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PARLIAMENTARY DEBATES
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HOUSE OF LORDS

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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
Lab Co-op	Labour and Co-operative Party
LD	Liberal Democrat
LD Ind	Liberal Democrat Independent
Non-afl	Non-affiliated
PC	Plaid Cymru
UKIP	UK Independence Party
UUP	Ulster Unionist Party

No party affiliation is given for Members serving the House in a formal capacity, the Lords spiritual, Members on leave of absence or Members who are otherwise disqualified from sitting in the House.

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House of Lords

Tuesday 2 June 2020

11 am

Prayers—read by the Lord Bishop of Chelmsford in a Virtual Proceeding via video call.

Arrangement of Business Announcement

11.04 am

The announcement was made in a Virtual Proceeding via video call.

The Lord Speaker (Lord Fowler): Good morning everyone: welcome to the last week of Virtual Proceedings. Next week, we will introduce a hybrid House and we will be following that with remote voting. Today, Virtual Proceedings of the House will now begin. I remind Members that these proceedings are subject to parliamentary privilege and that what we say is available to the public both in *Hansard* and to those listening and watching. Members' microphones will initially be set to mute and the broadcasting team will unmute their microphones shortly before we reach their place in the speakers' list. When Members have finished speaking, their microphone will again be set to mute. Noble Lords might find that they have to unmute themselves when prompted. I just warn noble Lords of that.

Retirements of Members Announcement

11.05 am

The announcement was made in a Virtual Proceeding via video call.

The Lord Speaker (Lord Fowler): My Lords, I should like to notify the House of the retirements, with effect from 26 May, of the noble Lord, Lord Woolmer of Leeds, and, with effect from 2 June, of the noble Baroness, Lady Howe of Idlicote, pursuant to Section 1 of the House of Lords Reform Act 2014. On behalf of the House, I thank the noble Lord and the noble Baroness for their much-valued service to the House.

Virtual Proceedings on Oral Questions will now commence. I ask that colleagues try to keep their contributions as brief as possible so that we can fit in all the speakers on the Order Paper.

Universal Credit Question

11.06 am

Asked by Baroness Sherlock

What steps they are taking to remove the five week wait for Universal Credit payments.

The Question was considered in a Virtual Proceeding via video call.

The Parliamentary Under-Secretary of State, Department for Work and Pensions (Baroness Stedman-Scott) (Con):

The universal credit assessment period and payment structure are fundamental parts of its design. An assessment period must run its course, which includes a feed of earnings data from HMRC, before an award reflecting actual household circumstances can be calculated. This can be achieved only by having a model based on paying in arrears, and we have no plans to change that.

Baroness Sherlock (Lab): I thank the Minister for that Answer. There have been 2.8 million claimants for universal credit since lockdown, and I fear many more will come. They are all being hit by the five-week wait. The Resolution Foundation found that on average, people going on to universal credit see their disposable income almost halved. All Ministers will offer is an advance, but that pushes people into debt and asks them to live on less than universal credit for a whole year to repay the debt. The Government have steadfastly resisted a deluge of calls from across the board to abolish the five-week wait or at least to turn advances into grants that do not have to be repaid. Why will they not do it?

Baroness Stedman-Scott: Non-repayable advances cannot be implemented without significant development of the universal credit system. No one has to wait five weeks. Advances are available urgently. The repayment schedule is to be extended to 24 months in 2021. Repayment can be delayed by three months in certain circumstances, and we removed the seven-day waiting period. This is all backed up by support from work coaches.

Baroness Fookes (Con): My Lords, given the greatly increased burden on the DWP, can my noble friend indicate what measures are being taken to ensure that the benefits system can cope?

Baroness Stedman-Scott: I am pleased to be able to tell the House that we have seen unprecedented hard work and dedication by the staff of the DWP to make sure that the unprecedented number of claims have been paid in a timely and efficient manner. Our system is standing up to the challenge, and I am pleased to say that we have redeployed staff and introduced more IT equipment. Our highest priority is to pay the benefits that people need, and we are coping with that.

Baroness Boycott (CB): My Lords, I declare an interest as chair of Feeding Britain, which has found that the poorest groups in our society are the only ones who have suffered a reduction in disposable income. They cannot afford to wait these five weeks. Will the Minister set a long-term target of reducing this wait and a short-term goal of introducing, with immediate effect, the department's policy, which is not due to take effect until October 2021, of further easing the rate of repayment of advances?

Baroness Stedman-Scott: The noble Baroness makes a very good point and I understand where she is coming from, but I must tell her that there are no plans

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to do as she requests. Bringing forward the October 2021 easement is not something I have heard discussed, but I am happy to go back to the department and find out.

Baroness Lister of Burtersett (Lab): My Lords, according to a recent Resolution Foundation survey, two-fifths of new UC claimants had not asked for an advance because they feared getting into debt—and debt it is, albeit interest-free. Will the Government therefore follow the foundation's advice and at the very least suspend repayments for some months, following the welcome precedent set with other debt repayments, which shows that it is administratively possible, and if not, why not?

Baroness Stedman-Scott: Non-repayable advances cannot be implemented without significant changes to the system; this is not currently our policy intent. Funding to do it would be needed from the Treasury, costing an estimated £2 billion to £2.7 billion. With an advance, there are 13 payments over a year instead of 12, and as of next year the period over which advances have to be repaid will be extended from 12 months to 24 months.

