

Vol. 791
No. 152



Wednesday
13 June 2018

PARLIAMENTARY DEBATES
(HANSARD)

HOUSE OF LORDS

OFFICIAL REPORT

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The first time a Member speaks to a new piece of parliamentary business, the following abbreviations are used to show their party affiliation:

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

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House of Lords

Wednesday 13 June 2018

3 pm

Prayers—read by the Lord Bishop of Derby.

Crime: Local Authority Funding Question

3.06 pm

Asked by **Lord Paddick**

To ask Her Majesty's Government what impact reductions in local authority funding have had on crime levels.

Baroness Manzoor (Con): My Lords, the Government's *Serious Violence Strategy* sets out our analysis and the trends, drivers and risk factors behind the recent increases. We had an excellent debate on those issues on Monday. Our analysis points to changes in the drugs market as being a major factor. In particular, these changes have been driven by an increased supply of cocaine, increased use of crack cocaine and the growth of county lines as a means of drugs supply. The growth of social media has also facilitated this.

Lord Paddick (LD): My Lords, young people are being drawn into gangs because they seek a sense of belonging. The positive alternatives to gangs, which used to be provided by local authority youth services, and by charities and community groups through local authority core funding, are no longer there because grants from central government to councils have been reduced by 49% in real terms since 2010. Do the Government accept responsibility for the loss of those vital services, and what are they going to do about it?

Baroness Manzoor: My Lords, as the noble Lord knows, local authorities are responsible for allocating funding to youth services, in line with local needs. The Government have made more than £200 billion available to councils for spending on local services up to 2019-20. The Government, in partnership with the Big Lottery Fund, have also invested £80 million, £40 million to #iwillFund and £40 million to the Youth Investment Fund to increase opportunities for young people.

The Earl of Listowel (CB): My Lords, what can be done to produce more positive male role models of various ethnicities, and to support and fund local authorities to help such men give young men examples of the right thing to do and how one behaves?

Baroness Manzoor: The noble Earl makes a very good point. The answer to his question is yes. A further £1 million from the Anti-Knife Crime Community Fund has been given to community groups by the Government. Of course, we also have a transformational fund to the value of £175 million, for which police forces can also bid. We also have in place mentor and support places for young people in the community.

Baroness Eaton (Con): My Lords, councils have a key role in protecting communities and delivering services to residents. Will my noble friend the Minister update the House on the Government's plans to use the spending review process to assess the key pressure points on local authority funding, including on youth services, that can help to prevent crime, and how it is affecting the delivery of local public services?

Baroness Manzoor: My noble friend Lady Eaton makes a very good point. It is very important that we have an emphasis on working very closely with councils and local authorities. It is clear that the spending review gives the opportunity to local authorities to look at their resources and work very closely with the Home Office—and it gives them the opportunity to bid for fresh resources, if needed.

Lord Kennedy of Southwark (Lab Co-op): My Lords, the youth offending team budget from central government was £145 million in 2010; today it is £72 million. What does the noble Baroness think the effect of that is?

Baroness Manzoor: As I have said, the Home Office is working very closely with local authorities, and the spending review will give them a further opportunity to bid for necessary services. As the Home Secretary himself has said, it will be a high priority for the Home Office in the spending review to see if we can get increased funding.

The Countess of Mar (CB): My Lords, does the noble Baroness appreciate that there has been an exponential rise in thefts from farms and rural houses of expensive machinery, and that very little seems to be being done to prevent them because the police forces in rural areas are so diminished?

Baroness Manzoor: I am sorry to hear that. We understand that there has been a significant rise in serious crime but, to reassure noble Lords, overall, the police will get around £1 billion more than they did three years ago. They have the resources they need. Kent and Essex police forces are looking to recruit 200 and 150 more police officers, respectively, this year, and I take the opportunity to quote Kent's Chief Constable Pughshley:

"This is the biggest recruitment drive Kent Police has ever seen and I want to be clear that this isn't about replacing officers who are leaving—this is about having more officers to do more things to keep people safe".

Lord Mackenzie of Framwellgate (Non-Affl): My Lords, given that the vast majority of police funding is allocated to human resources, is it not inevitable that any large reduction in police funding will affect boots on the ground? I know the value of community policing—interacting with the community, local shops and so on—and that seems to be where we have been hit. It was replaced to some extent by bringing in community support officers, but even they have been hit by the spending cuts. Can the noble Baroness tell the House how many police forces still have community support officers?

Baroness Manzoor: Of course, community funding and policing are very important. However, I do not have that figure to hand; I will write to the noble Lord.

Baroness Pincock (LD): My Lords, I am very concerned about the answer that was given to the question about the funding of youth offending teams. Those teams have had huge success in cutting reoffending by young people and in reducing custodial sentences for young people. It is vital that their funding is restored. Can the Minister please give us an assurance that this really important work in preventing young people going to prison will get the funding it desperately needs?

Baroness Manzoor: My Lords, that is way above my pay grade. I cannot give that commitment, but it is an issue that the Government take very seriously and, as I have said, during the spending review that will happen next year, these matters will be looked at in the round.

Baroness Jones of Moulsecoomb (GP): My Lords, under this Government, the police have lost over 20,000 officers and violent crime rose last year by 18%. Can the noble Baroness seriously stand in front of us and say that the reduction in police officers has not contributed to a rise in crime?

Baroness Manzoor: My Lords, the rise in crime, particularly violent crime, is very complex and multifaceted. As I said in our debate on the *Serious Violence Strategy*, the issues around drugs and county lines is very serious and is driving a significant proportion of crime. Some of this, of course, is about looking at how the police are recording crime, but I hear what the noble Baroness has said. We are taking this issue very seriously and, as I said, the Home Secretary has promised that we will look at each police force to see what its needs are.

Royal Bank of Scotland

Question

3.15 pm

Asked by **Baroness Kramer**

To ask Her Majesty's Government what assessment they have made of the impact on the value of the Royal Bank of Scotland shares they hold of the actions of the bank's global restructuring group inside and outside the United Kingdom.

The Minister of State, Department for International Development (Lord Bates) (Con): My Lords, the Government do not routinely assess the impact of any single factor on the value of RBS shares, and have not made an assessment of the impact of the actions of the bank's global restructuring group—GRG—on their value. The board of RBS is responsible for the commercial and operational decisions of the bank, including in relation to GRG.

Baroness Kramer (LD): My Lords, does the Minister accept that the £400 million set aside by RBS is inadequate to compensate the several thousand small

businesses that were mistreated and the many viable businesses ruined by RBS's global restructuring group? International regulators in the US, Australia and across the EU are looking at similar behaviour by various RBS-owned branches or subsidiaries. Given that, should not the Government, in the name of full disclosure, hold back on their sale of RBS shares until the full impact and damage done for compensation and liability is completely disclosed to any new buyer of shares?

Lord Bates: The point that the noble Baroness makes is right in terms of this particular focus. The FCA identified that there had been widespread inappropriate treatment of firms by RBS. We know that small and medium-sized enterprises are the backbone of the economy, therefore mistreatment of that type is taken extremely seriously. As the noble Baroness knows, the FCA has an ongoing inquiry, and is currently assessing what enforcement actions may be taken in the future, so I will be restricted in what I can say. The fact that the Royal Bank of Scotland has come forward and issued a profound apology, and has established a fund to start the process of providing compensation to the 12,000 firms affected, is a step in the right direction. However, we deplore the actions taken which led to that being necessary.

Lord Davies of Oldham (Lab): But, my Lords, in addition to the appalling treatment by RBS of small and medium-sized enterprises, and the fact that of course the FCA report on what it did pointed out the appalling behaviour of the board, will the Minister also recognise that the Government chose to sell additional shares, not just after this development but as soon as the fine levied by the United States Department of Justice had been paid by RBS? Is it not quite clear, also given the incentive of reducing aspects of the share price, that the Government are out to reward those who could afford to purchase shares, while the taxpayer loses £3 billion on the transactions carried out by a bank which has let the nation down?

Lord Bates: First, on the share price, the noble Lord will be aware—he was on this side of the House at the time it happened—that the shares were purchased for £5 per share. Within three months they were worth £2.20 per share, and we sold them at £2.71. They flatlined for about nine years. Rightly, because of the instruments that were set up by the previous Labour Government, these sales are done by arms-length bodies, so UK Government Investments takes independent advice. They are strictly governed as regards when disposals can take place, to ensure, quite rightly, that we are not in possession of any information which the market is not aware of. Those are established practices; therefore, it was right that actions did not take place while the decision by the US Department of Justice about the scale of the fine was not in the public domain. They have followed those procedures, and we follow them independently, but we are dealing with the legacy issues of some very concerning behaviour.

Lord Tugendhat (Con): My Lords, does my noble friend not agree that, although the noble Lords opposite have raised important points, the sale of shares in

RBS cannot be dictated by a single situation such as the noble Baroness seems to suggest? It is not just a question of whether the shares can be sold at a profit. They were bought in a distressed situation by the last Labour Government for reasons that we all understand. Now the sale must depend not just on the current market situation but on the way in which the Government feel the market might move in the future and whether the bank would be better off outside the Government's purview than within it. It might well be able to conduct its business more effectively.

Lord Bates: My noble friend is absolutely right. The RBS shares were acquired not as an investment but as a rescue, and all parties supported that systemic action to restore confidence in the sector. When you are left with a large proportion of stock on your hands and you have stated publicly that you want to dispose of that asset, the only way to do it is on independent advice and over a period of time to avoid any market fluctuations, and that is what has been done.

Baroness Bowles of Berkhamsted (LD): My Lords, the Government have been a majority shareholder in RBS for a decade, during which time the GRG small business restructuring scam took place. From the Cadbury report through to the Walker review, UK corporate governance has relied on shareholder stewardship rather than regulation. What stewardship, particularly with regard to culture and GRG, has been or is being made on behalf of the Government as a major shareholder?

Lord Bates: The noble Baroness is knowledgeable in these matters and will know that they are dealt with at arm's length. We have an arm's-length relationship with the regulator, operational decisions are dealt with by the bank and the investment is managed by UK Financial Investments. We have made our position very clear: it is important that small and medium-sized enterprises are treated properly, and when proven misconduct has taken place, those businesses should, as far as possible, be adequately compensated for the problems they have been caused.

Investment Banks: Client Protection Question

3.22 pm

Asked by Lord Lee of Trafford

To ask Her Majesty's Government, in the light of the current Beaufort Securities situation, what steps they are contemplating to ensure that client assets are protected and ring-fenced from administrators of failed stockbroking or fund managements firms operating under rule 135 of the Investment Bank Special Administration (England and Wales) Rules 2011 (SI 2011/1301).

The Minister of State, Department for International Development (Lord Bates) (Con): My Lords, the special administration regime is designed to accelerate the administration of failed investment firms, reduce costs

and increase recoveries. The administrators' plans for returning client assets and allocating expenses must be approved by the creditors' committee and the court.

Lord Lee of Trafford (LD): I hear what the Minister says but I ask him to look again at this situation. I do not think that he quite appreciates the seriousness of it. Unless this loophole is closed, the clients of small and medium-sized broking firms—very well-run broking firms—will leave those firms and go to larger ones. That is already happening, so will the Minister please look at this matter again?

Lord Bates: I recognise that the noble Lord has a long tradition of standing up for small shareholders in the field of investing. Small shareholders, like small businesses, are the backbone of our capital markets and we have to restore confidence among them. This issue of the fees was looked at. The noble Lord will know that last week the creditors' committee, the Financial Services Compensation Scheme and PwC acting as the administrator met and reached an agreement which will mean that 94% of the fees will be covered by the FSCS. Out of 17,000 retail investments that the noble Lord and I are very concerned about, only 10 will suffer a loss under the current programme. We looked at this matter again with the Peter Bloxham review in 2012 and 2013, and we always keep all matters in this complex situation under review.

Lord Donoghue (Lab): My Lords, I commend the noble Lord, Lord Lee, for his persistent, impressive work in defending investors' interests. I declare a historic interest as a one-time partner in a City of London stockbroking firm. Further to the Minister's reply, will he and the Government reconsider whether they should amend the special administration rules to stop administrators taking their inflated costs—and they often are seriously inflated—partly from the portfolio holdings of innocent private investors? Moreover, is he aware that a further big problem for these investors is that, on liquidation, their portfolios are frozen, often for months at a time? Is he also aware that there are now electronic trading systems that technically allow the transfer of stocks from portfolios in as little as two to three working days, but that they are voluntary? Will the Government consider making it mandatory for all security firms to belong to one of those systems so that the investors enmeshed in these unpleasant liquidations can have rapid access to their personal assets?

Lord Bates: This particular point was looked at by Peter Bloxham, as I have just mentioned. He found that the firm's assets and the client funds are separated, and felt that a case had not been made as to why the creditors of the firm estate should effectively be liable for the costs of the investors' pool when the administrator is acting to recover their investment. As I said, we keep these matters under constant review, as does the Financial Conduct Authority.

Lord Naseby (Con): Is my noble friend aware that the total safety of client assets is absolutely vital? For my noble friend to say that only 10 are going to suffer

[LORD NASEBY]

on this particular occasion is not acceptable. While it has been looked at—and I do not chastise anybody for what came out of that—it has not worked and needs to be looked at again urgently because, for all I and other noble Lords know, another situation may be just around the corner. May we please hear from my noble friend that this will be looked at again so that the safety of all client assets is protected?

Lord Bates: I hear what my noble friend says, but progress has been made. We have announced that the current threshold of £50,000 for the protection of assets by the Financial Services Compensation Scheme will increase to £85,000 from next April. That is a significant step in the right direction and it underscores again our commitment to small investors and small enterprises.

Lord Sharkey (LD): Can the Minister say what steps are required to be taken to advise clients of the risks to their money held in client accounts in the event of failure or administration?

Lord Bates: There is a complex process involving the courts, the Financial Services Conduct Authority and the creditors' committee. The amount of the fees of the administrator must be agreed and presented. There must be a timely distribution plan for the proceeds, and this must be announced. Also, these are all matters that can be challenged through the courts by relevant parties, and the Financial Services Compensation Scheme has already indicated that it will be looking for an independent assessor to be appointed to look at the level of fees being charged by the administrator in this case.

Lord Davies of Oldham (Lab): My Lords, I thought the Minister did rather well on this Question. Of course, it is the case that only 10 of the investors had to pay, because everyone else was covered by the scheme. But I hope he will put some pressure on and look again at the totality of the scheme, because it is the case that one category is effectively picking up the losses that have been partly incurred by the other category.

Lord Bates: I am slightly stunned by the noble Lord's generous praise. It is very welcome, especially coming from him. As I say, the whole process of regulation in the City includes constant lesson learning. It is a fast-moving environment, and I am sure that lessons will be learned from this process. We will, of course, convey the lessons and the suggestions made by noble Lords back to the FCA for it to take into account.

Nicaragua: Human Rights Question

3.29 pm

Asked by **Lord Foulkes of Cumnock**

To ask Her Majesty's Government, following reports of further deaths of those protesting against President Ortega, what representations they are making to the Government of Nicaragua to ensure that the human rights of those demonstrating against the President are protected.

Baroness Goldie (Con): My Lords, the United Kingdom has been very clear with the Nicaraguan Government that they must take responsibility for ending the current violence and protecting human rights, particularly the rights to freedom of expression and assembly. These messages have been delivered in two meetings, between a senior Foreign Office official and a presidential adviser on international relations, and in a public statement by the British ambassador to Nicaragua which featured in the Nicaraguan press.

Lord Foulkes of Cumnock (Lab): I am grateful to the Minister for that helpful Answer. Is she aware that, having rejoiced at the Sandinista victory over the dictator Somoza in 1979 and having condemned the US intervention in Nicaragua by funding the Contras, it grieves me and my colleagues to read the report by the Inter-American Commission on Human Rights of the human rights violations by the Government of Nicaragua, including 130 deaths. Recognising the fact that there has been aggression by other forces on the Government and on government personnel, will the Minister ask the Prime Minister to take up specifically with Daniel Ortega that the United Kingdom Government do not think that he is acting properly, that the talks proposed by the Catholic bishops should be taken up straightaway and that peace talks are urgently needed?

Baroness Goldie: I thank the noble Lord, who makes important points. The Government were concerned by the Inter-American Commission on Human Rights report, particularly about the reports of the indiscriminate use of live ammunition against protestors, arbitrary detentions and threats against human rights defenders. As I indicated in my first Answer, the British ambassador to Nicaragua expressly called on the authorities to end the violence and exercise a responsibility to protect peaceful protestors. The noble Lord is right: the episcopal conference has an important role to play in this to encourage and resume the dialogue that would offer the hope of a better future.

