but part of the reason for that was that people were still subject to UK taxes. Now, we have brought the tax horizon right in. It is only at about six years, at the non-res limits, when people can leave the country.

Looking at investment and the private sector, my noble friend Lady Neville-Rolfe talked about the importance of investment in the energy sector. The Budget took another look at North Sea oil in the energy profits levy, and the Government's position seems to be somewhat fluctuating. It would be helpful to get a comment from the Minister on where he thinks this is going. It is a fraught area of public policy and everybody can see that energy policy and dependence, or non-dependence, on oil is a difficult area. Whether or not the levy is useful in increasing taxation from North Sea oil, the shutdown process is now far advanced. That is important, because this Budget may have been

[Lord Altrincham]
the last time when the Government could moderate the shutdown of North Sea oil, in case policy was to change. A future Government, even this Government, might pause before shutting down North Sea oil, which still produces a million barrels a day of crude.

The shutdown is extremely bad news for the public exchequer, so when we accelerate the shutdown, we bring the decommissioning costs much closer. These are in the tens of billions, so it is not just that North Sea oil still employs tens of thousands of people in the country today, it is that decommissioning costs are very real. Perhaps the Minister could comment on expectations of the timetable for the shutdown, and whether decommissioning is coming sooner, or can be mitigated in any way? This is the issue of the full removal of all the oil rigs and the restoration of the seabed.

More broadly, the Finance Bill may have been a missed opportunity to improve the investment incentives into the UK economy. As mentioned by my noble friend Lady Coffey, there is also the importance of whether we could moderate stamp duty and taxes for the trading of small company shares, improve the allocation of DC pension funds into the UK—that is the issue of whether they are obliged to hold only public stocks—and accelerate the Solvency II changeover for insurance companies invested in the UK. I am sure that all of these will be dealt with by the Government in due course, but, to the extent that the Minister can make any comments on allocating or incentivising domestic investment, that would be helpful. It is important at the moment, because investment in the UK is going through a moribund period and some level of government support and encouragement is important.

The noble Lord, Lord Hain, made an interesting comment about war bonds. There is another entity that needs investment, which is His Majesty's Government. We might think, in a benign financing period, that His Majesty's Government would always be able to raise debt. Other countries incentivise their citizens to hold government stock: Italy and Japan do. We might think creatively—it would be interesting if the Minister could comment on this—about whether we could incentivise British citizens to hold gilts. At the moment, our citizens are holding more than £1 trillion in cash. It is mostly in bank deposits, but also in other forms of savings. It is a meaningful amount of money that could be moved, somewhat, into government stock, and stabilise our own funding needs, which may be very challenged in the future because there is so much issuance coming from the United States and elsewhere. So we should at least think about how we might attract our own savers towards our own Government's needs. Would the Minister comment on that?

Finally, I will say that the Budget is created within the constraints that the Government set themselves and are well publicised. But, in reality, the Budget comes within a financing envelope that is very constrained for the Government. Their room for manoeuvre is constrained. At the perspective of four months since the Finance Bill came out, now that we have had a little time to see this Budget, we can see that the Government went towards the edge of that envelope, and the economic consequences of going to the edge are, in a sense, all around us.

7.38 pm

Lord Livermore (Lab): My Lords, it is a pleasure to close this Second Reading debate on the Finance Bill. I am grateful to all noble Lords for their contributions and questions. I join others in warmly congratulating my noble friend Lady Caine of Kentish Town on her fascinating maiden speech. My noble friend brings a wealth of experience to your Lordships' House, particularly in the creative industries that she spoke about with great expertise today. I am very pleased that she chose the table that she did and I very much look forward to working with her, and to her further contributions in debates such as this.

Upon taking office, this Government inherited three distinct crises: a crisis in the public finances; a crisis in our public services; and a crisis in the cost of living. As my noble friend Lord Eatwell said, that included a £22 billion black hole in the public finances, public services at breaking point, with NHS waiting lists at record levels, and working people suffering the worst cost of living crisis in a generation, inflation having reached over 11%. Faced with this reality, any responsible Government would have needed to act. That is why we took action in the Budget to wipe the slate clean, to repair the public services, to protect working people and to invest in Britain. We did so in the fairest way possible by, contrary to what the noble Baroness, Lady Neville-Rolfe, said, keeping our promises to working people not to increase their income tax, national insurance or VAT.

However, we needed to take some very difficult decisions elsewhere on tax, including some of those contained in the Bill. They were difficult decisions but they were the right ones, because not acting was simply not an option. As a result of those decisions, as my noble friend Lord Eatwell also said, we have created a foundation of stability on which we are now taking forward our agenda of growth and reform. It is notable that during the many debates on this subject since the Autumn Budget, including today, we have not heard any alternative put forward by the party opposite: no alternative for dealing with the challenges we face or for restoring economic stability, and therefore no plan for driving economic growth. They have shown no humility for the economic damage they inflicted on this country over 14 years, they have come up with no alternative plan and they have provided no apology. It falls to this Government to clean up the mess that we inherited.

The noble Baronesses, Lady Neville-Rolfe and Lady Lawlor, and the noble Lord, Lord Altringham, spoke about economic growth. As my noble friend Lord Hain said, there was, of course, no bigger failure by the previous Government than their failure on growth. The combined effect of their austerity, their disastrous Brexit deal and their Liz Truss mini-Budget was devastating. Had the economy grown by the average of other OECD countries over the past 14 years, it would be more than £150 billion larger today. The OECD's interim economic outlook, published on Monday, shows that in a changing world, as the noble Baroness, Lady Kramer, observed, increased global headwinds are affecting all G7 economies. Although the UK is forecast to be Europe's fastest-growing G7 economy over the coming years, second only to the US, the

structural problems in our economy run deep. That is why the Government are going further and faster to protect our country, reform our public services and boost growth.

Our strategy consists of three key elements: stability, investment and reform. It recognises that, first and foremost, it is businesses, investors and entrepreneurs that drive growth, as many have said today, alongside a Government who systematically remove the barriers that they face. It includes launching the biggest sustained increase in defence spending since the Cold War; fundamentally reshaping the British state to deliver for working people and their families; and taking on the blockers to get Britain building again.

The noble Baronesses, Lady Neville-Rolfe and Lady Kramer, spoke about the changes to employer national insurance contributions, which are being legislated for separately in the national insurance contributions Bill. We have always been clear that there are costs to responsibility, and the increase in employers' national insurance contributions will have consequences for businesses and beyond. But the consequences of irresponsibility, for the economy and for working people, would have been far greater. We saw that with the Liz Truss mini-Budget, which crashed the economy and saw typical mortgage payments increase by some £300 a month.

The noble Baroness, Lady Penn, asked about the Spring Statement. I am happy to confirm that there will continue to be only one fiscal event a year: the Budget every autumn. She will have to wait, I am afraid, as will my noble friend Lord Davies of Brixton, until next Wednesday to hear what the Chancellor has to say.

The Bill before your Lordships' House spans three distinct categories: first, the measures the Government have taken to deliver on the specific commitments made in our manifesto; secondly, measures to put the tax system on a fairer and more sustainable footing; and thirdly, measures to improve health outcomes and support the clean energy transition, in line with our growth strategy.

The Government made a series of commitments in our manifesto that are being delivered through the Bill. They include our commitment to remove the outdated concept of domicile status from the tax system and ensure that everyone who is a long-term resident in the UK pays their taxes here. This was focused on by the noble Lords, Lord Markham, Lord Leigh of Hurley and Lord Altringham. In its place, the Bill introduces a new residence-based regime from April. This new regime will be internationally competitive and focused on attracting the best talent and investment to the UK.

During the passage of the Bill, as mentioned by the noble Baroness, Lady Neville-Rolfe, the Government tabled a number of minor technical changes and administrative easements to ensure that the new regime works as intended. As part of this, we have made changes to ensure that no tax will be due in any past or future tax year for taxpayers in circumstances where they were previously UK-resident and taxed on the remittance basis; they remitted foreign income or gains during a period of long-term non-residence before 6 April 2025; and they have enjoyed or continue to enjoy the benefits of the remitted foreign income and gains after resuming their UK residence. These changes provide certainty for taxpayers and ensure that no tax will be due in these circumstances. The existing remittance rules will continue to apply in circumstances not covered by this amendment so that, where a non-taxable remittance has been made prior to 6 April 2025, a second remittance of the same income or gains remains taxable.

The noble Lords, Lord Markham and Lord Leigh of Hurley, asked about the impact of these changes. We are confident that our new regime will remain internationally competitive and focused on attracting the best talent and investment to the UK. Evidence from the previous Government's reforms to the non-dom regime in 2017 show that the vast majority of former non-doms who became liable for tax on their worldwide income and gains remained UK-resident and continued to contribute to the UK economy. The new regime will also be more competitive for new arrivals over their first four years of UK residence than the current rules. The noble Lord, Lord Leigh of Hurley, and the noble Baroness, Lady Lawlor, asked about the amount raised, which we remain confident of. The OBR has certified that the non-dom reforms the Government are legislating will raise £33.8 billion over the forecast period.

The noble Lord, Lord Markham, raised concerns about changes being made to the transfer of assets abroad rules in relation to the reforms to non-domicile status. The transfer of assets abroad legislation is a wide-ranging anti-avoidance provision aimed at preventing individuals who are UK resident avoiding a tax liability by transferring assets to a person abroad. I reassure the noble Lord that the changes to these rules will not displace the effect of the old remittance basis rules for the years in which they had effect, such that a tax charge will continue to arise only at the point of remittance. The noble Lord, Lord Markham, also raised a concern that the introduction of the temporary repatriation facility—the TRF—could lead to retrospective taxation if the Government choose to change the rates of tax charged in the future. The rates of the TRF charge are set out in the Bill and will be set at 12% for the tax years 2025-26 and 2026-27, and at 15% for 2027-28.

Our manifesto also pledged to

"end the VAT exemption … for private schools to invest in our state schools".

The Bill delivers on that commitment, as focused on by the noble Baroness, Lady Kramer. Some 94% of children in this country attend state schools; however, too many children do not get the opportunities they deserve because these schools are too often held back by a lack of investment. That is why we introduced VAT on private school fees from 1 January this year, to secure the additional funding needed to improve educational outcomes across the UK. Despite what the noble Baroness, Lady Neville-Rolfe, seemed to suggest, the evidence to date supports the assessments we have made and we remain confident in them.

Another key manifesto commitment relates to the energy profits levy on oil and gas companies, mentioned by the noble Baroness, Lady Neville-Rolfe. The Bill fulfils our promise to increase the rate of the levy by three percentage points to 38%. It also extends the

[Lord Livermore]
levy by one year and removes the 29% investment allowance. Although oil and gas will continue to have a role in the energy mix during the transition, we must drive public and private investment towards cleaner energy. The Government recognise that oil and gas will continue to have an important role. The sector continues to benefit from £84 of tax relief for every £100 of private investment. It will also continue to benefit from a decarbonisation allowance at a similar value of relief as it received prior to the increase in the rate of the energy profits levy.

The noble Baroness, Lady Penn, and the noble Lord, Lord Altrincham, asked about the impact on jobs and investment as a result of this change. The Government are committed to managing the energy transition in a way that supports jobs in existing and future industries. That is why, beyond the abolition of the investment allowance in the energy profits levy regime, we have not made any additional reductions to the level of tax relief that the sector can claim. We are also taking steps to give the sector and its investors long-term certainty by publishing a consultation looking at how the fiscal regime will respond to oil and gas price spikes after the energy profits levy ends. An impact assessment was also published at the time of the Budget.

The Bill also contains a range of measures to make the tax system fairer and more sustainable and to restore stability to the public finances. The noble Baronesses, Lady Neville-Rolfe and Lady Coffey, and the noble Lord, Lord Fuller, spoke about the reforms to agricultural property relief and business property relief, which will be legislated for separately. Under the current system, 100% relief on business and agricultural assets is heavily skewed towards the wealthiest estates. According to the latest data from HMRC, 40% of agricultural property relief is claimed by just 7% of estates making claims. That amounts to just 117 estates claiming £219 million of relief. It is neither fair nor sustainable to maintain such a large tax break for such a small number of claimants, given the wider pressure on the public finances. The new system, which will apply from April next year, maintains significant tax reliefs for estates while supporting the public finances in a fair way.

The reliefs sit on top of existing spousal exemptions and nil-rate bands. Therefore, a couple with agricultural or business assets will typically be able to pass on up to £3 million-worth of assets without paying any inheritance tax. I am pleased to say that I did hear the noble Baroness, Lady Penn, clearly on this occasion with her question. The reforms to APR and BPR from April 2026 are expected to raise £520 million in 2029-30. This is a combined policy across the reliefs, rather than separate policies for each relief, so a breakdown of the revenue between them is not available.

The noble Baroness, Lady Coffey, asked about double-cab pick-ups. The change announced at the Autumn Budget 2024 will be implemented in April 2025, and HMRC has put in place extensive transitional arrangements for businesses which purchase, lease or order a double-cab pick-up prior to this. As a result, the charge will not impact the capital allowance's treatment of anyone who already owns a double-cab pick-up or who purchases one before April 2025. For employers and employees with a benefit-in-kind currently or who purchase, lease or order a DCPU before 6 April 2025, the existing treatment will continue to apply until the earlier of the disposal lease expiry or 5 April 2029. There are alternative vehicles with the same off-road and haulage capabilities that are still treated as goods vehicles, such as single-cab pick-ups.

The noble Baroness, Lady Neville-Rolfe, asked about the digital services tax. The UK's objective has always been to ensure that all businesses pay their fair amount of UK tax on the value they derive from the UK market. The UK remains committed to removing a digital services tax once the pillar 1 global solution on international tax is in place. The Government are looking forward to working with the new US Administration to understand their concerns regarding the DST and to consider how these can be addressed in a way that preserves the DST's policy objectives.

The noble Lord, Lord Leigh of Hurley, and the noble Baroness, Lady Kramer, asked about the position of the US Government on pillar 2. The UK and the US continue to enjoy a strong relationship, as the Prime Minister's recent visit to Washington demonstrated. We recognise that the US Administration have concerns about pillar 2, and the Government are looking forward to engaging with the US to work through these concerns, alongside other members of the inclusive framework.

My noble friend Lord Davies of Brixton asked about the rationale for requiring administrators of UK-registered pension schemes to be UK residents. Under existing rules for such schemes, the scheme administrator can be resident in the EEA, which can make enforcement of tax debts from the scheme difficult and costly for HMRC. This requirement will support HMRC's enforcement activities, as there will be a UK resident for it to engage with.

The third and final set of measures in the Bill seek to reduce health-related harm, support the clean energy transition and fund our vital public services. As our growth strategy makes clear, improving health outcomes is essential for delivering resilient long-term growth. Transitioning to net zero is central to this mission, and that is why the Government are capitalising on new opportunities and investment in clean energy industries right across the UK.

The noble Baroness, Lady Kramer, spoke about the impact of alcohol duty changes on pubs. Alcohol duty rates on non-draft products increased in line with RPI from February this year. However, nearly two-thirds of alcoholic drinks sold in pubs are served on draft. Therefore, instead of uprating these products in line with inflation, the Government are cutting draft duty by 1.7%, which means a penny off a pint in the pub. Overall, this change will reduce the total duty bill for eligible businesses by up to £100 million a year.

The noble Baroness, Lady Coffey, spoke about the soft-drinks levy. Based on evidence of the soft-drinks levy's impact to date, the Government anticipate further product reformulation as a result of this measure, and this is reflected in the OBR-certified costing. This announcement will protect the real-terms value of the SDIL and maintain the incentives for manufacturers to reduce sugar content. This is not a retrospective tax: the new rates will apply only from 1 April. Historic tax rates and treatment will not change.

The noble Lord, Lord Moynihan, spoke powerfully about the importance of school sports and about childhood obesity. As I understand it, revenues from the soft-drinks levy are not formally allocated to any individual spending programmes. However, since the introduction of the SDIL, the Government have helped schools support healthier and more active lifestyles through expanded investment in the PE and sport premium, and this will continue.

This Bill delivers on the Government's manifesto, puts the tax system on a fairer and more sustainable footing, supports the transition to clean energy and improves health outcomes. It is a Bill to fix the foundations of our economy by repairing the £22 billion black hole in the public finances that we inherited. That has involved making difficult but responsible choices to wipe the slate clean, repair public services, protect working people and invest in Britain. These decisions have been taken in the fairest way possible, by keeping our promises to working people not to increase their national insurance, VAT or income tax. As a result of these decisions, we have created a foundation of stability on which we are now taking forward our agenda of growth and reform. Low growth is not our destiny, but growth will not come without a fight. That is exactly why the Government are going further and faster to unlock the full potential of the economy.

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

Infected Blood Compensation Scheme Regulations 2025

Motion to Approve

7.56 pm

Moved by ***Baroness Anderson of Stoke-on-Trent***

That the draft Regulations laid before the House on 12 February be approved.

Relevant document: 18th Report from the Secondary Legislation Scrutiny Committee (special attention drawn to the instrument)

Baroness in Waiting/Government Whip (Baroness Anderson of Stoke-on-Trent) (Lab): My Lords, as today is my first time engaging publicly in your Lordships' House on this hugely important issue, I hope noble Lords will allow me a moment to thank those whose tireless work brought us to this point, especially the noble Earl, Lord Howe, the noble Baroness, Lady Brinton, the noble Lord, Lord Ponsonby, and the noble Baroness, Lady Thornton, whose dedication ensured that the legislative framework for delivering compensation was established. I pay tribute to noble Lords across this Chamber who have ensured that the voices of people infected and affected remain at the centre of our debates, particularly the noble Baronesses, Lady Campbell and Lady Featherstone, who have been resolute in seeking justice for everyone so tragically impacted by this harrowing scandal.

At the heart of this are countless people whose personal experiences and needs must always drive our actions. We must pay testament to those across the infected blood community, whose tenacious fight for justice has driven this work for so long. I hope that these regulations mark the next substantial step forward in finally getting compensation to those who have fought for so long.

This Government recognise that those impacted by this heartbreaking tragedy understandably have limited trust in the state. The onus is on us to rebuild those relationships and support those impacted as they progress through the next chapter of their journey. This is an area of deep importance for me, and I am personally and deeply driven to make sure that the Government are moving this work forward in the right way.

The infected blood scandal was a profound failure of the state. It is hard to conceive the scale of damage done and the incredible suffering of everyone impacted. The people impacted must remain at the forefront of our minds and we must do everything in our power to rectify this injustice, restore trust in the state and demonstrate that we will not allow for failures such as this to happen again. That is why we are going further than any other Government have gone before. In the Autumn Budget, we set aside £11.8 billion to compensate people who are infected and affected by the infected blood scandal, making it rightly one of the largest compensation schemes in our country's history.

8 pm

The regulations we are debating set out in full the infected blood compensation scheme. The compensation scheme was first established in August last year by regulations approved by this House. The scheme is tariff-based and provides compensation under both a core and a supplementary route. The 2024 regulations provided the Infected Blood Compensation Authority—IBCA—with the power to begin making payments to those who are infected and claiming compensation under the core route. Progress has already been made under these regulations. As of 14 March, 255 people have been invited to start their compensation claim and 40 have accepted their offers, totalling over £44 million. We recognise that there is much more to do, and the Cabinet Office continues to work closely with IBCA to ensure that it works as quickly as possible to deliver compensation to those for whom it is long overdue.

I turn to the regulations we are debating. Since August, we have further developed the details of the scheme. These regulations consolidate the 2024 regulations and extend the scheme to include people who are affected by the scandal. Those affected include the loved ones of people who are infected, defined in these regulations as partners, parents, children, siblings and, in some instances, carers. This is important progress towards making payments to the families of people impacted by the scandal, and I am sure that IBCA will begin making payments to people who are affected by the end of this year.

The regulations also establish the supplementary route for exceptional cases, where compensation under the core route was not considered sufficient. Under the supplementary route, there will be three supplementary awards for people who are infected and one additional supplementary award for people who are affected, should they be eligible. The supplementary awards for infected people include: an additional autonomy award,

[Baroness Anderson of Stoke-on-Trent]
for cases in which someone was subject to unethical research; a severe health condition award for financial loss and care, for cases in which someone suffered from a specific rare health condition which is likely to result in greater care needs or impact an infected person's ability to work; and an exceptional loss award for financial loss and care, for cases in which someone can evidence additional financial loss, most likely as a result of being a higher earner or having higher care costs due to their infection.

There is also a supplementary financial loss award for affected people. This will provide compensation where an affected person was financially dependent on an infected person at the time of their death and this dependency has not already been recognised through the core route. The supplementary route has a higher evidential requirement, as people who are claiming will need to demonstrate their circumstances to necessitate a higher compensation payment. The regulations also allow for people to return to the scheme should their condition worsen as a result of their infection, and to claim multiple awards in the devastating circumstances that they are both infected and affected, or affected multiple times over.

Before I move on, I want to acknowledge that these regulations amend a small mathematical error that was present in the 2024 regulations. This was a genuine technical error, but I want to be clear that we know that those already engaging with IBCA may be disheartened by this mistake. I want to take this opportunity to apologise to them directly. Anyone affected by this issue will receive all the compensation that they are due, and resolving this should not cause any delays to the rollout of compensation. The error itself is a result of the mathematical formula used to calculate someone's financial loss and care award in the 2024 regulations. This means that some people who have been made an offer so far will have been offered slightly less than was intended. This will impact only a relatively small number of people who have received their offer of compensation from IBCA.

The draft 2025 regulations use a different process for calculating the compensation, for the sake of simplicity, and this change in formula had the practical consequence of correcting the mistake from the 2024 regulations prior to it being identified. We have identified a solution that ensures that nobody is negatively impacted. IBCA has reached out to claimants today, to both inform and, crucially, reassure them that no one will be worse off as a result of the change in calculation.

In addition to IBCA ensuring that everyone receives the correct amount of compensation, people who have been impacted will also receive a small additional ex gratia payment. I reassure your Lordships that steps have been taken quickly and the draft 2025 regulations have been reviewed thoroughly to ensure that this error has been properly addressed. Again, I wish to be clear that the Government apologise to those who have been impacted by this error. It is deeply regrettable and has been amended as quickly as possible. Furthermore, I inform Members of the House that a correction has been made to the draft 2025 statutory instrument since it was laid, to amend a minor typographical mistake in the listing.

Nothing can ever undo the decades of injustice, pain and suffering, yet with these regulations we are another step towards providing full and fair compensation to the people impacted by the infected blood scandal, who have already waited far too long for justice. We, as a Government and as a House, will not rest until we see this delivered, and we will work closely with IBCA to ensure that it prioritises providing payments quickly, efficiently and in a way that puts the people it is delivering for at the heart of its work. We want to ensure that compensation is delivered as swiftly and compassionately as possible to everyone who so greatly deserves it.