Baroness Janke (LD): People who are suddenly faced with zero income are unable either to wait five weeks for funds or to repay an advance by receiving lower payments, as required by universal credit. Will the Government consider providing an additional dedicated hardship fund via local authorities to provide immediate relief for people in urgent need?

Baroness Stedman-Scott: The issue of a local hardship fund has been raised and there is a recommendation for it to be put in place. I am afraid that we will have to wait for the outcome of those deliberations.

The Lord Bishop of Chelmsford: My Lords, the problems of the five-week wait have already been highlighted by other noble friends, and we should not underestimate their seriousness, but perhaps I may draw attention to some other temporary changes in universal credit. There has been an increase of £20 per week, which Ministers have stressed is a temporary, emergency measure, but the IPPR has calculated that if this had been in place since 2015, the UK would have entered this crisis with a pretty staggering 500,000 fewer people in poverty. Do Her Majesty's Government plan to make this increase in universal credit a permanent feature, particularly as it would be such a help to children?

Baroness Stedman-Scott: My answer to the right reverend Prelate is that I know of no intention to make it a permanent arrangement.

Baroness Eaton (Con): My Lords, can my noble friend explain the measures that are in place to support claimants with their housing costs?

Baroness Stedman-Scott: We have increased the local housing allowance to cover the lowest 30th percentile of the local market, and alternative payment arrangements

to landlords have been put in place. If claimants have great difficulties, they can speak to their work coach or client adviser, who, if there is a way to help them, will do their best to find it.

Baroness Coussins (CB): My Lords, the five-week wait has significantly increased household debt and anxiety as a result of council tax arrears. Will the Minister please press the Government to issue clear guidance to local authorities that collection and enforcement activity on council tax arrears, including all bailiff contact, should be suspended for a minimum of three months?

Baroness Stedman-Scott: I am happy to take that point back to the department and will write to the noble Baroness in due course.

Lord Desai (Lab): Given that the Chancellor has shown flexibility in designing his deal for the unemployed, will the Government consider suspending, at least temporarily, all the cuts which people on universal credit have had to suffer and which, in any case, should have been removed? Will they suspend them for, say, another 18 months?

Baroness Stedman-Scott: I do not wish to be negative in any way but I have no knowledge of the Government considering that. Therefore, I am unable to say more than I have already said.

Baroness Bowles of Berkhamsted (LD): Does not the mechanics of the whole-month approach to changes in circumstances create arbitrary fluctuations in income that are hard for those on low incomes to manage?

Baroness Stedman-Scott: I am not sure that I agree with the noble Baroness about the complexities of the changes. As we have made clear all along, we are trying to make the universal credit system replicate the world of work. However, I am aware that people on low incomes have difficulties, and I assure the noble Baroness that the Government want to do all they can to help them.

Baroness Altmann (Con): My Lords, can my noble friend expand a little on the previous question and explain how the structure of monthly payments compares with the legacy system, which had much shorter time-scales?

Baroness Stedman-Scott: Universal credit is simpler and fairer than the legacy system. It is designed to target resources at those who need them the most and to provide support for people who cannot work. There is a monthly reconciliation, which we are absolutely clear is better than the annual reconciliation.

The Lord Speaker (Lord Fowler): My Lords, the time allowed for this Question has elapsed. I offer my congratulations to all concerned, as we have got through all 10 questions. We come to the second Oral Question, from the noble Baroness, Lady Randerson.

Covid-19: Public Transport Question

11.16 am

Asked by Baroness Randerson

To ask Her Majesty's Government what assessment they have made of the impact of the COVID-19 pandemic on the provision of public transport.

The Question was considered in a Virtual Proceeding via video call.

The Parliamentary Under-Secretary of State, Department for Transport (Baroness Vere of Norbiton) (Con): My Lords, public transport faces significant challenges: lower passenger demand, reduced capacity as a result of social distancing and higher than usual staff absence levels. We are working very closely with transport operators as they increase their services and are providing financial support where necessary.

Baroness Randerson (LD): I welcome the Government's intervention but, to be commercially successful, buses and trains have to be very full, yet the social distancing measures require them to be only 15% full. Working and travel patterns have changed as a result of the virus, so do the Government accept that in future they need to work more closely with local authorities and to reform core funding for buses to encourage the use of zero-emissions vehicles and ensure that fares are affordable?

Baroness Vere of Norbiton: The noble Baroness is quite right. We are working very closely with local authorities to meet the needs of local communities, particularly in relation to buses, on which, as she recognises, capacity has been significantly reduced. We have an opportunity in that there will be a national bus strategy, in which we will look at how to put low-emissions vehicles on our streets.

Lord Clark of Windermere (Lab): My Lords, over the weekend, the roads in beauty spots and especially in national parks were blocked by parked cars, so much so that emergency services here in the Lake District National Park were not able to get through. However, you cannot get either into or around the national park by public transport. Will HMG therefore think very seriously indeed about any further relaxation of the lockdown, such as opening hotels or boarding houses, until we resolve the public transport problem?

Baroness Vere of Norbiton: The noble Lord is right that there is a significant increase in traffic at the moment, and in certain circumstances that has led to localised congestion from parking. Of course, local authorities and the local police have the power to move cars on to make sure that emergency vehicles are not prevented from getting to their destination.