Baroness Anelay of St Johns (Con): My Lords, on the question of what action the Government can take, does my noble friend the Minister agree that, in examining the publication of our annual human rights report this summer, we should consider making Nicaragua, for the first time, a country of concern? We should consider not only the recent appalling demonstrations and abuses of human rights but the repeated reports over the past year of attacks on civil society organisations and journalists, and a Government in Nicaragua that ignores the plight of a third of a million underage working children, 80% of whom never receive pay.

Baroness Goldie: My noble friend speaks with great authority and knowledge on these matters. The United Kingdom Government are deeply concerned. It is the case that recent FCO reports on human rights have not included Nicaragua, because circumstances have not merited its inclusion. She is correct that the Government will be monitoring closely what is happening in Nicaragua and its response to the representations made by the British ambassador. We hope to see a more encouraging path towards fair and free elections.

Baroness Northover (LD): My Lords, the Inter-American Commission on Human Rights to which the Minister referred notes,

“the painful past that affected Nicaraguan society and the historical commitment not to repeat it”.

It concludes:

“The essential condition for any solution is the commitment to the truth, guarantees for the investigations and effective justice, as well as proper reparation”.

Is assistance being offered to Nicaragua in terms of investigation and effective justice, given the UK’s expertise in these areas?

Baroness Goldie: It is the case that, in addition to our ambassador’s statement, we have joined EU statements condemning the violence, urging the Government to respect the right to freedom of expression and assembly. We also raised our concerns directly at the Organization of American States general assembly on 5 June in Washington, where, as the noble Baroness will be aware, the UK is an accredited observer. We are doing our best to try to use our influence to ensure that there is an improvement.

Lord Dubs (Lab): My Lords, as somebody who went as an unofficial observer to the elections in Nicaragua in 1984, I underline the criticisms that have been made of Daniel Ortega. Could the Government, in protesting to the Nicaraguan Government, remind them that many of us went there in those years as an expression of solidarity for a Government who espoused human rights and had overthrown a vicious dictator? We believed that a better world was coming. Could we make it clear that Daniel Ortega has betrayed the hopes of the revolution that brought him to power?

Baroness Goldie: We are certainly very clear in our condemnation of any breach of human rights. We are also very clear that the Nicaraguan Government must uphold what we would regard as the acceptable level of human rights that citizens should be entitled to enjoy. What the future holds is not a matter for speculation by the UK Government; it is a matter for dialogue, to which reference has been made by the episcopal conference, and it is also a matter for the Nicaraguan people to resolve by free and fair elections.

Viscount Waverley (CB): My Lords, a representative of the foreign affairs committee of the United States Senate visited Managua yesterday. Could the Minister say a word about what the UK Government are specifically doing to help this process and to ensure that there is no regional spillover?

Baroness Goldie: As the noble Viscount will be aware, in addition to the intervention by the British ambassador, we have a wide diplomatic spread in central America. We are working in concert with partners. It is important that there is a consistency of message to the Nicaraguan Government that there is a very clear representation that we do not and are not prepared to accept patent breaches of human rights. The future lies in restoring law and order, ending violence and, we hope, allowing elections to proceed in a free and fair manner.

United States-North Korea: Summit in Singapore

Private Notice Question

3.37 pm

Asked by Lord Alton of Liverpool

To ask Her Majesty’s Government what is their assessment of the impact of the US-DPRK Singapore Summit on security and human rights on the Korean Peninsula.

Lord Alton of Liverpool (CB): My Lords, I beg leave to ask a Question of which I have given private notice. In so doing, I declare an interest as the co-chairman of the All-Party Parliamentary Group on North Korea.

The Earl of Courtown (Con): My Lords, the Government welcome the summit as an important first step towards securing a denuclearised North Korea. This is in the interests of regional peace and international security. More needs to be done. We hope that this marks the beginning of a substantive process, leading to concrete actions from North Korea towards complete, verifiable, irreversible denuclearisation. We continue to have grave concerns about human rights in North Korea and expect more discussions and actions to follow.

Lord Alton of Liverpool: My Lords, I am grateful to the Minister for that reply. While inevitably remembering broken promises on denuclearisation made in 1994 and 2007, is the noble Earl not right that this is a moment to give a cautious welcome to the Singapore summit and to work with the United States, China, Japan and the vibrant democracy in South Korea to turn hopes into substance? Would not the best memorial to the 1,000 British servicemen who died in the Korean War be the formal ending of the state of war that has continued since 1954? Meanwhile, will the Minister confirm that, in the short term, Security Council sanctions will stay in place until we see real evidence of denuclearisation, and that in due course we will press for human rights, said by the United Nations commission of inquiry to be *sui generis*—without parallel anywhere in the world—to become part of the negotiations, as they were in the Helsinki process?

The Earl of Courtown: My Lords, I thank the noble Lord for that question and I agree with much of what he said. As far as sanctions are concerned, the noble Lord is quite right that UN sanctions will remain in place under 10 UN Security Council resolutions, the most recent of which was adopted in December 2017. But the noble Lord is also right to say that this is a step forward. It was the first meeting between a sitting US President and a North Korean leader, and this is a very important step forward.

Lord Collins of Highbury (Lab): My Lords, immediately after the summit, President Trump said at a press conference that he did raise the issue of human rights with the North Korean leader. In fact, he said at the press conference:

[LORD COLLINS OF HIGHBURY]

“I want significant improvement. I want to start that process. Although you cannot finish that process for a while, but you cannot go back”.

Can the Minister tell us what he thinks President Trump meant by that statement, and what sort of process we will actually see that will deliver change for the people of North Korea who have suffered so horrendously?

The Earl of Courtown: The noble Lord is quite right; the suffering of the people of the DPRK is of utmost importance and something we must never forget. As the noble Lord said, yes, President Trump did mention that human rights issues, including the treatment of Christians, were discussed and would be discussed further. It is very important that these discussions continue, and the last but one paragraph of the communiqué states:

“The United States and the DPRK commit to hold follow-on negotiations, led by US Secretary of State, Mike Pompeo, and a relevant high-level DPRK official, at the earliest possible date”.

Lord Robathan (Con): My Lords, of course jaw-jaw is better, as we all know, than war-war, but will Her Majesty’s Government please ensure that the President of the United States is aware that this regime is the same as it has been for many decades and that the dictator Kim Jong-un is the same man that had his half-brother murdered not two years ago at an airport in Malaysia and, indeed, had his uncle executed shortly after he came to power. The human rights abuses remain and we must be incredibly cautious in this.

The Earl of Courtown: My Lords, my noble friend makes some very good points and we must never forget those atrocities—but it is so important to have regular dialogue with the DPRK. We continue to raise our concerns through our embassy in Pyongyang and in multilateral fora such as the UN General Assembly in New York and the Human Rights Council in Geneva—but my noble friend is quite right.

Baroness Northover (LD): My Lords, bizarre as some of the images from Singapore might be, clearly, as other noble Lords have indicated, we have to welcome any moves to reduce tension on the Korean peninsula, though we should indeed be very cautious. What efforts might be made to encourage the United States Administration to look at Iran in a similar light—or is that far too much to hope for?

The Earl of Courtown: My Lords, I think I answered something on Iran some time ago, but I fear my memory does not go back that far. Of course, Iran is of great importance and we discussed a number of matters during that exchange. I will draw it to the attention of my noble friend the Minister and write to the noble Baroness.

Lord Elystan-Morgan (CB): My Lords, President Trump argued that there should be a formal ending to the Korean War, which actually came to an end with a ceasefire. That, of course, is a matter for the belligerents,

of which the United Kingdom was one. Have there been any representations by President Trump to the British Government in respect of that matter?

The Earl of Courtown: My Lords, we are in regular dialogue with the US and our international partners on the subject of the DPRK. As for the actual detail of what has been discussed, in particular the matter that the noble Lord raises, I am not aware that this has been raised as yet.

Lord Browne of Ladyton (Lab): My Lords, while the Singapore summit is clearly better than the alternative, which was escalating belligerent rhetoric between the leaders of two nuclear-armed states, I invite the noble Earl to agree with the words of Mark Fitzpatrick, the very well respected executive director of IISS, who yesterday wrote that,

“void of verification measures, the Singapore summit result pales in comparison to the Iran nuclear deal, from which Trump withdrew a month ago. The hypocrisy is beyond words”.

The Earl of Courtown: My Lords, the noble Lord, Lord Browne, makes a very good point. The goal has to remain the complete, verifiable and irreversible denuclearisation of North Korea and the removal of its ballistic missile capability. This is what is required to protect UK national interests in the region and uphold international security. The noble Lord brought up the subject of Iran again, and I know what he says.

Lord King of Bridgwater (Con): My Lords, friends of mine served as national servicemen in Korea; I served elsewhere in my national service time. Is it not interesting to note just how long that war has remained unended? While I certainly support the comments of the noble Lord, Lord Robathan, about the need to proceed with great caution, it is high time that that war was brought to an end.

The Earl of Courtown: My noble friend is quite right. My own godfather was imprisoned during that war. I remember his recollections. The many lives that were lost in that conflict should also be remembered and we must look forward to the formal point that the noble Lord mentioned.

Lord Anderson of Swansea (Lab): My Lords, this is potentially a major step forward that of course should be welcomed. But is there not a danger that it might expose the limits of a personalised and unpredictable diplomacy, and should not more heed be taken of the concerns expressed by Japan and other regional allies?

The Earl of Courtown: My Lords, we are in close contact with our allies in the region. The Foreign Secretary has been in regular contact about the DPRK with his counterparts in the United States, European countries, South Korea, Japan and China. Many of those countries, China in particular, could help take this forward.

Lord Hamilton of Epsom (Con): My Lords, my noble friend mentioned China. Does he accept that the cutting of exports from China to North Korea by

anything between 70% and 90% had an enormous effect on bringing these talks to pass? Does he feel that the Chinese will resume those sanctions if progress is not made on verification of the denuclearisation of North Korea?

The Earl of Courtown: My Lords, my noble friend refers to sanctions. These sanctions have been very effective. They are the toughest sanctions imposed on a country this century. As my noble friend will be aware, China has lent its influential voice to the universal condemnation of North Korea and has supported all United Nations Security Council resolutions, including the most recent one.

Automated and Electric Vehicles Bill

Third Reading

3.48 pm

Clause 12: Duty to consider making regulations under section 11 on request by elected mayor

Amendment 1

Moved by **Baroness Sugg**

1: Clause 12, page 7, line 22, leave out from “making” to “relevant” in line 23 and insert “section 11(1)(a) regulations in relation to the whole or part of a”

The Parliamentary Under-Secretary of State, Department for Transport (Baroness Sugg) (Con): My Lords, this group of amendments follows the debate on Report considering the role of metro mayors in enabling the installation of charging infrastructure. In line with commitments I made on Report, I have tabled government amendments to provide clarity around this clause. I have removed reference to the “key route network” so that metro mayors can take a strategic view of large fuel retailers across their areas. As I mentioned on Report, this is limited to “large fuel retailers” and not “service area operators”, as these areas, which are situated primarily on motorways, are best dealt with on a national level.

I have made it clear that regulations can be proposed only once “large fuel retailers” has been defined. In any instance where the Secretary of State chooses not to introduce regulations, he will be required to inform the applicant mayor of the reasoning and there will be a requirement to ensure that relevant local authorities are consulted. I beg to move.

Baroness Randerson (LD): I thank the Minister for that explanation. For the information of those listening, the noble Baroness, Lady Worthington, and I attempted to lay an amendment to clarify the issue of service areas, or car parks as they might be called. However, according to the rules of the House that was not possible at Third Reading, so there is no amendment from us. But there is still a question in my mind: how do the Government envisage the strategy and policy, going forward? As I mentioned the last time we discussed this, if you go to a service area on a motorway you get your electric charging near the café—very often hundreds of feet from the fuel station—but that does not appear

to be what is in the Government’s mind in relation to other service areas. I would like to know what the Government’s strategy is on this. I am sorry to be raising such a detail at Third Reading but we really only talked about this on Report. I still do not have a real understanding of why the Government are not considering having regulations in relation to the car parks associated with service areas, rather than just the fuel stations.

Baroness Worthington (CB): My Lords, I too thank the Minister for her introduction of these amendments. They are very helpful; they clarify the position and make the Bill much more useful. In Committee we debated the fact that this is a very narrow power being taken in relation to the infrastructure necessary to facilitate a greater uptake of electric and zero-emission vehicles. It is important that we look carefully at what more can be done to encourage everybody, at all levels of government—whether national, metro mayor or indeed at borough level—to take stock and introduce an effective network of chargers, which can help people to be confident that they will be able to use electric vehicles in a way that matches their current vehicle use.

I echo the comments of the noble Baroness, Lady Randerson, in asking: can we hear a little more from the Government, specifically about car parks but about destination charging in general? I feel that it is a little too laissez-faire to think that this will all happen through market forces. There are going to be times when we will need to take a strategic look at this in a specific geographical region. We need to have sufficient powers to enable us to make this infrastructure happen; we will otherwise not see the uptake that we need to hit our air-quality and climate-change targets.

Lord Berkeley (Lab): My Lords, at the risk of causing a bit of trouble at this stage of the Bill, I cannot see why it matters particularly where the charging points are in a motorway service station. If you are going to park your car and go off to have a drink, you might as well plug it in while having it. If you do not want to do that but have a high-powered, high-speed charger you can probably do that as if you are filling up with petrol. The general principle in the Bill is all right but I suspect that the commercial pressures on the operators will persuade them to put the charging points where they are most convenient.

Lord Tunncliffe (Lab): I thank the Minister for bringing forward these amendments, which seem to have produced a consensus on all the issues which were brought up on Report. I must agree with other speakers that the Bill is narrow and, to be fair, it is generally our role to scrutinise Bills. While we have done that, there has to be much wider consideration given by government to this whole area. That consideration has to work with other parts of government and local government, so that we do not trip into the area of sovereignty conflict. Fortunately, that seems to have been effectively solved by the amendments and the consultation. It is an important area to get straight if we are to achieve the spread of charging points that will be necessary, particularly to achieve our air-quality targets.

Baroness Sugg: My Lords, I thank noble Lords for their contributions on this last group in the Bill. On the location of charging points within service areas, I take the point made by the noble Baroness, Lady Randerson, and the location of the charge points will be consulted on for the regulations.

On car parks and destination charging in general, I entirely agree that destinations such as car parks should install charging infrastructure to support the overall transition to electric vehicles. While, in relation to the provision of public charge points, the Bill focused on enabling long-term strategic journeys, following the debate on Report, my noble friends and I are well aware of noble Lords' strength of feeling about the provision of charge points in private car parks, and we have followed this up with the department. I thank the noble Baroness, Lady Worthington, for her persistence on this matter, and I am today able to commit to taking forward more action in this area. We will engage further with the private car parking industry to encourage best practice and will consider whether voluntary commitments can be made by the main private car park operators. We will also work with the Institution of Civil Engineers with a view to ensuring that industry guidance on the design and maintenance of car parks includes information and advice on charging provision. We will consider addressing requirements for charging infrastructure for car parks through the Private Member's Bill on a parking code of practice, which has cross-party support.

I take this opportunity to update noble Lords on an issue which has come up at various stages of the Bill: the provision of electric charge points in our car park. I spoke to the parliamentary estate office this morning, and I am pleased to say that despite there being many other pressures on its time, we are making good progress on this. The feasibility study has produced some positive results and we are expecting the installation of some charge points in Royal Court soon.

This Bill provides a stepping stone in the development and deployment of automated vehicles on UK roads, and for zero-emissions vehicles, both electric battery and hydrogen refuelling, it will address access, standards and connection for public charging or refuelling points. It will address some of the issues of range anxiety, ensure adequate information for users and ensure that future charge points are smart. I acknowledge noble Lords' feelings on the narrowness of the Bill, and I entirely agree that the Government must look at the bigger picture. The Bill is just one part of the work the Government are doing to ensure that we have a successful transition to zero-emissions vehicles. The upcoming strategy on electric vehicles will set out in more detail a suite of other measures which will enable us to reach a zero-emissions future.

I also take this opportunity to thank the Bill team, who have worked on this Bill for many months, and my noble friends Lord Lucas and Lord Borwick, the noble Lord, Lord Tunnicliffe, the noble and gallant Lord, Lord Craig, the noble Baronesses, Lady Randerson and Lady Worthington, and all other noble Lords who have helped to ensure rigorous scrutiny throughout the passage of the Bill. The constructive engagement, conversations and debates have led to significant improvements.

Lord Tunnicliffe: Before the Minister sits down—because it seems to me that I have to use that ridiculous device—I reciprocate the thanks to the noble Baroness, her co-pilot the noble Lord, Lord Young, and the team. They have set a very high standard of involvement with the Opposition and the political parties and, I believe, with individuals. It is a standard which I hope the Government will copy in all areas. We have made great improvements to the Bill, and I do not think there has been a Division on anything. We are there, and I thank the Minister for that. I also thank my massive team of one-fifth of a person, Molly Critchley, for all her support.