I am grateful to everybody who is participating tonight so that we can collectively deliver for the people who have been so cruelly impacted by this scandal. I look forward to hearing from all noble Lords about what we can do together to move this forward. I beg to move.

Amendment to the Motion

Moved by ***Baroness Brinton***

At end insert "but this House regrets that the draft Infected Blood Compensation Scheme Regulations 2025 diverge from the proposals set out in the Infected Blood Inquiry Report and the Government's response; introduce exclusions leading to inconsistent treatment of victims; downgrade some previously agreed awards; disregard expert advisory recommendations by imposing new evidence requirements for certain support scheme payments; and discriminate against carers and those receiving care through the proposed care awards framework."

Baroness Brinton (LD): I thank the infected blood individuals and groups, including the Hepatitis C Trust, the Haemophilia Society and Tainted Blood, and many others, both infected and affected, who have been in touch with me about their concerns around the direction of the compensation scheme.

The fact is that four people are dying every week, and over 3,000 have died so far. Only a handful of victims have had full payment, which means that there is still much to do, and, as we will hear, much that is worrying about the direction of the compensation scheme.

Above all, I believe we all stand with the infected and affected victims, and join them in wanting to see Sir Brian Langstaff's recommendations delivered. Until all claimants have received what is due, they are being revictimised by this appalling dereliction of duty by the state, for over 50 years and counting.

I thank the Minister and her officials for last week's meeting with a number of noble Lords about the regulation and for answering queries on the actual implementation of the infected blood compensation scheme. I thank her for her call today to let me know about the error.

There is one person who is not with us tonight, and that is the noble Baroness, Lady Campbell of Surbiton, who has real personal experience of infected blood. In your Lordships' House, we miss her voice of experience, as well as her expertise. Given that she cannot come out in the evenings because of her oxygen, I hope that,

in future, the officials will consider when we timetable debates such as this, so that she can join us. We echo her frustration with the failure of IBCA to quickly and appropriately compensate eligible people.

I want to make it clear right from the start that I will not call a vote on my regret amendment. There are two reasons for that. First, I do not want to delay the regulation. Too many eligible people are horrified to hear that only one person had received their compensation by the end of 2024 and that only a very few affected people—perhaps also single numbers—will receive their compensation by December 2025. Secondly, many of the issues I want to raise are about the way that the scheme is being operated, both by IBCA and through the Cabinet Office's involvement.

When I laid the amendment, I talked to some of those affected. I am particularly grateful to them, because they showed me that there were problems with elements of the regulation. Since it was laid, more has come to light about what is happening in the complex and invisible web of arrangements for the infected blood compensation scheme—so much so that I am hearing that any good will and trust that had started to develop last year, as the first regulations were laid, appears to have been trashed again. Indeed, last week, Sir Brian Langstaff took the extremely rare action, as the chair of a public inquiry, of telling the Government that he is so concerned with what he is hearing that he will be issuing an extra report on the speed and details of the implementation of the scheme.

My first question to the Minister is this: what action will the Government be taking to address the concerns of Sir Brian? I recognise that he has not published his comments yet, but we know they are coming and soon. Will she undertake that Parliament should have a proper debate on the problems and issues raised by the infected and affected victims and groups, as well as on the updates that were promised during the passage of the Victims and Prisoners Act which set up IBCA last year?

Last year, we were told that the second set of regulations would cover principally arrangements just for affected victims, because the regulation laid and commenced last August, while Parliament was in recess, covered only infected victims. The Secondary Legislation Scrutiny Committee in its 18th report notes that the Explanatory Memorandum on this second set is much easier to understand than the first—so, thank you officials, that is helpful. However, it takes as read the restate and expand of the first regulations into the ones we are seeing today. In our meeting with the Minister last week, I said that I was not clear about what has changed from that first regulation, and I am very grateful for the paper that was sent through today. However, had we not raised it, I fear that realistic scrutiny of the regulation on such a long SI would have been difficult.

I am very grateful to the Minister for her introduction this evening, especially as she has explained the error in the formula in the first regulation, which has to date resulted in less compensation being paid to around 50 claimants. However, there follows from that the question of whether there are any other hidden elements of restate and expand that have resulted in the wrong amount of compensation being allocated.

In the regret amendment, I set out a handful of different concerns that I have heard directly from infected and affected victims and groups. These are not minor and often diverge from Sir Brian's interim and final inquiry report, Sir Robert Francis's report and even some expert group reports. I am particularly grateful to the umbrella group of victims and organisations which passed me a copy of its November 2024 paper sent to IBCA and to the Cabinet Office setting out in full detail—21 pages' worth— where things are not going right. I understand that this has been sent also to Sir Brian Langstaff and will be part of the evidence on his website.

The group's concern falls into four areas, and I will broadly follow them with what I am saying, with examples that I am aware of to demonstrate the problem. It says that there are 57 issues still to resolve—and, clearly, I am not going to cover anywhere near a small amount of them. The context and approach of Getting It Right sets out how the IB community feels that both the Cabinet Office and IBCA are assuming that the community is in step with the way things are progressing.

However, when concerns are expressed about divergence from original principles, for example, that makes things not fit for purpose and/or unworkable, or that delays some from accessing compensation, then that is fundamentally not acceptable. For example, during the passage of the Victims and Prisoners Bill last year, Ministers—such as the noble Earl, Lord Howe, sitting very close to me in the House—said that everything would happen at pace for all victims. Only after the Bill became law did it become clear that there are now two classes of victims: infected, because they had the consequence of the first regulation last August, and affected, who definitely feel that they are now not as much of a priority. That has caused consternation.

The unfinished business section of the Getting It Right report has elements, again, that highlight divergence with Sir Brian's inquiry report and recommendations. The problem is that IBCA is not truly independent. To be frank, it is not even the arm's-length body as set out in the Act which the previous Government were so keen to set up. Why? It has staff, including senior staff, seconded from the Cabinet Office—surely still a conflict of interest there—as well as staff from HMRC, who are trained specifically never to invite a claim. So, I ask the Minister: why is the community not involved in the drafting of training courses for new staff seconded from elsewhere with other practice? It is vital that IBCA is independent of the Cabinet Office, otherwise it cannot be arm's-length. Also, as was much discussed during the Victims and Prisoners Bill, it needs to be accountable to Parliament. So, what will the Government do to ensure that IBCA is truly independent of government?

The son of a victim has written to me to say that the draft regulations do not take account of what the expert advisory group says and, worse still, are trying to attach conditions that are specifically not recommended to be attached to those victims already in the special category mechanism, or SCM. Rather, the recommendations explicitly state that new applicants should have to show one of the six so-called rare conditions. Victims already accepted as SCM recipients, as recommended by the expert advisory group, will have their past care

[Baroness Brinton]
and losses calculated automatically on the basis of the enhanced supplementary route, irrespective now of the much narrower so-called six severe health conditions. The problem is that this is not true for everybody.

My Front-Bench portfolio covers all the current inquiries and compensation schemes. Rebecca Hilsenrath, the parliamentary ombudsman, published a blunt report about Windrush that says:

"Our report found people who had applied for compensation were being wrongly denied the money they were owed. We found recurrent reasons for this, suggesting these were not one-off issues but systemic problems".

She also thought it would be useful to provide lessons for public bodies starting to offer compensation to people affected by the Post Office Horizon and infected blood scandals.

8.15 pm

There are already similar problems with the Post Office Horizon scheme, which your Lordships' House has debated, including lesser amounts than the tariff offered and much frustration. Now, six months into this scheme, it appears that the same problems are appearing again. Have the Minister and her fellow Cabinet Office Ministers read the ombudsman report on Windrush? If they have, have they used it as a yardstick to measure the progress of the infected blood compensation scheme?

I turn now to some specific examples relating to the text of the regret amendment. There are two issues where claimants have suddenly discovered that they are not being treated despite 30 years of IB scheme development and six years of Sir Brian's inquiry and report. The first is the tariff discrimination between those infected with HIV and hepatitis. It is correct that the awful consequences of infection with HIV are fully recognised. However, those affected by hepatitis are being treated completely differently. Worse, the Government have adopted retrogressive hepatitis impact assessment measures that concentrate only on the state of the liver. The expert group has therefore ignored considerable detriments caused by extra hepatic harms, including harsh antiviral treatment regimes. The affected individuals excluded from the first regulations have now discovered that they are being treated as what can be described only as second-class claimants, with years before most of them are paid.

The tariff amounts that carers receive should be reconsidered and revised upwards. To deny 25% of compensation to non-family carers because they were not professionals is outrageous. Talk to the parents and non-family carers of these infected children; they were trained way beyond what normal people would do. One of them has written to me to say that there was a carers' panel at IBCA on 28 January this year. Of the six carers who attended, only one received support payments from the schemes, and it was clear that the majority of carers from the support schemes are having 25% deducted from their proposed care award. It is argued that they cared non-gratuitously and therefore need tax and national insurance deducted. However, despite many carers being short on NI stamps because they cared, the money is not being credited to their national insurance accounts, so family carers are not allowed to claim for loss of income, career damage or personal injury, and are being given 25% less than the minimum wage for being put through hell on earth caring for an infected blood victim. One person says:

"My sister is a professional nurse, and she says she's never seen anything like the degree of suffering"

that she witnessed their father endure,

"and she also developed PTSD".

I will end by talking about the confusion about how people will be selected to be invited to claim. In November last year, the communications advisory panel had "how to select people to be invited to claim" as one of its three agenda items. After that, claimants heard nothing further until it gave the order of which groups would be called. There is still nothing about how people will be selected within those groups. This not only is adding to everyone's stress but raises some really troubling questions because, as one of the victims tells me, the affected claims die with them.

The framework document published by IBCA last week revealed that the "bulk"—its word—of infected people will be paid by 2027. The bulk of affected will have to wait until 2029. This is not "at pace", which all Ministers said repeatedly last year in the previous Government and in this one. It is totally unacceptable.

To conclude, last summer, the then Prime Minister, Rishi Sunak, said compensation should be paid "whatever it costs". Despite those encouraging words and his apology on behalf of the country, his outgoing Government did not set aside money, so it is encouraging that the Treasury has now set aside £12 billion. But "whatever it costs" is also about the way assessments are carried out and how claimants are treated, and moving "at pace" must mean a real speeding-up of the process. I started by saying that four people are dying a week. For them, there is no end to this tragedy.

Will the Minister agree to meet those who are interested on this issue and speaking tonight to discuss the detail of the *Getting It Right* paper, and how this Government will continue to inform victims, as well as Parliament? I beg to move.

Lord Patten (Con): My Lords, I listened with great care to what the noble Baroness, Lady Brinton, said, and I should begin by saying I agree with all the words of regret in her amendment. It seems clear to me that, in recent responses to public inquiries, delay, obfuscation, the rewriting and scrambling of old regulations and the belated—"Oh, good heavens, we didn't notice that!"—introduction of new regulations are leading to the most painful experiences. Earlier this month, it was not on infected blood but on people in the Post Office who have suffered terribly by delays. There was a postmistress—forgive me, I do not remember her name—who was lamenting the fact that she had been promised compensation, apologies and then suddenly her husband, who was also a postmaster, died. Earlier in March, she was lamenting that justice had not been done because justice had been delayed.

I know it is not meant to be like that and I do not intend to say that people are malicious, but, when I attended the infected blood inquiry for a bit and, in particular, listened to Sir Brian Langstaff, the chairman, who did such a tip-top job in bringing forward his recommendations, he had a very clear charge sheet for

how it was all to be done—but it has not happened. He must regret that very much, and I think that those who are due compensation and an apology must be lamenting. Of course, many of them are quite advanced in years and, as the years pass, people die and, just like with the postmaster husband of the unfortunate postmistress widow to whom I have just referred, with great respect, I fear that we are going to see more people at risk of not getting their compensation or their apology and dying because of these new regulations that have been brought in, I believe unnecessarily. I congratulate the noble Baroness, Lady Brinton, on what she has done.

I have two requests only. They are pointed requests, but I make no apology for that. The first is to ask the Minister by when—specifically, in which month, in which year—she expects all compensation for the persons infected by blood whom we are talking about to have been completed. If we do not have that, we have no measure of whether these regulations are effective. Equally, could she give me her best estimate, in a letter, perhaps, in her normal courteous way, if she cannot manage it tonight, for understandable reasons, of how long it will take to complete, to the nearest month and the nearest year, for all those carers who also seem to be horribly caught up in this endemic delay, following Sir Brian Langstaff's recommendations which are now growing old, as people themselves are growing old?

Baroness Featherstone (LD): My Lords, I am so grateful to my noble friend Lady Brinton for bringing this regret amendment. I know that the Government are trying very hard to get the regulations right, but there are so many concerns about a variety of issues, many of which were raised by my noble friend.

I speak to the Government on behalf of my own family. I am sure that, by now, most of your Lordships will know that my nephew, one of my sister's twin boys and a haemophiliac, having been infected with hepatitis C, died aged 35, leaving his 10 month-old baby daughter. Yesterday, it was 13 years since his death. I speak also, obviously, on behalf of all infected and affected people. We are incredibly worried. I repeat this every time I speak, not because I want to keep on going on about it but to emphasise that this is not just about financial management; this was people's lives. I saw my sister and her husband devastated. I saw Jake, Nick's twin, devastated. His daughter will never know him. Everyone who was affected by the infected blood contamination scandal has such terrible stories to tell.

It seemed, after Sir Brian Langstaff had done such an amazing job, that the nation, the previous Government and this Government got it, finally. However, following all the hope that was raised, what is playing out is an exacerbation of the fears around what is happening. As always, I pay tribute to the noble Baroness, Lady May, for instigating the inquiry in the first place. It took 35 or 40 years before that happened, and I think that what she did was wonderful.

All those infected and affected will be listening to or reading this debate—because they hang on every word that we say in Parliament—in hope and desperation that some answer to their prayers is coming, after all their suffering. There are, as I said, many concerns, including around the complexity and lack of clarity. The Secondary Legislation Scrutiny Committee highlighted that the regulations are "overly technical" and lack essential information, including details on application procedures, processing times, payment schedules, assessment criteria and the estimated number of eligible individuals. Those omissions hinder both public understanding and parliamentary scrutiny. That is the regulations themselves. I know the Government are producing a number of things to illustrate how the regulations will work, to make things easier and more accessible, but the regulations themselves are not accessible.

There is massive upset and anxiety about delayed compensation payments. Despite the establishment of the Infected Blood Compensation Authority to expedite and manage the process, progress has been beyond slow. As of December 2024—at least on the figures I have, which are slightly different from those of my noble friend Lady Brinton—only 10 out of approximately 4,000 victims had received any compensation. This has led to frustration and anxiety among victims and campaigners, especially considering the urgency due to, as the noble Lord said, the advancing age and health conditions of many of the affected individuals.

There is also concern, as was raised, about the disparities in compensation between hepatitis C victims and HIV victims. Legal experts have raised concerns that the proposed scheme continues to perpetuate these disparities. Specifically, the financial loss component appears to favour HIV patients over HCV patients, despite both groups enduring severe health consequences. This ongoing inequity has been a long-standing issue.

I come now to the burden of proof challenges. The regulations place the onus on applicants to provide evidence of their infection resulting from NHS treatments between 1970 and 1991. Given the passage of time, obviously many medical records have been lost or destroyed, making it difficult for victims or their families to substantiate their claims. This requirement could unjustly exclude eligible individuals from receiving appropriate compensation. I would have thought that, given everyone has a GP, it is not that hard to get confirmation of these things, perhaps without the documents that are officially being required—everyone who has been affected or infected has a medical history.

Administrative delays and additional documentation requirements have led to some victims and their families experiencing unexpected delays due to new documentation demands. For instance, interim compensation payments of £100,000 were expected before Christmas 2024, and they were put on hold for certain bereaved families, pending submission of additional legal documents. These unforeseen requirements have caused further distress among those affected.

8.30 pm

There has been woefully insufficient engagement with victims and campaigners, who feel that the Government have not adequately involved them in the development and implementation of the scheme, which has led to a feeling of marginalisation and distrust towards the authorities overseeing the process. It sends them right back to the years when they came as supplicants to successive Governments, begging them, and were fobbed off with the most obscene excuses.

[Baroness Featherstone]

That leads me on to the composition of IBCA, as was raised. I understand from campaigners that IBCA has a number of Treasury-originating officials in it, which is not what I would consider arm's length. Addressing these concerns is crucial to ensure that the scheme operates fairly, transparently and efficiently, providing justice and relief to all victims of the infected blood scandal.

I highly recommend that the Minister, all the officials, and all the members of IBCA, if they have not already, read the *Getting It Right* document produced by various charities, groups and individuals concerned with infected blood compensation, which was published in November 2024. It was compiled by people who really know most about what happened, what is needed and what is currently wrong with the regulations. They should also read the briefing from the Hepatitis C Trust and the Haemophilia Society, titled *Infected Blood Compensation Scheme Regulations 2025*.

Concerns have been so widespread about the way this is happening that Sir Brian Langstaff, the brilliant chair of the inquiry, has announced that he will reactivate the Infected Blood Inquiry to produce a report examining the timeliness and adequacy of the Government's report on compensation.

I know that officials and Ministers want to get this right and are trying truly hard, but it is not there yet. Rather than just bludgeon their way through with things that are not adequate, they must listen and take note and make changes according to those who really know. Please listen to the infected and the affected; they are the most knowledgeable. They can guide us to omissions, lack of timeliness or concerns, so that we can correct any errors, eliminate omissions, speed up things and remove roadblocks.

There has been enough suffering and loss, and enough fighting for justice. Do not ignore the messages that my noble friend Lady Brinton and I, and others, have brought to this regret amendment tonight. Do not ignore the charities and campaigners and victims who bring forward the details of what still needs more work. Please make changes.

Baroness Finlay of Llandaff (CB): My Lords, sadly, this regret amendment was needed, and I congratulate the noble Baroness, Lady Brinton, on tabling it and on having this debate.

It is regrettable that we have to have the debate at this time of night, because the noble Baroness, Lady Campbell, who has been intimately involved in every way with this, has been unable to participate. I met her earlier today to go through things that we might cover in the debate tonight. I knew her first husband and I saw, although second hand, how much he went through, and how much she went through when he died, and how much she has gone through in bereavement.

The new regulations are indeed very difficult and complex. I am most grateful to the Minister for meeting us earlier in the week and sending through the document which tries to explain the regulations in a tabulated form. Having tried to read the regulations, I find them incredibly difficult to work through.

I echo the concern that has already been stated about the difference between the way that those with hepatitis and those with HIV are being treated, because hepatitis C is absolutely devastating. The delays, unfortunately, mean that the confidence that was beginning to be built up after the inquiry is being rapidly eroded.

There was an expectation that the Infected Blood Compensation Authority would be completely independent and judge-led, and would report to government, and yet there is a sense that it is somehow being controlled by the Cabinet Office. That means that those who are both infected victims and affected victims are feeling increasingly let down again.

I am grateful to the Minister for having telephoned us immediately that the error that was made became evident. Errors happen, and it is terribly important that people own up immediately and do what they can to correct them, but it does not mean the delays are acceptable at all.

There was an expectation that there would be two independent panels, one legal and one medical. The expert groups seems to have been appointed rapidly before the iterative process involving those victims had happened at all. There is a real need for transparency over the tariffs, how they have been weighted and how they have been designed.

I would like confirmation on the record from the Minister tonight that everyone subject to unethical research will not be required to produce any further evidence—the places are listed in the report. I seek assurance that no benefits—not PIP nor any other benefit—will be affected adversely by any compensation. There is a real need to rebuild trust as rapidly as possible. Any further delays will carry on eroding that trust.

I am particularly concerned about those who have been severely mentally traumatised by caring for a relative. The regulations refer, under the heading "Severe psychiatric conditions", to a person who has received

"consultant-led secondary mental health treatment for a period of at least 6 months, or … assessment or treatment as an inpatient".

I really worry that that might be very difficult for some people if they had been cared for by an extremely good general practitioner in the community who has had enhanced training. I worry that, somehow, because they have been managed in the community and have not pushed for admission—or their family has not—they will inadvertently be excluded from compensation, without going back to those records to see the level of competence of the doctor who was looking after them at the time. I am sure that there will be other aspects in these regulations that one could find, but that was one that leapt out at me.

There is a whole section on the offsetting of awards, which I really could not understand—I tried to read it three times.

We must be grateful to the Secondary Legislation Scrutiny Committee, which has looked at the report and drawn it to the attention of the House. Although the committee has commented that a wide range of evidence will be acceptable, there is a real difficulty when unremunerated care has been provided by a family member or friend to an infected person. How can they prove what they were doing and how much care they were providing? The other difficulty is that

there will be some people who die during the process of compensation being awarded. Clarity over how that will be handled will be very important.

My last question for the Minister is: how will IBCA decide which individuals to invite to claim first from their particular group? How will that be rolled out and, again, how will those processes be transparent? Those who have not been called are left hanging in limbo.

I am grateful to the Minister for the effort she has put in to communicate with us over this. This is such a terrible situation that has been ongoing. The only way to manage it now is to try to speed up processes, with transparency and involving those who have been affected so they can really understand what is happening. We should not do it behind closed doors.

Baroness Finn (Con): My Lords, there are moments in history when the machinery of the state fails its people so gravely that it leaves scars on the national conscience. The infected blood scandal is one such moment: a tragedy measured not only in lives lost but in decades of suffering, neglect and injustice.

In 2017, my noble friend Lady May of Maidenhead recognised this failure and announced a full statutory inquiry. I pay particular tribute to the tireless work of the noble Baronesses, Lady Campbell of Surbiton, Lady Featherstone, Lady Brinton and Lady Finlay.

It was a watershed moment and an acknowledgement, at last, that the victims of this scandal had been failed by the very institutions meant to protect them, and from that moment there was consensus across all parties that justice must be done and that compensation must be fair, comprehensive and delivered without delay.

That is why, when the Chancellor, Rachel Reeves, came to office, she made clear that the Government would get on with it. As she wrote, while shadow Chancellor, in her letter to Jeremy Hunt in December 2023:

"For the victims, time matters. It is estimated that every four days someone affected by infected blood dies".

She also noted:

"This is not a party political issue. All of us have a responsibility to act now to address this historic wrong. That includes working together on a cross-party basis".

That spirit of cross-party consensus was evident in the final months of the last Government. John Glen worked closely with Nick Thomas-Symonds, as did my noble friend Lord Howe with the noble Lord, Lord Ponsonby, to ensure agreement on the key elements of the compensation framework. It was a moment of unity, a recognition that justice must be shaped not by political considerations but by the needs of those who have suffered.