Lord Taylor of Warwick (Non-Aff): My Lords, transportation connects the nation. Organisations such as the AA have predicted that traffic levels will remain lower due to Covid-19. What implications will that

have for the Government's £28.8 billion road-building programme, which is based on 1% annual growth in traffic demand?

Baroness Vere of Norbiton: The long-term impact of the current pandemic on road traffic is yet to be established, but we are, of course, keeping it under review. The noble Lord mentioned that vehicle excise duty goes into the national roads fund and that is used to both enhance and maintain our strategic road network as well as many other major roads. So there could be an implication for this particular fund; we are keeping an eye on it.

Viscount Trenchard (Con): My Lords, it seems obvious that social distancing, even if reduced to 1 metre, is impossible to observe while using public transport. Many countries, including France, Spain and Germany, have made the wearing of masks compulsory on public transport. Such a rule substantially removes the risk of direct transfer of the virus from person to person. Will my noble friend consider introducing a similar requirement in the UK?

Baroness Vere of Norbiton: The current guidance says that face coverings are advised on public transport and elsewhere, particularly in cases where social distancing is not possible. We are keeping this situation under review with regard to its extension and how we communicate that to our passengers.

Lord Bradshaw (LD): Most public transport uses air conditioning, which recirculates viruses, bacteria and other nasty things in the air. Will the Government consider a proper scientific examination of this problem to see whether air-conditioning systems can be modified, as I believe they can, to eliminate this transmission of disease?

Baroness Vere of Norbiton: I would like to put the concern of the noble Lord to rest in that air-conditioning systems exist in all sorts of circumstances; the Government are indeed looking to ensure that viruses are not significantly recirculated throughout any particular environment.

Lord Bowness (Con): Will my noble friend acknowledge that passenger scheduled and charter flights are as much a form of public transport as anything else, and that thousands of jobs in the airlines, airports, aerospace industries and their suppliers, and the communities around them, depend on those flights resuming to a reasonable level? Can the Minister indicate what steps the Government are taking, and what conversations they are having, to co-operate with other Governments and co-ordinate with other countries, particularly in Europe, to ensure that airports and airlines operate to a common standard, allowing flights to resume to as near normal as possible, as quickly as possible?

Baroness Vere of Norbiton: My noble friend will probably agree with me that aviation is a core part of our transport system and a great provider of jobs in this country. It is going through an unprecedented

[BARONESS VERE OF NORBITON]

time at the moment in that, of course, most flights are not currently taking place. We are working very closely with the aviation industry—the UK-based aviation providers, the regulators in the EU and beyond—to establish international standards for getting our planes back into the sky while making sure that, when passengers can fly, they are safe.

Baroness Meacher (CB): My Lords, I want to follow the question posed by the noble Viscount, Lord Trenchard, and the Minister's answer. Given that the Centers for Disease Control and Prevention has studied best practice across the world in controlling Covid-19 and includes in its four core recommendations the use of cloth masks when around other people, will the Minister pursue the urgent need to mandate the wearing of cloth masks on public transport, not only to save lives but to encourage far more people to use public transport and get to work?

Baroness Vere of Norbiton: I agree that the wearing of face coverings will be a very important element in restoring confidence in our public transport, not only for the passengers and the workforce but, in the longer term, for the industry. It is really important that people should wear face coverings on our public transport; that is the message that we are putting out there at the moment. Of course, any changes such as mandating the use of face coverings is an issue for the Scientific Advisory Group for Emergencies, which is considering this.

Lord Rosser (Lab): Given that, at least in the short to medium term, the economics of public transport are likely to be altered by lifestyle changes resulting from Covid-19, such as more people working from home and less international travel, will the Government provide financial support to public transport operators while they adjust to lifestyle changes of this kind once the pandemic is finally brought under control?

Baroness Vere of Norbiton: The Government are already providing financial support to a range of transport operators to make sure that they can operate as good a service as possible in the current environment. This will include funding for buses and light rail—and of course we have the Emergency Measures Agreement for all our heavy rail services. The situation is being kept under review. As demand changes over time and as the country comes out of lockdown, clearly, demand for public transport will go up, but it is not clear exactly when it will become commercially viable to operate public transport without government support.

Lord Oates (LD): My Lords, buried in the detail of the government bailout for Transport for London is a requirement to end free travel for under-18s. Will the Government urgently reconsider this outrageous condition, which deliberately targets young people by making them pay the price for the Covid crisis, and which will disproportionately impact the poorest families in London?

Baroness Vere of Norbiton: That requirement is not buried in the detail as the noble Lord has said—it is on the face of the funding agreement reached between the

Government and TfL. Both parties agreed to all the items within that document. We asked TfL to come up with operational plans such that we can temporarily remove free travel for under-18s. No other part of the rest of the country has free travel for under-18s; given that this £1.6 billion is being funded from general taxation, it strikes me that it is not fair for the rest of the country to pay for free travel for the under-18s at this time. Given the need to get people off public transport, on to their bikes and walking, it also strikes me that younger people can be at the forefront of that change.

The Lord Speaker: My Lords, I regret to say that the time allowed for this Question has now elapsed.

Covid-19: Television Licences *Question*

11.27 am

Asked by Lord Foulkes of Cumnock

To ask Her Majesty's Government, in the light of the restrictions in place to address the COVID-19 pandemic, what plans they have to reconsider the decision on the provision of free TV licences for people aged over 75.