Lord Craig of Radley (CB): My Lords, before the Minister sits down, we have concentrated very much on charging points, but the Bill was amended on Report to cover hydrogen refuelling points. They may not need exactly the same thing, so I would like an assurance that the way they are treated will take account purely of what they are for rather than making the broad assumption that they are charging points and therefore electric only.

Baroness Sugg: I am happy to confirm that. Many amendments changed the Bill to ensure that we were dealing with hydrogen refuelling points as well. That was always the intent of the Bill but I agree that that was not clear enough, which is why we moved government amendments following interventions by the noble Baroness, Lady Randerson, and others on that issue. The technology around hydrogen is not yet as advanced as it is around electric battery but we will be addressing our hydrogen strategy in the upcoming *Road to Zero* document.

Amendment 1 agreed.

Amendments 2 to 11

Moved by Baroness Sugg

2: Clause 12, page 7, line 26, leave out “and 2” and insert “to 3”

3: Clause 12, page 7, line 28, at end insert—

“() “Section 11(1)(a) regulations” means regulations under section 11(1) that impose requirements on large fuel retailers within section 11(1)(a).”

4: Clause 12, page 7, line 31, leave out from “for” to “, and” in line 32 and insert “section 11(1)(a) regulations to be made in relation to the whole or part of the relevant area”

5: Clause 12, page 7, line 33, at end insert—

“() each local authority any part of whose area falls within the relevant area or, if the request relates to part of the relevant area, within that part,”

6: Clause 12, page 7, line 39, at end insert—

“() Condition 3 is that regulations have been made under section 11(3) in relation to the meaning of “large fuel retailer”.”

7: Clause 12, page 7, line 40, leave out subsection (4)

8: Clause 12, page 7, line 41, at end insert—

“() If the Secretary of State decides not to make section 11(1)(a) regulations in response to the mayor's request, the Secretary of State must notify the mayor of the decision and the reasons for it.”

9: Clause 12, page 8, line 1, leave out paragraph (b)

10: Clause 12, page 8, line 16, at end insert—

““local authority” means—

- (a) a district council,
- (b) a county council, or
- (c) a London borough council.”

11: Clause 12, page 8, line 16, at end insert—

““large fuel retailer” has the same meaning as in section 11.”

Amendments 2 to 11 agreed.

Clause 18: Regulations

Amendment 12

Moved by Baroness Sugg

12: Clause 18, page 11, line 16, at end insert—

“(8) If a draft of a statutory instrument containing relevant section 11(1) regulations would, apart from this subsection, be treated for the purposes of the standing orders of either House of Parliament as a hybrid instrument, it is to proceed in that House as if it were not such an instrument.

(9) In subsection (8) “relevant section 11(1) regulations” means regulations under section 11(1) that are made pursuant to section 12 (duty to consider making regulations on request by elected mayor).”

Amendment 12 agreed.

4 pm

Bill passed and returned to the Commons with amendments.

Electronic Presentment of Instruments (Evidence of Payment and Compensation for Loss) Regulations 2018

Motion to Approve

4 pm

Moved by Lord Bates

That the draft Regulations laid before the House on 30 April be approved.

The Minister of State, Department for International Development (Lord Bates) (Con): My Lords, payment systems sit at the heart of our economy. They allow money to flow between households and businesses, allowing the prompt and proper exchange of goods and services. The Government are therefore committed to ensuring that the United Kingdom’s payment systems are efficient and meet the needs of end-users, taking advantage of technological developments as they arise.

Cheques continue to form a vital part of the British payments landscape. While there is no denying that there has been a decline in their use over the years, cheques are still important for many smaller charities, voluntary organisations and those members of our society who are often the most vulnerable. In the first quarter of 2018, more than 65 million cheques were cleared, with a value of over £80 billion. That is an average of 1 million cheques cleared per working day.

Before we discuss the new legislation I am presenting to the House today, I shall briefly explain how the current cheque clearing system works. Under the current model, cheques deposited into a bank or building society are transported to their associated processing centre where the essential details are read. Afterwards they are transported to an exchange centre, where the cheques are physically passed to the bank of the customer who originally drew them. Finally, the cheques are taken to the relevant processing centre of the paying bank, which ensures that the cheque is genuine before releasing the funds.

Under that anachronistic process, it takes six weekdays before a cheque fully clears and the recipient can be certain that the money is theirs. That is why Parliament legislated to allow UK banks and building societies to accept the receipt of cheques and similar instruments by electronic image. The new cheque image clearing system cuts down clearing times to the next weekday by sending a digital image of the cheque for clearing. Cheque imaging will also facilitate further innovation in the industry—for example, by enabling customers to pay cheques through their mobile banking app.

The purpose of the legislation under discussion today is to ensure that the electronic clearing of cheques has no detrimental impact on cheque users. It makes provision for two measures to achieve this, which will help to protect customers as the image clearing system rollout intensifies over the second half of the year. The first concerns the use of cheques as evidence of payment. Under the current model, a customer can request a copy of the paper cheque that they drew from their bank. This paper cheque can then be used as evidence of payment. To ensure that this right remains available, the measure ensures that a copy of the cheque, along with some additional information, can be provided to the writer of the cheque upon his or her request, and that this copy has the same evidential value as a paper cheque.

The second measure concerns compensation. In cases of fraud or error, the rules for compensation are set out in scheme rules by the Cheque and Credit Clearing Company. There is, however, no legislation stipulating under what circumstances customers must be compensated, or by whom. To prevent any potential harm for consumers from what is a fundamental change to cheque processing, the Government consider it necessary to legislate to ensure that cheque users are not left out of pocket if they incur a loss.

The second measure therefore provides that, where a customer incurs a loss under the image-clearing system and prescribed conditions are met, including that compensation has not already been received, the bank of the customer receiving the cheque must pay the compensation. Similarly, if the bank of the customer writing the cheque incurs a loss, where prescribed conditions are met, the recipient’s bank must again provide compensation if none has been forthcoming.

The Government believe that the existing industry-led approach works well. Indeed, the optimal solution is that the legislation need never be used as the scheme rules continue effectively to resolve losses from fraud or error. In summary, the Government believe that the legislation is necessary to ensure that customers can continue to trust that their cheque will be valid proof

[LORD BATES]

of payment under the new image clearing system and to provide a backstop for compensation. I hope this is helpful to colleagues and I commend the regulations to your Lordships' House.

Baroness Kramer (LD): My Lords, first, I am delighted to hear the Government reaffirm that there is still a place in our financial lives for cheques. I remember that there was a time when the Treasury was considering their abolition. From looking at countries where cheques have in effect disappeared—talking to relatives in Germany, for example—it became clear that the way in which people compensated for that was to carry a lot more cash and leave a lot more cash at home. Much of that seem to be an invitation to petty thievery and street mugging, by which I do not think that any of us would be terribly charmed, so I am very glad that the Government have restated that today.

I looked through the regulations trying to think of something to say without finding very much. I have bank accounts in the United States, a legacy from my 20 years living there, and many states—I am not sure that it is all of them—already use this system of electronic presentation of instruments, so I have seen it first-hand and have never heard of any particular problems. There is a very good article in the *Penn State Journal of Law* in December 2015. The one issue it raises is that it is crucial to ensure that the rules minimise any surprises in any conflicting claims between the paper copy and its image. I understand from what the noble Lord, Lord Bates, said, that he feels that that issue is covered. If he can give me that assurance, I am delighted to welcome the regulations.

Lord Tunnicliffe (Lab): My Lords, I, too, have worked my way through the instrument and the accompanying Explanatory Memorandum—I also spoke to James Evans of the Treasury—and feel that I understand it. I have no objection. It would seem a sensible, modern improvement to the system.

In looking around the instrument, I alighted on the fact that it is a further extension of the computer systems which underline modern banking. Reflecting on recent press comment, I started to look at just how many computer problems the banking system had had over recent years. I counted at least four for RBS since 2012, three from HSBC, three in Barclays, three at Lloyds and, of course, the recent TSB event where 1.9 million customers were locked out of their online and mobile services.

As we know, banks have a special role in our society. If they fail, the impact is not a mere difficulty, as it is when any large enterprise fails; it is catastrophic to our society. The Bank of England has put an enormous amount of effort into creating an effective resolution regime which, because I have been in this role since 2010, I have seen all the legislation on. It has a resolution directorate staffed with people ready to move in if there is a problem with a bank to solve it over a weekend. But the problem seems to me to be that, just as a bank cannot be allowed to fail for financial reasons, it is increasingly true that a bank failing because of its technical capability—because of its computer services—would have an equally catastrophic effect on society.

I therefore ask the Minister whether, as we hand further tasks to these ailing computer systems, the regulators have an equivalent regime to ensure that the banks' computer systems will never fail.

Lord Bates: I thank the noble Baroness and the noble Lord for their questions. The noble Baroness is right to stress the importance of cheques continuing to be available. The evidence suggests that many voluntary organisations and charities, and some of the most vulnerable in our society, are the ones who rely on cheques the most, so it is important that their interests be safeguarded.

The noble Baroness asked about conflicting claims, and here we can draw on some historic legislation. The Bills of Exchange Act 1882 is explicit: should the payee's bank compensate a customer for a loss in accordance with the proposed legislation, this does not preclude the payee's bank recouping this payment from the party where actual liability lies. In addition, where there are competing claims, there is a process for resolving that issue. As I said, these regulations are very much a backstop to a system that we feel is already working quite well.

The noble Lord, Lord Tunnicliffe, who is always assiduous in going through the detail of such regulations, asked about the IT operations. He is absolutely right that, as we place greater and greater emphasis on IT systems, we should be cognisant that sometimes they can fail. The Cheque and Credit Clearing Company has assured the Government that the new clearing process will be as secure and reliable as the one we use now. The security standards used to design and build the ICS are industry-leading and were agreed by all the participants to the company's security code of conduct. The ICS infrastructure has been fully tested and has been in live operation, processing digital cheques, since October 2017. It has already processed some 250,000 payments to date. Additionally, the ICS infrastructure operates out of two geographically distinct sites in order to provide resilience, and there is full duplication on both sites. Contingency plans and connectivity alternatives are available, should they be required. The infrastructure is 100% operated from within the UK.

I once again thank the noble Baroness and the noble Lord for their comments, and I commend these regulations to your Lordships' House.

Motion agreed.

Client Money Protection Schemes for Property Agents (Approval and Designation of Schemes) Regulations 2018

Client Money Protection Schemes for Property Agents (Requirement to Belong to a Scheme etc.) Regulations 2018

Motions to Approve

4.13 pm

Moved by Lord Bourne of Aberystwyth

That the draft Regulations laid before the House on 3 May be approved.

The Parliamentary Under-Secretary of State, Ministry of Housing, Communities and Local Government and Wales Office (Lord Bourne of Aberystwyth) (Con): My Lords, I will refer to these regulations as the approval regulations and the requirements regulations respectively.

The private rented sector is an important part of our housing market. It has doubled in size over the last decade and letting agents now hold approximately £2.7 billion in client funds. The client money held by agents includes rent money and money provided by landlords for the purpose of making property repairs. However, there is no legal requirement for these agents to obtain client money protection. Tenant and landlord money is therefore at risk if an agent goes bankrupt or if client funds are misappropriated.

The main letting agent representatives, ARLA Propertymark and National Approved Letting Scheme, support making this protection mandatory. It is estimated that around 60% of agents already hold such protection. Making client money protection mandatory will ensure that every tenant and landlord has the financial protection they need. It will bring the property agent sector into line with others where client money is held, such as the legal profession and travel operators.

Before I go on to set out the detail of the regulations before the House today, I want to establish the legislative context. The Housing and Planning Act 2016 provided powers for the introduction of client money protection requirements. Following the passage of this Act, the Government invited the noble Baroness, Lady Hayter, and the noble Lord, Lord Palmer of Childs Hill, to chair a client money protection working group. They are not in their places today, although I know they are both supportive and regret that other pressing engagements mean they cannot be here with us today.

The working group reported in March 2017 and its recommendation to make client money protection mandatory was accepted by the Government. I thank both the noble Baroness and the noble Lord very much for their work and the report. The Government consulted on implementing mandatory client money protection in November 2017 and there was broad support for our proposals.

I shall now introduce the two sets of regulations. The first set—the approval regulations—establishes the procedure for the Government to approve privately run client money protection schemes. The second set—the requirements regulations—then requires agents in the private rented sector to belong to one of these approved schemes if they handle client money. These two sets of regulations, which together provide the framework for client money protection, are the subject matter for debate before the House today.

I turn first to the approval regulations. These require any client money protection scheme to be approved by the Secretary of State in order to operate. This will ensure that all schemes meet minimum standards and offer sufficient financial protection. The Government do not intend to create their own scheme at this time; that would be unnecessary given the number of schemes operating in the market already. However, the regulations do allow the Government to do so in future so that

protection can be maintained in the unlikely event that the market ceases to offer provision. This is a prudent step.

In order to obtain approval, client money protection schemes must meet certain conditions, including those designed to ensure that landlords and tenants can easily obtain compensation. The scheme administrator must ensure that it has procedures in place so that valid claims are paid as soon as reasonably practicable. They cannot make deductions from these payments. The scheme administrator must also hold a level of insurance cover that is appropriate, given the amount of client money held by its members. Schemes must put in place arrangements so that in the event of a scheme closing, their members would be notified and transferred to an alternative scheme.

The approval regulations also establish minimum standards that must be set in scheme rules. This includes that members must hold money in a separate client account; have written transparent procedures for handling client money; and maintain adequate records. Scheme rules must also require members to hold an appropriate level of professional indemnity insurance cover. This is to ensure that client money protection schemes are not overwhelmed with claims. Rather, the first port of call for a consumer making a claim should be their agent and their agent's insurers. Lastly, schemes must provide key information to the department on a quarterly basis to enable us to monitor their performance. If a scheme's standards are not maintained, its approval can be withdrawn.

I now turn to the requirements regulations. These regulations will require all property agents in the private rented sector to obtain membership of a government-approved client money protection scheme by 1 April 2019. These agents will need to meet increased transparency requirements; they will have to publish details of scheme membership and inform clients when they lose cover. The Government recognise that robust and effective enforcement is essential to the successful implementation of mandatory client money protection. Agents who fail to get client money protection may be subject to a financial penalty of up to £30,000, and those who do not meet transparency requirements could face a penalty of up to £5,000.

These regulations level the playing field by ensuring that all agents offer protection. For those agents who do not yet have client money protection, we anticipate that obtaining it will not be disproportionately burdensome. Indeed, the average annual fee for cover is £300 to £500. It is important to highlight that these requirements apply only when landlord and tenant money is held by a property agent and so is at risk. Agents can instead choose to eliminate this risk by, for example, allowing tenants to pay rent to their landlords directly. The new requirements should not, therefore, deter new entrants to the market.

Noble Lords may be aware that we have committed to introducing a new regulatory framework for letting and managing agents and prohibiting letting agents from charging fees directly to tenants. That legislation is progressing in the other place. Mandatory client money protection will be an important part of this

[LORD BOURNE OF ABERYSTWYTH]
regulatory framework that will give landlords and tenants assurance when using an agent. I commend these regulations to the House.

Lord Best (CB): My Lords, I declare my relevant interests as in the register. I commend the Government's two sets of regulations, which will make it compulsory for anyone who wants to operate a lettings agency to have client money protection insurance that is effective and not just a sham.

I felt unable to speak on this subject in this Chamber when the noble Baroness, Lady Hayter, pursued it so successfully, as I was then the remunerated chair of the Property Ombudsman, which was involved in this debate. However, I retired from that role last year and can now say what I think without any conflicts of interest.

Compulsory insurance sounds a dull technical matter of little interest, except to the landlords whose money is held by agents—mostly the rental payments due to the landlord later—who should now be better protected. However, the benefits of these measures go much deeper than simply covering a loss to a landlord if their agent disappears or goes out of business. These regulations will remove altogether from the lettings industry all those often small-time and sometimes pretty dubious property agents from whom not just landlords but tenants need to be protected.

In the absence of regulation, anyone can set up as a property agent. At present, no qualifications or training or financial resources are needed. The requirement to belong to a compulsory client money protection scheme will weed out all those firms, often comprising a single individual, that insurance companies assess as too risky to insure. Those are the men or persons of straw, who have no expertise and may even have a criminal record. Removing the less desirable elements from the still somewhat fledgling lettings industry is a necessary precursor to the forthcoming agents' fees ban—the planned ban on the phenomenon of agents charging fees to tenants as well as landlords. This important ban is the next item on the list of measures to clean up the world of private lettings. It will often be the least reputable agents who have been making their money by persuading landlords to use their services by undercutting the fees that they ask of landlords and, instead, squeezing the tenant, who has no choice in the matter. The CMP regulations will make the fees ban more successful by removing in advance all those agents who are unable to get the obligatory CMP insurance.