I greatly appreciate the engagement of the Minister, to which the noble Baronesses, Lady Brinton and Lady Finlay, have referred. We all share that commitment: the commitment that those affected must finally receive the justice, recognition and compensation they deserve.

The final report of the Infected Blood Inquiry, so ably chaired by Sir Brian Langstaff, was eventually published on 20 May 2024, and the Government committed to compensate victims in line with the report's recommendations. The Infected Blood Compensation Authority, IBCA, led by Sir Robert Francis, was set up as an arm's-length body to administer the compensation scheme. Clear understandings were reached at that time between both Government and Opposition Benches, both in this House and in the other place, that Sir Brian's recommendations would be implemented in full.

There is much to welcome in the Government's commitment to £11.8 billion in funding, and in its acceptance that compensation must be delivered without further delay. However, it is with considerable regret that the Government have placed these draft regulations before the House. Victims' groups and campaigners, including the Haemophilia Society, the Hepatitis C Trust and many others, have raised concerns that key elements of Sir Brian Langstaff's recommendations have not been fully implemented. As the regret amendment from by the noble Baroness, Lady Brinton, sets out, the object and effect of these regulations appear to be to alter substantially the scope of victims' eligibility for compensation, the evidential burdens they are expected to satisfy to avail themselves of compensation, and the quantum of compensation to be awarded to some of those victims who are within scope.

We must therefore ask whether these regulations are delivering the fair and comprehensive scheme that the inquiry envisioned. Do they uphold the proposals set out in the infected blood inquiry report and the Government's response or do they instead introduce exclusions that lead to inconsistent treatment of victims, downgrade previously agreed awards, disregard expert advisory recommendations by imposing new evidence requirements for certain support scheme payments and discriminate against carers and those receiving care through the proposed care awards framework?

8.45 pm

This is not a policy area I have worked on previously, but I have met campaigners who have raised their concerns with me. They have raised concerns that the IBCA lacks sufficient independence from government and the discretion to consider atypical personal or health impacts, such as infertility. They are uncertain about how claims will be assessed, particularly for those whose suffering does not fit neatly into predefined categories. Some have also questioned the transparency of the process by which medical conditions were recognised under the supplementary route. Others argue that the burden of proof for psychological impact claims is too high and that the long-term effects of interferon treatment are not adequately reflected in compensation sums.

Meanwhile, there are worries that changes to the severe health criteria could lead to individuals previously accepted under the special category mechanism being denied support and that partners of those registered on support schemes will lose 75% of their partner's payments if bereaved after 31 March 2025. These concerns deserve answers. If the Government believe that these fears are unfounded, can the Minister offer reassurance? If not, will the Government commit to working with campaigners and experts to ensure that these regulations are fit for purpose?

There is also the issue of transparency. The Government have committed £11.8 billion to the scheme. Can the Minister tell the House whether this is still the Government's best estimate of the costs associated with the compensation scheme? Have the Government

[Baroness Finn]
published a "should cost" model? Will they update the House on what that model said and, given the uncertainties about the number of future claimants, will the Government share their calculations with the OBR?

Finally, while we welcome the fact that the IBCA has begun making payments to infected individuals, the Government's update of 12 February 2025 acknowledges that payments to affected individuals will not begin until later this year. Can the Minister confirm the precise date when these payments will commence and, as my noble friend Lord Patten highlighted, when they will be complete?

I am aware that last week the infected blood inquiry set out its intention to publish an additional report. This is a moment for unity in the face of one of the gravest failures of the British state. The infected blood scandal demands not just words of sympathy but a compensation scheme that truly delivers justice. We owe the victims and their families nothing less.

Baroness Anderson of Stoke-on-Trent (Lab): My Lords, I am grateful to all noble Lords who have spoken in this debate. As with previous debates on infected blood, this has been a thoughtful, important and, I hope, constructive debate, with noble Lords ensuring that the voice of people infected and affected remains at the centre of all we do.

I am committed to carrying forward this work swiftly and compassionately. I will work with Members across the House to ensure that I can achieve that, to help build back trust with the infected blood community, who have felt overlooked and disregarded for many years. On a personal level, that is my starting point and I will do everything I can. The onus is on us to do that, not on them. Noble Lords have raised many points that demonstrate the importance of getting this right, and I am grateful to those who attended our recent meeting to provide some clarity on some of these difficult and detailed issues. I will revert to some of the points raised momentarily.

Compensation must be not only fair and comprehensive but simple enough to deliver quickly without diminishing the individual harm that each person has faced. This is not a straightforward task. The recommendations of the infected blood inquiry, Sir Robert Francis, and the advice of the infected blood inquiry response expert group have been critical to reaching this point. There is no amount of financial compensation that can make up for the pain and suffering that victims of this scandal have faced, and the Government recognise that. We must now focus on supporting the IBCA to provide compensation as swiftly and as compassionately as possible, and I hope these regulations will help to do that.

I turn to the points raised by noble Lords. I start by apologising that the noble Baroness, Lady Campbell, is not with us today. She is much missed. Her voice is powerful on all issues related to infected blood and many other issues related to disability. I will ensure that the appropriate authorities reflect on the issue that stopped her attending today. As noble Lords who have raised it will be aware, I spoke to her today and I have committed to meet her personally to move forward.

I must ask noble Lords to bear with me because lots of questions were raised. If I do not answer them all, I will reflect on *Hansard* and write accordingly. I want to get as much on the record as possible, because I am aware that members of the infected blood community do not live and breathe what happens in our Library but will be watching here tonight, so I will endeavour to answer as many questions as possible.

I will start with the Getting It Right document that has been highlighted this evening. I am aware that a number of key representatives wrote to the Minister for the Cabinet Office last year; I have read the paperwork. I want to reassure noble Lords that this paperwork was received by the Cabinet Office on 19 November and on 20 December the Minister for the Cabinet Office responded fully. I made sure that the Paymaster-General was happy for us to share his detailed response, and I will write to noble Lords in due course with what has been outlined for each of the issues that they have raised. With regards to the request from the noble Baroness, Lady Brinton, to meet all Members present to discuss that in detail, I am more than happy to facilitate that meeting in the coming days.

Many noble Lords raised the announcement made last week that the infected blood inquiry would remain open. For everybody who attended and watched the incredibly painful testimony that was given, the fact that the infected blood inquiry and the work of Sir Brian Langstaff continue is something that I personally welcome. As difficult as this is, it is incredibly important. As was seen in the response he received on 20 May, he is a figure genuinely trusted by those who participate, and his ongoing involvement can be only a force for good. We acknowledge that the infected blood inquiry intends to produce a further report. We are committed to co-operating fully with the inquiry and acting on its recommendations. We remain determined to deliver justice for the victims of the infected blood scandal.

With regard to IBCA independence, which was raised by several noble Lords, not least by the noble Baronesses, Lady Brinton, Lady Featherstone and Lady Finlay, I want to reassure noble Lords that IBCA is an operationally independent arm's-length body established by noble Lords during the passage of the Victim and Prisoners Bill. On 10 March, the framework document for IBCA was published. The document provides clarity between the role of the Cabinet Office as sponsor department and of IBCA as an independent arm's-length body. IBCA has operational independence from the Government, with its role being to deliver the compensation scheme to the victims of this scandal. The Cabinet Office's involvement in the development of IBCA is necessary as the Government had stewardship over the money allocated for the scheme.

As for government officials being seconded, IBCA has begun operations staffed by civil servants so that we could create it as quickly as possible, but with a clear intent that staff will be employed directly by IBCA as soon as possible. Noble Lords will appreciate that there are HR policies and systems which must be in place before IBCA is able directly to employ people. We were determined this should not slow down the delivery of compensation. IBCA is clear about its independence, which is why I can give an update on its figures, but I cannot speak for IBCA—I find myself in

a very strange position this evening, given some of the questions raised. I will come back to the question from the noble Baroness about training; I will give an answer later in my response.

The noble Baronesses, Lady Brinton and Lady Finlay, raised the issue of hepatitis C and HIV severity bands. On the tariff rates for hepatitis C, the impact of hepatitis infection can range from very mild to very severe, including liver failure and death. The expert group provided the Government with clinical advice on the distinctions between these impacts. This meant that we could set severity bands for hepatitis infections based on clear clinical markers. This means that where someone's experience of hepatitis has been more severe, whether it is historic or in the present day, they receive more compensation.

The expert group recommended using a single severity band for those infected with HIV. Very sadly, most people infected with HIV due to infected blood have already passed away, and in most cases those deaths were as a result of their infection. Those who have survived will continue to be severely impacted by their infection. It was the view of the expert group that it would be disproportionately complex to break down the HIV category into different bands.

I turn to the estate claims for care awards, which several noble Lords raised, especially the noble Baroness, Lady Brinton. I am so sorry; the fact that I have a cold this evening, given that we are talking about something so serious, is far from ideal. I am genuinely sorry. There is nothing I can do about it. Where a person who would have been eligible to apply for the scheme as an infected person has died, the personal representative of the deceased person's estate may apply for compensation on their behalf. Any decision on the provision of compensation would be for the beneficiary of the estate.

The care award is one of the five awards that an infected person is eligible for. It provides compensation to recognise the cost of care that a person may have required as a result of their infection. The award is provided only to people making a claim as an infected person or to their estate. The infected person can take a decision on whether the award should be passed on to an affected person. An executor of a deceased infected person's estate will be responsible for administering the estate as per the wishes of the infected person. That is in line with the advice from the expert group.

Where a parent provided care for a child in their early years, and the child passed in adulthood and left their estate to a spouse or their own children when they sadly died, it would be for the beneficiary of the estate to make a decision on how the care award was allocated. This reflects the principle that it would not be right for the Government or IBCA to intervene or overrule the will of the person who has passed. However, in this example, under these regulations, a parent would also be able to claim compensation in their own right as an affected person.

With regard to the order of IBCA invitations, as was highlighted by the SLSC report, every single person entitled to compensation is unique, with their own set of experiences. I know that people have waited too long already, and IBCA wants to ensure that its service will work for everyone as it designs and builds it. Given the scale and complexity of this national tragedy, it does not currently have a mechanism to prioritise individual claims based on personal circumstances, but that is something it is seeking to develop.

On the question about the bulk of payments to infected people by the end of 2027 and by the end of 2029, I have an answer for both the noble Baroness, Lady Brinton, and the noble Lord, Lord Patten. The statutory instrument outlines an option for those people who are newly diagnosed. They will have six years to claim, so I cannot give your Lordships a date when that will close; it will have to remain open as we are seeing secondary infections and intergenerational infections, while, heartbreakingly, some people have contracted hepatitis C in the last 30 or 40 years but they are only being diagnosed now because their symptoms are coming to an end. So I cannot give a date for the closure of the scheme.

I will come on to the question of communications. The language is very difficult when we are talking about such an emotive and personal issue, and about people's lives. We expect the overwhelming majority—I agree; I do not like the word "bulk"—of these cases to be met within the timeframes outlined, but the scheme will remain open for the foreseeable. The framework document set out the timelines agreed between IBCA and the Cabinet Office: the "bulk" of infected people are to be paid by the end of 2027, and I am going to say the "overwhelming majority" of affected people are to be paid by the end of 2029. In its recent newsletter to members of the infected blood community, IBCA set out its aim to have made the majority of payments far ahead of those dates.

Several noble Lords touched on some of the challenges that other compensation schemes have had with rollout. To ensure that it has not been overwhelmed with applications and to make sure we get this right, IBCA is adopting a "test and learn" approach. That is why the numbers have been smaller, but we expect them to grow quickly in the coming months.

The noble Baroness, Lady Featherstone, highlighted the fact that the numbers are for ever moving and mentioned the updated numbers and the disparity. The most recent numbers I have of people who have engaged with IBCA are that as of Friday 14 March, last week, 255 people have been invited to start their compensation claim, 214 have started the claim process, 63 offers of compensation have been made, totalling over £73 million, and 40 people have accepted their offers, with over £44 million paid in compensation. This means that IBCA has met its aim of inviting 250 people to begin a claim by March—that was the agreed number—and making sure that the process is working.

9 pm

I want to touch on communication about the scheme, which was an underlying theme of several contributions. The Government recognise that there is a significant amount of information on the scheme, which can be challenging for people to understand, and I have had many conversations about this in recent days. In addition to the technical wording we have had to put in the SI, there are the Explanatory

[Baroness Anderson of Stoke-on-Trent]
Memorandum and everything associated with this scheme. It is clear that this is very challenging for everybody to work their way through.

For this reason, in addition to the materials published on GOV.UK this month, the Government will publish a simplified explainer document that we hope will help people understand the details of this policy and what it means for them. On Monday, IBCA also published a compensation calculator for the infected core award. This will be extended to include the supplementary award and compensation for affected people soon after this is published. I hope this will be a useful tool for people to better understand the compensation available to them under the scheme. It is clear that the comms need to be so much more accessible, and I am reassured that IBCA recognises this and is seeking to remedy it. I take on board noble Lords' feedback about the challenge of analysing these regulations as well.

As requested by the noble Baroness, Lady Finlay, I want to assure noble Lords for the record that eligibility for personal independence payments will not be affected where an applicant is eligible for compensation from IBCA. Personal independence payments are not means tested and therefore not impacted by an individual's income or savings. Compensation payments made through the scheme will not adversely impact any benefits received by applicants, infected or affected.

There were lots of questions with regard to the unethical research award and the scope, and I hope noble Lords will indulge my time slightly. The noble Baroness, Lady Finlay, was absolutely right to raise this issue. The unethical research award was developed following a recommendation from Sir Robert Francis's engagement exercise with the infected blood community in June last year. The Government accepted the recommendation in August and have developed the exact scope of this award since that point.

In December last year, the Government engaged with key representatives and organisations in the community on the eligibility criteria for the award, and we are grateful to each stakeholder who provided submissions and feedback. The Government carefully considered all the evidence provided and, as a result, extended the list of eligible centres now named in the regulations. The eligibility criteria for unethical research awards requires someone to show only that they were treated at one of the listed haemophilia centres—so they were a participant in one of Dr Craske's studies or attended Lord Mayor Treloar College within a specific date range. We hope this means that everyone who should be able to claim this award can do so without needing to track down detailed evidence that in some cases, this number of years on, will be very difficult to find.

The noble Baroness, Lady Finn, asked about payments to affected people. Payments will begin this year, enabled by these regulations. As I said, when they end is a matter for ongoing engagement.

As I hope noble Lords recognise, there is a genuine desire to engage with the infected blood community. We are not going to get everything right, but we will endeavour to do that as much as we can. The Government are absolutely committed to engaging with the infected blood community. In recent months, both the Minister for the Cabinet Office and Cabinet Office officials have met with key representatives of the community to discuss the upcoming regulations.

These regulations have been informed by the community's feedback through Sir Robert Francis's engagement exercise and a target engagement exercise held in December on the scope of the unethical research award. We know there is a need to rebuild trust, and the Government will take on board feedback on what steps we need to take to do this. I look forward to working with all noble Lords across the House as we seek to do this.

I hope I have answered the question about the action the Government will take to address the infected blood inquiry's concerns, but if not I will come back to the noble Baroness, Lady Brinton. She also asked specifically about the community not being involved in the training of IBCA staff. It is very difficult: it is obviously an arm's-length organisation and we cannot have it both ways, but it is incredibly important that users are at the heart of compensation claim service. That is why IBCA has appointed three user consultants, who are members of the infected blood community. They will advise on how the authority's processes and plans can be focused on those the needs of those applying for compensation. The issue of training is genuinely relevant and I hope that IBCA has listened to this debate—I am sure it has—and will pick that up.

The noble Baroness, Lady Brinton, asked whether there are any other areas behind restate and expand. I hope not. As I said in my opening speech, I recognise that the infected blood community will be disheartened to hear about that regrettable error. We genuinely believe that there are no further errors in this SI, but accountability and transparency are crucial for the Government—in the context of this scandal, they are imperative. This is why I want to reassure the House that these regulations have been fully scrutinised. I hope that acting so transparently about what we found will lead to some level of reassurance that we will take this seriously.

The noble Baroness, Lady Featherstone, raised the delays to interim payments due to the lack of official documents. We regret the issues some applicants found when making an application for an interim payment. When the issue was brought to our attention, we acted quickly with representatives of the infected blood community to put a solution in place for those impacted. We hope this will not happen again.

The noble Baroness, Lady Finn, raised the downgrading of compensation claims. I will address the concerns about compensation awards being downgraded or inconsistent. Noble Lords will recognise the importance of complete clarity and transparency on this issue, as we attempt to rebuild trust with people who have been so devastatingly impacted by the scandal. The compensation scheme's tariffs have been developed based on expert advice. They were set out on GOV.UK prior to being established in regulations, and I assure the House that these amounts have not been reduced since they were published. I recognise that financial compensation will not be sufficient for

many people to make up for the trauma they have faced as a result of this scandal, but it is my hope that, through this scheme, we can begin to provide closure for so many people who have needlessly suffered as a result of the continued failures of the state.

On the cost of the scheme, I want to reassure noble Lords, especially as this was raised by the noble Baroness, Lady Finn, that when we announced £11.8 billion in compensation for the infected and affected, that was neither a target nor a limit; it is to ensure that sufficient funds are available. If more money is required, this Government will seek to find the additional funds.

Before I finish, I want to put on record my thanks to the noble Baronesses, Lady Featherstone and Lady Finlay, for reminding us about the human cost of what we were talking about. In the detail and the language used when we talk about something so difficult, which has affected so many people, we need to be reminded of the human face. I thank both of them for highlighting their experiences—in the family of the noble Baroness, Lady Featherstone, and the noble Baroness, Lady Finlay, on behalf of the noble Baroness, Lady Campbell. It is incredibly important that we remember who we are talking about and why we are here.

While we are doing this, I also want to thank the officials who have supported this work and got us to this place. I thank noble Lords for their continued interest in this vital topic and welcome their continued collaboration. This is not a one-off SI; it is the latest chapter of such an appalling scandal. I know that we will spend many hours together in future weeks, months and years—inside the Chamber and outside—as we seek to bring justice to those who have been so devastatingly failed by the state.

Finally, we must bring our thoughts to the victims of this devastating scandal. The impact is felt deeply by families and individuals, and it has spanned decades. We must do everything we can to support those who are suffering and those who have lost loved ones. I hope these regulations provide comfort that the Government are taking steps to provide long-overdue justice to those who we have failed.

Baroness Brinton (LD): I am very grateful for the Minister's comments and look forward to meeting her, along with other colleagues, and indeed to future sessions. As I said earlier, I will not detain the House any more at the moment. I beg leave to withdraw the amendment.

Amendment to the Motion withdrawn.

Motion agreed.

National Insurance Contributions (Secondary Class 1 Contributions) Bill

Returned from the Commons

The Bill was returned from the Commons with reasons.

House adjourned at 9.10 pm.

Grand Committee

Wednesday 19 March 2025

Arrangement of Business

Announcement

4.15 pm

The Deputy Chairman of Committees (Lord Haskel) (Lab): My Lords. 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.

Armed Forces Commissioner Bill

Committee (1st Day)

Relevant document: 17th Report from the Delegated Powers Committee

4.15 pm

Clause 1: Armed Forces Commissioner

Amendment 1

Moved by ***Baroness Smith of Newnham***

1: Clause 1, page 2, line 2, at end insert—

"(5A) The Commissioner must—

(a) uphold and give due regard to the principles and commitments of the Armed Forces Covenant when carrying out its functions;

(b) monitor and report on compliance with the principles and commitments of the Armed Forces Covenant in all areas of its responsibility."

Member's explanatory statement

This amendment would require the Commissioner to uphold and abide by the principles of the Armed Forces Covenant when carrying out its functions.

Baroness Smith of Newnham (LD): My Lords, there is always time for a new experience. Despite having been in your Lordships' House for 10 and a half years, this is the first time that I have ever moved an amendment as the first amendment in Committee, which means that I do not have any experience of quite what I am supposed to do, other than to stand up and say that I am moving the amendment in my name.

I am very aware that, at various Committee stages of Bills, the movers of amendments seem to talk at great length. The bit that I do know is that I am not supposed to give another Second Reading speech—but I also noted before I arrived that it said that movers should not speak for more than 15 minutes, and I am moving the first amendment in two groups. For the benefit of everyone in Grand Committee this afternoon, noble Lords will all be extremely relieved to know that I do not plan to speak for more than 15 minutes in total, across all five groups, unless I am interrupted or heckled. We were all very clear at Second Reading that this is an important Bill and that we all broadly support it and wish it well. Any amendments that we bring forward are intended to improve it and not in any way to undermine it. It is very much in that spirit that the first amendment is proposed.

This amendment is in a little group all on its own, because it refers to the Armed Forces covenant. When the Armed Forces covenant has come up previously, it was very clear under the previous Government that there was a commitment to it and a desire that it should apply to businesses and maybe to schools, the health service or to other branches external to government—but the Government themselves and the MoD were not subject to the Armed Forces covenant. From these Benches, we always felt that that was a bit of a gap. In looking at this new role for the Armed Forces commissioner, it seems entirely appropriate that the person appointed should pay due attention to the Armed Forces covenant and that they should

"uphold and give due regard"

to it, in the wording of the amendment.

We also think that it would be helpful for the Armed Forces commissioner to monitor the Armed Forces covenant and how far the principles and commitments are being upheld. It is an important document and an important covenant, yet sometimes it seems to be honoured more in the breach than in the reality. Therefore, in that spirit, we want to ask His Majesty's Government at least to think about the relationship between the Armed Forces commissioner and the covenant. With that, I beg to move.

Viscount Stansgate (Lab): My Lords, the noble Baroness, Lady Smith, said that this is the first time she has ever moved an amendment in Committee—

Baroness Smith of Newnham (LD): The first amendment.

Viscount Stansgate (Lab): In my case, it is the first time I have ever been at a Committee on a Bill on the Armed Forces. When I walked in the door and was handed the latest regulations and so on, for which we are all very grateful, I must admit that when I looked at some of the amendments, I wondered where the disagreements are going to lie. As someone who comes fresh to this, I should have to say briefly—I am going to be briefer than the noble Baroness—that I thought, "This seems like a reasonable amendment. What's wrong with it?" So when my noble friend the Minister replies, I should be grateful to have explained what may be the objections to this amendment, because if there is something I do not understand about the relationship between the Armed Forces commissioner and the covenant, I should very much like to know.

The Earl of Minto (Con): My Lords as always, it is a pleasure to follow the noble Baroness, Lady Smith of Newnham, and I thank her for opening the Committee's considerations of this Bill on a matter as important as the Armed Forces covenant. She has done a commendable job of reminding noble Lords of the three principles of the covenant; so I will not repeat them. However, I should like briefly to comment on some of the great work that has happened as a result of the covenant.