The Question was considered in a Virtual Proceeding via video call.

The Parliamentary Under-Secretary of State, Department for Digital, Culture, Media and Sport (Baroness Barran) (Con): My Lords, the BBC is responsible for the over-75 licence concession—not the Government. The Government are disappointed with the BBC's decision to restrict the concession to those in receipt of pension credit. Recognising the exceptional circumstances posed by Covid-19, the BBC board has decided to delay the new start date of its policy on over-75s until 1 August; the BBC will keep this issue under review.

Lord Foulkes of Cumnock (Lab Co-op): Does the Minister accept that it is the Government who are forcing many hundreds of thousands of old people to stay at home for many more months and that, by agreeing to delay the implementation to the beginning of August, they have already accepted the principle that the TV is vital for many old people for information about Covid-19 and other things as well for entertainment? Since August is less than two months away, will the Minister and the Government get around the table with the BBC and decide to continue this delay indefinitely, or are they willing to condemn many hundreds of thousands of old people to even greater isolation and misery?

Baroness Barran: The noble Lord seeks to protect the health of our nation and that particularly includes old people. As I understand it, they are especially vulnerable to the impacts of Covid-19, so staying at home is a health issue. The Government are regularly around the table with the BBC and the other public service broadcasters; my right honourable friend the Secretary of State said recently that, should we be in a

similar situation at the beginning of August, she very much hoped that the BBC would show the same flexibility on this issue as it has shown already.

Baroness Bennett of Manor Castle (GP): Can the Minister tell us from where the 20% of pensioners aged over 80 who live in poverty will find the money for a licence fee? Will it be from food, or from heating in winter? I am sure that the phrase “pension credit” is forming in her head, but 1.2 million people who are eligible for that do not get it. The free TV licence is a universal benefit. Do we not need more of those, rather than more conditionality?

Baroness Barran: The noble Baroness is right that the words “pension credit” were forming in my mind. We are clear that we want everyone who is eligible to claim this benefit to do so. People should claim what they are entitled to. We also know that the BBC is working with older people’s groups and charities to try to design the simplest possible payment system for the over-75s and the over-80s, as the noble Baroness referred to specifically.

Lord Blencathra (Con): My Lords, while it is absolutely clear to everyone that the BBC is renegeing on its commitment to free TV licences for our elderly, will the Minister remind the House all that the Government are doing to assist the over-75s and to combat loneliness?

Baroness Barran: I have the great honour of being the Minister for Loneliness—the only one, I think, in the world. We have recently launched a new campaign trying to address stigma around talking about loneliness. We have announced dedicated funding to combat loneliness both for smaller organisations and for those with a national reach. We have created a new Tackling Loneliness Network, which we hope will bring a real energy to this important issue; we will shortly meet its stakeholders across business, the voluntary sector and the public sector.

Viscount Colville of Culross (CB): The inexorable rise of the streaming giants and the sharp reduction in the payment of licence fees means that the new funding arrangement for the BBC needs to be publicly discussed. Will the Government reconsider their rejection of the Communications and Digital Select Committee’s recommendation of setting up a BBC funding commission, which would allow this to happen and make the whole process of the future funding of the BBC more transparent?

Baroness Barran: The noble Viscount raises an important point about the transparency and suitability of both the funding arrangement and the regulatory framework. The Government are open to considering all these points and look forward to doing so in more detail when we receive Ofcom’s upcoming report, but there is currently no plan to set up a funding commission, as he suggests.

Lord Reid of Cardowan (Lab): My Lords, the Minister tells us that she is the Minister for Loneliness. Does she understand that over 40% of the over-75s live alone, and that by definition they suffer loneliness?

During the Covid pandemic, almost all of them, nearly 2 million people, rely on television for their main means of company. Given that the Government are already rightly spending billions to protect those in work by payments to private companies, what is to stop the Government, in a fair and balanced fashion, protecting the over-75s by doing a deal with the BBC to extend the concession, which lasts until August, until at least the end of the year?

Baroness Barran: I can only repeat that it is the responsibility of the BBC to decide whether or not to extend the concession. This point was debated extensively in both Houses under the Digital Economy Act, and that responsibility remains with the BBC. As I said earlier, we hope that it will remain flexible on this point.

Baroness Bonham-Carter of Yarnbury (LD): I am sure the Minister agrees that the BBC has once again proved invaluable at a time of crisis. Does she not accept that when jobs in the creative sector are in such severe jeopardy, allowing the continued loss of funds for the BBC will severely harm any recovery there? Does she accept that this policy actually penalises the licence fee payer twice over, both in paying the concession and in putting the existence of the programmes that they value—and indeed rely on—at risk?

Baroness Barran: The noble Baroness is absolutely right that the BBC has played a vital role in informing, entertaining and particularly, most recently, educating the nation during this pandemic. However, I do not accept that we are putting the creative industries at risk. As she knows, this Government have really prioritised the growth of the creative industries. We work extremely closely with them and unquestionably see their value to this country.

Lord Harries of Pentregarth (CB): Does the Minister not agree that the great social value of television has been revealed dramatically during this period, particularly of course for vulnerable older people? Would it therefore not be right and fair for the Government to bear the cost of free television licences, not the BBC, which has to operate in an increasingly competitive environment?