My question to the Minister is about enforcement. We know that the problem with all aspects of regulation for the private rented sector is that trading standards officers and, in other contexts, environmental health officers, are not geared up to enforcing further regulations. Budgets for the work of these officers have been massively reduced as part of the wider cuts to local government spending. What steps is the Ministry of Housing, Communities and Local Government taking to ensure the additional enforcement that these regulations—and others covering property agents already enacted or yet to come—will require? Is it expected that the opportunity to retain the money from civil penalties will provide enough finance to cover the extra

enforcement costs? While I wholly support the CMP regulations before us, it would be helpful to have reassurance that their effectiveness will not be undermined or blunted by an absence of resources for their all-important enforcement.

Lord Shipley (LD): My Lords, I should declare my vice-presidency of the Local Government Association. I agree entirely with what the noble Lord, Lord Best, said, and in particular that we need to clean up the world of private lettings. As he rightly pointed out, this is one measure among a number that the Government are introducing and they are entirely welcome.

I welcome this draft statutory instrument. It has been a while in its gestation and of course it will be a further nine months, understandably so, before it finally comes into force. It is a very welcome addition to the measures to protect private tenants and landlords that the Government have been introducing. Client money protection schemes are an essential element of consumer protection, be the consumers tenants or landlords. We have to remember that some 4.7 million households are in the private rented sector, and the protection given to tenants and landlords alike means that all parties can have confidence that their money is secure. It is important to remember the scale of the sums of money involved: letting agents currently hold around £2.7 billion in client funds. Today, some 60% of lettings agents are members of a scheme when it is not mandatory to be so, which suggests that the behaviour of many lettings agents need not be a cause for concern. It is with the other 40% that there is a potential for problems, and this scheme will certainly help to extend the required consumer protection.

Like the Minister, I recognise the excellent work undertaken by the noble Baroness, Lady Hayter, and my noble friend Lord Palmer of Childs Hill, who co-chaired a working group to assess how a scheme might work. This statutory instrument is much the better for their work. Their conclusion that a mandatory scheme is needed if money is to be handled is the right one.

This takes me to the same issue that the noble Lord, Lord Best, has addressed of local authority enforcement. Local authorities will be responsible for enforcement, as they are for the enforcement of many similar reforms being or shortly to be introduced by the Government. Might the Government examine ways of improving publicity around this statutory instrument? Non-compliance can bring a civil penalty of up to £30,000, which can be retained by a local authority. Therefore, there should be no financial or resource reason for local authorities failing to undertake proper enforcement—except that there is, I think, an impediment to enforcement relating to a lack of understanding of the powers under the law by council officers. I am trying to be very specific about this issue: enforcement will work only if the officers undertaking that enforcement understand what their powers are and have the confidence to undertake them. I wonder whether the Government, perhaps in conjunction with the Local Government Association, might consider ways in which knowledge of the law can be spread further. In the end, Parliament may pass legislation that then fails to be implemented as it might be but, given the extent of the private

rented sector these days, it is clearly important that government legislation is implemented. The test of the success of this statutory instrument will be on local authorities taking up the powers that they have, which could well be self-financing.

4.30 pm

Lord Kennedy of Southwark (Lab Co-op): My Lords, I draw the attention of the House to my registered interest as a vice-president of the Local Government Association. I thank the noble Lord, Lord Bourne of Aberystwyth, for bringing the regulations forward today. I know that he has worked hard on this, and I am genuinely pleased that they have come forward.

To go through some of the history, client money protection was debated during the passage of the dreaded Housing and Planning Act 2016. That Act received Royal Assent on 12 May 2016, and this, frankly, is one of the few welcome measures in it. As we heard, a working group was then set up, chaired by the noble Lord, Lord Palmer of Childs Hill, and my noble friend Lady Hayter of Kentish Town. I join other noble Lords in thanking both of them for the excellent work they did on that to bring forward the scheme we have. Their consultation closed in October 2016 and their report was published on 27 March 2017. The very next day the noble Lord himself announced from the Dispatch Box that the Government would go ahead with a mandatory scheme of client money protection, and everybody was very welcoming of that.

The two regulations are before the House today, 13 June 2018, and the requirement to become a member of a scheme comes into force on 1 April 2019. As I said, I am delighted that the Government have finally done this, but you certainly could not accuse them of acting in haste on the matter. The regulations to require letting agents to belong to a mandatory scheme come into effect just short of three years after the Act giving the power for this to happen received Royal Assent. We all want this to work properly and to be right, and we all want it to be a success and effective—but having to wait 35 months to get to this point is a little excessive. So, although I welcome the regulations, perhaps the Minister when he responds could take on board the point that it seems a little excessive. I cannot see why it could not have been done in 18 to 24 months.

Having said that, what the noble Lord outlined is welcome, both as regards the approval regulation and the requirements regulation. I am delighted that they are coming into force, although I endorse entirely the comments made by the noble Lords, Lord Best and Lord Shipley, on enforcement. The regulations must be enforced properly, and to do that will require lots of training. Again, however, I very much welcome them.

Lord Bourne of Aberystwyth: My Lords, I thank noble Lords who have contributed to the debate on these regulations, and I will seek to address the points made by noble Lords in the order in which they were made.

First, the noble Lord, Lord Best, knows exactly what he is talking about in the whole area of our department's work, so I always listen to him with great interest and much respect. He painted a picture of the

need for action against a background of dubious property agents who inhabit a sort of Dickensian and Trollopian netherworld. While I accept that there are some agents who certainly need this urgent action, it is worth saying that the great mass of landlords and agents operate reputably, and I know that the noble Lord will agree with that point. Nevertheless, we need to weed out—words the noble Lord used—firms, agents and businesses that operate in a risky and nefarious way. This development of a fledgling letting fees agency industry—again, to use the noble Lord's words—is against the backdrop of the Tenant Fees Bill, which, as I say, is in the other place and will probably be with us before the Summer Recess.

To explain the context of the link between the regulations and the Bill, as a result of the Housing and Planning Act we can act in relation to the regulations only by initially transferring the authority to do this to district councils. However, when we consulted on these measures, the feeling was that it was appropriate that trading standards should be the agency responsible, so the tenant fees legislation, when it comes into force, will move the responsibility from district councils to trading standards. That explains the choreography.

The nub of the critique of the noble Lord, Lord Shipley, related to the cost of enforcement. He is absolutely right that enforcement is key here, and in a moment I will address some of the very fair points that he raised. It is intended that the fines picked up by trading standards will be the resource available and, as the noble Lord said, there is no reason why the system should not be self-financing. Indeed, there is every reason why it should be. I will come to the points that he made in that regard, as well as the other points that he raised.

The noble Lord, Lord Shipley, again referred to the need to clean up the world of private letting, and that is what this series of measures is about. The Government's thinking is that we want a market for the private rented sector, which has been growing. The noble Lord referred to the increase in the number of people renting in the private sector. There are now 4.7 million and that figure is set to rise further. Our thinking is that, although it is inappropriate to regulate rents, we need to create an appropriate framework so that we know that the people operating within the industry do so lawfully and appropriately, and that is what this and the other suite of measures that we have been talking about seek to address. That is the background to what we are seeking to do.

The noble Lord then made a very fair point about publicity. Obviously, we will want to ramp up the publicity once the regulations are agreed. The approval regulations will come into force immediately—the day after they are passed, I think—and we will want to publicise that on the website. We will want to work with the Local Government Association on how we can give the regulations wider publicity to make sure that potential tenants and landlords know about them. If I may, I will write to noble Lords to seek to allay concerns and to address the very fair point made by the noble Lord.

Like Mary Tudor, when, many years from now, the noble Lord, Lord Kennedy, is no longer with us, the Housing and Planning Act 2016 will be there within him,

[LORD BOURNE OF ABERYSTWYTH]

because this is certainly something that he feels very strongly about. I agree with him about the importance of these measures and the need to ensure that they are successful. I believe that, as reflected in the contributions from around the House, this is something that we have come together on. We are at our most effective when we agree essentially on what we want to do and then carry it forward. That has been very important, and I pay tribute to noble Lords who have helped in that process.

Motions agreed.

Breaching of Limits on Ticket Sales Regulations 2018

Motion to Approve

4.38 pm

Moved by Lord Ashton of Hyde

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

The Parliamentary Under-Secretary of State, Department for Digital, Culture, Media and Sport (Lord Ashton of Hyde) (Con): My Lords, these regulations will be an important addition in our efforts to stamp out unacceptable behaviour in the ticketing market. I know that the activities of the secondary ticketing market are of interest to many noble Lords, including those here today. The Government recognise that the process of distributing and buying tickets can often be a cause for public frustration and concern. Many of us have experienced the frustration of waiting for tickets to go on sale for our favourite events, our fingers hovering over the keyboard in the final countdown, only to find that all the tickets seem to have been mysteriously snapped up in seconds.

What is even more frustrating is seeing tickets reappear on secondary sites almost instantaneously, often at a huge mark-up in price. There is evidence that this is largely caused by the use of software or bots to automate the ticket purchasing process on the primary market to circumvent limits on the maximum number of tickets that can be purchased. This issue was specifically addressed by Professor Waterson in his independent review of consumer rights provisions relating to online ticket sales, which reported in May 2016. His view, which the Government share, was that ticket sellers should adopt strategies to prevent automated ticket purchasing by bots, although he also noted that there was some uncertainty over the existing legal position on their use. This instrument clarifies the law in this area by making it a criminal offence to purchase more tickets than the maximum permitted for a recreational, sporting or cultural event in the United Kingdom where the purchase is made electronically through the use of software designed for this purpose and where the intent is to obtain financial gain.

While the regulations apply to events in the United Kingdom, they cover activity to obtain tickets in any jurisdiction. The intended offence will be summary only, with a maximum punishment of an unlimited

fine in England and Wales, and an exceptional summary maximum in Scotland, as magistrates' courts in Scotland do not have the power to impose unlimited fines. The relevant section of the Digital Economy Act 2017 was not commenced in Northern Ireland because of the ongoing suspension of the Northern Ireland Executive, but it is the intention for it to be commenced and for this instrument to apply to events in Northern Ireland once legislative consent is able to be secured.

These regulations will, we hope, significantly improve the current situation, in which so many tickets for an event can disappear within seconds of their going on sale. They should be seen alongside other measures to address unacceptable behaviour in the ticketing market, such as the ticket information requirements set out in the recently strengthened Consumer Rights Act 2015; the enforcement work of National Trading Standards, the Competition and Markets Authority and the advertising industry's own regulator, the Advertising Standards Authority; and the adoption by event organisers and ticketing agencies of innovative technological solutions such as blockchain and ticketless tickets. I hope noble Lords will agree that these regulations are a necessary additional tool in helping fans improve their chances of securing tickets at reasonable prices.

Lord Moynihan (Con): My Lords, I want to make a few comments, which I hope the Minister will respond to at the conclusion of our short debate. I very much welcome this important step in continuing the fight against abuse in the ticketing market, in particular the secondary ticketing market. Only earlier today I received representations from a man whose wife and eight year-old daughter received tickets from viagogo, only to discover, having paid a significant amount of money, that once again viagogo has flouted the law and the tickets are illegal. They are due to go to the event tomorrow evening, and the eight year-old girl is desperately looking forward to it. It is appalling that this sort of crime continues to occur. The advice he has been given is that his wife should go to the window next door and buy another set of tickets which might—but only “might”—be available that evening and claim the money back in time. There was no response to the many calls he made to viagogo. That is just one example and those of us who are interested in this subject know that there are many others, on a day-by-day basis, in particular involving viagogo and others in the secondary market.

I am very grateful to the Minister and I know he is very supportive of the work that has been done on this. The principal concern for us this evening is to focus on enforcement. It has been brought to the attention of the All-Party Group on Ticket Abuse, of which I am co-chair, that the current legislation could be interpreted in such a way that only the police have an enforcement power under this instrument. While it is desirable for the police to have that power, the majority of enforcement in respect of ticket legislation is undertaken by trading standards, specifically the National Trading Standards cybercrime unit.

4.45 pm

On the last occasion we debated this subject, my noble friend the Minister made it clear that the House wanted tougher action to deal with the serious problems

in the secondary ticketing market and that the Government were accurately and rightly taking further action. That is why at that time the Government determined to provide additional funding for National Trading Standards to take further enforcement action. In the context of what we are discussing today, I would be grateful for clarification from the Minister that enforcement will still be an important part of the work of National Trading Standards, which is well furnished with information about the volume of intelligence on bots, the levels of activity, the offences committed and how bots fit into the overall hierarchy of touting.

Another point of concern is that there is evidence that a number of companies in the secondary market tend to flout the law in the United Kingdom by basing themselves abroad to avoid the enforcement powers we have at our disposal. This could also apply to the use of bots abroad to sweep the market. I would be grateful if the Minister could explain the enforcement action that may be taken against bots being used to deliver tickets en masse to the secondary market abroad; whether co-operation between the relevant authorities is high on his list; and whether he can report to the House on that subject.

Once again, I am grateful to my noble friend. I am keen to hear more about the important role of National Trading Standards, whether it has a significant ongoing role and whether any action can be taken against the abuse—which should more accurately be called “a bot”—abroad.

Lord Faulkner of Worcester (Lab): My Lords, I am pleased to follow the noble Lord, Lord Moynihan, who has such a distinguished record in combating this terrible problem of ticket fraud and the exploitation of consumers. I also have one two questions for the Minister, which follow on from what the noble Lord has said.

The noble Lord, Lord Moynihan, referred to the company viagogo. Has anything come of the warning by the Consumer Minister, Margot James, who advised anyone planning to buy tickets on resale websites, “Don’t choose Viagogo—they are the worst”? The Advertising Standards Authority has referred viagogo to National Trading Standards, citing a series of transgressions breaching the UK’s advertising code. Where has that inquiry got to and can the activities of viagogo in the United Kingdom be curbed, if not closed down altogether?

What steps have been taken to ensure that the Criminal Justice and Public Order Act 1994 provisions, which make it an offence to resell football tickets in Britain at more than list price, are being observed? What prosecutions have followed of people who have breached those provisions—not only viagogo but other companies using bots and touts in the way described by the noble Lord, Lord Moynihan? Noble Lords with long memories will recall that that legislation was brought in not as a consumer protection measure but as a public safety and anti-hooliganism measure to solve the problem of fans of rival groups mixing together in a hostile manner in football grounds. One of the ways in which that could have been curbed was by ensuring that tickets were not being sold to anyone through undesirable sites such as viagogo and others.

Those are my only questions. I welcome the regulations and I hope they achieve the result the Minister has set out for them.

The Earl of Glasgow (LD): My Lords, it is very important that the draft regulations laid before the House on 26 April should now be approved, and therefore I enthusiastically support this Motion. Bots in particular must be abolished. They were a method by which digital touts, which is what I call them, could acquire tickets for sporting and cultural events for the secondary ticketing market and resell them at greatly inflated prices. My concern, though, is that these unprincipled secondary market touts are clever and cunning. They will continue to find ways of trying to circumvent these regulations. It is therefore important that the National Trading Standards authority or another body like that is given more powers to monitor the regulations and, when necessary, prosecute offenders.

However, bots and the secondary ticketing market are not the only reasons why West End theatre prices for popular shows have risen so steeply over the past 10 years. Of the 40 or so main West End theatres, more than three-quarters of them are owned by just four companies. It is the theatres, not the producers of the shows, that fix the ticket prices, arrange special deals, determine the publicity and control the ticket agents, of which in each case they will be one themselves. It seems that this small number of theatre companies, acting as a sort of unofficial cartel, are in a position to dominate the London theatre market. Does the Minister agree that there should be an investigation by the Competition and Markets Authority, or again some similar organisation, into this very unsatisfactory situation?

Lord Stevenson of Balmacara (Lab): My Lords, I join those who have welcomed this statutory instrument. We could say that progress on the part of the Government has been somewhat slower than perhaps we would have wished, but nevertheless we are surely getting there. That is largely due to the fact that we are working in a cross-party way and in a spirit of collegiate support on the issues that are worrying us in this area.

In your Lordships’ House, this effort is led by the noble Lord, Lord Moynihan, who is in his place and has spoken out. However, it would be right at this point to recognise the work of the all-party group which he talked about, because it has indeed been good at keeping up pressure on the Government on this issue. We also miss, yet again, the spirit and enthusiasm of Baroness Heyhoe Flint, who sadly is no longer with us but who was definitely part of the team that includes on our side my noble friends Lady Hayter and Lord Collins, who have managed to keep this issue in front of your Lordships’ House and have got us to where we are today.

Having said that, others have mentioned the problem of resourcing the teams which will have to make sure that the new regulatory process works in practice, and that means trading standards in particular. It is not, as others have said, just a question of resources; it is also a question of matching the technical skills of those who are operating computers to try to cheat ordinary customers out of the ability to buy tickets as they

[LORD STEVENSON OF BALMACARA]

would wish. I am sure that the Minister will have some words to say about that, but I would be grateful if he could make sure that we understand better how the resourcing element of this is going to be met.