The Armed Forces Act 2021, which was taken through the House by my noble friend Lady Goldie—who sends her apologies for not being present in this Committee today; she is otherwise detained in the Chamber—imposed new duties on public bodies to have due regard to the

[The Earl of Minto]
Armed Forces covenant. This means that housing organisations, health services, educational establishments and local authorities must all take action to ensure that service personnel are not disadvantaged. This has led to considerable improvements in service welfare.

For example, the Armed Forces community in west Norfolk raised concerns that there was insufficient dental service provision near the local base at RAF Marham. The views of families, supported by research from Healthwatch Norfolk into local health provision and user needs, were fed into the Norfolk health overview and scrutiny committee, ensuring the commissioning process reflected local and regional needs. This was all led and negotiated by the Norfolk Armed Forces covenant board, with partner organisations then collaborating to find a solution to meet those needs. NHS England worked closely with RAF Marham and the Defence Infrastructure Organisation to address the gap by opening the first NHS dental practice based on an MoD site. This is a direct positive consequence of the Armed Forces covenant.

The previous Government took significant steps, as I have mentioned, to incorporate the covenant into law. Given that it is somewhat axiomatic that the commissioner will already have due regard to the principles of the covenant, I should say, therefore, that the amendment does not seem quite necessary. I am glad, however, that the noble Baroness has moved it to highlight the positive impact of the covenant.

The Minister of State, Ministry of Defence (Lord Coaker) (Lab): Perhaps I may start by welcoming everybody to the Committee, and I look forward to the consideration of the Bill. I thank the noble Baroness, Lady Smith, for the way in which she introduced the amendment, and in particular the points she made about the general approval that everyone has with respect to the main thrust of the Bill. But of course, that does not negate the opportunity and chance for us to discuss how we may test what the Government are thinking and, where appropriate, suggest improvements.

I shall reflect widely on the various points that are made and my intention is that, between Committee and Report, we will have meetings between ourselves so that we can discuss how we might take all this forward. I say that as a general view as to what my intention is in order to make progress on the Bill, so that everyone will feel as though the contributions they have made have helped. I cannot promise the answers will necessarily be those that everybody would want, but certainly it is my intention, following Committee, to work with people to look at the various discussions that have taken place.

I apologise for the fact that the draft regulations dealing with the definition of what we mean with respect to a family have been made available online only an hour or two ago. Certainly, we gave them out as people came into the Room. There is, I am afraid, nothing I can add other than to say it was an administrative oversight, and I apologise profusely to everyone for that. I also know how irritating it is, having sat where the noble Earl, Lord Minto, is, to have to wait for regulations that do not appear. I can only apologise to the Committee for that.

It may have been the first time that the noble Baroness, Lady Smith, introduced an amendment, but nobody would have known. It is a very important amendment. I thank noble Lords and Baronesses here today for turning their expertise to the scrutiny of the Bill and for offering their board support to its principle and purpose. The ongoing welfare of our serving personnel and their families must remain a priority for this Government and the commissioner. The amendments we are considering today will do much to keep their welfare at the forefront of our minds in both Houses of Parliament.

I declare an interest, as my son-in-law is an active member of the Reserve Forces.

Amendment 1 is on the important issue of the Armed Forces covenant. As the noble Baroness said, its effect would be to place a requirement on the commissioner to have due regard to the Armed Forces covenant principles as part of their general functions. It would also require them to monitor and report on compliance with the covenant in all areas of their responsibilities. As I am sure noble Lords know—and as the noble Earl, Lord Minto, pointed out—the Armed Forces covenant recognises the unique obligations and sacrifices made by those who serve in the Armed Forces, whether regular or reserve, and those who have served in the past and their families, including the bereaved. This Government, as the last Government were, are fully supportive of the Armed Forces covenant. Indeed, our manifesto included a commitment to place the covenant fully into law with an ambition to include that in the next Armed Forces Act.

An important aspect of the covenant is that it applies to the entirety of the Armed Forces community, which encompasses both serving and former members of the Armed Forces. As the noble Baroness knows, the Armed Forces commissioner is very focused on the serving community and their families. It will, of course, be perfectly proper for the commissioner to consider covenant issues where they relate to serving members of the Armed Forces and their families, and I would imagine that those issues will be very much at the heart of the "general service welfare" matters that are within the remit of the commissioner to investigate. However, I strongly believe that there is a separate and pressing need to address the issues of our serving community, and it is in that role where the Armed Forces commissioner will have the powers to make the real impact that we all want.

I hope that I have been able to reassure the noble Baroness that the commissioner will be fully able to investigate covenant issues where they apply to the welfare of serving personnel and their families. Therefore, it is not necessary to specify this in the Bill, but I do not, in any way, decry the importance of the Armed Forces covenant, which every member of this Committee supports. We aim to extend and develop that in the Armed Forces Act that is coming in the not-too-distant future. With that, I ask the noble Baroness to withdraw her amendment, but I thank her for the thrust of the point that it made.

Baroness Smith of Newnham (LD): I thank the Minister for his response. If I may give a slightly flippant response to the noble Viscount, Lord Stansgate, who said that the amendment looks straightforward

and is difficult to disagree with, so "How can the Government not agree with it?", it sometimes feels with legislation that, however relevant an amendment might be, Governments of whichever flavour say, "No, we can't possibly agree with this amendment, but we might be able to come back with something worded a little differently". Government amendments might look similar to opposition amendments, but they may be accepted.

On this occasion, I hear what the Minister said on the specific reasons why the target audience of the Armed Forces commissioner is somewhat different to that of a wider role that would include veterans and other members of the Armed Forces community. However, I am still slightly concerned. The noble Earl, Lord Minto, pointed out that it is axiomatic that the Armed Forces commissioner would be bound by the Armed Forces covenant, but one of our concerns is that the Government seem to think that the Armed Forces covenant is something that other organisations should implement; they have not bound themselves to it, somehow. I look forward to seeing what the Government bring forward in the next Armed Forces Bill—they seem to come along quite regularly, a bit like Christmas. We look forward to that but, for the moment, I beg leave to withdraw the amendment.

Amendment 1 withdrawn.

4.30 pm

Amendment 2

Moved by ***Baroness Smith of Newnham***

2: Clause 1, page 2, line 4, at end insert—

"(7) For the purposes of this section, "persons subject to service law" includes people going through the recruitment process to join any branch of the armed forces, and "relevant family members" includes the family members of people going through any such recruitment process."

Member's explanatory statement

This amendment would allow those currently going through the recruitment process to join the armed forces to use the Armed Forces Commissioner for its intended purposes.

Baroness Smith of Newnham (LD): My Lords, both the amendments in this group are in my name, and Amendment 10 is also in the name of the noble Baroness, Lady Bennett of Manor Castle.

Amendment 2 relates to a matter of particular concern to my honourable friend in the other place: that we need to be very mindful of those who are going through the recruitment process. The legislation is obviously about those subject to service law, but one of the concerns is that, as people go through the recruitment process, they are potentially vulnerable. Clearly, that would not apply to somebody just walking into an Army recruitment office, but if somebody has got to the point of applying, going through the medical process and then going through various assessments to see whether they are suitable to be recruited—apparently there is sometimes a requirement to stay overnight, for example—there is a real concern that we need to make sure that they are not put in any difficulty, particularly when it comes to young people.

If there is no Service Complaints Commissioner because the role is being taken over by the Armed Forces commissioner, will it be possible for those going through the recruitment process to be part of that? I know that the Minister is not minded to accept this amendment, but it would be helpful if he would at least explain to the Grand Committee how the interests of those going through the recruitment process, particularly the very young, will be maintained and if he would confirm that safeguarding will be in place.

Amendment 10 is to some extent related to the draft regulations that have just appeared. At Second Reading the Minister said that he would make sure that the draft regulations would be out in good time before Grand Committee—I think he may have said that it would be not just half an hour before. They arrived a good two hours before Grand Committee, so we are probably winning. The draft regulations talk about deceased service personnel's family, so that bit of our amendment has already been covered, but I have two questions, one of which is linked to the amendment as initially tabled, which is about kinship carers and whether the language used in the draft regulations is intended to cover that or whether we still need to think about a more specific amendment on kinship carers coming back on Report.

At the moment, the various clauses in the draft regulations talk about "relevant family members", including those for whom someone

"has assumed regular and substantial caring responsibilities",

but there is very little definition of what is meant by that. It may be that there is other, not necessarily Armed Forces legislation, where there are very clear definitions, but it would be helpful for Grand Committee to understand how His Majesty's Government understand that.

As the draft regulations happen to be in front of us, I wonder whether this is the right place to ask the Minister my second question relating to them, regarding Regulation 2(3)(b) about

"a former spouse or civil partner or a person whose relationship with A was formerly akin to a relationship between spouses or civil partners".

I am just wondering how far the remit of "relevant family members" is intended to extend. If we are talking about someone at the time of a bereavement, it is usually clear who is the spouse or civil partner. Where we are dealing with people who have previously held those roles, is it anyone who has previously been in the role of something similar to a spouse or civil partner? How do His Majesty's Government intend to define that? Is the Armed Forces commissioner supposed to deal with all those relationships, or will we be looking at a narrower definition? I beg to move.

Lord Lancaster of Kimbolton (Con): My Lords, with the greatest respect to the noble Baroness, I will speak against Amendment 2. I declare my interest as a member of the Army Board.

I understand the intent, but my objection to Amendment 2 is based on practicality. The recruitment process has changed dramatically in recent years. Indeed, you can start your recruitment process not by going into an Army recruitment centre but simply by going

[Lord Lancaster of Kimbolton]
online and clicking a button. Last year alone, we had over 100,000 applicants to the Regular Army and over 30,000 applicants to the Army Reserve. That was just for a single service, so I think it is fair to say that probably in excess of 200,000 people will have applied to join the Armed Forces over the past year. If we were to allow these people to access this system, I think the system would simply be overwhelmed and goodness knows what the cost would be.

The principle is that those who are subject to service law are subject to the Bill, and service law does not kick in until the point of attestation, when you actually join the Army. I was privileged to be in Nepal only three weeks ago to witness our next 372 Gurkhas being attested into the British Army. I understand the sentiment, but, with the greatest of respect, I think it is simply impractical. We would open the aperture of the system to so many people that we would run the risk of the system simply not working because it would be overwhelmed.

Baroness Smith of Newnham (LD): That is a very helpful intervention, and we are probably all delighted to hear that there were so many applications for the Army last year, given that recruitment has been an issue. Could the noble Lord continue with some of that exposition? Obviously, it is possible to apply by going online and clicking a button and, clearly, the applicant should not have recourse to the Armed Forces commissioner at that stage. But at the stage where somebody is going through a medical or being assessed, could there be concerns that we need to think about, even if that is not through the Armed Forces commissioner?

Lord Lancaster of Kimbolton (Con): The noble Baroness makes a reasonable point, which is why I said at the start of my remarks that I understood the intent behind what she is trying to achieve. Without getting distracted, the challenge that we face at the moment is a crisis not of recruitment but of conversion. One of our biggest challenges is that we have a conversion rate—forgive me if this figure is not quite right—of about 13 or 14 to one in the Army and about 20 to one in the Army Reserve. The challenge is in the process of recruitment and the time that it takes. I am straying beyond my role here today, but I can assure the noble Baroness that the Armed Forces are seeking to address that. Those who are frustrated in that process probably should have the ability to have redress, but I am not sure that this process is the right one.

Lord Stirrup (CB): My Lords, I too am persuaded that Amendment 2 is not necessary, but, with an eye to what one might consider bringing forward on Report, could I take the opportunity to ask the Minister to reflect a little more widely than simply the recruitment process and go into some detail on recruit training? Recruit training will be covered by the Armed Forces commissioner, but it is as a blanket coverage just like everything else.

But we are only too well aware of the serious concerns that exist about the abuse of recruits undergoing training. This is a particularly serious problem that, in my view, needs to be looked at outwith the general subject of the treatment of people in the Armed Forces. Why do I say that? Recruit training is and must be a tough and stressful endeavour. It has to turn civilians into effective members of a military organisation. It has to forge new bonds of loyalty and duty, and that will never be an easy or gentle process. But, simply because of that, recruit training becomes a particularly potentially dangerous area, because recruits are particularly vulnerable. Anyone in charge of recruits who steps over the bounds can cause serious harm.

The abuse of recruits is not just wholly wrong legally and morally; it is also damaging to the image of the Armed Forces more widely, and indeed it could be damaging to recruiting. So it seems to me that this area deserves some particular and special attention. The Minister might like to reflect on whether something should be included in the Bill, or in the regulations that flow from it, that pays particular attention to this.

It is not, of course, because commanders do not care; they do care. We have had the very recent example of the Chief of the General Staff expressing his shame at some of the some of the recent cases. But we have seen these cases year after year, stretching back as far as any of us can remember. The care, concern and statements of commanders have not changed things. As the Minister will be aware from discussions we had at Second Reading, the critical thing in the Bill is what it will do to change things on the ground. Recruit training, it seems to me, is an area that deserves particular consideration. I wonder whether he might reflect on that and perhaps have some further discussions before we get to Report.

Viscount Stansgate (Lab): My Lords, I intervene at this point to say that I am very grateful to follow the two noble Lords who have just spoken because I learned a great deal. On Amendment 2, I hope that, when the Minister comes to reply, he will be as precise as possible in indicating exactly when the Bill will take effect on people joining. The noble Lord, Lord Lancaster, referred to attestation: is that in fact the moment at which you go from being an applicant to being, as it were, a serving member of the Armed Forces—and hence the Bill applies?

Secondly, with respect to Amendment 10 and its reference to the regulations, which I got a copy of as I walked through the door, my noble friend the Minister made his declaration of interest again today, and I made one during the Second Reading debate—I will not bore the Committee with it again, except to thank the noble Lord, Lord Lancaster, for his enthusiastic reply. Looking at the list of relevant family members, and bearing in mind my declared interest, am I right that someone who is engaged to a serving member of the Armed Forces does not come within the current definition of family members?

Lord Harlech (Con): My Lords, I declare an interest as a serving Army Reserve officer. I was not going to speak on this group, but the discussion so far has prompted me because, without wishing to prejudge the Committee too much, I am probably the one who went through the recruit process most recently—albeit six years ago. Things have probably changed for the better since then.

I agree with the noble and gallant Lord, Lord Stirrup, that recruit training needs to be vigorous and arduous, because you are turning civilians into soldiers, sailors and airmen. I also agree with my noble friend Lord Lancaster that applying service law, and benefits thereof, at the point at which someone becomes an applicant would be too early. But, to pick up on the point of the noble Viscount, Lord Stansgate, yes, attestation is exactly that point.

I can speak only for the Army recruitment process. It is very good at training you and telling you where you need to be, at what time, and with what kit and equipment, and it is good at telling you what you are going to do. What this amendment perhaps points towards is that it could communicate better to recruits not only their obligations but their rights. The National Recruiting Centre holds everyone's personal information. It could be as simple as an email from the Armed Forces, subbed by the Armed Forces commissioner, saying, "You have now attested. These are your obligations, rights and benefits". That would take care of all of these issues.

4.45 pm

Lord Lancaster of Kimbolton (Con): I sense that we are in danger of confusing the recruitment process and recruits. The recruitment process is the process through which you apply to join the Armed Forces. That ends at the point of attestation, when you join the Armed Forces. You then become a recruit in training. It is unfortunate that the two words are similar; we run the risk of not understanding that the point at which service law applies is attestation.

The Earl of Minto (Con): My Lords, although I appreciate the intent of the noble Baroness, Lady Smith, we believe that this Bill should retain clarity and focus.

It is important that the commissioner is responsible for those who are subject to service law. That is the language used in the Bill and the term defined by Section 367 of the Armed Forces Act 2006. As per that that section, those who are subject to service law include every member of the regular forces at all times; every member of the Reserve Forces while they are undertaking any training or duties relating to their reserve duties, are on permanent service on call-out, are in home defence service on call-out or are serving on the permanent staff of a reserve force.

As per chapter 18, *Terms and Conditions of Enlistment and Service*, recruits become subject to service law once they have sworn the oath of allegiance to His Majesty the King. I swore mine 53 years ago; that is a slightly awful thing to say. They would, therefore, already have access to the commissioner. The issue arises when we try to include all those going through the recruitment process, as we have just discussed. They are still civilians, and many may not complete the process of joining up. Therefore, they would not be likely to experience general service welfare issues in the same way that fully attested service personnel may do.

In Committee in the other place, the Minister for the Armed Forces pointed out that there can be up to 150,000 individuals going through the recruitment process at any one time. If the commissioner's remit were to be expanded in this manner, their case load would, in essence, double. This seems like rather an onerous imposition that could hinder the commissioner's ability to serve service personnel as the Government intend.

On Amendment 10—I very much thank the Minister for the draft regulations—the only thing I would like to say is that I believe that there is already a precedent definition in legislation. The Armed Forces (Covenant) Regulations 2022 define relevant family members for the purposes of Section 343B of the Armed Forces Act 2006. The Government already have a list that defines family members, and it is fairly comprehensive. This begs the question: what differences will there be between that definition and this new definition? Also, since we have just received this latest definition, I ask the Minister: could we perhaps consider it and revert at a later stage?

Lord Coaker (Lab): My Lords, I thank the noble Baroness, Lady Smith. Although I do not agree with her on Amendment 2, let me just say that I think the fact that she spoke to both that amendment and Amendment 10 has provoked a very interesting and important debate. I will deal with some of the issues that she raised when I make the formal government response to it.

First, I want to respond more widely and openly to the various questions that have been raised. I very much agree with the point made by the noble and gallant Lord, Lord Stirrup, and the noble Lord, Lord Lancaster. The Government are looking at ways to improve the recruitment process before the point of attestation through a review of recruitment and how it takes place, in order to try to improve the whole process, but that is separate to the whole point of the commissioner. None the less, the noble Baroness made an important point about how we could improve that experience for those who are applying to join our Armed Forces.

The noble Baroness spoke about kinship, and I will make some remarks about that in my formal remarks. Our belief is that the draft regulations she has received—I emphasise that they are a draft—are intended to be broadly drawn with respect to that. We have noted the comment the Delegated Legislation Committee made on how these draft regulations should be agreed using the affirmative process, rather than the negative process as is currently in the Bill. I say to the noble Earl, Lord Minto, and others, that we will come back and look at that on Report to reflect the views of the committee.

Our intention in the draft regulations is to ensure that anyone who is closely connected to a serviceperson and feels the impact of service life should be covered by the commissioner's remit. We recognise that this could be a wide-ranging and diverse set of people. Before I forget, I will say to my noble friend Lord Stansgate that engaged people are covered by the commissioner.

Viscount Stansgate (Lab): They are getting married in September.

Lord Coaker (Lab): I know it will change in September, but engagement is covered. Trying to overly constrain this definition may risk suggesting that family is more of a traditional nuclear family, and it may not reflect

[Lord Coaker]
differing circumstances, such as the bereaved or non-traditional family set ups. We have tried to reflect that in the draft regulations; again, I apologise for their being late to the Committee.

Lord Beamish (Lab): I read the regulations very closely, but I am not sure how it includes engaged couples unless they are covered by an interdependence in terms of finances. If an engaged couple were not living together or did not have a joint bank account, for example, would they be covered? It used to be the fact that, in terms of considering casualties, there had to be a connection of financial dependency between the two.

Lord Coaker (Lab): I am advised that Regulation 2(3)(a),
"a person whose relationship with A is akin to a relationship between spouses or civil partners"
includes engaged people. If that is wrong, I will come back to it, but that is the whole point of having the draft regulations before us. As I said, these regulations are draft and will come back as secondary legislation in due course.

Lord Beamish (Lab): I am afraid I have to say to the Minister that I think that is very woolly. As a Minister who dealt with casualties—I am sure other Members who have served in the Ministry of Defence will be aware of this—I can say that the Armed Forces family is very complicated. At a sudden death or tragic event, various emotions come together and, unless that is defined, you will have difficulty.

Lord Coaker (Lab): That is a really helpful comment from my noble friend. These are draft regulations; we are not going to legislate them now. The Bill will give us the power to create secondary legislation, and those draft regulations can be changed when people make various comments, including the ones my noble friend has made. Those can be taken into account and, if there needs to be change, there can be.

The whole point of the draft is that it gives the opportunity for noble Lords to make various comments on them. The noble Baroness, Lady Smith, may reflect that kinship is not covered in the way she would expect, and therefore could make that point in response to the remarks I have made and will make. That is the whole point of what we are discussing. If this draft is not drawn tightly enough, of course it will have to be changed.

Lord Stirrup (CB): In my time, I have seen some mind-bogglingly complex family arrangements, some of which would not be comprehended by these regulations. I say to the noble Lord that I do not believe that it would be possible to write something out that will cover all possible contingencies. I wonder what degree of flexibility there will be in all of this to take account of the unforeseen when it comes to very complex family arrangements.

Lord Coaker (Lab): One would expect the complexity of modern family life to be reflected in the regulations. In the end, one would hope that the commissioner would exercise some professionalism and care with respect to that. I take the noble and gallant Lord's point and my noble friend's point, but it is extremely difficult to do this and to capture every single potential arrangement.

However, as I said in response to the noble Baroness, we are trying to have as broad a definition as we can, including as many different arrangements as we can, with some flexibility to try to capture the sorts of arrangements that we may not have thought of—such as those who are engaged and so on. As my noble friend pointed out, in his view, this does not adequately capture that; we will have to reflect on that and, where necessary, change it. A point was made about the difficulty of this; one has to try to do it, but we are ultimately dependent on the sensitivity of the commissioner, which is what I would hope we would do. The noble Baroness will have to reflect on the kinship point.

I totally agree with the points that the noble Lord, Lord Lancaster, made about attestation. The commissioner has a responsibility for the particular individual from that time. I will refer to that again in my remarks, but I totally agree with what the noble Lord said.

I thought the intervention of the noble and gallant Lord, Lord Stirrup, was extremely pertinent. Many of us here are concerned about the abuses that we have seen. He made a particular point with reference to recruit training and the balance there must be between rigorous training to make sure somebody is fit for service with the abilities and aptitudes that one would expect and ensuring that that training is not inappropriate, bullying or in any way abusive. Certainly there is an expectation that, were that a concern or something that is brought to the commissioner's attention, they would look into it.

It is good to see the noble Baroness, Lady Newlove, here with the experience that she can bring from her role. She is somebody who has shown that the "So what?" question can be answered, and she has made a very real difference with respect to victims. The "So what?" question is really important to the whole of the Committee.

Many of us who have served are sick and tired of reading report after report, but there are changes happening and improvements taking place. At the same time, in the evidence given yesterday to the Defence Select Committee by the Chief of the General Staff, the First Sea Lord, the Minister for Veterans and others, they were openly talking about their complete disgust at some of the things that still happen and their desire to continue to work for changes. In fact, noble Lords may have seen some of the changes that they suggested, one of which was the establishment of a specialist tri-service team to deal with the most serious complaints. This tries to take them out of the single service that they would normally go to, by having a tri-service complaint system. That was something that the Chief of the General Staff and others talked about yesterday.