Baroness Barran: The noble and right reverend Lord will be aware, as I said earlier, that this has been decided. The transfer of responsibility for the licence fee was made in the Digital Economy Act and debated at length in both Houses in 2017.

Lord Stevenson of Balmacara (Lab): My Lords, the Government have clearly made a complete mess of their blatant attempt to cut the BBC by making it responsible for their welfare policy. Does not the delayed start until 1 August simply emphasise that? Given the scale of their other contributions to offset the impact of Covid-19, as others have said, what precisely do the Government gain by removing free TV from older pensioners?

Baroness Barran: The Government are not removing free TV from older pensioners. The Government struck a deal with the BBC over the licence fee settlement in

[BARONESS BARRAN]

2015 which was described by the director-general—the noble Lord, Lord Hall—as providing the BBC with financial stability. That is how we understood the situation and continue to do so.

The Lord Speaker (Lord Fowler): My Lords, the time allowed for this Question has elapsed.

EU: Plans for No Deal

Question

11.37 am

Asked by **Lord Dubs**

To ask Her Majesty's Government what contingency plans they have in the event of a deal not being agreed with the European Union by the end of the transition period.

The Question was considered in a Virtual Proceeding via video call.

The Minister of State, Cabinet Office (Lord True) (Con): My Lords, at the end of this year we will have recovered our economic and political independence on the basis of the agreement that we reached in October. Whether our relationship is on a Canada model or an Australian one, we will be leaving the single market and the customs union at the end of the year. As such, there is a fixed baseline of guaranteed changes for government, citizens and businesses to prepare against in these areas.

Lord Dubs (Lab): My Lords, no one could have foreseen that the Covid-19 pandemic would take place when the withdrawal agreement was drawn up. Does the Minister agree that if there is a no-deal Brexit there is no contingency plan that can prevent enormous damage to the economy, jobs, business and industry? Furthermore, is he not aware that every reputable body and commentator says that we ought to extend the timetable in order that we can get a better deal for this country? Surely that is the way forward.

Lord True: My Lords, I do not agree with the noble Lord in the picture that he presents of either unpreparedness or impossibility. We will seek and are seeking a free trade agreement with the European Union and we are carrying on negotiations in a number of areas, including one that I know is important to him: we are committed to seeking reciprocal agreements with the EU, for example, for family reunion of unaccompanied children. This work goes on and it can be done.

Baroness Andrews (Lab): My Lords, given that the Social Market Foundation has calculated this week that the regions that will suffer most from the double shock of a no deal plus the pandemic will be the north-west and the Midlands, as well as sectors crucial to the economy such as finance and insurance, what plans do the Government have to mitigate the damage that this will do to such vital areas of the country and the economy?

Lord True: My Lords, the Government seek to extend the opportunities of our being outside the European Union and to enable businesses and citizens to prepare for the change for which the people of this country voted and for which Parliament legislated. Of course, in our strategy of levelling up, we will have particular regard to any parts of the country that are affected in particular ways.

Baroness Ludford (LD): My Lords, in his evidence to your Lordships' House's EU Committee last week, the UK's Brexit negotiator, Mr David Frost, said that "the Canada and Australia outcomes are similar" if not identical. These are of course shorthand for a free trade agreement and no deal. Why are the Government so minimalist in their aims compared to the goal of "an ambitious, broad, deep ... partnership ... with a comprehensive ... Free Trade Agreement at its core" that they signed up for in the political declaration last October?

Lord True: My Lords, I watched the evidence given by my right honourable friend the Chancellor of the Duchy of Lancaster and by Mr David Frost. I thought that they came over—I hope your Lordships will agree—as people who were seeking a responsible and reasonable agreement with the European Union. I am confident that those negotiations will succeed.

Lord Truscott (Ind Lab): My Lords, Goldman Sachs has estimated that Britain's economy has already lost 2.5% of GDP since the referendum. According to the Government's own calculations, Brexit will cost 6.7% of GDP, or £130 billion, over the next 15 years. What assessment have Her Majesty's Government made of the combined economic cost to the UK of Brexit and Covid-19?

Lord True: My Lords, I am a veteran of listening to baleful predictions about what might happen if the British people made the decision that they did. The Government have made it clear that they will invite evidence and opinions from a range of economists and others as to what the future might hold, but our position is that this is an opportunity and a duty, and we intend to deliver it.

The Earl of Sandwich (CB): My Lords, does the Minister accept that if no progress is made soon with the EU on farming and animal welfare standards, which is an issue of great concern to Parliament as well as to the country, it must surely inhibit our negotiators in the US FTA in maintaining those same standards and is therefore likely to lead to an inadequate mini-deal?

Lord True: My Lords, the noble Earl is quite right to refer to the importance of agricultural products, which is obviously a matter being discussed in the ongoing negotiations. I am not following him into any linkages. My interest and that of the Government is to secure the best outcome in the negotiations that are going on as we speak.

Baroness Hayter of Kentish Town (Lab): My Lords, yesterday's EU Committee report described the continued uncertainty and lack of time for a deal, combined with the pandemic, as

“a potent threat to economic prosperity and political stability in Northern Ireland.”

Businesses still do not know what to expect by way of customs processes, regulatory checks and exit summary declarations on goods from GB to Northern Ireland. Without a comprehensive free trade agreement, the consequences for Northern Ireland could be seismic. Can the Minister outline plans to advise businesses in Northern Ireland and GB and help them prepare for the future in case such an agreement is not reached by the year end?