Finally, we are still left with a couple of rough ends, and I do not think that we should consider this to be the end of the game. I have yet to have properly established what is a ticket; the legal definition still eludes those who have been working on this issue. It can either be a licence to attend a performance or it can be a piece of real property which, with justification, can be sold on to others. I think that it is a bit of both, and it would be helpful if we could make sure that we put into statute a proper definition of what a ticket is. Once we have that, the rest of the issues which are raised by this whole question of touting and how it operates will be erased.

Lord Griffiths of Burry Port (Lab): My Lords, I am delighted to add my voice to those who have spoken, some of whom have of course carried the burden of this subject for quite a long time. A few years ago, I wanted to see David Tennant performing in “Richard II” at the Barbican. Because of the activities of the organisation already named, I was obliged to pay hundreds of pounds for a ticket, greatly inflated from the face value, in order to get a rather poor seat. I have never told my wife about this expenditure and now that I have made my confession on the Floor of the House, I hope that she will not read *Hansard*. However, I have been a victim of touts and it was only the grandeur of the performance that rescued the whole thing in my mind.

It is of course scandalous that these things take place. It is perhaps unfortunate that trading standards people, who are accustomed to dealing with infractions of this nature and are empowered to do so, are given less than helpful advice when it comes to pursuing matters in this area. The police have all the powers necessary to bring cases and all the rest of it. It seems important that the police are not burdened with what, for them, will be a marginal or lesser activity. They face so many serious things these days. Perhaps we can look at that in due course.

Since I have mentioned drama and quoted Shakespeare, perhaps I can quote the words of the Minister back to him. He said in an earlier debate that,

“with the new offence on the statute book, the Government will work with industry to enforce it. An offence is only worth having if criminal acts are reported. We have industry groups in place that are now willing and able to take action in partnership with our law enforcement agencies”.—[*Official Report*, 29/3/17, col. 660.]

We are promised constant review of the outcomes of these regulations once we have approved them. Of course that is good, but are we convinced that if we wait a statutory amount of time—a year or two—to monitor what is happening, the police might not feel that this was their priority and we will have rather little to report at that time, and that we cannot anticipate already the likely shortcomings in the way this matter will be implemented?

My children are less concerned with David Tennant at the Barbican than they are with the Arctic Monkeys. Of course, their recent re-emergence to the public saw

a prime example of this kind of difficulty. Indeed, it might well be described for all of us as our “Favourite Worst Nightmare”, since that was the name of one of their albums. One commentator at that time said that it is easier to buy a gun in the United States than an Arctic Monkeys ticket in the United Kingdom. Or, as another one said, it is,

“easier to get a reservation at Tranquility Base Hotel & Casino”, than one of their tickets. That is another one of their albums, course.

It is well enough to play around with words; it is the ordinary public who suffer from these dangerous and profiteering pirateering activities. It is time that we recognise this as something that has to be addressed, which we do and have done. Indeed, looking at some briefing from Ticketmaster, I see for just how long it has been active in the field trying to control these sorts of activities. It is time that we find ourselves not only expressing concern and making provision, but giving power to the people best able to do something about this so that, when we get our promised report back in due course, we will be able to see first, to answer the Minister’s worries, people brought to justice and, secondly, treated righteously before the law.

All of us can express our very real concerns about this aspect of our national life. All of us want to see something done about it. We just hope that this statutory instrument will not only add something that looks right on paper, but achieve some of the objectives we mentioned today.

5 pm

Lord Ashton of Hyde: My Lords, I am grateful for all the contributions. It is clear that this is an issue that is close to the heart, or at least the interests, of many of us. I will respond to some of the specific issues that have been raised, although the statutory instrument itself is very narrow. Most of the issues that have been raised are outside its purview. Nevertheless, they are interesting and deserve an answer.

I pay tribute to my noble friend Lord Moynihan. I have spent many happy hours debating the subject with him. Sometimes I have come off best although normally I have come off worst, but we are pleased that he is pleased with this statutory instrument: it is a beginning. I pay tribute to his knowledge and expertise in this; he certainly helped to improve the Digital Economy Act last year.

The noble Lords, Lord Stevenson, Lord Griffiths and Lord Faulkner, among others, talked a lot about enforcement. Of course, I recognise the need for proper enforcement and therefore I welcome the Competition and Markets Authority’s recent announcement, as part of its enforcement investigation, that it had secured commitments from three of the largest ticketing platforms on additional information to be provided about tickets being resold through their platforms, and that it has notified another, more recalcitrant secondary ticketing platform of its intention to pursue court action if it does not fall into line and address the CMA’s concerns satisfactorily.

As I think was mentioned, we are giving approximately £15 million annually to National Trading Standards for national and cross-boundary enforcement. I welcome,

therefore, its announcement at the end of last year that its officers had conducted raids at a number of properties across the UK, resulting in four people being arrested on suspicion of breaches of the Consumer Protection from Unfair Trading Regulations 2008. In addition, the Advertising Standards Authority has recently taken action against the four main secondary ticketing websites, banning the misleading presentation of pricing information on their websites. If the sites fail to comply with this requirement properly, the Advertising Standards Authority will ask trading standards to take further enforcement action on this matter. I think this enforcement work demonstrates that the matter is being taken seriously by the enforcement bodies and that we are prepared to go after those who flout the law or abuse the ticketing market.

I recognise the issue that my noble friend Lord Moynihan raised of the bots themselves, as opposed to the platforms, being based abroad. Of course, that is an issue that is common to many online crimes: if they are not within our jurisdiction, we have to co-operate with our partners abroad. We will do that where it is possible to do so and, of course, as I said before, if they have entities in this country then we will pursue them through enforcement action. I believe there is a Swiss site I referred to earlier for which that is being contemplated at the moment.

Lastly, and this applies also to online gambling, if foreign sites or people are committing offences, one of the ways of looking at that is through the payment mechanisms. Payment providers do not like dealing with people who are committing crime, so that is an issue we could look at. My noble friend Lord Moynihan referred specifically to viagogo, and I think the noble Lord, Lord Griffiths, or it may have been the noble Lord, Lord Stevenson, talked about what my honourable friend the Minister for Digital and the Creative Industries said about viagogo.

As I said, the enforcement agencies are committed to investigating breaches of consumer law and we welcome the CMA's announcement last month that it had secured commitments from three of the top sites, and notified a fourth that it will pursue court action. We should also welcome the Advertising Standards Authority's announcement at the end of May that it has referred viagogo to National Trading Standards for non-compliance with its rulings. We also welcome FIFA's decision to file a complaint against viagogo and to protect fans by warning that it will cancel any World Cup tickets identified as having been purchased through the Switzerland-based website. My honourable friend the Minister for Digital and the Creative Industries was clear that her advice to fans is not to buy tickets for the World Cup from viagogo.

Lord Moynihan: Can my noble friend the Minister confirm that the Government are of the view that trading standards do not lack powers in connection with bots under current legislation?

Lord Ashton of Hyde: I do not think they lack powers with regard to bots that are based in this country, but the noble Lord's point, I believe, was that the actual ticket-purchasing software that is based abroad is in the same position. The offence applies to

bots if the activity takes place. It is the enforcement that is more difficult. The offence applies as long as it is to buy tickets for events in the UK.

Lord Stevenson of Balmacara: The Minister mentioned earlier that the answer may lie in following the money, which has worked with regard to gambling and child protection. Does he think that this is now a real possibility in this area? Clearly, if these bots are operating from abroad and the instructions are from extraterritorial areas that we cannot reach, the right thing to do is to follow the money.

Lord Ashton of Hyde: I have to be careful—I may not have been as careful as I should have been—to distinguish between the bots themselves and the ticketing platforms. Obviously, it is more difficult with regard to the bots, which are, in effect, ticket-purchasing software that could be anywhere, on any computer. I do not think I said that we were doing this. I am just highlighting the fact that following the money is important. I do know that payment providers such as Visa and PayPal do not want to deal with organisations or people who are committing an offence.

The noble Lord, Lord Faulkner, asked about the effectiveness of the Criminal Justice and Public Order Act 1994, which creates an offence,

“for an unauthorised person to ... sell a ticket for a designated football match”.

I am not an expert and I will have to follow this up but I think the problem is that that was enacted following the recommendation in Lord Justice Taylor's final report on the Hillsborough stadium disaster. Lord Justice Taylor was specific that the offence be limited to football because of its unique public order risk. I am not sure it is right to try to address other issues through that. It was for public order reasons more than ticket resale and pricing reasons. But I am happy to look at that and get the noble Lord more detail from someone who understands the law on this.

Lord Faulkner of Worcester: I am grateful for that answer. If the Minister is able to find out some more information, that would be very helpful. The point about the 1994 Act was to try to achieve proper segregation at football grounds for public order reasons. The difficulty was that if tickets were freely available from unauthorised sellers in the street—this was before the days of internet purchase—it would not be possible to segregate crowds. That is what Lord Justice Taylor was concerned about. But the fact that that offence exists still makes it illegal for companies which are engaged in the secondary market to sell football match tickets unless they have the express permission of the football authorities.

Lord Ashton of Hyde: I understand and am grateful to the noble Lord for that. I absolutely agree that the offence was instituted for public safety reasons. But I will go into that in a bit more detail.

The noble Earl, Lord Glasgow, asked about theatre companies and tickets being concentrated in four companies. I have to plead the fact that this is not actually anything to do with this measure. Obviously,

[LORD ASHTON OF HYDE]

how those companies allocate tickets is a matter for them. As far as the Competition and Markets Authority is concerned, that is exactly its job—to look at competition—so the matter could be taken up with that authority.

The noble Lord, Lord Stevenson, raised us to a higher plane, as always, when he asked what the definition of a ticket was. What is a ticket? I think that the nature of tickets has changed with technological developments. If this appears to be an issue when we review how the regulations are operating, we will consider how to address it. I should say at this stage that I said during the passage of the Bill that, once we had let the regulations bed in, we would look at how the technological developments were working and whether the regulations were sufficient. I said that we would consider that in the future when we saw how the regulations were working. As with many issues to do with the internet, I do not pretend that this will solve 100% of the problems with the resale of tickets, but the fact that we are creating an offence that stops multiple tickets being bought by machines to prevent fans getting a fair chance will solve a lot of problems. We will have to consider in future whether any other things need to be addressed—not least because of technological developments, which are moving fast.

I hope that I have covered most or all of the issues raised. With these regulations, alongside the ticket information requirements in the Consumer Rights Act and the enforcement work of the Competition and Markets Authority, National Trading Standards and the Advertising Standards Authority, we hope that the events industry will have the tools it needs to improve the opportunities for fans to buy tickets for events at a reasonable price and to protect them from being exploited. I ask that these draft regulations be approved.

Motion agreed.

5.12 pm

Sitting suspended.

Operation Sophia: A Failed Mission (EUC Report)

Motion to Take Note

5.30 pm

Moved by Baroness Verma

That this House takes note of the Report from the European Union Committee *Operation Sophia: a failed mission* (2nd Report, HL Paper 5).

Baroness Verma (Con): My Lords, I am very pleased that we have the opportunity to debate the EU External Affairs Sub-Committee report *Operation Sophia: A Failed Mission* this afternoon. Today's debate is very timely given the recent news reports we are again witnessing in the media. Operation Sophia is the EU's naval mission in the Mediterranean. Its aim is to disrupt the business model of human smuggling as well as the

trafficking networks that operate in the central Mediterranean. This report is a follow-up to our earlier report *Operation Sophia, the EU's Naval Mission in the Mediterranean: An Impossible Challenge*, which was published in 2016. The follow-up report considers the progress made by Operation Sophia since then up to July 2017.

I have had the honour of serving as chair of the EU External Affairs Sub-Committee, and I extend my thanks to all members of the committee for their expertise and their valuable contributions to the report, to all those who have provided written and oral evidence to the committee, to the committee's secretariat—Eva George, Julia Ewert, and Lauren Harvey—for their assistance with the inquiry and the preparation of this report, and to Jennifer Martin-Kohlmorgen for preparing for this debate and ably taking over as clerk to the committee.

I am sure noble Lords will recall last year's extremely distressing scenes of migrants crammed into unseaworthy boats crossing the Mediterranean. These boats are run by people smugglers and criminal gangs and organisations. While, due to other global events, we may not have been exposed recently to the continuing trend of people attempting to cross the Mediterranean, we had a stark reminder of them this week, with the Italian Government refusing to grant a charity rescue ship crammed with 629 migrants, among them pregnant women and small children, permission to dock.

This is very much a live issue. The migrant crisis continues. The report being debated today considered the timeframe between January and July 2017, in which 84,879 irregular migrants used the Mediterranean route crossing from Libya to Italy. It is estimated that in that time 2,150 lives were lost at sea. The figure for the whole of 2017 is estimated at 2,853. We published this report in July last year to feed into the Government's and EU member states' discussions around the renewal of Operation Sophia's mandate, which was due for extension on 27 July 2017. It is in this context that your Lordships' House has to view the report. It is good to observe a perceptible reduction in the number of deaths at sea, but much more work still needs to be done to ensure disruption in trafficking networks, and it is equally important to deter the flow of migrants.

In these two areas, the report found that the mission had failed. People smuggling begins onshore, so a naval mission is the wrong tool for tackling this dangerous, inhumane and unscrupulous business. Once the boats have set sail, it is too late. That is not to say that Operation Sophia has not been a humanitarian success; it remains critical life-saving search and rescue work that needs to continue. However, it has failed to meet the stated objective of its mandate: to disrupt the business model of people smuggling. As of March 2018, Operation Sophia had apprehended 137 smugglers and neutralised 537 vessels, but witnesses confirmed to our inquiry that the people arrested, "were mainly lower down the food chain in the criminal gangs", and that, while the smugglers' business model had been impacted, it had not been broken.

All future UK and EU action must focus on tackling people smuggling in source and transit countries. Outreach work and law enforcement co-operation will also be vital. The EU's current aims to improve development

in source and transit countries are small steps in the right direction but much more work needs to be done, the results of which will be delivered over long periods of time as there is no quick fix. We must persist in providing a sustainable long-term focus. Libya, as the last stop-off point on the migration route across Mediterranean waters, has the potential to play a key role. However, in the absence of formal consent from the Libyan Government or a UN Security Council resolution, Operation Sophia has not been able to move to the next crucial steps—that is, to move into Libyan territorial waters and eventually on to Libyan soil.

As the Government have also remarked in their response to the report, the later stages have the potential to have the greatest impact against the smugglers' business model. However, at the moment there is no expectation that the political and security conditions in Libya will improve to enable Operation Sophia to move to its next phase in the near future. It is that realisation that has prompted us to conclude that we saw little reason to renew Operation Sophia's mandate. Having said that, it is our view that search and rescue missions in the Mediterranean are vital and must continue. The same goes for the EU's training of the Libyan coastguard. However, Operation Sophia is not a precondition for such training to take place. It could be equally delivered outside the operations framework.

I thank the Government for their response to our report. I am pleased that they agree that we need to prioritise interventions upstream in countries of origin and transit. I invite the Minister to comment on any recent efforts that the Government have taken to engage with Libya to stem irregular migration flows either bilaterally or through the EU. The Government have told us that planning is under way for a civilian mission in Libya, focusing on the southern land border. Could the Minister provide the House with updates regarding the current state of planning for these missions?

We are very concerned about the dangerous conditions and human rights abuses that many migrants continue to face in Libya, and welcome the Government's work in providing funding through respected NGOs and international bodies to improve those conditions and support voluntary returns from Libya. What is the Government's assessment of the current human rights situation in Libya, and how do they see the Libyan Government working with these external bodies in monitoring the welfare of migrants? We also remain concerned about reports of human rights abuses by the Libyan coastguard. Will the Minister provide us with an update on the inclusion of specific human rights elements into the training of the coastguard? What progress is being made in monitoring any abuses committed by the Libyan coastguard?

Of course, the UK's departure from the EU places a question mark over our future participation in common security and defence policy missions such as Operation Sophia. When does the Minister expect negotiations on the future of UK/EU relationships in the area of common foreign policy and security policy to commence? How does she see UK interests as a third country participating in these negotiations? Are the Government working on how they will continue to engage proactively and constructively with our EU partners in the

forthcoming negotiations, recognising that the UK and the EU face common challenges and that these are best tackled together?

What mechanisms does my noble friend see as critical to these workings? Does she agree that it is high time that when we talk about migrants, we see them as people taking on extremely difficult, dangerous journeys for better economic opportunities? I hope that much more can be done at source and that the UK remains a world leader in demonstrating our full intention to support economic growth in some of the poorest places in the world. In recent days, the language around and references to migrants have become extremely toxic, but I hope that will start to change. Given the trauma and heartbreak that these people experience in taking these horrible journeys, I hope that the UK will keep in sight and take leadership for the need for economic growth in their countries. I hope that my noble friend will assure the House that she will talk to Ministers in DfID and the Foreign Office to ensure that we tackle these issues at source rather than wait for people to take dangerous journeys across the Mediterranean.