Lord Stirrup (CB): One of the issues that we discussed at Second Reading was the challenge of people actually accessing the commissioner. This seems to be a particular concern for those in recruit training. Old lags in the system will generally know how it works and will have friends around who can tell them; they will understand

what they need to do to get the commissioner involved. However, recruits will be a bit hazy on all that and extraordinarily reluctant, in the environment in which they find themselves, to complain. This comes back to the point I made earlier: is there not a need for a particular set of arrangements for those undergoing recruit training beyond those applied to the broader swathe of service personnel?

Lord Coaker (Lab): The noble and gallant Lord makes a good point. Let us reflect on that and see where we get to. But I could not agree more with him about the nervousness that you would expect from a recruit who has just joined and done the attestation and is part of the Armed Forces, but who feels that it is what is happening with respect to him or her is inappropriate.

5 pm

On a broader point, because the noble Lord, Lord Colgrain, has raised this with me with respect to the reserves, there is a need to publicise the work of the commissioner and to make people confident in being able to contact the commissioner, going to the commissioner with whatever their concerns are, and for the commissioner to hear that, even if the commissioner says, "That's an individual complaint; you need to go to the service complaints system". But if enough of those come, then they can see that there is a general welfare issue that is occurring. We are going to reflect on how we ensure that we publicise the work of the commissioner. The noble and gallant Lord, Lord Stirrup, made the suggestion that that may mean that, in a particular circumstance with respect to recruit training, we may need to consider how we do that. But it may be that there are other circumstances for other groups or categories—however you want to define them.

Lord Lancaster of Kimbolton (Con): We are in danger of not overpublicising but causing confusion. The majority of the service complaints system which is lifted and dropped into the Bill still remains the responsibility of the single service. One of my concerns at Second Reading was, for a number of reasons in a number of different areas, that we will begin to raise expectations. I am not sure that the Service Complaints Commissioner would welcome it if, all of a sudden, they are having a whole series of complaints directed at them which rightly should go through the service complaints system. So we need to be very careful how we advertise this; otherwise, we will cause a right mess if we are not careful.

Lord Coaker (Lab): I agree with that. Let us be clear that the service complaints system remains in place; it is the Service Complaints Ombudsman's responsibilities that are being transferred into the Armed Forces commissioner role. So I thank the noble Lord, Lord Lancaster, for allowing me to reiterate that point. He is absolutely right that, in most circumstances, the commissioner will refer individual service complaints back to the individual service for it to look into. I agree with him on his point about ensuring that that system continues and works in the way that we would all want it to, and the Armed Forces commissioner's responsibility is with respect to the general welfare issues that arise.

In answer to the point made by the noble and gallant Lord, Lord Stirrup, when we look at how we publicise that—the noble Lord, Lord Colgrain, has highlighted the reserves—we will make sure that we take on board the point that the noble Lord just made so that there is no confusion, but that at the same time we create a culture where people feel able to bring something forward to the appropriate body, whatever that may be.

I just want to address another point that the noble and gallant Lord, Lord Stirrup, made. It was a very important point, which should be reiterated, about how some of the poor behaviours we see reflect on the image in total of the Armed Forces. That is why it is so important to answer the "So what?" question.

I just say to my noble friend Lord Stansgate—or maybe it is to the noble Baroness, Lady Smith—that, subject to the will of Parliament, we hope that the Bill will get Royal Assent in late spring this year, and the Armed Forces Bill will come into effect early in 2026. So that is the timeline that that we are operating to.

Just for information to the Committee, the Service Complaints Ombudsman's contract runs out at the end of 2025, but within the Bill there are transitional arrangements that are able to be made should there be a period between the end of her contract and the start of the Armed Forces commissioner role. I just want to be clear about that.

I turn to the formal remarks that I wish to make. Amendment 2 relates to the addition of those undergoing the recruitment to the Armed Forces so that they come under the commissioner's scope. I acknowledge the noble Baroness's concerns about potential recruits. From the first day in uniform to the last, the Government are committed to all members of the Armed Forces and to supporting their families. On their first day of basic training, candidates complete attestation—as the noble Lord, Lord Lancaster, and the noble and gallant Lord, Lord Stirrup, mentioned—transforming them into recruits who are members of the Armed Forces. This means that they and their families are within the commissioner's scope.

The experience of a potential recruit—a candidate—is very important and, as such, we have set a new ambition for the Armed Forces to make a conditional offer of employment to candidates within 10 days, and to provide a provisional start date within 30 days. However, as the noble Lord, Lord Lancaster, pointed out—the figure I have is more than 100,000—up to 150,000 candidates are applying to join the military at any one time. Bringing them into scope may vastly increase the workload of the commissioner, watering down their ability to focus on other key areas impacting service personnel and their families.

To reassure noble Lords, the Government's work on improving retention and recruitment is part of a package of measures aiming to renew the contract between the nation and those who serve. We are modernising and refining our policies and processes to attract and retain the best possible talent, highlighting that defence is a modern forward-thinking and forward-facing employer that offers a valuable and rewarding career. Our aim is to attract and recruit more, as well as to maximise the number of applicants who successfully enter and remain in the Armed Forces' employment.

[Lord Coaker]

Turning to Amendment 10, I will start to answer some of the points that the noble Earl, Lord Minto, raised concerning the definition of "families". I again thank the noble Earl and thank the noble Baroness for her amendment. I acknowledge her concerns about providing certainty to all Members on the application of the Bill. I promised that during Second Reading, and I have apologised for the late arrival of the regulations. But the debate that we have had from my noble friend Lord Beamish and others about what should be in those regulations will be something that we can return to as the Bill progresses but also when the draft regulations are debated by this place and the other place.

I welcome the Delegated Powers Committee's report and thank it for considering the Bill so carefully. It provides a vital role in ensuring the appropriate degree of parliamentary scrutiny of delegated powers, and we will carefully consider its recommendations before Report.

The families definition outlined in the regulations seeks to include all groups that have a close familial relationship with the serviceperson. In broad categories, the draft definition covers partners or former partners of a serviceperson, including those who are married or in a civil partnership, or someone in a relationship akin to a marriage or civil partnership—namely, a long-term relationship. I can hear others already saying, "What do you mean by 'long-term'?" I just say that we are attempting to create a definition—I am just trying to head off my noble friend Lord Beamish before he challenges me on what "long-term" means. The serious point is that we are trying to have a wide definition, and we understand the difficulty that that raises. But we will take on board the points that people make.

The draft definition also includes children of the serviceperson—either the serviceperson's own children or their stepchildren—as well as their partner's children or a child for whom the serviceperson is caring or has financial responsibilities. It includes parental figures of the serviceperson, which will include parents and stepparents and anyone who acted in a parental role when the serviceperson was under 18, such as a long-term foster carer or kinship carer. The definition also includes a sibling of the serviceperson, be that a full or half sibling or a stepsibling, or someone who legitimately considers themselves a sibling of a serviceperson through their upbringing. Again, noble Lords can understand some of the difficulty that may arise with that, but they can understand our attempt to capture as wide a number of people as we can.

The draft definition also includes other specified relatives of the serviceperson or their partner where they are part of the serviceperson's household, are financially dependent on them or are cared for by the serviceperson or their partner. It includes bereaved family members if they fall under any of the above categories immediately before the serviceperson's death. Although the definition explicitly includes bereaved families, it does not specifically use the term "kinship carers". The definition has been drafted to ensure that service personnel who are kinship carers, or kinship carers of the serviceperson when they were growing up, are in scope, thus giving biological parents and those who acted as a kinship carer the same access to the commissioner.

Going back to the point made by the noble Earl, Lord Minto, that is why there is a difference between the definition here and some of the other definitions with respect to the use of "families". Our intention is to try to draw that as widely as possible and, therefore, that is why there are some of the differences that the noble Earl mentioned. I hope that provides some of the reassurances that the noble Baroness, on both her amendments, is trying to achieve.

I thank noble Lords for an interesting debate on this aspect of the Bill. We will again take into account the points that have been made and reflect on them, not least about the need for us to consider the draft regulations, as well as the points that the noble and gallant Lord, Lord Stirrup, made about recruit training and a need for us to consider where particular arrangements may be made. I ask the noble Baroness, Lady Smith, to withdraw her amendment.

Baroness Smith of Newnham (LD): My Lords, I am grateful to all noble Lords who have contributed to this fascinating debate on the two amendments in this group. Several of us have learned a lot, and some are now probably a little puzzled about the status of an engagement versus a civil partnership versus a marriage because, to most people, an engaged person is not the same. I agree with the noble Lord, Lord Beamish, that we might want to come back to that issue.

However, I am particularly grateful to the Minister for clarifying His Majesty's Government's attempt to define family relationships broadly, because some years ago, when I was first on the Armed Forces Parliamentary Scheme, I was on a visit and was told of some frustrations of people not being able to get accommodation because of certain familial relationships that were not deemed to be actual relationships. The fact that the draft regulation is going to be broad in scope is welcome. The formal answer that the Minister gave when he was talking about foster relationships and so on probably covers the kinship aspects that we are looking for in that part of Amendment 10. We look forward to a further iteration of the draft regulations and definitions.

Lord Coaker (Lab): Let me correct something before we move on. I said that the Armed Forces Bill will come into force in early 2026. That is not correct; I misspoke, of course. The Armed Forces commissioner will be set up in early 2026. I apologise profusely for that error and hope that everyone who listens to our proceedings, legal or otherwise, now fully understands that I meant the Armed Forces commissioner, which, I suspect, is what everybody in the Committee thought I meant. Just for the sake of clarity, I mean the Armed Forces commissioner will be set up in early 2026. The Armed Forces Bill must receive Royal Assent by the end of 2026.

Baroness Smith of Newnham (LD): I am grateful to the noble Lord for clarifying that point. I suspect most Members of the Grand Committee were not necessarily listening so closely.

Noble Lords: Oh!

Baroness Smith of Newnham (LD): Clearly, it was only I who was not listening sufficiently closely, but I understood it as being the Armed Forces commissioner rather than the next Armed Forces Bill. However, I will probably have to not move Amendment 10 at a later point in proceedings.

However, the amendment has elicited a fascinating debate that allowed us to explore certain aspects of the recruitment process and, as the noble Lord, Lord Lancaster, pointed out, the group that sounds similar to, but has a different role from, that of the recruit trainees. I should very much like the opportunity outside Committee to talk further with the noble and gallant Lord, Lord Stirrup, and the Minister, because my sense from the debate was there may well be some value in thinking about making it clear that that part of the role of the Armed Forces commissioner would indeed be to pay particular attention to the situation of recruit trainees, for example. I realise the noble Lord, Lord Lancaster, said, "Ah but we must make sure that we do not overwhelm the Armed Forces commissioner", and I completely understand that. The role as stated in the Bill is not just to be the ombudsperson with a different name; it is also clearly to be about promoting the welfare of persons subject to service law.

The noble and gallant Lord, Lord Stirrup, made a strong case for looking closely at how recruit trainees are being looked after. So I may wish to bring back an amended amendment, or a different amendment, on Report. For the moment, I beg leave to withdraw.

Amendment 2 withdrawn.

Clause 1 agreed.

5.15 pm

Schedule 1: Armed Forces Commissioner

Amendment 3

Moved by ***Lord Beamish***

3: Schedule 1, page 8, line 16, at end insert—

"3A The Secretary of State must not make a recommendation to His Majesty under paragraph 3 until the recommendation has been laid before, and approved by a resolution of, each House of Parliament."

Member's explanatory statement

This amendment would mean the Secretary of State could not recommend a candidate to be appointed Armed Forces Commissioner to His Majesty until both Houses of Parliament have approved that candidate.

Lord Beamish (Lab): My Lords, Amendment 3—I will refer to Amendment 5 later—is like Amendment 4 in the sense that it covers parliamentary oversight of the appointment of the Armed Forces commissioner. It does so in different ways, but Amendment 3, standing in my name and that of the noble Lord, Lord Russell of Liverpool, puts forward one way of achieving this.

In the Second Reading debate on the Armed Forces Commissioner Bill in the House of Commons, much play was made of the fact that the Armed Forces commissioner will be akin to the German armed forces commissioner. My right honourable friend John Healey, the Secretary of State, said:

"The role is inspired by the long-established German parliamentary commissioner for the armed forces, which enjoys cross-party support in the Bundestag and support across the military".—[*Official Report*, Commons, 18/11/24; col. 75.]

He then went on to quote the present commissioner for Germany's armed forces, who welcomes and looks forward to the new Armed Forces commissioner being installed in the UK.

Here, my noble friend the Minister also referred to the inspiration from Germany for the Armed Forces commissioner when he said this at Second Reading:

"The Bill was inspired by the long-established and successful German parliamentary commissioner for the armed forces, who has been championing and providing a voice to Germany's armed forces for almost 70 years … Our proposed Armed Forces commissioner, like the German commissioner, will have the power to consider the full breadth of general welfare issues that may impact service life".—[*Official Report*, 5/3/25; col. 302.]

So, really, the spark that has done this is the German system.

I have to say, that is where it departs a little. The German system looks at the thematic issues that will be the remit of the new commissioner and she can also look at general service complaints, but the way in which the German commissioner is appointed is very interesting and very different from what is being proposed in this Bill. At the moment, this is what is proposed in paragraph 3 of the new schedule to be inserted by Schedule 1:

"The Commissioner is to be appointed by His Majesty on the recommendation of the Secretary of State".

So the Secretary of State will be the person who appoints this person and decides who they should be, but the German system is very different. The German armed forces parliamentary commissioner is established under the German Basic Law, which was framed in 1949 and, I think, clarified in 1956. The Bundestag parliamentary commissioner has some of the same remit as the proposed commissioner in the UK but there is the force of federal law behind him or her.

Then, we come on to how the German commissioner is appointed. They are elected by the Bundestag, whose website says:

"The Bundestag shall elect the Commissioner by secret ballot with a majority of its Members".

It goes on to say that candidates may be put forward

"by the Defence Committee, the parliamentary groups"

or groups of members of the Bundestag for this purpose. It says that there should be no debate and that there is a simple vote. It also states:

"Every German who is entitled to be elected to the Bundestag and has attained the age of 35 shall be eligible for the office of Commissioner".

Although my noble friend and the Secretary of State have argued that this would be akin to the German system, I am not sure that it is, given the powers, process and parliamentary scrutiny that it has. Am I surprised that, in drafting this, they have ignored the bit about Parliament? No, I am not, because the Executive are never keen on giving up power or ceding it to Parliament. I have no doubt that, following this debate, the Minister's civil servants will come up with umpteen reasons why this cannot be done and, if it was, that somehow the earth would stop spinning and the sun would stop rising.

I have known my noble friend for many years and, as I always like to be helpful, I point out that there is a precedent already in the UK in the appointment of the Parliamentary and Health Service Ombudsman. I was not aware how he or she was appointed until I looked

[Lord Beamish]
it up, but it is very much Parliament's responsibility to appoint that individual. It is an open competition, and there is then an interview panel and final selection, which is done by the chair of the PACAC—the Public Administration and Constitutional Affairs Committee—an experienced ombudsman, and an independent panel. In that case, Parliament, via the role of those two individuals, has a direct say in selecting that person, so I am sure that we could come up with some system whereby Parliament could have a more direct say in who this person will be. It is a new role, and if the Government are arguing that they want to mimic or mirror the German system, Parliament needs to have a role in it. As the Bill stands, it has no role at all.

I know that, in Amendment 4, the noble Baroness, Lady Smith, puts forward an alternative method of involving Parliament. We need to look at ways in which this could be achieved because, without it, the question of who the individual is—I will come on to this later regarding finance—could be at the behest of the Government of the day. If we are trying to give the impression that this person will be independent and accountable to not only the Armed Forces but the general public, and have an oversight role, having Parliament in that process is important. The noble Lord, Lord Russell, and I suggest that, before the nomination is sent to the King, it should go through both Houses of Parliament. That would give at least some oversight of the mechanism.

Amendment 5, which is also in my name and that of the noble Lord, Lord Russell of Liverpool, is about the tenure of office, where again the Bill tries to mimic the German system but does not quite do it. Under the Bill as currently outlined, the tenure is a five-year term that can be extended but only for another two years. I wonder where they got the extra two years from. I think that was a suggestion in an annual report from one of the existing ombudsmen, but why two years? Amendment 5 proposes that the tenure should be up to two five-year terms. That would be in line with the German system, which is a five-year term that can then be repeated for another five years.

I accept that, with public appointments, it is important to get a turnover of people, but with this role, first, it is a new role. Secondly, the individual is not going to be a member of the Armed Forces or a civil servant, so he or she might have to take a long time to get themselves up to speed with the way in which our Armed Forces are structured and operate. That is before, as the noble and gallant Lord, Lord Stirrup, said, they get their head around the complex nature of the Armed Forces family.

The option of having an extra five years would be better. You only have to look at the workload in the present ombudsman's report, which has seen something like a 25% increase in complaints. If this person is going to be hit with that from day one, they are going to be very busy. Added to that role—remember that this is a new and extended role—they will do thematic reviews. An obvious one would be on initial recruitment, for example. However, we have looked at this in the past in terms of the Nicholas Blake report into the sad deaths around Deepcut. The House of Commons Select Committee also did quite a major report on that back in 2006. It is sad that some of those things have not changed.

It would be in order to extend that person's tenure. It would also allow the individual to get a quicker understanding and be able to follow through on reports. I think some of these thematic reports will take a long time to go through. If they are going to make a change and have weight, they are going to have to be done thoroughly without a time limit that means it will be passed to a new commissioner or, somehow, they will run out of time.

All I will say to my noble friend is that I have looked at the German system; this is not the German system. It can be nearer to the German system if we make some amendments to it. I beg to move.

Baroness Smith of Newnham (LD): My Lords, I will speak to Amendments 4 and 21, which are in my name. As the noble Lord, Lord Beamish, pointed out, in some ways Amendments 3 and 4 are trying to bring a parliamentary dimension to the appointment of the Armed Forces commissioner. I fully agree with everything the noble Lord said on Amendment 3.

There is no objection from these Benches to Amendment 3; it seems a very reasonable amendment. Indeed, I hope the noble Lord, Lord Beamish, is wrong, and the Box—although there is not officially a Box in Grand Committee—officials are not going to be able to give the Minister a bit of paper to tell him that there is no way on earth there can be a parliamentary vote. Some sort of statutory instrument and a negative or positive approval in both Houses seems to be de minimis. I would hope that His Majesty's Government will think seriously about allowing some parliamentary involvement in the appointment of the Armed Forces commissioner.

One of the problems I envisage with the straightforward negative or even a positive assent is that normally in Grand Committee, when we have a statutory instrument, it feels a little bit like the Scottish play:

"When shall we three meet again?"

Very often, it is the noble Lord, Lord Coaker, for the Labour Benches—now the Government Benches—and either the noble Earl, Lord Minto, or the noble Baroness, Lady Goldie, and me. Very often, there is nobody else other than officials who are required to be here looking at statutory instruments. If we are talking about a serious role for Parliament looking at the appointment of the Armed Forces commissioner, I would like to advocate for a stronger role, which may include a committee as outlined by Amendment 4.

Amendments 3 and 4 are almost different models of how to make an amendment. The one from the Liberal Democrat Benches almost looks as if my colleagues, in drafting it, came up with something from the European Parliament, which is extremely detailed about what is happening. The noble Lord, Lord Beamish, has done something that is nice, skeleton legislation in the true Westminster style. However, I suggest that including a committee's involvement—most logically the House of Commons Defence Committee, and maybe also the opportunity to speak to the House of Lords International Relations and Defence Committee—could be an important way of ensuring that the commissioner is a robust appointment.

5.30 pm

At the moment, the idea that the Secretary of State can nominate somebody and the King simply appoints, without any parliamentary processes, seems somewhat negligent. I wonder what thought His Majesty's Government have given to finding a way to allow Parliament to play a role. The noble Lord may say, "No, it's not a statutory instrument and, no, it's not going before a committee to be tested and questioned", but maybe it could be or should be. If not, could the Minister tell us whether there is another way for parliamentary engagement? If the Armed Forces commissioner of the UK is intended to look similar to the German model, a parliamentary role would be relevant. It seems unlikely that we would want to go through a vote of the whole Chamber, particularly because we do not have provisions for secret ballots—but that is another alternative. This is really a plea for parliamentary engagement and for not allowing executive capture.

While I am speaking—I will not come back a second time—I want to raise a slight issue that I have with Amendment 5. The idea of two five-year terms seems wholly appropriate, but I was slightly concerned about the justification given by the noble Lord, Lord Beamish, which was that the person appointed might need time to get up to speed. If we have the right recruitment process and appoint the right individual, I hope they will be ready to do the job on day one and not spend the first five years working out what they need to do.

I have one slight question that came up in the speech from the noble Lord, Lord Beamish, and at Second Reading. The Armed Forces commissioner should not be a member of the Armed Forces or the Civil Service. Does that mean that they can never have been in the Armed Forces or Civil Service? That makes the field quite narrow. Assuming that that is not the case, what sort of job spec are we looking at and what sort of individual will the Secretary of State be looking for?

Lord Coaker (Lab): An individual can become commissioner if they have been a member of the Armed Forces, but not if they are a serving member.

Baroness Smith of Newnham (LD): I am grateful to the noble Lord for the clarification. That is what I had assumed on reading the Bill, but I wanted to make sure that that was absolutely right.

The Minister has pre-empted Amendment 21 in some ways. It is simply a request for some clarification on the timeframe. We say in the amendment that the Secretary of State should publish an agreed timetable within one month. I suspect the Minister might find a reason why that should not be the case, but can we have a little more clarification on the timeframe? Will it depend on the individual appointed, or are His Majesty's Government committed to the commissioner being in post on, say, 1 January 2026?

Lord Russell of Liverpool (CB): My Lords, I will briefly speak to the two amendments tabled by the noble Lord, Lord Beamish, to which I have added my name. We spent quite a lot of time during Second Reading and—I just checked—the first part of the Minister's response from the Front Bench on the question of what difference this will make. I think all noble Lords who took part at Second Reading agreed that that is the essence. To that extent, Amendment 3 is quite important, because it goes to the heart of the question of what difference it will make.

The reason why the German system works the way it does is that the German armed forces commissioner is very clearly the servant of the Bundestag; he or she sits in the Bundestag alongside the clerks and, indeed, if the Bundestag wishes it to happen, it can request that the armed forces commissioner can participate actively in debates around the armed forces in the Chamber. So it is a very different model, and it really does make a difference, because it is markedly different from what we are suggesting.