Lord True: My Lords, I read with great interest your Lordships' report on the Northern Ireland protocol. I do not agree with every judgment in it, but it was very valuable and the Government will make a response in due course. I said—I think when I answered the noble Baroness on a previous occasion—that a business engagement forum in Northern Ireland is imminent. A process of engagement with business across the country is of great importance, is ongoing and will be intensified.

Lord Wallace of Saltaire (LD): My Lords, the Minister in his first Answer said that we are negotiating on the basis of the agreement reached last October. Earlier this year, we had a number of authoritative briefings, presumably from No. 10, to say that the decisive result of last December's general election in effect sidelined the political declaration and that we were now negotiating on what the Minister also described as a more minimalist arrangement. The political declaration talked about an “overarching” framework and a continuing security, foreign policy and defence relationship, which is a great deal more than Canada or Australia. Have we now abandoned the political declaration, or are we still, as the European Commission would like, negotiating on the basis of that agreement?

Lord True: My Lords, we have put into law a withdrawal agreement, including the NI protocol, and that is the basis of our continuing policy. The Government have published a number of documents which have been laid before your Lordships' House on our approach to negotiations and, most recently, on the Northern Ireland protocol. That is the basis on which we are proceeding, in good faith and hope.

The Lord Speaker (Lord Fowler): Lord Howarth of Newport. No? Baroness Deech.

Baroness Deech (CB): Does the Minister agree that the only contingency worth considering at this moment is that if we stay tied to the European Union beyond 31 December, we face paying into a dramatically increased EU budget next year, with new taxes? It has been estimated that staying in might cost us £380 billion over the next two years. Is it not time to make sure that we get out by 31 December?

Lord True: My Lords, I am not going with any particular prediction on this question, as I did not on an earlier one—there will be a range of opinions—but

I fully agree with the noble Baroness that, were we to stay attached to the EU beyond December, we would face uncertain, unknown but substantial costs in terms of our duties to make payments to the European Union.

Baroness Ritchie of Downpatrick (Non-Affl): What resources will be provided to implement the Northern Ireland/Ireland protocol in terms of staff and finance?

Lord True: My Lords, I cannot give a particular figure in reply to the noble Baroness, but, as I have tried to stress to her before, the Government recognise fully the importance of securing the internal market with Northern Ireland and will do all in their power to assist with that and to maintain the position that exists now.

The Lord Speaker: My Lords, the time allowed for this Question has now elapsed. I thank all noble Lords who have taken part in Question Time. That concludes the Virtual Proceedings on Oral Questions. The Virtual Proceedings will resume at a convenient point after 12 noon for the Private Notice Question on Hong Kong.

11.49 am

Virtual Proceeding suspended.

Arrangement of Business

Announcement

12.01 pm

The announcement was made in a Virtual Proceeding via video call.

The Senior Deputy Speaker (Lord McFall of Alcluith): My Lords, Virtual Proceedings of the House of Lords will now resume. I remind Members that these proceedings are subject to parliamentary privilege and that what we say is available to the public both in *Hansard* and to those listening and watching. Members' microphones will initially be set to mute and the broadcasting team will unmute their microphones shortly before we reach their place in the speakers' list. When Members have finished speaking, their microphones will again be set to mute. Please ensure that questions and answers are short. The Virtual Proceedings on the Private Notice Question will now commence.

Hong Kong

Private Notice Question

12.01 pm

Asked by Lord Alton of Liverpool

To ask Her Majesty's Government what is their response to the proposal by China's National People's Congress for a national security law in Hong Kong and what impact the anti-sedition laws will have on the “one country, two systems” framework and the civil liberties of those living in Hong Kong.

The Question was considered in a Virtual Proceeding via video call.

Lord Alton of Liverpool (CB): My Lords, I beg leave to ask the Question standing in my name on the Order Paper, and in so doing declare my interests both as a patron of Hong Kong Watch and as vice-chairman of the All-Party Parliamentary Group on Hong Kong.

The Minister of State, Foreign and Commonwealth Office and Department for International Development (Lord Ahmad of Wimbledon) (Con): My Lords, we are deeply concerned at the decision of China's National People's Congress to impose a national security law on Hong Kong. If implemented, the imposition of a proposed new national security law will lie in direct conflict with China's international obligations under the principles of the legally binding, UN-registered Sino-British joint declaration. We are fully committed to upholding Hong Kong's autonomy and respecting the "one country, two systems" model, which that law would call into question.

Lord Alton of Liverpool: My Lords, last week, in giving evidence to a Westminster hearing, a young doctor reminded us that under the new law he could be arrested and disappeared for doing so. Two days before the 31st anniversary of the Tiananmen Square massacre, how will the Government ensure that their welcome lifeboat policy will provide for Hong Kong's defenders of democracy, such as that young doctor, or already arrested lawyers such as Margaret Ng and Martin Lee? How will they sanction those who have collaborated in the destruction of "two systems, one country"? Will we deepen the international response at the forthcoming G7 by forming the international contact group proposed by seven former Foreign Secretaries and develop a Helsinki-style response in line with the call made by over 650 parliamentarians from 34 different countries?