5.40 pm

Baroness Chalker of Wallasey (Con): My Lords, I speak as the very new girl on the block in the sub-committee, having attended just one meeting last Thursday. Therefore, what I shall say goes back some years but notes the progress that, believe it or not, has been made since I stood in no man's land between Jordan and Iraq, where the only natural resources were scorpions, snakes and sun. I remember the efforts that we made through the Foreign Office to look after those migrants in those days—without very much cash, to be quite honest. Therefore, my request to the Minister is that we persuade the Department for International Development, which has a better budget than I ever had, that we should be spending at least some of that budget on the preventive issues referred to by my noble friend Lady Verma. I agree with every word that she said.

I cannot understand why we have not made more progress in recent years. I apologise to my colleagues for being critical, but having seen this situation develop over almost 30 years now, I believe that we have a long way to go before we can really help the illegal migrants—which is what they are, be they economic or simply social migrants—to have a better life in their countries of origin.

I have seen some very successful pieces of work carried out in the Far East, the Middle East and Africa, but it has not been very popular to do. Now that it is on our doorstep and in our countries within the European Union, perhaps we can get better action. It is the very effect of Italy's decision in recent weeks which has woken a few people up to what can be done. We should note the generosity of Spain, and Spain may need help from countries which have already dealt with this problem for a long while to deal with the migrants who will come across that very choppy crossing into southern Spain.

The report clearly shows that the work of border guards must be improved in Libya. Such work also needs to be done in the European countries to which the migrants come. I say that because, to be realistic,

[BARONESS CHALKER OF WALLASEY]

migration will not suddenly stop. Therefore, countries receiving illegal migrants need help, as well as the countries from which they come. I hope that in the coming months, we will see more activity within Libya. That requires quite a lot of activity by the Foreign Office to try to get the two sides in Libya together. But it also requires further action, particularly in Africa, with those regimes that are not conscious of what they are encouraging by their own domestic actions.

I therefore hope that we can concentrate our efforts on training police, prison officers and those who can influence the many people who come, so that they realise there is no easy way to cross a continent, not just from the point of view of being a traveller, but because of the resources you will need after crossing. There simply is not the knowledge in north-east Nigeria of what a migrant could face, so there is an education role here too. I hope that the Foreign Secretary's visit to Libya opened a door for us to do work there, but every Minister—in DfID or the Foreign Office—who deals with Africa has a lot of work to do in the countries from which these illegal immigrants are coming.

The committee has done an excellent job. I am not sure that the mission is a failed one; it has highlighted a number of other actions to be taken. It may have had too ambitious a role, and that is why we see a reduction but not the cessation that people in the European Union really wanted to see.

So let us be realistic about what can be done and use the skills that the Department for International Development undoubtedly has, through the police, through the Army, and through the ability to detect smugglers. Alongside a people smuggler there is very often a goods smuggler, a drugs smuggler and even people who smuggle plants, insects and animals, all of which are a problem for the receiving countries. We have the experience—please let us convince Ministers that we have to use it.

5.41 pm

Baroness Suttie (LD): My Lords, it is a great pleasure to follow the excellent and thoughtful speech of the noble Baroness, Lady Chalker, one based on experience. The noble Baroness may be the new girl on our committee, but I speak for the whole committee in saying that we look forward very much to her presence.

I begin by thanking the noble Baroness, Lady Verma, for her excellent work in chairing the EU External Affairs Sub-Committee. I congratulate her on a detailed and comprehensive speech on the report on Operation Sophia; she asked a number of questions, many of which I can now score off my speech this afternoon. It is also important to acknowledge, as the noble Baroness did, the work done by the committee staff in steering through these often highly complex issues, ensuring that we heard the views of a range of experts and compiled and analysed the evidence before us effectively.

As the noble Baroness indicated, the report is a follow-up to the earlier report, tabled two years ago, by the same committee when the noble Lord, Lord Tugendhat, chaired it. I have been a member of that committee for exactly three years, and I have to say that both this report and its predecessor provide exactly

the sort of critical thinking and scrutiny that committees should do in our role in providing effective oversight of government/EU decision-making.

For as long as we remain a member of the European Union, it is important that we should on occasion play the role of critical friend. Where EU policies result in unintended consequences, we should point them out, as I believe we do very effectively in the report before us this afternoon. While carrying out this inquiry, we had some intense conversations about the conclusions to be reached in this report. Understandably, there was some anxiety about one of the main conclusions, which we did not want to be misinterpreted in any sense as saying that we should leave people to drown in the Mediterranean Sea. There is a vital role for search and rescue, as tragically this week has again illustrated all too clearly, with the migrant ship trying and failing to dock in Italy. Indeed, the report describes search and rescue as a “vital humanitarian obligation”, but as the noble Baroness, Lady Verma, and others have pointed out, the stated aim of the Operation Sophia mission is,

“contributing to the disruption of the business model of human smuggling and trafficking networks in the Southern Central Mediterranean”.

It is in that regard that we believe the mission has failed.

The vast majority of the witnesses we heard from during the inquiry acknowledged that the mission has been inadvertently assisting people smugglers by providing a level of certainty that the people being trafficked across the Mediterranean will be rescued by naval vessels if their boats get into trouble. So, instead of using stronger wooden boats, all too frequently the people smugglers are now using unseaworthy dinghies, which are often seriously overcrowded, making it extremely unlikely that they will be able to cross this wide and unpredictable stretch of the Mediterranean Sea. Both the report before us this afternoon and the earlier report from 2016 concluded that,

“a naval mission is the wrong tool to tackle irregular migration which begins onshore”,

and that by the time people have set sail from the coast of Libya,

“it is too late to undermine the business of people smuggling”.

I want to make three additional points in this afternoon's debate. First, the mass movement of people, caused by war, famine and economic necessity, is an issue that will not go away. As the world population continues to grow, and resources become ever more scarce, these trends will continue to grow in the years ahead. According to the United Nations, in 2015 there were 244 million international migrants globally. Additionally, over 65.6 million people were displaced, mainly by conflicts. Displacement due to climate change and disasters has on average affected 22.5 million people since 2008.

This mass migration of people is unfortunately fuelling the rise of populism in Europe—most notably perhaps in Hungary with Viktor Orbán's right-wing Government, and in Italy with the newly constituted populist Government. Perhaps that is not surprising because Hungary and Italy are two of the EU member states most directly affected by this mass movement of people on their land and sea borders.

However, we in this country have also witnessed migration becoming an increasingly emotive issue, particularly during the EU referendum campaign with those now perhaps notorious posters used by the leave campaign showing boats filled with migrants. The fears of people have been fuelled by myths and misunderstandings in some of the media, with the rise of migration and the mass movement of people being conflated with the rise of individual acts of terrorism, which in reality often have deeply complex and psychological causes. In the context of the UK, there is a certain irony in the same media that encourage myths about migration also campaigning against downstream assistance and development aid for the source countries of this migration.

My second point is about the people smugglers. This is now a billion-pound business peddling in human misery, vulnerability, and the economically motivated movement of people, and—in the context of Operation Sophia—the chaos and political instability of Libya. According to the European Migrant Smuggling Centre, in 2015, migrant smuggling networks made between €4.7 billion and €5.7 billion trafficking people to Europe, according to its 2017 report.

A Syrian colleague and friend of mine has told me stories of how social media are now extensively used by the people smugglers to advertise their services, indicating the latest, safest and most effective routes, with a price list attached. It surely must be possible to trace these people smugglers more effectively and to prosecute those at the top of the chain. Can the Minister say what international co-operation is currently taking place to follow and trace the international bank transfers involved?

My third and final point is to recall the source of the name Operation Sophia. Baby Sophia was born on 24 August 2015 on a German frigate to a Somali mother who was rescued alongside another 453 migrants and was named after the German princess of the same name. Behind each of the statistics on migration are individual human stories and lives. The individuals on the boat trying to land in Italy this week, as the noble Baroness, Lady Verma, said, included pregnant women and babies. These are hugely complex issues, which cannot be solved by any one member state; they require an international approach by the EU and the wider international community. Merely hoping that these issues will go away and attempting to pull up the drawbridge will just allow the people smugglers' business to flourish.

Sadly, this well-intentioned mission—that is, Operation Sophia—is in reality further assisting these international criminals in exploiting often desperate people in their quest for a better life. The mission should and must be re-examined in light of the facts, while maintaining the vital role of search and rescue. For that reason, I commend the report's recommendations to the House.

5.55 pm

Lord Jay of Ewelme (CB): My Lords, it is a great pleasure to follow the noble Baroness, Lady Suttie, who has made clear just how much we are talking about a human tragedy as much as a European Union policy. I speak as chairman of the EU Home Affairs Sub-Committee, which deals with migration, which is

deeply relevant to the work of Operation Sophia. I am glad that we are discussing Operation Sophia for the second time. It is absolutely right that we should be doing so, because the issues with which it deals are so important. It really is an extremely important attempt to deal with an almost insurmountable problem—one of the most difficult and, I fear, long-lasting problems that the world faces at the moment—that of migration.

Like others, I congratulate the noble Baroness, Lady Verma, and her committee on the report and on the speed with which they introduced it. I take issue with only one point, and that is the title. In one sense, Operation Sophia is a failure, because it did not succeed in what it was trying to do; but it could not succeed in what it was trying to do because the issue that it faced has just been, and remains, too difficult for an operation of this kind to sort out on its own.

I mentioned one task, but in fact there are two separate but intertwined tasks and issues here. There is migration driven by conflict and utter deprivation, people forced to leave their countries because it is not safe to stay, and there is economic migration, driven by people, understandably, looking for a better life, and attracted by the richer countries of the West. I accept that those are not easily separable but they can be separated, at least intellectually, and in deciding on the right approach we need to treat them, if we can, as separate issues.

The nature of the problem with which we are dealing is shifting, too. The numbers of migrants have declined sharply over the last few years, and I welcome that. They have declined sharply from the high figures of 2015, which were very much in our minds when we last looked at this issue. The sources of migrants are changing, too. As the Commission made clear in its recent report, the main nationalities so far this year are, in descending order, Eritrean, Tunisian and Nigerian. Last year they were also, in descending order, Nigerian, Guinean and Ivorian. They will continue to change. To take one example, if the new Government in Ethiopia continue to try to defuse the long-standing tension with Eritrea, we may find that the number of Eritreans declines, too.

But those shifting numbers and shifting source countries will not make the issue go away. For different reasons, there will be a constant pressure for migration, and there will be ruthless, well-organised and highly efficient criminal gangs exploiting the vulnerability of others and looking for—and, I fear, identifying—the weak links on the north African coast to exploit, too. There is no easy, obvious way to combat this—frankly, it is idle to pretend that there is. Operation Sophia has perhaps not succeeded but, as I said earlier, nor could it. But it was right to try and it was right for the UK to support it with naval assets. Although I accept the criticism in the report of the form of the naval assets that were used, I hope that, in future, when taking part in this kind of organisation, we will do better.

For the longer term, the solutions are I think much as they seemed when we debated this issue two years ago. We—by which I mean the UK, the EU and others—must continue to work for stability in the Middle East and north Africa, difficult though that is. We must also continue, particularly through DfID,

[LORD JAY OF EWELME]

to work for economic development in sub-Saharan Africa—I very much agree with what the noble Baroness, Lady Chalker, said earlier in the debate on that point. I know it is difficult, but we must, as I suggested when we last debated this and suggest again now, try to establish safe havens in refugee camps in north Africa, working through and with the United Nations—that is a crucial part of this—where sufficient political stability exists. I would be grateful if the Minister could say whether that looks feasible at the moment, and how the EU’s proposed CSDP mission to create a degree of stability in Libya, for example, is progressing.

We must try, hard though it is, to distinguish between genuine refugees and economic migrants, to return economic migrants to their home countries and to provide legal routes to permanent safety for genuine refugees—and we must treat genuine refugees with the generosity and humanity shown, for example, in the last many years by the noble Lord, Lord Dubs, who I know is speaking later in the debate. None of this is easy, and much of it is controversial. None of it can be done quickly, and it can be done only by countries working together.

Like others who have spoken today, I do not think that the Italian Government were right to ban the migrant ship “Aquarius”, and I rather share President Macron’s view of that. I applaud the Spanish Government’s response in saying that the migrants would be welcome in Valencia—though I have to say that, at the back of my mind, there is the feeling “What would the reaction have been here if ships with this number of people had tried to land migrants on the south coast of Britain?”. I think we have to be careful not to be too complacent about our view of others faced with difficulties such as these.

Lord Davies of Stamford (Lab): I am grateful to the noble Lord for giving way; I am listening to his speech with great interest. Can he tell the House what his view is of the Australian system, under which migrants are turned back—though with the necessary fuel, water and so forth—to the places from which they originated?

Lord Jay of Ewelme: I do not think it is right to turn people back in those conditions unless one is absolutely certain that where they are going back to is a suitable place. That is why I think the idea, and it is only an idea, of some kind of UN-sponsored camps in, say, north Africa, where economic migrants—not refugees—could be turned back to is worth exploring.

The response of the Italian Government and the reaction of the Spanish Government show only that the European response to migration as a whole is increasingly fractious, and I very much regret that. The only possible response to a crisis as serious as the migration crisis today is working together, in or outside the European Union. As the Spanish Foreign Minister said yesterday:

“This is a shared problem and it has to be treated as a shared problem”.

Sir Alan Duncan said in his reply to the report that we are debating:

“Although we are leaving the EU, we continue to cooperate with European partners, including through Op SOPHIA, on these shared challenges”.

That is a welcome statement as far as it goes, but it does not go far enough of course. Perhaps the most important question to ask the Minister this evening is whether she can confirm that we shall continue to work with our European partners through and indeed after the proposed transition or implementation period, for only by such co-operation, in our own interest, can we hope to solve the problems which Operation Sophia has tried, nobly, to solve.

6.04 pm

Lord Horam (Con): My Lords, I apologise to the House for the fact that I may not be able to stay until the end of the debate because of a previous and inescapable commitment, about which I have told my noble friend on the Front Bench. I thank my noble friend Lady Verma and the staff of the committee for their usual extremely effective and thoughtful work.

I agree with the remark made by the noble Lord, Lord Jay, that, in effect, Operation Sophia could not succeed. We entitled our first report *An Impossible Challenge*; if you have an impossible challenge, by definition you cannot succeed in it. The noble Lord may be interested to know that Sir Alan Duncan said in the government response, which I am sure he has read:

“Operation SOPHIA has not delivered all that we had hoped”—which is a rather more diplomatic way of putting the point we tried to make in our report.

However, as the noble Baroness, Lady Suttie, who is on the committee with me, pointed out, it has not been a humanitarian failure. Indeed, 39,000 migrants were saved, 12,000 of them in UK assets—so we can be proud of that side of the story. Where the operation failed was in the fact that it did not reduce the migrant flows, and clearly it did not disrupt the traffickers’ operation, which was the ultimate objective of the proposals. It did not succeed because it came too late in the pipeline; that was the difficulty. When people are literally within swimming length of safety, you are hardly going to stop them at that point.

This has been realised, particularly by the Italian Government, which has to bear the burden of all this, and improvements have been made to the overall approach since we reported. First of all, the training and support for the Libyan coastguard service has been substantially improved, both in terms of the skill set required and the financial asset—simply the salaries and wages. Paying people properly helps them to do their job rather than not doing it properly. One is led to believe that the Italian Government have dealt directly—this is a rather tricky area—with some of the traffickers to change the incentives they look for in their business model, and that has had some effect. Therefore, there has been some reduction from last year in what is happening this summer, which is good news.

The result of that is that more people have been detained in detention centres, which is a problem. There are 48 centres at the moment, 34 of them controlled by the Libyan Government, and the UK Government fund 22 of them. They are helped by the UNHCR and the European Union. Effort is therefore going into establishing once again opportunities for

employment and so forth in those camps. I can say quite frankly, as the House will understand, that the quality of life in those camps varies considerably, from the appalling to the not too bad, and that is a matter of concern.

The next step is to deal with the issue on the southern borders of Libya. We said in the report, rather interestingly:

“Both King Idris (who ruled Libya until 1969)—
this is going back a long way—

“and Colonel Gaddafi had ‘recognised and used the existing tribal system along the land borders’. They had used border guards, intelligence and security officials and ‘border social-security’, in the form of ‘donatives and flows of money and investment from the centre to the regions to keep the border populations on side’”.

That is what happened to keep the borders quiet during that period—and clearly it was, to a degree, successful.

Keeping the border tight is now being tackled by the European Union under the auspices of its emergency trust fund for Africa. The EU has set aside €46 million for an operation to improve matters there, and the Italian Government, in collaboration with the European authorities, have sent out an assessment mission to look at that. But the problem is that security issues in Libya are preventing it being effective and the operation has been delayed at the moment because of those problems. Therefore, there is a real issue there.