This is the third attempt by us to try to get a form of ombudsman or Armed Forces commissioner to be more effective. We had the first one in 2008, the second iteration in 2016, and this is the third bite of the cherry to try to get it right. Clearly, if this is the third time we are doing it, it ain't that simple. For all sorts of excellent reasons, the Armed Forces are a very particular culture and ecosystem, which they need to be to do what they do, but the flip side of having a really effective and disciplined military is that, for all sorts of reasons that it may not completely understand itself, it may be quite resistant to attempts that it sees as coming from outside—from people who do not really understand the culture and history and the things that are so important. The things that are not said are often more important than the things that are said.

The problem is that, at the moment, some of us feel that, while this is very well intended, it is very cautious indeed. For the Secretary of State and the Ministry of Defence to retain as much ownership and control of this as will inevitably be the case is unlikely to make the sort of step change that I think a lot of us were hoping and aspiring to believe this new role could actually make. I think that this needs to be looked at—it is a probing amendment—and I ask the Minister and his colleagues to look very carefully.

As part of my research for this proposal, I asked an individual who is actively involved in teaching in Shrivenham to take a poll after talking to a few people about this Bill. The first thing that this person found was that almost everybody spoken to in Shrivenham—this was last week—was not actually aware of this Bill. I do not know how well publicised this Bill is within the Armed Forces, but you would expect and hope that the flagship or leadership organisations of the Armed Forces would be aware of it and indeed might even perhaps been talking about it a bit. However, apparently this was not the case—but this was not a professional Sir John Curtice-type opinion poll but just somebody going around and talking to other people at Shrivenham.

The other experience that this individual had, after a brief explanation of what this role was going to be, was an almost immediate response from everybody; people felt that what they described as the "rigidity", with a small "R", of the armed services culture would find it pretty easy to resist the type of role that is being envisaged.

[Lord Russell of Liverpool]

The bottom line is whether this is going to make a difference. It is important to be able to step back from this Bill and perhaps to take some more soundings from within the Armed Forces just to try to understand how likely they feel this will make a real difference. One senses that the onus of this Bill is coming primarily from the Ministry of Defence itself, and there is slightly less pull, if you like, from those parts within the Armed Forces and the extended family members that we were talking about. I am not sure how clearly their voices and experiences are being heard, because what we have at the moment clearly is not working.

I shall move quickly to Amendment 5 and term of office. The German term of office is five years. It can be renewed; it usually has not been renewed. Almost every time a new commissioner is appointed in Germany, it is an ex-Member of Parliament—usually an ex-member of the defence committee that is the equivalent of our Defence Select Committee. So they come with some live experience and with a network within Parliament that they are easily able to access; they can be quite influential behind the scenes. That system works well but, again, I come back to what we asked earlier: will this measure make a difference?

The aspiration is that this new role will make a discernible difference. In order for it to do that, clearly, it needs to do a lot of things differently to the way in which things have been done to date; and to find an effective way of doing things differently that works better. One will not get it right first time every time. It will be an iterative process: there will be successes, failures, brick walls and elephant traps. All sorts of things will be happening. Building up the types of resource and knowledge that will be required to gain momentum to carry this new role forward into the term of whoever follows the first commissioner will require giving the first commissioner the leeway and resources to make a difference.

I just feel that things are a bit timid at the moment. If we focus on the complexity of the task that we are asking this new function to do—in particular, if we try to think, "What should this look like 10 years from now? What do we hope would be happening? How would this be working?"—and know both where we want to get to and where we are now, we can then gauge the complexity of the task of getting from A to B. That might result in looking at some of these aspects in a slightly different, perhaps more beneficial, way.

Viscount Stansgate (Lab): My Lords, I rise to speak to Amendment 3, not because I agree with it but because I agree very strongly with it. When my noble friend the Minister introduced the Bill, I remember him saying—quite rightly—that one of the important aspects of this Bill is that it puts this commissioner on a statutory footing. He was referring to the fact that he wanted this new post to have the weight of statute behind her or him. I simply support Amendment 3—if I refer to it again, I shall say "very, very strongly"—because it would give this post the authority of Parliament, in addition to being in statute, which would be a very good thing.

I am interested in everything said by people who know far more than I do about the German system but, clearly, that is not particularly appropriate to a British political setting. Amendment 3, however, is absolutely perfectly suited to our political system. I know that, sadly, Governments do not tend to like amendments such as Amendment 3. If I were on the other side of the Room, I dare say my noble friend might have been arguing for Amendment 3. I understand that, in his current ministerial position, he may be guided by the officials behind him and say, "Well, it is too complicated", but it is not complicated at all. It is a question of whether Parliament should be involved, which it should be. This is a major new post that we are creating. The process of confirming the appointment of whoever is put forward is something that Parliament should do. Incidentally, it is not just because Amendment 3 applies to this particular Bill; I would support Amendment 3 in every piece of legislation where this type of question arises.

That is all I have to say on this matter. I do hope that, when he replies, my noble friend the Minister will at least acknowledge the, I would say, widespread feeling that Parliament must be involved in the appointment of this person; and convey it internally to his colleagues in the Government who would be resistant to an amendment of this kind. When it comes to the balance of power between the Executive and Parliament, I try always to be on the side of Parliament.

Lord Lancaster of Kimbolton (Con): My Lords, I will speak in broad support of Amendments 3 and 4. Anything that strengthens the relationship between the Armed Forces and Parliament must be a good thing. I was taken by the commentary in the House of Commons around the similarities with the German system, although I was struck that, in reality, there do not seem to be many hooks in the Bill that reflect that, which is why I think we should look carefully at how we can reflect that.

5.45 pm

I do not have a particularly strong feeling about whether I prefer Amendment 3 or 4. Indeed, there may be a third way, to use a previous Government's favourite expression, although I confess that, once the noble Baroness, Lady Smith of Newnham, said that Amendment 4 could have been written in the European Parliament, I looked at it through fresh eyes.

It is interesting that Parliament already has a strong role. It is easy to forget that every year, through statutory instrument, it is Parliament, not the Executive, that sets the maximum numbers for our Armed Forces. It is a debate that is often hijacked to talk about many other things but, none the less, it happens here in Parliament. That is why it seems logical to me that there should be some relationship between them, whether through the Select Committee or votes in both Houses. As I said, I do not mind exactly how that mechanism works, but I would like to see a linkage.

A minor point on Amendment 5 is that we have been through many iterations of this role, from the Service Complaints Commissioner to the Service Complaints Ombudsman and now the Armed Forces commissioner with this Bill. Indeed, the noble Lord, Lord Beamish, and I have been involved throughout that 20-year period, in one way or another. I could be wrong, but my understanding, from distant memory

of the original Bill, is that no serving member of the Armed Forces could be commissioner, but they also had to have left the Armed Forces for a certain period before being allowed to take up the position. I could be wrong, but that sticks in my mind; I think the period may even have been five years. Is that right? The Minister may not be able to answer that now, but it is relevant, because if a former member of the Armed Forces does this role, there probably should be a time gap.

Lord Coaker (Lab): As that was a direct question, I put it on the record that I do not know the answer. We will find it out, and if I do not write before the end of Committee, I will make sure that I say something on Report in answer to that.

Lord Lancaster of Kimbolton (Con): It just came to my mind now, and my memory may be wrong, but I thought that was the case. If it was, it would be interesting to know why that provision has been taken out as the Bill has evolved, because it is probably quite a good thing. On the one hand, I can see the advantages of having a former member of the Armed Forces but, on the other, I would not want them to be in the Armed Forces on Friday and doing this role on Monday, which is why that time gap would be useful.

Lord Craig of Radley (CB): I will say very briefly that I support Amendment 3, but I have some reservations about Amendment 4, mainly because of its length and its attempt to dot a lot of "i"s and cross a lot of "t"s. At the back of my mind all the time when we are discussing this Bill is that the Armed Forces Act is more than 500 pages long, and this will add to that. It becomes a nonsense to have an Act of Parliament of such complexity and such an attempt to deal with every conceivable possibility affecting the Armed Forces. It arises, of course, because the three single-service Acts were pulled together in 2006. It has produced a monstrosity, so where we can avoid adding detail to the Armed Forces Act by this Bill, we should jolly well try to do so.

Lord Wrottesley (Con): My Lords, I will speak briefly in support of the amendments of and comments made by the noble Lord, Lord Beamish, the noble Baroness, Lady Smith of Newnham, and others. In doing so, I declare an interest in having previously served as a member of His Majesty's Armed Forces.

Much has been made by His Majesty's Government and other noble Lords of the attributes of the German model. A key feature of this model is its direct connection with and therefore accountability to Parliament. However, the Minister has previously stated that he feels that there is increased independence with the commissioner sitting outside Parliament—accountable to but independent of Parliament. There is a tension within these phrases that may be irreconcilable. We would all be keen to hear the Minister's views on how to reconcile these tensions, which may even be contradictions.

I also support the comments made on term limits. We have heard from the noble Lord, Lord Beamish, about a limit of five years plus two for a total of seven years. In the corporate world, term limits often extend to two terms of four years, for a total of eight years, or three terms of three years, for a total of nine years. One of their key attributes is to allow for continuity and the retention of corporate memory, which still allows for a refresh and therefore introduces new experience into the mix within what is deemed an appropriate timeframe. I would like to hear from the Minister on why he feels seven years is an appropriate timeframe, as opposed to eight, nine or, as in this case, 10 years.

The Earl of Minto (Con): My Lords, the very interesting amendments under consideration in this group all seek to push the Government on the terms of appointment of the commissioner. This is always one of the seminal issues when we debate the establishment of a new position in law. Amendment 3 appears—the noble Lord, Lord Beamish, can elaborate on this in his closing remarks—to interfere with the principle of exclusive cognisance. His amendment insinuates that Parliament must hold a confirmatory vote on the Secretary of State's preferred candidate for commissioner. As other noble Lords have mentioned, it would be very interesting to hear what the Minister has to say in response.

Amendment 4, in the name of the noble Baroness, Lady Smith, creates a mechanism for appointment similar, as has been mentioned, to the committee system in the United States. Their congressional committees are required to hold confirmatory hearings and votes, and they have the power to decline a president their appointments. I am not certain how such a system could be translated into our particular constitutional model, but I am again quite intrigued to find out.

Finally, on Amendment 5, I too think there is merit in this proposal, so I agree with the noble Lord, Lord Beamish. If the particular commissioner is successful and executes their duties effectively, why should they not be able to hold that appointment for two full terms of five years? You would get a proper continuation as a result of a slightly extended period. I do not quite understand the two-year extension; it seems neither one thing nor the other. I look forward to the Minister's response.

Lord Coaker (Lab): My Lords, I again thank my noble friend Lord Beamish for bringing his experience and knowledge of many years. As he says, we have known each other for a long time, and I appreciate the contributions that he has made in the past and will make in the future—on not only Armed Forces and defence matters but many other things.

All the points made by my noble friends Lord Beamish and Lord Stansgate, the noble Lords, Lord Russell, Lord Lancaster and Lord Wrottesley, the noble Baroness, Lady Smith, the noble Earl, Lord Minto, and the noble and gallant Lord, Lord Craig, were really interesting. Before I come to my formal remarks, as I said at the outset, I can say that we will meet between Committee and Report to consider the involvement of Parliament. At the moment, the House of Commons Defence Select Committee is how we see the involvement of Parliament, and I can tell my noble friend—this answers other noble Lords' questions—that we will discuss the length of time and whether the Government still consider that the most appropriate period.

[Lord Coaker]

I say that without any promise that we will therefore change or alter it. I have heard what noble Lords have said and the points and contributions they have made. It is certainly my intention to meet to discuss their points to see whether we may move or if the Government are not persuaded. We will meet to discuss all of that.

I will just reply to some different points before I come to the formal remarks. My noble friend Lord Beamish will be happy that his amendments have at least caused the Government to say that we will have to reflect on the points he has made. He knows me well enough to know that I do not say that as a way of assuaging his views but as a genuine engagement that we can have to see whether we can take forward his points. I say that to the noble Baroness, Lady Smith, and the noble Lord, Lord Russell, with respect to the support they have given to those amendments and the various comments noble Lords have made.

I take the point that the German system is not exactly the same. As my noble friend pointed out, in the Secretary of State's speech he spoke about our system being inspired by what happened in Germany. That is the point. It is not an exact replica but it has been inspired by it. In discussions with the German commissioner we have taken that forward.

As the noble Lord, Lord Russell, helpfully pointed out, the German commissioner sits in the Bundestag. The German model allows for their commissioner to be there and join in and that is not the role we will have for the commissioner, so again, it is different in that sense. There are differences, but the fundamental question goes back to the point the noble Lord, Lord Russell, made and that the noble and gallant Lord, Lord Stirrup, made earlier; we are setting up the commissioner to answer the "So what?" question.

In answer to the question on how the military feel about it, they are very supportive of this commissioner being set up, so that is really important. The noble Lord, Lord Russell, is right to challenge us; this is a difficult balance between independence and accountability. We are attempting to say that the commissioner has to be independent to command the respect of all of us and to do the job we need them to do: to act without fear or favour to deal with some of the very real issues we face. But we want them to be accountable as well.

My noble friend Lord Beamish has said that accountability should be done through confirmatory votes of both Houses of Parliament. The Government's view, as it stands, is that that accountability should be done through the Defence Select Committee, with the pre-appointment scrutiny process there and its ability, once the appointment is made, to consider that further and report to the Secretary of State on its view of the suitability of that particular candidate. The noble Baroness, Lady Smith, has added another possible dimension to it. All of us are wrestling with independence versus accountability. That is a very real dilemma for all of us, but it is a balance we seek to achieve.

I will say a little about the Armed Forces commissioner and the process as we see it. I want to answer my noble friend's question as it shows a difficulty. My noble friend asked why the appointment is on the recommendation of the Secretary of State and not a parliamentary appointment. He noted the fact that it was pointed out at Second Reading that the Parliamentary and Health Service Ombudsman was a precedent for the sort of process he wants. However, there are several examples of similar roles where appointments are made on the recommendation of Ministers and not subject to the same process as the Parliamentary and Health Service Ombudsman.

Lord Beamish (Lab): There are, but there is also a very good example in the Parliamentary and Health Service Ombudsman, where Parliament has a clear role in appointing that person. The problem with the pre-hearings by the Select Committees that my noble friend suggests is that they can make a recommendation but it does not have to be followed.

6 pm

Lord Coaker (Lab): It is absolutely correct that the Defence Committee can make a recommendation but the Secretary of State does not have to follow it. I suggest to the Committee that, if the Defence Committee of the House of Commons said that the person who had been recommended or offered the post of commissioner was totally unacceptable and inappropriate—not somebody who should be given that position—the Secretary of State would find it difficult in those circumstances not to accept that advice, although of course they could.

Lord Beamish (Lab): I accept my noble friend's point, but is it actually in the Bill, or would it be under guidance afterwards? If he is setting great store by its role, it should be in the Bill.

Lord Coaker: I think my noble friend knows the answer to his own question, which is: no, it is not in the Bill—that is what he wants me to say. From his own experience, he knows that the Secretary of State said in the other place, and read into the record, the importance of the role of the Defence Committee and the importance of its recommendations. Of course, the Secretary of State is accountable to Parliament for that. In my view, if the Defence Committee was so exercised about a particular appointment and had concerns about it, the Secretary of State could of course still go ahead but it is difficult to believe that they would not consider that very deeply before confirming that appointment.

Baroness Smith of Newnham (LD): The noble and gallant Lord, Lord Craig of Radley, disagreed with Amendment 4 on the grounds of its length. Might His Majesty's Government be open to a very small amendment, which could be "the Secretary of State appointing, on the advice of the Defence Select Committee", or something of that ilk? That would meet the noble and gallant Lord's concern about adding too many words to statute, but it would put in the Bill the sort of parliamentary engagement that we might be looking for.

Lord Coaker (Lab): Without saying whether that is a good or a bad idea, what I have said is that—although this is not actually in the Bill, as my noble friend said—clearly, our view is that going through the Defence Committee is the appropriate parliamentary involvement.

We have said that we can consider the points that have been made in Committee, and I have said that we can meet to discuss them. Alongside that, we can discuss the length of term.

Lord Russell of Liverpool (CB): The Minister will recall that, in the last few years, there has been a degree of disquiet, particularly on his Benches, about the view that certain appointments that should have gone through a fairly balanced process have veered slightly off course due to political interference. It just so happens that, about three hours ago, I was talking with a distinguished Cross-Bench colleague who is currently involved in two very senior independent appointments, helping the Government. This colleague had a discernible frustration that, in both of these cases—which are completely current and took place last week—a ministerial colleague of the Minister, not in the same department, overruled the recommendations of the advisory panel on who should be appointed or who the best candidates were. A completely different individual has been inserted from outside.

Lord Coaker (Lab): All I can say in response to the concerns raised by the noble Lord is that we believe that the appropriate way for Parliament to be involved is through the Defence Select Committee. I have heard the points that noble Lords have made with respect to that. The appointment of the Armed Forces commissioner will be subject to the full public appointments process, overseen by the office of the Commissioner for Public Appointments, so we would expect it to be a rigorous and open recruitment process. We expect the Defence Committee to be involved in the recruitment process and to consider the appointment once it has been made. Of course, the Secretary of State is ultimately the final decision-maker, but, as the noble Lord said, he will carefully consider what the chair of the House of Commons Select Committee says.

Lord Russell of Liverpool (CB): I point out to the Minister that the two processes that I was talking about were run under precisely the rules that he has just laid out.

Lord Coaker (Lab): All I can say is that our belief, understanding and intention is for it to be an open and transparent process, subject to the scrutiny of the House of Commons Select Committee, which we would see as having a role. Of course, in the end, the Secretary of State ultimately has responsibility for the decision whether to appoint or not. We in this Committee all know the power, influence and significance of the Select Committees of both Houses. They are powerful and significant committees that carry a huge amount of influence and weight and, as I say, the Secretary of State will fully take them into account before making a final decision.

Lord Lancaster of Kimbolton (Con): On the appointment process, which we touched on earlier, I am grateful that the Minister will come back to me about the air gap, but could I entice him to offer a view as to whether he thinks it would be appropriate to have an air gap to prevent a member of the Armed Forces doing this job, in the same way, perhaps, as Ministers have a two-year ACOBA process after leaving their posts? Even if there was not going to be an air gap, perhaps a serving member of the Armed Forces could not apply for the job because there would then be an overlap that could potentially influence behaviour. It is important that there is a gap, and I would be fascinated to know what the Minister's view is.

Lord Coaker (Lab): It is very tempting to say what I think about this, but I am not going to. I think the Committee will share my view that the noble Lord, Lord Lancaster, has raised a very important point and that we need to properly understand what the law is at the moment and look at his reference to what happened or did not happen in the past. I cannot, therefore, stand here and give a view, because I do not know—that is the honest, open and frank answer. But either in Committee next week or, certainly, on Report, I will be able to tell noble Lords what the situation is. At that point, I will tell the noble Lord, Lord Lancaster, what my personal view is, but for the moment I thank him for a very important question about whether there should be a gap when someone leaves the Armed Forces before they can become the Armed Forces commissioner. It is an important point of principle, on which we will get the proper legal answer.

I will now read into the record the formal pages of my brief, which is necessary. I thank my noble friend Lord Beamish, the noble Lord, Lord Russell, and the noble Baroness, Lady Smith, for their views on the Bill. I acknowledge their concern about the scrutiny of the commissioner's appointment and their views on the length of the term. I reassure noble Lords that we are confident in the existing pre-appointment scrutiny processes giving rigorous and independent scrutiny by Parliament, with the House of Commons Defence Committee testing that the preferred candidate has the right skills and experience and giving its views before a recommendation is made to His Majesty, and a timely appointment process.

As I have said, noble Lords have made good and fair points—I have not mentioned my noble friend Lord Stansgate, but he also did—and we are happy to consider further how we can take all this forward. I hope that, with that reassurance, my noble friend will not press his amendment. I am also happy to consider further not just the scrutiny but the right length of tenure to balance the commissioner being able to effect meaningful change with bringing a fresh perspective to the role.

On Amendment 21, we wanted to say a little bit more on the implementation timeframe, just to clarify. I share the noble Baroness's eagerness to see the commissioner's role established and their office operational as soon as practicably possible. We have not included that level of detail in the Bill, as she points out, as that would be an unusual legislative step. However, I am happy to provide further details on the intended timeframe for employing the commissioner and establishing their office as soon as possible. The noble Earl, Lord Minto, also mentioned the timeframe.

As the Committee will be aware, several factors affect the commissioner's appointment. Notwithstanding the role of the Defence Committee pre-appointment scrutiny, the commissioner will be appointed following

[Lord Coaker]
completion of the Bill, and the role will be subject to a full public appointment process, regulated and overseen by the Office of the Commissioner for Public Appointments. In addition, the intended timeframe will need to factor in the passing of the necessary secondary legislation, drafts of which have been provided to noble Lords. We expect that the process will continue in 2025 and, in parallel, we will undertake the necessary implementation work to ensure a smooth set-up and a transition from the current Service Complaints Ombudsman position. Therefore, I can now confirm that we anticipate that the commissioner's office will be stood up in 2026.

I hope that provides the necessary reassurance to the noble Baroness. With the comments that I have made on considering the points of my noble friend Lord Beamish and others, I hope that he feels able to withdraw his amendment.

Lord Beamish (Lab): I thank noble Lords for what has been a very good debate around these two amendments. I hear what the Minister said about this person being on a statutory footing—I think this was stressed in the Second Reading debate. When we get to my Amendment 6, I will explain to noble Lords that that does not necessarily give the protection that this individual requires.

My noble friend says that the Government wish the pre-hearing process to be done by the Defence Committee. I have no problem with that; I have tremendous respect for members of that committee and, having served on it for many years, I know the good work that it does. But what is to stop a future Secretary of State just ignoring that? That is why it needs to be in the Bill. I am not suggesting for one minute that either my noble friend or the current Secretary of State would do that, but we have to future-proof the legislation. We only have to look at the period of Boris Johnson as Prime Minister, when a lot of conventions that had been agreed were just thrown up in the air, including what the noble Lord, Lord Russell, referred to: appointments that had gone through and been agreed through the process, which were then ignored at the end.

This is something that we need to come back to. I hear what the Minister said—that the Bill is not a duplicate of the German system—but that has been the unique selling point that both he and Ministers have made about why this is needed. I welcome further discussions on the time limits and term limits of the individual, and I hope that we can consider this again. With that, I withdraw my amendment.

Amendment 3 withdrawn.

Amendments 4 and 5 not moved.