Lord Ahmad of Wimbledon: My Lords, as I said, we are deeply concerned by these actions. The action of the National People's Congress in invoking this law has caused great concern, both in Hong Kong and internationally. I assure the noble Lord, while acknowledging and praising the work he does in standing up for human rights, not just in Hong Kong but internationally, that we remain very committed to standing up for the rights of human rights defenders in Hong Kong. We have registered our serious concern with the Hong Kong and Chinese authorities about recent arrests and we remain committed to raising the issue of Hong Kong in partnership with like-minded international partners. I am sure that the noble Lord recently noted statements made by the Foreign Secretary with key partners and friends such as Australia, Canada and the United States to ensure that Hong Kong's laws are respected and China respects the laws of Hong Kong—that is, "one country, two systems".

Lord Patten of Barnes (Con): I think my interests are probably well known. To follow up what the noble Lord, Lord Alton, said about an international contact group, the Minister will know that, as the noble Lord said, seven former Foreign Ministers from right across politics have sent a letter to the Prime Minister proposing, as a way of demonstrating our legal, moral, political and economic obligations to Hong Kong, that the Government themselves should take a lead in putting

together an international contact group that can keep in touch with developments there and continue to press China not to breach its international treaty obligations or its commitments to a high degree of autonomy in Hong Kong. It would be helpful if the Minister could give some indication of the Prime Minister's thinking on this subject. At the same time, I suggest that perhaps we should be looking at raising at the UN—I know that we have already talked about this there—the possibility of appointing human rights co-ordinators to go into Hong Kong and see what is happening on the human rights front. I welcome what the Government have said about passports, but there is a lot more to do to demonstrate our legal and moral obligations to what was, of course, a British colonial territory.

Lord Ahmad of Wimbledon: My Lords, my noble friend speaks with great insight and expertise in this area, and I have noted some of his particularly helpful suggestions. I acknowledge the action by 762 parliamentarians across 37 countries, which talks about a flagrant breach of the Sino-British joint declaration.

We believe that if this law is enacted it will indeed undermine the existing provisions within Hong Kong of "one country, two systems". On my noble friend's wider point, we continue to raise this through international action and partnership. My noble friend suggests an international contact group; as I am sure he has noted, my right honourable friend the Foreign Secretary has led direct action in this respect. Over the last few weeks he has issued several statements, including a statement of the British position, but has also underlined the very provisions that my noble friend has highlighted: if this law is enacted, China's international obligations to Hong Kong will be undermined. Equally, he has also raised this issue in partnership with the likes of Canada, Australia, the US and the European Union. This is a very serious point in time and a serious cross-roads for the future of Hong Kong. We ask the Chinese authorities and the Hong Kong Special Administrative Region again to think carefully before proceeding with this law.

Baroness Kennedy of The Shaws (Lab): My Lords, I too have been involved with human rights issues in this region for a long time. I am a lawyer and currently the director of the Human Rights Institute of the International Bar Association, the global voice of the legal profession. This new legislation is causing us great alarm. It is clearly aimed at stamping out protest and freedom of expression and it goes to the heart of democratic autonomy and freedoms. The legislation expressly allows Chinese national security agencies to operate in the city of Hong Kong. The Minister will certainly know that Beijing has probably the most advanced technological security apparatus in the world and is now using it, including facial recognition, intercepts, tracking devices and so on, and is enabling wide-scale surveillance in China. The fears are that it will be used in the same way in Hong Kong.

I also express others' concerns about what is happening with regard to human rights. A suggestion is being made—I strongly urge it—that a special envoy be created by the Secretary-General of the United Nations and that Britain should urge him to create such an appointment

so that he can travel with others, and I hope with human rights lawyers, to Hong Kong to assess and address the situation and to negotiate with China itself. The history of negotiation goes right back to the beginning of the UN, when General George Marshall negotiated between the Chinese Communist Party and the Kuomintang. We know that negotiations can be successful. I urge that we take steps, and I want to know whether the Minister has been having those conversations with the United Nations as well as with friendly nations that are liberal democracies.

Lord Ahmad of Wimbledon: I agree with the noble Baroness. As she knows, the existing rights of Hong Kong are enshrined in the Basic Law of Hong Kong, and the Sino-British agreement has also been deposited in the context of the UN. On her final point, as noble Lords know, we raised this issue directly during a recent UN Security Council meeting. Both we and the United States spoke on this particular issue under any other business—we were able to raise it under that agenda item.

On the specific question of a special envoy, which the noble Baroness and my noble friend mentioned, I assure noble Lords that in my right honourable friend the Foreign Secretary we have someone who has taken direct leadership on and interest in this issue, and we are leading the international response and thinking on Hong Kong. In recent days and weeks, the Foreign Secretary has continued to engage with a range of partners to explain our position and impress upon them the gravity of the events that have taken place. At present, we have no plans to form an international contact group, as I said to my noble friend, or to push for a special envoy. However, we are calling on the Government of China to live up to their obligations and responsibilities as a leading member of the international community. I assure noble Lords, including the noble Baroness, that we are working with international institutions, including the UN Human Rights Council, to ensure that China upholds its commitments as a co-signatory to the joint declaration.

The Senior Deputy Speaker (Lord McFall of Alcluith): I remind Members that, if we are to get through all the questions, both questions and answers need to be short. We are two-thirds of the way through the allotted time.

Baroness Northover (LD): The noble Lord clearly recognises that this move potentially breaks the Sino-British agreement. Will the path to UK citizenship therefore be extended to all Hong Kong citizens, not just those with BNO status, and their dependents?