Beyond that, as my noble friend Lady Chalker pointed out succinctly from her own experience, we should tackle this issue by trying to prevent migrant flows at source. I have no doubt that a great deal of good work has been done in this area in many countries—Nigeria has already been mentioned, as have others—but, frankly, some countries are almost impossible to deal with. Eritrea and Equatorial Guinea, for example, are under the heel of appalling dictatorships, and how you get some sort of sensible relationship, backed by international aid from the UK, I do not know. That is very much work in progress.

Therefore, I agree with the noble Lord, Lord Jay, that none of this is at all easy. We are looking forward to seeing what measures are put in place at the June Council of the European Union—but so far the preliminary discussions have not gone particularly well. Chancellor Merkel of Germany described this issue at the Council as an existential question. In more senses than one, it is.

6.11 pm

Lord Dubs (Lab): My Lords, I am grateful to the noble Baroness, Lady Verma, for her leadership. It was a privilege to serve under her and to be on this committee.

Many years ago, before I became a Member of this House, I worked in the refugee NGO field. I was a member of an NGO delegation that went round the Caribbean looking at the situation of Haitian refugees, who at that time were fleeing from a very tyrannical regime in Haiti. I remember going to one Caribbean country where the Minister of the Interior said to us with glee, “One more Haitian on this island and this island will sink in the sea. I am determined not to let that happen”. He then went on to say that a sinking boat of Haitian refugees had tried to approach the harbour.

He told us, “I ordered that boat to be pushed away because I was determined not to have any more Haitians here”. The only country in the Caribbean which at that time seemed to welcome Haitians was the United States. It did not turn boats away; it accepted them and showed humanity. Maybe Americans are different now but certainly at that time it was remarkable that the whole Caribbean seemed to hate the Haitians and it was only America which provided them with safety and accepted any boats that arrived.

I tell that story because the history of inhumanity is not new; sadly, it has been there for quite some time. So perhaps we are not shocked, even if we are dismayed, at what happened to the boat in the Mediterranean that the Italians would not take and that went to Spain. I was shocked that this should happen and that, if the Spaniards had not said they would take them, those people might have drowned, as so many already have.

In a wider sense, I like to feel that Europe could move towards a Europe-wide policy on migration and refugees. I am bound to say that the need for that is clear but the likelihood of it happening at this point in time is very small. I believe that, unless all European countries share responsibility, there will always be some buck-passing, and the unfortunate victims of that buck-passing will drown in the Mediterranean.

We have to look at this under a number of headings: first, Europe’s response; secondly, the situation in Libya, which is one of the key areas from which people are coming; and, thirdly, the situation in the source countries. As has been said already, Operation Sophia may have saved lives but, paradoxically, it has also made the task of the smugglers easier. All they have to do now is have an even less seaworthy boat, push it 12 miles offshore, and then get someone to phone up and say, “Help, these people are drowning”. We have saved a lot of lives but, alas, we have made the situation for the smugglers somewhat easier. Of course, the report says that a naval mission may not be the right and most suitable way of dealing with this, so maybe we have to look at other methods of going forward. But let us be clear: the naval mission has saved lives, even if the smugglers have also benefited.

We learned a lot about the abuses of human rights in Libya itself and by the Libyan coastguard. We also learned that people smugglers are operating in Libya—they keep migrants in conditions of servitude and make money out of that as well. It is a very depressing and miserable situation. It is important that all western Governments, Britain included, do all we can to try to generate a bit of stability in Libya. There are wars and different regimes in Libya, and if we could only get a bit more stability, maybe the situation could be significantly improved. I know we are trying to do that—the British Government have said so—but we need to put more effort into it.

I turn now briefly to the source countries. I have heard from the NGOs that most of the women who have fled across the Sahara have been raped on that journey. It is a terrible journey and by the time they get to Libya they face even more appalling situations. Last year, I was at a conference in Malta which looked at the movement of people across the Mediterranean.

[LORD DUBS]

At that conference were representatives not just from European countries but from some of what we call the source countries in Africa. The source countries pleaded for economic help so that their young people would have an economic future in their own countries and would not be forced to make that dangerous journey in the hope of trying to find some way of sustaining themselves.

There is nothing unworthy about being an economic migrant, but there has to be a higher level of human rights support for people who are fleeing from persecution. We have to somehow manage that duality. At the moment, the two seem to be somewhat confused. I wonder what the Spanish Government are doing with the boat load that has arrived and whether they will try to separate those who have a claim to refugee status under the Geneva convention and those who are simply migrants trying to better themselves. It is no good telling the economic migrants that they have to go back, unless we do more to ensure that the economics of the source countries are such that people have a decent future. It is quite a challenge to us all to look at people and decide whether they are refugees or not. In theory, we do that, and it is quite difficult—but maybe it is the way forward.

I also believe that we have to look at public support for what happens. I have felt all along that, on issues to do with refugees, it is important that the public understand what we are seeking to do and why, rather than us imposing policies on ordinary people in the street without that understanding. I have already said that the aim should be for a Europe-wide policy on refugees, even if we are a long way from getting agreement for that. Before the recent Italian elections, I was talking to an Italian Member of Parliament who said that, if nothing was done, the hard-line right-wing parties would win the next election—and that is exactly what happened. She was saying not that she wanted to turn the boats away but that more help was needed from other European countries. That is why I have been shocked by the attitude of the Visegrád countries—Hungary in particular, and Poland, the Czech Republic and Slovakia. Their policy seems to be: refugees are not our problem and we are interested only in white Christians. What sort of Europe is that? Maybe we do not have much standing to criticise other European countries if we are leaving the EU, but it is pretty depressing to look at the effect of the movement of people on the politics of various European countries. We have seen it in Germany, Austria, the Visegrád countries and elsewhere, and perhaps even in France. It is rather depressing that extreme right-wing parties are capitalising on this. We have to be much more skilful and clever at getting public opinion on our side so as not to allow the extreme right-wing parties to capitalise.

Migration pressure will continue, whether it is for economic reasons or because of climate change or the need to flee persecution or the threat of torture and death, and if we do not all get together and decide how we are going to deal with the issue, it will become more and more difficult. We have a responsibility to look after our fellow human beings, and we are not doing that very well at the moment.

6.20 pm

Lord McInnes of Kilwinning (Con): My Lords, it is a great privilege and honour to follow the noble Lord, Lord Dubs, who brings to the debate enormous knowledge of migration, human rights and refugees. I thank the noble Baroness, Lady Verma, and the other members of her committee for bringing forward this important and excellent report following up on the 2016 report from the EU Sub-Committee on External Affairs. It is slightly unfortunate, however, that it was not tabled earlier, particularly as Operation Sophia has been renewed until December of this year.

As is made clear in both reports and as we have heard from my noble friend Lady Chalker and the noble Lord, Lord Jay, migration is not a one-off issue caused by the Arab spring and current instability in sub-Saharan Africa—it will be with us long-term. We are so aware of it at the moment only because of the humanitarian tragedy that has taken place in the Mediterranean since 2016. The EU cannot solve, and perhaps should not seek to solve, the motivation for individuals to flee conflict or seek a better life for their families. We need to keep that in mind when considering any action the UK or our EU partners are taking. As I have said, despite these excellent reports, Operation Sophia has been renewed to the end of this year pretty much as it was through 2016 and 2017.

Operation Sophia was launched, correctly, in response to a humanitarian tragedy but its terms of reference, as we have heard, were far too broad. The men and women who have served in the operation have done a remarkable job in saving thousands of lives in the Mediterranean, as we have already heard from my noble friend Lord Horam. However, a pretence that the operation would deal with the fundamentals of the issues around people smuggling was unrealistic from the beginning.

We need to be aware that, despite the work of Operation Sophia, already in 2018 it is estimated that 500 refugees have drowned in the central Mediterranean area because of the fundamental issue at the crux—the people smuggling network. With a budget of €36 million and the enormous and immediate task of saving lives, Operation Sophia was never going to destroy the business model of the people smuggling networks that are bringing these desperate people to the Mediterranean.

The evidence suggests that, other than their excellent search and rescue role and the training of coastguards, those involved have not been equipped with the tools to properly disrupt the existing business model. A naval force cannot do that, especially in conjunction with what is a failed state in Libya and an increasing flow of migrants from sub-Saharan Africa. Serious cogs in the people smuggling wheel do not join the migrants when they go to sea in a perilously ill-suited dinghy. We will therefore not be able to disrupt the people smuggling and capture those who run these lucrative organised criminal gangs—which is what they are—as we heard from the noble Baroness, Lady Suttie.

I should like to hear from the Minister to what degree the Government have considered focusing future input into Operation Sophia purely on the search and rescue programme and the training of coastguards,

avoiding a situation where we try to enforce a remit that is impossible to deliver on to an operation that is doing a good job. In my view, the ongoing focus of the EU and the UK must be on the source of the problem: the destruction of people smuggling gangs. That can be done only through a collaborative, sophisticated and land-based option.

The Turkish model of an existing state basically being paid to keep refugees out of the EU will not work in the north African context we currently face. I also suspect that the model is not sustainable in Turkey over the medium term either. However, as the noble Lord, Lord Jay, expressed so well, what would work is a focus on working with partner nations in Saharan and sub-Saharan Africa to bring about a two-stage environment. The first stage would be to create safe havens and conditions for those people who migrate and try to keep them out of the hands of the people smuggling gangs who transit them to north Africa. The second would be serious investment by DfID, as my noble friend Lady Chalker intimated, in the source countries to create a sustainable and safe environment so that people can stay in their country of origin. At the same time, serious investment needs to be made for an international criminal investigation into and the pursuit of those who are making so much money from other people's tragedies. I look forward to my noble friend's answer on this point.

As we have heard, Operation Sophia may have failed in its remit, but it has done an enormous humanitarian job by saving thousands of lives. It is now up to us and our European partners to ensure that we focus on creating safe environments for those who are fleeing their countries, while at the same time disrupting and destroying these criminal gangs.

6.26 pm

Baroness Smith of Newnham (LD): My Lords, on these occasions it is customary to thank the chairman of the relevant committee, to note the significance of the contributions and often to point out that it is a timely debate. Naturally, I thank the noble Baroness, Lady Verma, and the European Union Sub-Committee on External Affairs for their excellent report. Slightly perversely, I want also to thank the usual channels for conspiring to produce a debate that is actually of significant timeliness, despite the fact that it has come a whole 11 months after the report was completed and nine months after the Government responded to it, which is quite extraordinary. Often when we debate committee reports, we hear expressed the frustration that the Government have not made their response—"It has been more than two months and we still have not had a response". Given that on this occasion the Government have given their response, the questions I wish to put in this debate relate not only to the report but to some of the comments made by the right honourable Sir Alan Duncan in his response because, some nine months on, there are questions about what the Government have been able to achieve.

The noble Baroness, Lady Verma, thanked the committee secretariat. We in the International Relations Committee have poached one of the clerks, Eva George, but she is present in spirit because she is currently in Washington with some members of that committee.

I am a member of that committee but I am speaking in this debate because she sent a note to remind members of our committee that, if we were not in Washington, we could debate this excellent report. We are grateful that the EU sub-committee has allowed Eva to come to the International Relations Committee because she has reminded us about an issue that is of significant importance internationally; it is not simply a European matter, rather it is one of global significance.

Several noble Lords have pointed out that mass migration is not going to go away and that it is not simply a European question. It is a matter of great humanitarian concern. Some three years ago when Operation Sophia was first introduced, we were seeing pictures of tragedies occurring in the Mediterranean. Our television screens were full of images of people drowning. There were significant reactions. In 2016 the television screens were somewhat similar. But in the intervening period one could have been forgiven for assuming that the migration crisis had been solved. Where were the pictures of people drowning? We did not see them or hear about them because the 24/7 media coverage had moved on. Other issues came to the fore. President Trump's latest tweet about whatever it might be took up the front pages of the newspapers. Brexit was taking up the bandwidth in the United Kingdom. Migration and the tragedies we had seen of people coming through north Africa and trying to get to Europe through the Mediterranean did not go away.

As the report so admirably points out, Operation Sophia's activities have had a partial success in reducing the number of people who drowned, but they have not done the fundamental job of breaking the people traffickers' business models. The models have adapted. What seems to have been suggested by at least one of the contributors to evidence in the report, Mr Hobart, the migration envoy of the European directorate of the Foreign Office, was that something needs to be done. The inference was that Operation Sophia is something, therefore this is what we should be doing. We have heard this evening that Operation Sophia, which has had an impossible challenge from 2015 onwards, is not capable in and of itself of dealing with migrant smuggling and people trafficking.

The questions that arise for Her Majesty's Government and the EU as a whole relate to what work is being done to deal with activities upstream. The right honourable Sir Alan Duncan suggested in his response of September last year that the Government are aware of the need to deal with the issue, but I was slightly concerned when reading responses from the Minister for the Armed Forces, Mark Lancaster, in the House of Commons. He essentially suggests that the Government are considering what impact we are having through Operation Sophia, but he did not get any further. He did not say whether that meant that the Government's policy needs to change.

I wonder whether the Minister can tell us what Her Majesty's Government are thinking about for the British contribution to Operation Sophia and what they envisage the contribution will be when the United Kingdom leaves the European Union. The right honourable Sir Alan Duncan pointed out that, while the United Kingdom is leaving the European Union, it remains the case that

[BARONESS SMITH OF NEWNHAM]

we are still working with other European countries through Operation Sophia. In September 2017 he did not seem to suggest in any way that the United Kingdom's position would change once we left the European Union. Could the Minister tell us what the Government are thinking about how they would like to contribute to Operation Sophia or its successors? How do they envisage co-operating in the longer term with other Governments of the European Union? The challenges facing the United Kingdom and the humanitarian crisis we are seeing will not go away when the UK leaves the European Union, but some of these questions appear to be on hold.

What are Her Majesty's Government doing? What negotiations are the Government having with the EU 27? The noble Lord, Lord Dubs, and my noble friend Lady Suttie pointed out that in Hungary and Italy we are seeing some populist challenges. In the light of those, what bilateral conversations are the Government having? Are they working with other member states to see what collective solutions might be available? What do the Government think their role is, and that of the United Kingdom, after 2019? Do they still plan to and seek to play a role? If so, do they expect to have a seat at the table? If so, what is David Davis asking for in that regard?

Finally, in line with the comments of the noble Baroness, Lady Chalker, what role is DfID playing in the Government's thinking about upstream responses? As so many noble Lords have said, naval solutions might deal with the immediate problem of people drowning but they do not deal with the upstream problems: those require much more activity in-country in countries such as Nigeria or in countries of north Africa, not least Libya, a failed state, as the noble Lord, Lord McInnes, pointed out. What is DfID going to be doing? What are Her Majesty's Government going to be doing? What role will we play in future in working collectively with other European countries to deal with these humanitarian crises?

6.35 pm

Lord Collins of Highbury (Lab): My Lords, I too thank the noble Baroness, Lady Verma, for her excellent introduction to this debate. No doubt last week we wrote one speech in preparing for it, but then of course recent events may have influenced what we have to say tonight.

As the noble Baroness, Lady Verma, put it, people smuggling begins onshore, so a naval mission is the wrong tool for tackling this dangerous and inhumane business. As we have seen in recent days, once the boats have set sail it is too late. The need for the humanitarian search and rescue operation is even more vital. As the noble Baroness said, the first six months of 2017 saw more than 84,000 migrants picked up on the Mediterranean, a 20% increase on the first half of 2016.

The stranded rescue ship "Aquarius" has sparked a fresh refugee crisis in Europe. Italy has refused to allow it to dock, with its new populist Government arguing that it bears the brunt of new arrivals—something that was, of course, reflected in the report. Yesterday, the EU Commission announced a tripling of funding

for dealing with migration. This will include the renewed asylum and migration fund, which will support member states in three key areas: asylum, legal migration and integration, and countering irregular migration and returns. The EU, and the European Parliament in particular, have always said that we must tackle the root causes of migration. This is where the EU's foreign affairs work plays a much larger role. French President Emmanuel Macron yesterday accused the Italian Government of a degree of cynicism and irresponsibility for refusing to let the "Aquarius" dock in Italy.

There is a focus on the EU institutions, but what are countries such as the UK doing in the European Council to persuade countries to work together on practical solutions? Until now the United Kingdom Government have kept quiet on this issue in the Council, hiding behind more vocal countries in southern and eastern Europe, hoping, I suspect, that others will deal with the problem. As my noble friend Lord Dubs said, unless there is a collective EU approach to sorting out the problem, we will only see more cases like the "Aquarius". So what representations, if any, have Her Majesty's Government made to Italy's representatives? How do Her Majesty's Government envisage being able to influence any future events similar to this once the country is outside the EU and its formal decision-making structures?