6.15 pm

Amendment 6

Moved by ***Lord Beamish***

6: Schedule 1, page 10, line 32, leave out "may" and insert "must"

Member's explanatory statement

This amendment would require the Secretary of State to provide financial assistance to the Commissioner.

Lord Beamish (Lab): Again, this goes to the heart of the issue of independence. I accept that the Government wish to ensure that this individual and the office are independent and cannot be influenced, or have their work affected, by the Ministry of Defence. But at the moment the Bill says:

"The Secretary of State may make payments and provide other financial assistance to the Commissioner".

I am sure my noble friend will turn around and say, "Well, it would be unheard of for a Secretary of State to withhold money"—in a minute I shall come on to an example of where this actually happened. But I learned a long time ago in local government that, if you control the purse strings, you control a lot of influence in terms of how you can affect the actions of any public body or any activity.

Again, referring to the German system, I accept, as my noble friend said—that this is not a direct copy of the German system. But there are safeguards in the German system because it says in the federal law there that the necessary staff equipment is made available to the commissioner for the performance of his or her functions, and it is a separate piece in the Bundestag's budget. This is the budget that is drawn up by the Bundestag. It is a draft budget that is done by the Council of Elders and is then agreed to by the Bundestag. So, again, Parliament has a direct say. It has not been down to a Minister to decide that the Armed Forces commissioner will or will not get the finance, which is very different to what we are proposing here.

My noble friend said in the Second Reading debate and again today that the difference is that this will be put on a statutory footing and, therefore, that will make all the difference. It will not. The Intelligence and Security Committee is on a statutory footing under the Justice and Security Act 2013. I presently chair the committee, and it has not had its budget raised for the last 10 years. It has now got to a point where crisis talks are taking place over whether we can carry out our functions as a committee. That is because the previous Government took a clear decision not to increase the budget, even though we asked for moneys to be brought forward. So, again, just because things are on a statutory footing that does not mean that somehow they will be insulated from a future Secretary of State or Government —I am not suggesting that my noble friend or the Secretary of State would do this—who may not like what the commission is doing and may say, "We're not going to give you another increase in your budget". That is the death by a thousand cuts that has happened to the Intelligence and Security Committee.

Likewise, I presume that the budget is within the remit of the MoD. I have not been a Minister in the Ministry of Defence, but I know the battles royal that there are over different priorities in the defence budget. That makes you wonder who would be arguing for this within the defence budget if it is coming across other things. Trying to be helpful, I am looking for other examples for the Minister of where we could perhaps have a different system. A different system would be, again, my old friend the Parliamentary and Health Service Ombudsman, whose money comes from the Treasury and is part of the Consolidated Fund, so it is

not in a departmental budget. That at least gives some protection for that money. But this is a serious point, and how this can be remedied needs to be looked at.

This is a simple amendment, changing "may" to "must", but, without it, the individual in the role would, as I say, be very vulnerable. Who in the MoD is actually arguing for the Armed Forces commissioner in terms of budget? Are they arguing for this rather than for some piece of shiny new kit in a procurement round, for example?

If we cannot have this amendment, some thought needs to be given before Report on, first, how the budget will be provided and guaranteed; and, secondly, how this will somehow be ring-fenced. Without that, it will be easy to kill this off, either by not giving it any finance at all or by cutting its budget over a number of years. Those are my points and that is the reason for this amendment. With that, I beg to move Amendment 6.

Baroness Smith of Newnham (LD): My Lords, this group of amendments seems quite similar in form to the previous one. The noble Lord, Lord Beamish, has presented a modest amendment that would change "may" to "must". The amendment I am speaking to is a little fuller; it would take more lines in statute. Although the noble and gallant Lord, Lord Craig of Radley, is no longer in his place, I stand with some caution because I realise that my amendment runs to three lines.

Its purpose is very similar to that outlined by the noble Lord, Lord Beamish. In many ways, his amendment does the job, and does so very neatly. Nevertheless, I will clarify a bit more why we feel that it is necessary to put in the Bill that funding and resources will be made available to the Armed Forces commissioner. It is precisely because, if there is no clarity and certainty on that, all the ambitions in the Bill are in danger. The idea is that the Armed Forces commissioner will be more than a glorified ombudsperson and that they will promote the welfare of the Armed Forces' serving personnel and relevant family members, as well as promoting the Armed Forces more generally. How will the commissioner do that if they are not adequately resourced?

The noble Lord, Lord Beamish, is absolutely right: this is a time of financial pressures. There is a real danger that the sort of role that can be cut is the role of the Armed Forces commissioner. Although I know that we have guarantees that defence expenditure will be increased and that we keep talking about the size of the defence budget, it is still very small, relatively speaking. If this post is being funded out of MoD funding, there is a danger that it will not be a priority. Maybe it is the role of the Minister for the Armed Forces to argue for this post and, at each budget round, to make sure that there are no cuts—death by a thousand cuts—but I would not be so sanguine.

I would like the Grand Committee at least to think about the issues that the noble Lord, Lord Beamish, and I are raising in our similar but different amendments; and to consider ways of ensuring that, if the Armed Forces commissioner is to be brought into place, they are able to do the job that His Majesty's Government and this Committee want them to do and which the Armed Forces need them to do.

Lord Russell of Liverpool (CB): When I saw Amendment 6 from the noble Lord, Lord Beamish, I put my name down in addition to his because of what I am holding in my hand: a fact sheet that was given to us at the very helpful briefing given by the Minister at the Ministry of Defence. I will read from the fact sheet; I ask your Lordships to look for the word "may", because I cannot find it. It says:

> "Although funding for the Commissioner will be provided for from the MoD budget, the Bill contains several safeguards to ensure the Commissioner can operate independently of government".

It says "will" instead of "may"; that is on the fact sheet. I say this to whoever prepared it; it may have been one of the gentlemen or ladies behind the Minister. A slip of the verb may have produced it, but it does say "will".

We were talking in the previous group about allowing Parliament to have more ownership of, and more skin in the game with, this new role. Can I just suggest as an idea that, on an annual basis, the Defence Select Committee of another place has a session devoted to talking to the Armed Forces commissioner about the work that he or she is undertaking? In addition, I suggest that, on an annual basis, there should be a session held with the commissioner in camera specifically to discuss funding, resourcing and some of the issues that one may not necessarily wish to be aired in the public domain but which could be shared on a confidential basis with members of the Select Committee.

Viscount Stansgate (Lab): My Lords, I will be brief. The Government set great store by the independence of the commissioner. We all agree that that is vital, yet this amendment is necessary because the possibility is left open that it will not be properly funded. I find that remarkable. As my noble friend said in moving his amendment, this would detract from the independence of the commissioner.

I do not see why the Government should be allowed to say that they are fully committed to this new post and to giving it the resources that it needs—this was on the fact sheet, which I also picked up; I should have brought it with me—while, at the same time, they will not guarantee this funding in the Bill, which will become an Act. That is all I have to say. I am afraid that I cannot quite imagine what my noble friend the Minister will say in response because this is so clearly something that will set in stone the importance of the work and independence of the commissioner.

Lord Lancaster of Kimbolton (Con): My Lords, I will be equally brief. I come at this from a slightly different angle. I confess that I equally support the principle that, whatever happens, this post must be funded; indeed, I asked some Parliamentary Questions about this before commencement. An Answer to a Question on 14 February with the reference number HL4758 said that, in 2023, the post of the ombudsman cost £1.8 million. It is anticipated that, after the changes, the annual cost will increase to between £4.5 million and £5.5 million—a tripling of the cost. Those costs are modest and, I think, reasonable, although I am concerned about inflation—as in, inflation of the number of complaints and costs. There will be a tripling in the cost of this post as a direct result of the Bill.

[Lord Lancaster of Kimbolton]

As I have mentioned before, the role of the ombudsman is just the tip of the iceberg. The unseen cost of service complaints at the bottom of the iceberg within the single services—we have already had an amendment suggesting that we would potentially increase eligibility, through the recruitment process, by at least 100,000—is enormous. There are no official figures on costs—well, there are such figures, but they are not in the public domain and I am certainly not going to put them there; the Minister may or may not wish to put them in the public domain in due course—but they are enormous. I am quite confident in saying that, over a 10-year period, they will exceed £100 million. That is a lot of money.

There is competition in defence for money. All I am saying at this point is that we need to find a balance here. It is absolutely right that this system is in place, that our service personnel have the ability to go through this process, and that it is fair and properly funded, but I put a plea in: at a time when there is enormous pressure on defence, we must find that balance when it comes to scarce resource.

Lord Beamish (Lab): If this role works and changes the culture in the Armed Forces, should that not drive down the number of complaints coming forward? That is a benchmark for what it is going to do. The noble Lord knows as well as I do that the way in which different services deal with complaints is, frankly, ridiculous. If it were a business, it would have gone out of business a long time ago with the length of time it takes. It is not good for the victim or the service either.

Lord Lancaster of Kimbolton (Con): I entirely accept the point made by the noble Lord. All I am trying to do is to put in a dose of reality as to just how expensive this process could be if we are not careful. There is enormous value in it, but can we please be mindful of balance of investment and of finding the right, efficient process that delivers value for money for our service personnel?

6.30 pm

Baroness Newlove (Con): My Lords, this is an interesting section for me, as the Victims' Commissioner, because it feels very much like déjà vu. Governments like to do the window dressing but they do not put in the greater detail that will put the pillars into this role.

I want this to be a successful role. Yesterday, I was in—is it Havant? I should have learned my geography when I was at high school. I met all the military—their services, law and everything. There is a will to change the culture and to change for victims but, as I said at Second Reading, I worry that we have to resource this. I know that there is not a lot of money around and that defence has quite a high profile on its own ability but, in terms of this role being a success, I worry about the word "may"; the Bill says that the Secretary of State "may" give this for other staff.

I say that because of my present situation looking at budgets. There are figures being made without consulting the Victims' Commissioner, so I am conscious that there could be figures made without consulting the Armed Forces commissioner. Previous amendments looked at this commissioner coming in and being raring to go; actually, in reality and practicality, things will take the first three years after their establishment. As with any business outside this Westminster bubble, it takes many years to set up staff because the process of getting staff is so slow.

It is also about enabling your network. It does not matter what that looks like: we have to ensure that we can make those resources available. Yes, I would like the costing to go down because there will be fewer victims, but, in reality, that could do a disservice to the gold-standard service that the commissioner gives. You are then going to whittle it down. I am really concerned about where we will get the resources. I do not want individuals to feel as though we are going to have all the grandeur and that we have committed to this as legislators but, in reality, when they go through the nooks and crannies of this, we have set things up to fail at the first hurdle. I say this in terms of not just the commissioner we put in place but the victims, the families and everybody else, because I know that there is a huge family in the military; I learned a lot about it yesterday.

It is more important that we start as we mean to go on. I do support this Bill. I am not looking at the Minister because he is not in charge of the purse strings, but I know—I have the scars to prove it and am still doing it—that, if you do not set up this role as it should be, it will absolutely do a disservice to the people who are desperate to have that voice of an independent.

The Earl of Minto (Con): My Lords, I too will be very brief with these amendments.

I suggest that it is difficult to see how one should quantify what constitutes adequate assistance for the commissioner. Of course, the commissioner must have the necessary resources to execute their duties efficiently. The Explanatory Notes estimate that, as my noble friend Lord Lancaster pointed out, the cost of this new office will be between £4.5 million and £5.5 million; that is considerably larger than the current cost of the ombudsman, which is £1.8 million. The funding, therefore, has been expanded. Is it sufficient?

Furthermore, as is the usual course, the Secretary of State will have to ensure that the commissioner receives the correct level of support. I am minded to conclude that these amendments may not be entirely necessary.

Lord Coaker (Lab): I thank the noble Earl, Lord Minto, for his remarks and the points that he made. I also thank other noble Lords.

Again, let me say something about the general point around the reason for the Armed Forces commissioner; this was alluded to by the noble Baroness, Lady Newlove, and referred to by my noble friend Lord Beamish. I have made my point. The noble Baroness and my noble friend were at Second Reading, so they know that I made the point about the statutory footing for the post then.

This is my personal view, as well as a ministerial view: it is of huge significance when the British Parliament, because of its concerns about some issues happening

in the Armed Forces, establishes a statutory person or body—I forget the legal term—to undertake investigations into issues of general welfare concerns that can be raised by a wide cohort of regulars, reserves and their families. It has been given a statutory footing, rather than being a single response to a particular horrific event, although of course it is important to have an inquiry if something happens. To have a standing statutory office responsible for dealing with some of the issues that we have talked about and are all appalled about, with a statutory legislative basis, is significant.

I can take off the ministerial hat and become a citizen—and it means something for the vast majority of the people in this country to say that the legislative will of Parliament is that a statutory body has been set up to do something. The noble Lord, Lord Russell, raised the issue of culture. The statutory body or office of the Armed Forces commissioner will make a significant difference to individual investigations. As well intentioned and important as they are, although they can shine a light, they cannot get to an overall pattern of dealing with issues that arise and are brought to their concern. My noble friend raised the issue of it being statutory. I realise and agree that, on its own, that does not matter and will not make a difference, but it is of huge significance as a starting point for setting up the office.

I will deal with the particular points as I go through, and I want to take up a point that the noble Baroness, Lady Newlove, made. Part of what we have in the Bill is the ability to have transition arrangements, moving from the end of the term of the Service Complaints Ombudsman at the end of 2025 to the new arrangements —the transition to the office that we want to set up in early 2026 to try to overcome any particular problems that occur. I take her point about trying to ensure that we get that office up and running as quickly as possible, notwithstanding the fact that, when you set something up new, there are inevitably things that come up. But I thank her for raising that point. I shall come to the point on resources when I have made some general points, and come back to other points that noble Lords have made.

Amendments 6 and 7 relate to the financial resources available to the commissioner. Both amendments aim to ensure that the commissioner has sufficient funding. The noble Baroness's amendment would also ensure that they have practical assistance now and in the future to undertake their functions.

I reassure my noble friend Lord Beamish and the noble Baroness that I fully support and share their intentions. It is crucial that the commissioner has the tools that they need, and the Bill has been designed to ensure that that is the case. Therefore, the intent behind this amendment is critical and acutely observed.

I want to point something out to noble Lords and try to answer the points that they are raising. The Secretary of State has an obligation in Clause 4, under new Section 340IA(7), to

"co-operate with the Commissioner so far as is reasonable".

It says that the Secretary of State

"must, in connection with an investigation … give the Commissioner such reasonable assistance as the Commissioner requests".

That ensures that they have the necessary assistance from the Secretary of State to conduct their work effectively. In that instance, in dealing with investigations, the word "must" is included.

Lord Beamish (Lab): If it is already in part of the Bill, I cannot see any reason why the Minister should not include the amendment. He may wish to do what the department has already done in the briefing note that it gave us at the Ministry of Defence, in which it used "will". I would settle for "will".

Lord Coaker (Lab): We are trying to say that we certainly wish to see the investigative work of the commissioner funded. Therefore, "must" is appropriate in that particular instance, so we have included it there.

Should the commissioner feel that their funding was insufficient to carry out their functions effectively, they will have the opportunity to raise this in their annual reports, which are presented to Parliament. As I have said, the Secretary of State is accountable to Parliament, and this mechanism would give the ability to scrutinise and challenge any funding decisions. I suggest that a Secretary of State would find it quite difficult to defend themselves against the charge that an Armed Forces commissioner reported to Parliament in their annual report that they had been insufficiently funded to undertake the requirements expected of them.

As the noble Baroness, Lady Smith, and other noble Lords highlighted, the Explanatory Notes estimate that the running costs of the commissioner may be in the region of £4.5 million to £5.5 million. This represents a significant increase in the funding for the ombudsman, which was £1.8 million in 2023—a point that the noble Earl, Lord Minto, noted. While wholly independent of the MoD in their role, the commissioner will still be required to abide by the financial rules, regulations and procedures laid down by both His Majesty's Treasury and the MoD in the commitment of their financial resources.

I hope that this provides some reassurance to my noble friend, the noble Baroness and other noble Lords on the Committee. As I say, we intend to ensure that the commissioner has adequate funding and practical support, both now and in future. With that, I ask my noble friend to withdraw his amendment.

Lord Beamish (Lab): I am very grateful to my noble friend, but the quick answer is: no, it does not. There is a point that I think he is missing. I say this with no disrespect to him or the current Secretary of State but, as Robin Day famously said, he, like all of us, is a here today, gone tomorrow politician. We have to ensure in legislation that this continues on into the future.

The Minister gives an optimistic view that, somehow, having a statutory basis for this gives it some type of protection. Well, I am sorry, but I gave the example of the ISC—it does not, and I assure him of that. He said that the commissioner could raise this in an annual report, but I suggest that he reads at least the last eight years of the annual reports and statements—one is coming out next week—of the Intelligence and Security Committee, where this point has been made constantly and ignored by the last Government. That is a body that is on a statutory footing. Not wanting to get in

[Lord Beamish]
the hierarchy of scrutiny, I note that you could argue that that is a little different to what we suggest here—but, obviously, for the victims, it is not. So, without that, the Minister may be fine, but I am looking to the future.

We perhaps have to have discussions about this. If the Minister has already given us a briefing note saying "will"—the noble Lord, Lord Russell, argued that—I would be happy with "will", because that at least defines it compared to "may". Discussion needs to be had about where it is within the MoD budget because, as the noble Baroness, Lady Smith, said, you suspect that the Min AF or Veterans Minister will argue for this department, but they are the only voice in there doing that.

6.45 pm

The noble Baroness, Lady Newlove, clearly holds a very important role. She would no doubt argue that, if we do not give the Victims' Commissioner the money, you can publicly shame Ministers—but, clearly, Ministers are quite happy to be publicly shamed and to ignore that. Without that in this piece of legislation, if it is "must" later on, I cannot understand why it cannot be the same here. With respect to my noble friend, there is also a big difference between the use of "must" there and here, because that is talking about investigations in terms of that context, and the actual context of providing finance.

I shall withdraw Amendment 6, but we need to come back to look at this. As I say, if my noble friend wants a halfway house, I am quite happy to use the Ministry of Defence's own word from its briefing, "will", if that gets over the line.

Amendment 6 withdrawn.

Amendment 7 not moved.

Schedule 1 agreed.

Clauses 2 and 3 agreed.

Clause 4: Commissioner's functions in relation to general service welfare

Amendment 8

Moved by ***The Earl of Minto***

8: Clause 4, page 2, line 35, at end insert—

"(2A) A "general service welfare matter" may include issues relating to the wellbeing of, and provision of support to, the children, families and other dependants of serving and former members of the armed forces, including but not limited to—

(a) the provision and operation of the Continuity of Education Allowance,

(b) the provision of special educational needs tuition, and

(c) the maintenance of service families' accommodation."

The Earl of Minto (Con): My Lords, Amendments 8 and 9 are in my name and the name of my noble friend Lady Goldie. I also thank the right reverend Prelate the Bishop of Norwich for adding his name to these amendments. I know that he is particularly concerned with these issues of welfare and their impacts on the families of our Armed Forces personnel.

These amendments seek to ensure that the commissioner will consider both the educational needs of service families and Armed Forces pensions. They therefore seek to expand on the somewhat limited definition of general service welfare matters in the Bill. I will preface my remarks by acknowledging that we have not presented an exhaustive list—nor do we intend to. But we believe that these issues are of sufficient importance to warrant debate during our deliberations today.

Many Armed Forces families depend on private schools. By the very nature of their service, personnel frequently find themselves moving locations, be that through overseas deployment or reassignment from one garrison or airbase to another. This poses a number of welfare concerns. It requires service personnel to either uproot their families or put them into an independent school, which allows their children to remain in a familiar educational setting. Imposing VAT on fees for independent schools will regrettably result in higher fees being passed on to the service men and women, who are simply trying to ensure the continuity of their children's education.

I impress on the Minister that charging VAT on private school fees for military families will make becoming or remaining a service member less attractive, not more.

In response to this and in the interest of fairness, the Government have decided to uprate the continuity of education allowance. However, as my noble friend Lady Goldie has been keen to highlight through her Oral Question on 5 February and her letter to the Minister, there is real concern that this uprating will not be sufficient to cover the new higher fees. Unfortunately, this has the potential to negatively impact both recruitment and retention.

The issue that I have outlined is even greater when one considers the provision of special educational needs for the children of service personnel. There are already significant barriers to service families receiving adequate support for their children with special educational needs. It can take up to two years to receive an education, health and care plan from the local authority but, given that service personnel often find themselves relocating, this process is made all the harder.

There can be no doubt that the education of their children constitutes a serious welfare matter for those serving in our Armed Forces. All parents want the best for their families, and ensuring that they will not have to withdraw their children from school, or that they will be able to support their child with special educational needs, impacts on their morale. This is evidenced by responses to the Armed Forces Continuous Attitude Survey, where in 2024, 62% of respondents reported that the impact of service life on their families was the main reason for leaving the services. We know that more must be done to improve this, and I am concerned that some of the Government's measures regarding education may have the reverse effect.

The intention of Amendment 9 is to confirm with absolute certainty that the commissioner will consider pensions and the role they play in recruitment and retention. Let us be in no doubt that they remain one

of the major benefits offered to service personnel. In their Autumn Budget, the Government proposed charging inheritance tax on the death-in-service payment while a service member is not on active duty abroad. We know that the benefit will continue to be exempted when a service member dies when deployed on active duty, but the exemption will not apply when the death occurs at home. This is nothing less than an injustice. If Sergeant Jones, for example, has an unfortunate accident while driving his car and passes away, not on active service, he will be penalised. He may have just come back from an active war zone the day before, where, had he been killed, his benefit would have been protected.

The principle here is surely that it does not matter where a service member dies; their families will continue to grieve regardless. They will still require support, both financial and emotional, and the new commissioner should be able to provide that. This Bill is aimed at protecting the retention and recruitment of Armed Forces personnel. It seems fitting that the commissioner must therefore consider the education of service families and death-in-service payments. I beg to move.

Baroness Smith of Newnham (LD): My Lords, I will speak to what I hope is the last of my amendments today, Amendment 11, on the further matters that the commissioner may investigate. Before I speak to my amendment, I have a question that arises from the two amendments in the names of the noble Baroness, Lady Goldie, and others, and so ably spoken to by the noble Earl, Lord Minto, which is about the scope of the commissioner's role. I think I heard the Minister say earlier in response to Amendment 2 that the purview of the Armed Forces commissioner applies as long as somebody is in uniform, from the day of attestation, and I understood it to be for the time that the person is in uniform, and that it did not also apply to veterans. I would be interested to know whether I have misunderstood or whether the amendments—

Lord Coaker (Lab): I apologise if I did not make this clear. The fundamental principle of the Bill is that the people who are in scope are those who are subject to service law, and their families. That is a really important point. The other point is that veterans are not in scope for the commissioner.