The government response contained up-to-date figures on the situation. It cited 110 smugglers apprehended, 475 vessels put beyond use and more than 39,000 people rescued—12,000 of those, as we heard in the debate, by UK assets. One witness quoted in the report said in relation to the search and rescue element of the operation that,

"there are better ships to do that—not only cheaper but more suitable".

Can the Minister tell us what analysis has been carried out by departments of the suitability of the UK assets that have been provided? Does she believe that our contribution has represented value for money for the taxpayer?

The noble Lord, Lord Jay, put it extremely well: if you are set an impossible task, it is no wonder you do not succeed. When the report was published—some time ago now—senior diplomatic sources in Brussels said:

"Everyone is aware that this mission faces difficulties ... but there is continued determination to make it work".

That is the point: there is no other show in town. We have to work at it.

Operation Sophia's mandate was extended in July 2017 to the end of 2018. The mandate was amended to set up a monitoring mechanism of trainees to ensure the long-term efficiency of the training of the Libyan coastguard; conduct new surveillance activities and gather information on illegal trafficking of oil exports from Libya; and enhance the possibilities for sharing information on human trafficking with member states' law enforcement agencies. Given that any further extensions to the mandate—or, indeed, any replacement missions—will come immediately before our exit from the EU next March, can the Minister confirm whether the UK plans to continue to provide assets and expertise?

As the noble Baroness, Lady Verma, highlighted, the committee was concerned,

“by reports of serious abuses of the human rights of migrants by the Libyan coastguard”.

As we have heard, in response, the Minister, Sir Alan Duncan, wrote that the Libyan coastguard,

“must be equipped with the skills required to manage search-and-rescue activities properly, which includes respecting human rights. The training package being delivered therefore embeds knowledge of Human Rights and International Humanitarian Law. We have made clear to the LNCG senior leadership that Human Rights violations are unacceptable”.

Does the Minister believe that a warning of this nature is sufficient to ensure that human rights obligations are upheld? The government response also blames the political and security conditions in Libya for Operation Sophia not being able to move into its later planned phases.

The Government have stressed the importance of achieving a new political settlement in Libya to,

“create greater security and the governance that is needed if we are to successfully tackle illegal migration”.

Following last month’s meeting of Libyan leaders in Paris, the Minister for the Middle East, Alistair Burt, said:

“There is a window of opportunity for progress in Libya, and we urge all of her leaders to seize it by engaging fully with UN-led efforts to facilitate a more inclusive political settlement”.

Does the Minister believe that this window of opportunity can bring about change on the ground and at sea during the operation’s current mandate?

In recent weeks we have seen disagreements between UK and EU negotiators on matters relating to security, defence and information exchange. The Chancellor has warned that the UK may “go it alone” in relation to the Galileo project, and the UK’s technical note on the exchange and protection of classified information cast doubt on our “ongoing commitments”, including Operation Sophia. Is the Minister able to offer a categorical commitment today that the UK will continue to work alongside EU partners to address this migration issue post-Brexit, or is this another area that remains a matter for negotiation?

6.44 pm

Baroness Goldie (Con): My Lords, first, may I say that I have genuinely enjoyed this debate? It has been interesting and stimulating and I am very grateful to all noble Lords for their contributions. I join all your Lordships in thanking my noble friend Lady Verma for tabling this debate. I thank her and all the other members of the European Union Committee for their detailed report. I say to my noble friend Lord McInnes and the noble Baroness, Lady Smith, that I realise that this debate is many months after publication of the report. As your Lordships will be aware, significant pressures have prevailed on this House in relation to workload but, as the noble Baroness pertinently pointed out, there is still a relevance and currency in discussing these issues, so it is timely that we are doing that this evening.

I also thank all noble Lords for their different contributions to the debate, and I shall try to respond to them. Before I do that, I would like to remind the House of the Government’s approach to illegal migration

and the situation in the central Mediterranean. As noble Lords well know, migration is a phenomenon as old as humanity itself. People have, since time immemorial, left their homes in search of peace, stability and better prospects for themselves and their families; so it is today. What is different about this crisis is that, as a number of your Lordships referred to, organised criminals are exploiting these age-old vulnerabilities for profit with little or no regard for the well-being of the people passing through their hands.

My noble friend Lady Verma rightly referred to the distressing images we have all seen in news footage and the noble Baroness, Lady Suttie, vividly described the evil of that activity and the challenges in addressing that matter. This is where the real blame for this crisis lies. These criminal gangs are responsible for the deaths in the Sahara, the drownings in the Mediterranean and the conditions endured by migrants in Libya, including modern slavery.

I thought the noble Lord, Lord Dubs, was fair in acknowledging that, while not perfect in all respects, Operation Sophia has saved lives. It has had successes: smugglers can no longer operate with impunity in international waters. It is not a search and rescue mission, but over 45,000 migrants have been rescued and more than 500 smuggling vessels destroyed.

As noble Lords know, tackling human trafficking and modern slavery is certainly a priority for the Prime Minister. We are committed to working alongside international partners to address this and the wider challenge of illegal migration. The Government maintain that the best policy is a whole-of-route approach. I was very interested to detect that many of your Lordships share that analysis, because the aim is to reduce illegal migration, tackle criminality and trafficking, and protect the vulnerable by making concerted, co-ordinated interventions at all stages of a potential migrant’s journey. The noble Lord, Lord Dubs, spoke eloquently about that, as did the noble Lord, Lord Collins; they also spoke about working with international partners, which I agree is vital. Our policy complements the EU’s comprehensive approach to migration, which ranges from addressing its root causes in source and transit countries to humanitarian assistance and to tackling the smugglers.

My noble friend Lady Chalker spoke with great pith, punchiness and authority on that issue of root causes, the countries of origin and how we address these matters. The noble Baroness, Lady Suttie, also commented constructively on this aspect, as did the noble Lord, Lord Jay, my noble friend Lord Horam and the noble Baroness, Lady Smith.

Operation Sophia is just one part of this EU approach. I will come on to that in a moment, but I think it might be useful for your Lordships if I indicate what the UK has been doing. It has allocated £175 million since 2015 to the response to the Mediterranean migration crisis. This includes a new £75 million humanitarian programme over the next three years focused on the central Mediterranean.

For the benefit of Members, many of whom expressed an interest in this, I think some detail about the DfID programme might be helpful. The programme will be delivered by partners—the International Organization

[BARONESS GOLDIE]

for Migration, UNICEF, the British Red Cross and a consortium of NGOs—and will specifically target vulnerable migrants in west and north Africa, including Libya, as well as communities affected by migration. More specifically, programme activity will take place in migrant source and transit countries such as Senegal, Gambia, Côte d’Ivoire, Guinea, Burkina Faso, Mali, Niger, Algeria, Morocco, Egypt, Libya and Sudan. That illustrates the UK’s wide-ranging vision in trying to deal with this critical issues of countries of origin and the root causes of people undertaking these dangerous journeys.

Part of the programme—up to £5 million-worth of further assistance—is committed to Libya. It will include healthcare and psychosocial support for migrants. We will also continue to provide humanitarian relief and to monitor conditions in Libya’s detention centres. Through the International Organization for Migration, we will also fund urgent humanitarian assistance and protection services for migrants while working to ensure that support is also given to those wishing to return. Indeed, we have helped migrants wishing to return and reintegrate into their countries of origin as part of our whole-of-route approach. We have also funded communications campaigns to warn potential migrants of the risks and realities of taking the route to Libya. We are exploring further opportunities to work with EU partners or to complement their activities in the Sahel. We are also continuing to support the creation of the regional operations centre in Khartoum. This will help to share intelligence about people smuggling and will support the work of our organised immigration crime task force. That was an issue which my noble friend Lord McInnes raised, and I hope that reassures him that this matter is under consideration.

Turning to Operation Sophia, the Government accept that it has not been wholly successful, but I want to make clear that we do not accept the committee’s conclusion that a naval mission was the wrong tool, nor should we overlook what the operation has achieved. The facts speak for themselves. As I said earlier, smuggling gangs no longer operate with impunity in international waters, more than 500 smuggling boats have been put out of action and the number of migrants attempting the journey is falling. In the first five months of 2018, numbers were more than 70% lower than in the same period in 2017, and we are confident that the involvement of naval vessels through Operation Sophia contributed to this.

The noble Baroness, Lady Suttie, raised efforts to trace smugglers. That is an important issue. Specifically in relation to Libya, on the Foreign Secretary’s last visit he announced a package of additional support to help Libya deal with the terrorist threat and to tackle illegal migration. It included an increase in engagement with Libyan law enforcement authorities to tackle organised crime and trafficking, building on the work the UK is already doing with European partners.

It is also worth noting that Operation Sophia is additionally tasked with the important work of implementing the UN arms embargo on Libya on the high seas. Military vessels are vital for this task, which prevents deliveries of arms that would further destabilise the fragile situation in Libya. I was pleased to hear

that the UN Security Council renewed the authorising resolution on Monday. The UK continues to support Operation Sophia, and we have had a vessel, currently HMS “Echo”, on task since the operation began. We also provide staff to the operational headquarters and have supported the training of the Libyan coastguard.

My noble friend Lord McInnes sought slightly more information about the future of Operation Sophia, as did the noble Baroness, Lady Smith. I shall deal first with the coastguard training issue. The training really matters because an effective Libyan coastguard will be a vital part of the long-term solution to the migration crisis. Operation Sophia has trained over 200 members of the Libyan navy and coastguard on human rights, gender and search and rescue in order to improve their conduct and effectiveness in these areas. It is positive that the Libyan coastguard is now better able to rescue migrants at sea, and this is reflected in the reduced numbers of crossings of the central Mediterranean into Italy. I alluded earlier to the fall in the first five months of this year compared with those of 2017.

We are concerned about allegations against the Libyan coastguard, including over the mistreatment of migrants, something that a number of contributors raised. We have made clear to the Libyan Prime Minister and to the Libyan coastguard’s senior leadership that any human rights violations are unacceptable. I reassure noble Lords that all coastguard trainees are vetted to exclude anyone found to have committed human rights violations. The operation’s monitoring mechanism for the coastguard will also help to provide greater assurance.

As I said earlier, Operation Sophia is just one part of the wider EU maritime effort, which is also supported by UK assets. For example, Border Force cutters, deployed as part of the FRONTEX-led search and rescue Operation Themis, have saved more than 4,800 lives in the central Mediterranean since this crisis began. I make clear that the UK remains committed to Operation Sophia, including the deployment of HMS “Echo”, until the end of 2018. The Government will take a decision on future support in due course.

A number of noble Lords—my noble friend Lady Verma, the noble Lords, Lord Jay and Lord Collins, and the noble Baroness, Lady Smith—raised issues about participation in the CSDP post Brexit. In line with the withdrawal agreement and the March European Council, the UK will be able to continue to participate in CSDP operations and missions, including Operation Sophia, during the implementation period. No decision has been taken regarding our exact contributions during the implementation period. Our future contributions to CSDP, as part of the wider UK-EU security partnership, after the implementation period, are of course a matter for the negotiations, and I think noble Lords will understand that. The Prime Minister has offered the use of British assets and capabilities as part of a partnership—

Lord Davies of Stamford: I imagine that our partners would be grateful to know at the earliest opportunity whether they can count on our continuing support for Operation Sophia after March next year. On what kind of timescale do the Government expect to make a decision on this?

Baroness Goldie: I think the noble Lord will understand that that has to come within the ambit of the negotiations. I do not have a crystal ball or a magic wand to wave. What I think is universally recognised, and I have already referred to this, is the strength of a partnership approach to these challenges. The strength of that approach is mutually understood not just by the UK but by our friends in the EU. I would hope that that was conducive to fertile discussions in the negotiations.

Following on from what the noble Lord, Lord Davies, was saying, we will continue to work with European partners on the shared challenges of illegal migration, people trafficking and modern slavery now and after we leave the EU.

Lord Davies of Stamford: I am sorry to interrupt the Minister once again but this is a very important point. The Government have said that in certain respects our participation in joint activities after Brexit—for example, in the area of Europol and the common arrest warrant—is unconditional; we will be unconditionally committed on a continuing basis to work together with our present EU partners on those subjects. I think that the Minister has said that our continuing participation in Operation Sophia is conditional, not unconditional, and that it is part of the negotiation so it is going to be set off against various objectives that we are trying to achieve. If that is the case then it seems doubly important for us to come to a conclusion very soon on that matter. It is simply not fair not to let our partners know until the last minute whether they can count on the support of the central British element in a continuing operation.

Baroness Goldie: I think the spirit of our intentions is crystal clear. I referred to what was discussed at the March Council. As to further detail, I can give no further information. The noble Lord may be reluctant to accept that, but that is a part of the ongoing negotiations.

The noble Lord, Lord Collins, raised the recent issue of the ship “Aquarius”. The UK will work with EU member states and institutions to find a sustainable resolution to the issue of search-and-rescue co-ordination in the Mediterranean. We have previously held informal discussions with EU partners, as well as discussing the issue at multiple levels with the Italian Government, and remain confident that a solution can be found.

The Government agree with the committee that a political solution in Libya is an essential prerequisite in the fight against the smuggling gangs. The current political and security vacuum provides a permissive environment for extremists, including Daesh, as well as criminal gangs trafficking migrants to Europe. That is why achieving security and stability in Libya is a priority for the UK and a key issue for European and regional partners.

My noble friend Lady Verma asked what the UK are doing specifically in Libya. The UK Government have allocated more than £10 million this financial year for assistance to Libya, through our Conflict, Stability and Security Fund. This will help boost political participation and economic development and support improvements in security, stability and resilience. Specifically, EUBAM, with which I know your Lordships

will be familiar, now has a light presence in Tripoli, allowing engagement with Libyans. This is an important step in making progress.

The UK has one of the most active diplomatic missions in Libya. Our re-established permanent presence means that our diplomats can make contact with a wide range of Libyans, including political actors at the highest levels. The Foreign Secretary visited Libya twice last year, and the Minister for the Middle East and North Africa, my right honourable friend Alistair Burt, was there as recently as April. We continue to work closely with EU member states and others to end the conflict and bring the parties together through the UN-led mediation process, and the UN action plan.

We agree with the committee that action concerning Libya’s southern border should be explored. EUBAM is mandated to assist the Libyan authorities in the fields of law enforcement, broader criminal justice systems and border management, including reducing pressure on Libya’s southern borders.

Looking to the future, the EU will release its next strategic review of operations in Libya in the next few months. This will set the context for any future mandate of Operation Sophia and will also cover EUBAM. It would not be right to speculate about the review’s recommendations, but I can assure the House that the UK will play a full role in its preparation and any decisions taken as a result, and the Government will keep the committee informed.

In conclusion, the Government remain committed—now and after we leave the EU—to working in close partnership with member states to address the challenges of unmanaged migration across the Mediterranean. We remain committed to supporting stability and economic development in migrants’ countries of origin to reduce the drivers of migration, and we remain committed to supporting United Nations-led efforts to bring peace and stability to Libya, and to building an environment that is no longer conducive to people smugglers, terrorists or criminal gangs.

Altogether, this will bring benefits not only to the citizens of Libya and of Europe but to potential migrants themselves. That is a goal worth striving for, and that is certainly what this Government will continue to do.

7.03 pm

Baroness Verma: My Lords, I thank all noble Lords for their contributions. The Minister was right: it has been an extremely well-informed and well-tempered debate. My noble friend has not managed to answer a number of questions; if she reads through *Hansard*, I am sure that she will find them and then put them in writing and put copies in the Library for us to read.

We have all recognised the importance of Operation Sophia—but, as all noble Lords have said, it does not fulfil its mandate. At the end of this year, when the Government, along with the other 27 member states, review whether to renew the mandate, we hope that they will seriously consider whether the operation is succeeding, what its failings are and whether it should continue with the mandate that it has been given.

My noble friend the Minister said that it is saving lives. Absolutely—not one noble Lord in this Chamber would want the humanitarian side of Operation Sophia

[BARONESS VERMA]

to be halted. However, it needs to look at whether we are putting even further at risk people who are trying to travel across the Mediterranean in boats that are less safe now because they understand that they will be picked up.

I am really pleased that we have my noble friend Lady Chalker, with all her experience, on our committee. Her contribution demonstrated her years of experience and her ability to look at issues with a mature and sensible eye. The departments that work for us need to take heed of and advice from this committee and others, with their experience, in looking at the source of these problems. They are economic problems and

yes, there will be problems involving genuine refugees—but if we are the humane nation that I hope we are, we should take these issues into consideration. We have always led the world in showing how such things should be done; the British people have been the most generous when it comes to giving.

In that spirit, I hope that the Minister will tell her colleagues that, if we are going to take the Operation Sophia mandate forward, it must be done with much more vigour to break the business model as well as address the humanitarian side.

Motion agreed.

House adjourned at 7.07 pm.

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