Baroness Smith of Newnham (LD): I thank the Minister—I am most grateful to him for clarifying that. In which case, do I understand it correctly that Amendments 8 and 9 potentially go beyond the scope of the Bill because they talk about former members of the Armed Forces and their dependants? The Minister can come back to that, but I was slightly puzzled when I read those amendments.

Amendment 11 covers something that I hope is in scope, asking that the Armed Forces commissioner look in particular at certain more minority members of the Armed Forces. As seen in relatively recent reports—the Atherton report and the Etherton report—women and LGBT minority groups in the services have in the past been subject to particular disadvantages. There may also be other groups, so in many ways, this is a probing amendment. Amendment 12 in the name of the noble Baroness, Lady Bennett, which I agree with, follows a similar pattern.

I am minded also to suggest that the Armed Forces commissioner could look at this, with special reference to recruit training. This means that, while I will not bring back Amendment 2, we might nevertheless bring back the idea of recruits in training being a particular focus of the Armed Forces commissioner—particularly in terms of that person being able to reach out to those in training and make them understand that role.

Lord Coaker (Lab): Now I understand what the noble Baroness is saying. She is talking about recruits in training, so once they have done the attestation.

Baroness Smith of Newnham (LD): Yes. For the purposes of this I am making a verbal amendment to what is on the page; I am not proposing to bring back an amendment like Amendment 2 that would bring in hundreds of thousands of other people. I do not think that was ever the intention; the drafting was not as clear as it might have been. The amendment laid in the Commons and re-laid here was broader than it should have been.

Having listened to the noble and gallant Lord, Lord Stirrup, my sense is that we should not only be looking at women, LGBT groups, BAME people, non-UK citizens and disabled people in the Armed Forces. We should also be thinking that this might be the time to think about the Armed Forces commissioner not just being available for those going through training, but it might be sensible to make sure that the communications are made to them.

Baroness Bennett of Manor Castle (GP): It is a pleasure to follow the noble Baroness, Lady Smith. I apologise to the noble Baroness and the Committee more broadly for not being here when my name was attached to earlier amendments. I am not going to complain much about my latest train delays, but I will warn anyone heading on the east coast main line tonight that there are overhead wire problems.

I will speak specifically to Amendment 11 in the name of the noble Baroness, Lady Smith, to which I have attached my name. I will also speak to my Amendment 12. I apologise for jumping on the back of the noble Baroness's excellently drafted amendment but I thought there was one element missing, which is what I have added here. This proposed new clause is headed:

"Commissioner support for minority groups within service personnel".

The Committee will be familiar with my long-term concerns about service personnel who were recruited under the age of 18 and those in the services under the age of 18, which my amendment addresses. I think the way the noble Baroness constructed Amendment 11 set out very well the reasons why and how this should be done. Proposed new subsection 3 in my amendment says that the commissioner must

"maintain up-to-date evidence on the experiences of these groups of service personnel and develop robust community engagement mechanisms".

[Baroness Bennett of Manor Castle]

To address the first point about evidence, I think we are all very aware of this. I know about the situation of recruits under 18 because of the work of the Child Rights International Network and a series of reports it produced. We are aware of cases of women in the military. We can think back to the situation where we saw a big national campaign about Gurkha veterans a few years ago. We often find out about these issues as they are drawn to our attention through the efforts of NGOs, campaign groups and the work of the affected personnel themselves—and then it is splashed all over the media.

That is not the way in which the Government and Parliament should be made aware of what is happening. We need a regular, steady, reporting record that enables political direction to come from both Parliament and Ministers towards the military, saying, "There's a problem here; something needs to be done about it". Keeping up-to-date evidence and not relying on the efforts of volunteers and the personnel themselves is very much addressed by this.

I have put this on the record before, but I have to note the way in which the situation of recruits under 18 has drawn the attention of the United Nations. We referred at Second Reading to one tragic suicide case but of course there are many. CRIN tells us that recruits under 18 are tragically three times more likely to die by suicide than their peers of the same age and two times more likely to die from suicide as adult joiners of the military. We have heard complaints about the Harrogate college and 13 reports of sexual assault cases in a year. I think I can probably guess what the Minister will say—that we have to leave this to the Armed Forces commissioner to decide for themselves.

7 pm

Two groups back, we discussed the importance of a relationship between Parliament and the military or Armed Forces in general. Here Parliament would be setting down—the noble Baroness said that this may or may not be a probing amendment—and saying to the incoming commissioner that these are areas of concern. I tend to be of the view that that should be in the Bill, but it is important that we have this discussion.

I want to raise a specific point on which I could not find an answer when I was looking into this amendment, although this may be my own failing. I noticed that one of the groups identified is disabled Armed Forces members. I looked it up and the Armed Forces exemption from the UN Convention on the Rights of Persons with Disabilities has to be reviewed every five years. The last review that I was able to find was in 2019, so I ask the Minister to write to me on that. Maybe I just have not found it, but it is important that we know what is happening with that process, as it is part of our signing-up to that convention, which is relevant to this amendment.

While I am on my feet, I will raise one other matter. I am sorry I do not know whether this was discussed earlier, but I thank the Minister for sharing the draft regulations on who are relevant family members for the purposes of this. I have not had time to look at it in great detail, but one word in it struck me, which I would like to put on the record. Regulation 2(1)(f) refers to

"anyone who was a relevant family member … immediately before A's death",

where "A" is the service member. That word "immediately" just struck me, as it may not be entirely necessary. There may be more complicated family situations that that unreasonably excludes.

I guess I am thinking of some personal relationships that I have known of, which are not necessarily military. Sometimes marriages or civil partnerships break down, but that person still retains a close relationship with the person whom they have divorced or from whom they have split. We can imagine situations that are still very reasonable; they are all still part of a family, in a direct way. I wanted to put that on the record. I do not necessarily expect the Minister to respond now, but I wanted to raise my concern about that word "immediately" in those draft regulations and whether it is something that we need to think about.

Lord Shinkwin (Con): My Lords, I speak in support of Amendments 8 and 9 in this group, in the name of my noble friends Lord Minto and Lady Goldie and the right reverend Prelate the Bishop of Norwich. I am really grateful, as I am sure a lot of members of the Committee are, to the Royal British Legion for its briefing on this. I speak as someone who was privileged to lead the legion's public affairs team when we persuaded the noble Lord, Lord Cameron—David Cameron as he then was, the Prime Minister—to enshrine the covenant's principles in law. I am particularly proud to have played a small part in that. I also very much welcome the consensus that now exists, both in this Committee and, I believe, across the House, on the commitment to ensuring that the principles of the covenant are honoured.

I wonder whether we can simply consider these amendments to be, as I think they are, self-explanatory and logical. The issues they relate to are the provision and operation of the continuity of education allowance and tuition for children with SEND, which, as my noble friend Lord Minto mentioned, is so important and is related to an issue on which your Lordships' House voted so overwhelmingly to ask the Government to think again—specifically in relation to non-domestic rating and private schools—only yesterday. These are important and crucial welfare issues, and they should be explicitly included within the provisions of the Bill, as should provisions for pensions and death-in-service benefits to serving and former members of the Armed Forces and their dependants.

I hope very much that the Minister will listen to the Committee—and also to the legion, as the voice of the Armed Forces family—and accept Amendments 8 and 9 in this group.

The Lord Bishop of Norwich: My Lords, it is a privilege to follow the noble Lord, Lord Shinkwin, and the reflections that he has offered the Committee. I rise to support Amendments 8 and 9. I am grateful to the noble Earl, Lord Minto, and the noble Baroness, Lady Goldie, for outlining their thinking around this

issue because it goes to the heart of how we as a nation care for and see the well-being of our Armed Forces and their families, as part of the whole package that we offer to them.

As I think noble Lords know, I speak as the father of a member of the Armed Forces. It is often said that a parent is only as happy as their least happy child. On one level, I can imagine that it is also true that a member of His Majesty's Armed Forces is only as happy as their least happy family member. So there is a pastoral duty here—one that is supported by many in the Armed Forces, including welfare organisations and our military chaplains—but both these amendments would help us really state the pastoral support that we as a nation feel is important for not only our Armed Forces personnel but their children, their families and their dependants.

As has already been said by other noble Lords, continuity of education is vital for a family that may often move around a lot during the career of service personnel, when one or both of the parents may be on deployment. We must not forget the small number of wonderful state boarding schools that offer important support for service families.

Moving on to tied accommodation, as somebody who has lived in tied accommodation all my professional life—most of it much more modest than what I live in at the moment—I know that the maintenance of tied accommodation and responsiveness to its condition and repairs has an impact on the state of morale of a family, and I am pleased to see that that is also mentioned, as are special education needs. Such needs are an issue not only when forces families move between different places and between different local authorities; this is also about CAMHS—child and adolescent mental health services. Often, the waiting list is two to three years. Moving out of an area has a profound impact on families in terms of getting crucial support for young people who are often in a very difficult state and who need support as soon as possible.

On Amendment 9, the reality is that many Armed Forces families live with, right at the back of their minds, an ongoing sense of, "Will I get a knock in the middle of the night?" The noble Earl, Lord Minto, has already spoken about the injustice of what is being built in here. We significantly need the Minister to look at this—I urge him to do so—so that that injustice is removed. If you go to the National Memorial Arboretum, there is an incredible memorial right in the centre where the names of those who have lost their lives are carved into the Portland stone, and then there is a part of the wall that is totally flat and bare; it is very moving to move your hand along it and on to that flat stone awaiting, God forbid, future names.

We owe to the Armed Forces and their families a sense of care if there is a need for a death in duty payment. So I am really grateful for the way in which the Minister has engaged around the Bill and engaged us in a really thoughtful discussion and debate about it. I look forward to hearing his comments.

Baroness Carberry of Muswell Hill (Lab): I will speak to Amendments 11 and 12. It would be impossible to argue that the commissioner should not support the interests of women and minority groups, but I am not sure that this level of prescription, particularly in Amendment 11, serves the Bill well. We heard earlier from the noble Lord, Lord Beamish, about the volume of work that the commissioner will already inherit from the ombudsman, and there will be a lot of work on top of that.

I am a founder member of the Equality and Human Rights Commission, so I obviously would want every public office to bear in mind and have due regard to the interests of those who have protected characteristics, as defined by the Equality Act 2010. The Minister can correct me if I am wrong, but I assume that the Armed Forces commissioner will be subject to the public sector equality duty, so that takes care of that aspect of their work. I accept that the noble Baroness, Lady Smith, may come back to me and say that that does not necessarily guarantee that the level of focus that she would rightly like to see paid to the problems that some minority groups experience in their armed service life will be fully taken care of in the way that she would want from this amendment.

But my general point in arguing that the amendment may not sit well in the Bill is that one of the perennial themes of debate on the Bill, both here and in the other place, has been the much-welcomed independence of the Armed Forces commissioner. Independence implies a degree of freedom, discretion and flexibility. Therefore, it does not fit well with that level of independence to prescribe how that particular function would be carried out in such detail, in the way that this amendment does.

I have seen a lot of equality and diversity programmes that specify a lot of detail. The end result has been that, when it comes to the end of the year and the prescribed annual report is published, it is little more than a tick-box exercise, and we would not want that to be the consequence of an amendment like this. For that reason, I reluctantly find myself unable to support these two amendments.

Lord Wrottesley (Con): My Lords, I rise briefly to support Amendment 8 in the names of the noble Baroness, Lady Goldie, the noble Earl, Lord Minto, and the right reverend Prelate the Bishop of Norwich. The express intention of the Bill is to support those serving in His Majesty's Armed Forces. There is no doubt that VAT on school fees will have an adverse impact on services families, who will more than likely find themselves serving overseas at some point in their careers, sometimes on multiple occasions, maybe as they start a family. A 20% increase in the cost of educating their children is absolutely a welfare issue, but it is equally a recruitment and retention issue.

As we have heard from the noble Lords tabling these amendments, families serving abroad rely on the stability that boarding schools provide—largely independent and private schools, but also schools from the state sector. The decision of a family, or in this case an individual, to start or continue to serve in His Majesty's Armed Forces—after all, they are likely to be not particularly well paid, compared to their equivalents in other areas of public service, let alone in the private sector—will often rely on the add-ons and the benefits offered as a result of their serving as a member of His Majesty's Armed Forces. As with

[LORD WROTTESLEY]
SEND children, given that there are concerns that any proposed top-ups may not fully compensate the additional costs of VAT on school fees, why are we not going to exempt members of His Majesty's Armed Forces from this additional financial burden? It may—I suggest that it will—dissuade people from starting or even going on to build a career in the Armed Forces.

7.15 pm

Lord Coaker (Lab): Since this is the last group of amendments and probably the last time that I will speak today, I thank everyone for their contributions over the last three hours or so. We will reflect on all the various comments that have been made.

I turn to the amendment that the noble Earl, Lord Minto, moved at the beginning of this group, supported by the noble Baroness, Lady Goldie—obviously, she sent her apologies—as well as the right reverend Prelate the Bishop of Norwich, and the noble Lord, Lord Wrottesley. Other Members also gave their support. In his opening remarks, the noble Earl was right to remind us of the sacrifice of our Armed Forces and the esteem in which we all hold them. Although I do not agree with every aspect of his points, the intent of the amendment has a unity of support across this Committee. All noble Lords who supported him in moving the amendment feel that, and I thank him very much for that, because he has highlighted some important issues that I will come back to when I make the formal response.

I shall deal with the point from the noble Baroness, Lady Smith, and my noble friend Lady Carberry, about the public equality duty, and I will try to deal with some of the concerns that she raised about various groups. I say to the noble Baroness, Lady Bennett, that they are draft regulations, so clearly the remarks that she made about the use of the word "immediate" have been heard. Between now and whenever the draft regulations go forward to become regulations, that may change or may not, depending on the reflections made with respect to that. But we have heard the point that she made on that. On the other point that she raised, we will write to her.

The noble Lord, Lord Shinkwin, raised special needs, which I will refer to in responding to the points made by the noble Earl, Lord Minto, as I will with respect to the points made by the right reverend Prelate the Bishop of Norwich and the noble Lord, Lord Wrottesley.

I commend noble Lords for highlighting some of the important concerns facing our serving personnel and their families. I reassure noble Lords that the commissioner's remit is broad and covers all general service welfare matters. Indeed, under this remit, they will be able to investigate all the areas that noble Lords have singled out for consideration in these amendments—the continuity of the education allowance, special educational needs, service accommodation, pensions, death in service benefits and the welfare of minority groups—should they consider these to be general service welfare matters within the parameters outlined in the Bill. That is a very significant statement to make at the beginning, and I hope it gives reassurance to the noble Earl that it is within the scope of the Bill, should the commissioner choose to investigate any of these matters as a general welfare concern.

A number of these amendments make reference to the families of serving personnel. Let me reassure noble Lords again that the concerns of service families were at the forefront when drafting the Bill. We recognise that the ability to retain the most talented service personnel is largely influenced by the well-being of their families: as I have said before, this is the very reason why we need an Armed Forces commissioner. Relevant family members are already included in the commissioner's scope and, as I have said many times this afternoon and early evening, will be defined in secondary legislation. The draft families definition regulations covering the definition of "family members" for the purposes of the Bill have now been distributed to all for consideration—and we have seen the report of the Delegated Powers Committee, with its recommendation on the scrutiny of this power, and we will come back to that on Report.

I will read the current situation on inheritance tax, which is that:

> "Engagement with the Treasury has confirmed that existing provisions in the Inheritance Act 1984 will continue to ensure that deaths in active service of a warlike nature are exempt from Inheritance Tax. The Inheritance Tax technical consultation has concluded and detailed policy and legislative instructions on the new proposals are now awaited with a further technical consultation to follow. The Ministry of Defence awaits these details and will follow legislation as per Government proposals and guidance will be developed for members in due course".

Lord Lancaster of Kimbolton (Con): I am intrigued by this—and the more I think about it, the more confusing it gets. We are clear that, within the Bill, qualification is subject to service law. Of course, members of the Regular Forces are subject to service law 24/7, 365 days a year. It is about the definition of "active service". Of course, Lee Rigby was murdered outside Woolwich Barracks. Would he, under the new provisions, now not be subject to this payment, or be taxed on it, even though he was probably walking back to work? Would an Army reservist who is claiming a day's pay travelling to work, or on the way back from work, now not qualify if they were to have an accident? It is an absolute minefield. What would be useful, if I may say so, is a degree of consistency in how we seek to apply the law when we are using service law as a qualification, and subject to service law, as opposed this almost sub-definition as to on duty and off duty. Most service personnel would consider themselves to be on duty 24/7.

Lord Coaker (Lab): The contribution the noble Lord has just made shows the advantage of his experience and knowledge. We will certainly consider that, and I will write to him and circulate the letter to members of the Committee, because some of it is quite technical and legal, and subject to all sorts of various laws under different pieces of legislation. I shall ask my officials to reflect on the point. I could hazard an answer, but I will get a proper, official answer, send it to the noble Lord, copy it to all members of the Committee and place a copy in the Library. I hope that that is satisfactory to the noble Lord, because the points that he makes are important, and I do not want inadvertently to mislead or misinform the Committee.

I turn briefly to some of the other points related to the points the noble Lord has made. I note that the significant Amendment 8, raising the Continuity of Education Allowance, special educational needs and service accommodation, refers to former service personnel. As the noble Lord will appreciate, the commissioner's scope is deliberately tightly drawn to focus on serving personnel and their families, rather than former service personnel. As civilians, veterans already have full access to a range of mechanisms for support and redress and to enable their voices to be heard. Having said that, I have been in the noble Lord's position, and I know that people sometimes say, "That amendment is not tight enough, it included something that is not within scope", but that does not alter the fact that the intention of the amendment and of noble Lords, is to draw attention to issues of real concern with respect to serving personnel. As such, of course there are issues around special needs, which the Armed Forces covenant seeks to ensure are addressed properly. When service personnel go abroad, they take with them a form by which they can try to ensure that they are given support.

Special needs is a very real problem. I have to say as an aside that I think that special needs is an issue for all of us across society, from what I understand from friends, family and colleagues. Notwithstanding that, there are obviously particular circumstances with respect to serving personnel, and that needs to be reflected. Certainly, the Armed Forces covenant seeks to address that by saying that nobody should be disadvantaged through their service, and special needs is an example of that.

On the continuity of education allowance, I will not read out all the various statements in my brief. We have had a debate about it in Parliament, and I have answered questions. The noble Earl will have seen the rise in the continuity of education allowance to 90% of that cost, which—I tell him gently—was the policy of the previous Government, too. We cover that 90%. The impact on the behaviour of service personnel in their choice of education has been very limited in terms of the number of people who have changed their decisions on the basis of that change in the law. Whatever the rights and wrongs of it, very few people have changed their actions. Notwithstanding that, the noble Earl was right to raise it. We reflected on it as part of the challenge that the Government have and decided that an increase in the continuity of education allowance was important, whatever the rights and wrongs of the overall general government policy, which, obviously, I support.

Turning to Amendment 9, I acknowledge the concerns of the noble Baroness about pensions and death-in-service benefits, which impact both current and ex-service personnel, as well as their dependants. The amendment seeks to specify pensions, and wider associated benefits for dependants, as a particular area for the commissioner to focus on. As I said, it also seeks to allow former members to raise issues about pensions to the commissioner. Pensions and death-in-service benefits for dependants are of course extremely important and are not precluded from the scope of the commissioner. In the case of pensions, there is already a set procedure that allows current service personnel and veterans to raise complaints: the internal disputes resolution procedure. These cases are assessed by discretionary decision-makers within the Defence Business Services authority. If unhappy, they—like the vast majority of us—are able to appeal these decisions to the Pensions Ombudsman.

I reassure the noble Baroness that I am sympathetic to what Amendments 11 and 12 seek to achieve. The Armed Forces and their families represent a wide-ranging and diverse community, and it is important to acknowledge the experiences of minority groups and service personnel aged under 18 within the Armed Forces. I know that the noble Baroness, Lady Bennett, quite rightly, continually raises this issue. Her opinion on the policies for recruiting under-18s to the Armed Forces differs from mine, but let me make it clear, as she and every member of the Committee has, and as we discussed earlier, that any abuse of anybody is unacceptable and needs to be dealt with quickly and forcefully. It is important to address and tackle any matters when they arise that are unique to one or more of these groups. It is vital that any member of the Armed Forces can access the commissioner and trust that he or she will consider their issues, regardless of who they are, where they serve and what they do.

I draw the Committee's attention, as the noble Baroness, Lady Carberry, helpfully did, to paragraph 6 of Schedule 1, which adds the commissioner to the list of public bodies captured by the public sector equality duty. The commissioner will already have a duty under the Equality Act 2010, which will cover all the characteristics listed in the amendment.

Finally, I assure the Committee that the commissioner's reporting functions will enable the commissioner to report on any matters that have been raised and to make recommendations in relation to any issues related to minority groups—or, indeed, any of the other issues raised by the noble Earl, Lord Minto, and others. Let me restate that the commissioner will be able to investigate any matters that may materially impact the welfare of those who are subject to service law and their families. It is not necessary to specify this level of detail on any of these matters in legislation.

In fact, creating a list of individual matters for the commissioner's remit could suggest that these topics are more relevant or important than others and may indirectly narrow the scope of what they consider, which would not necessarily be a desirable outcome. It could also be seen as contrary to upholding the commissioner's independence. In other words, as soon as one starts to generate lists, one always ends up with an (f) or (g) that says, "and anything else that may be of significance".

I hope that I have provided the noble Earl, Lord Minto, with the necessary reassurance. I thank all noble Lords and noble Baronesses for their contributions to this debate; I look forward to continuing our debate and discussion on further amendments on Monday.

The Earl of Minto (Con): My Lords, I also thank all noble Lords and noble Baronesses for another interesting debate.

I will comment briefly on Amendments 11 and 12 from the noble Baronesses, Lady Smith and Lady Bennett. For the reasons that we have discussed, we do not

[The Earl of Minto]
believe that it is necessary to provide a list of groups that should receive special treatment from the commissioner. As we covered earlier, the Bill applies to all those who are subject to service law and their families. This includes all members of the regular forces and the Reserve Forces, not just a particular group of service members. This list is not exhaustive, obviously, but that causes an issue in itself.

I thank the Minister for his comments. I have no doubt that he understands the issues raised. I am sure that he has received representations from those affected, and I know he takes a genuine interest in the welfare of all service personnel. Having said that, these are issues that the commissioner really should investigate; I hope that this will be the case once the office is established. For now, I beg leave to withdraw my amendment.

Amendment 8 withdrawn.

Amendments 9 to 11 not moved.

The Deputy Chairman of Committees (Baroness Newlove) (Con): My Lords, I cannot call Amendment 12 as Amendment 11 was not moved.

Committee adjourned at 7.32 pm.