Lord Ahmad of Wimbledon: The noble Baroness makes an important point. We have had many discussions on this. I assure her that, if China continues down this path and implements this national security legislation, we will be required to change the status of BNO passport holders. The Foreign Secretary was quite specific: we would set in train arrangements allowing BNOs to come to the UK for longer than the current six-month period and apply for extendable periods of 12 months to work and study, which will in itself provide a pathway to citizenship.

Lord Carrington (CB): My Lords, while I join in the criticism of China's imposition of a national security law, I ask the Minister to confirm that any economic and financial measures being considered to dissuade or punish China should not inadvertently cause further hardship to the citizens of Hong Kong, so that a major humanitarian disaster is avoided.

Lord Ahmad of Wimbledon: My Lords, I assure the noble Lord that our priority is ensuring the well-being of the citizens of Hong Kong in terms of economic prosperity, security and human rights.

Lord Davies of Gower (Con): My Lords, three years ago, I, along with other parliamentarians, was invited to Hong Kong to observe the workings of the “one country, two systems” principle enshrined in the Basic Law document. I was left with a sense of nervousness and desperation for the young parliamentarians who warned of their fear of a future clampdown and security environment imposed by Beijing. What substantive message of hope and substance can my noble friend the Minister give from the British Government to the young future generations of Hong Kong to reverse this dismal outlook for their future?

Lord Ahmad of Wimbledon: My Lords, I assure my noble friend that we continue to stand by our obligations as a co-signatory to “one country, two systems”. We give hope to those human rights defenders who fight for democracy in Hong Kong that we will continue to uphold those obligations, not just for the United Kingdom but to remind China and the Hong Kong Special Administrative Region of their obligations and commitment to both that agreement and the obligations that lie beneath it.

Lord Collins of Highbury (Lab): I want to return to the issue of British national overseas citizens in Hong Kong. In this morning's Statement, the Foreign Secretary said, as the Minister just repeated, that if China pushes through this legislation, we will act on their rights. I welcome the announcement, but clarity is needed now. When will the Government tell BNOs in Hong Kong what their rights will be? Will they take urgent consultation now?

Lord Ahmad of Wimbledon: My Lords, I assure the noble Lord that we take our obligations to BNO passport holders very seriously. Both the Foreign Secretary and the Home Secretary are directly engaged on this agenda. We have made our position absolutely clear: if China acts, we will be compelled to act on the basis that I have outlined.

The Senior Deputy Speaker: Lord Owen? The noble Lord, Lord Owen, is not there, so I will go to the noble Lord, Lord Pannick, and return to the noble Lord, Lord Owen, when he gets a connection.

Lord Pannick (CB): Does the Minister agree that Hong Kong has the important asset of an independent judiciary, which is admired throughout the world, and that the judges of Hong Kong will inevitably be asked

[LORD PANNICK]

to decide whether the new laws, if implemented by Beijing, are part of Hong Kong law or whether they conflict with the Basic Law of Hong Kong, as many lawyers have suggested? I declare an interest as a regular advocate in the Hong Kong courts on constitutional matters.

Lord Ahmad of Wimbledon: I agree with the noble Lord that that is important. The independence of the judiciary in Hong Kong is well recognised. In due course, if China proceeds along these lines, I am sure that the judiciary will give its opinion, but we have deep reservations. If China proceeds with this, it will undermine “one country, two systems”, which is enshrined in Hong Kong’s Basic Law.

Lord Dobbs (Con): My Lords, I ask my noble friend to condemn the increase in racism in recent weeks that has been aimed at British citizens of Chinese descent. They are not the problem. However, are we clear enough about what we want from Beijing? It seems that, too often, we grasp at trade and economic links when we have deep political reservations about human rights in Hong Kong and so much else. It seems that we want its money but not its manners. Does my noble friend accept that we need to do much more analysis of our own policies to make our priorities clear and consistent if we want to talk to China with maximum authority?

Lord Ahmad of Wimbledon: First, I agree with my noble friend. I am sure that I speak for all noble Lords when I say that racism in any form in any place in the world is abhorrent and that we should condemn it unequivocally. On his other points, we have a balanced relationship with China. It is an important strategic partner, as we have seen in the response to Covid, where it has assisted. We recognise the role that China has to play economically and in the Covid response. Equally, I believe that we balance our foreign policy objectives on trade to ensure that we can also be a country that stands up for human rights and international law. I am proud of our traditions in that respect. As the British Human Rights Minister, I can say that we will continue to bring that balance to our foreign policy engagement, not just with China but around the world.

The Senior Deputy Speaker: My Lords, the time allowed for this Question has elapsed. The Virtual Proceedings will now adjourn until a convenient point after 12.30 pm for the Motion in the name of the noble Lord, Lord Gardiner of Kimble.

12.18 pm

Virtual Proceeding suspended.

Arrangement of Business Announcement

12.30 pm

The announcement was made in a Virtual Proceeding via video call.

The Senior Deputy Speaker (Lord McFall of Alcluith): My Lords, Virtual Proceedings of the House of Lords will now resume. I remind Members that these proceedings are subject to parliamentary privilege and that what we say is available to the public both in *Hansard* and to those listening and watching. Members’ microphones will initially be set to mute, and the broadcasting team will unmute their microphones shortly before we reach their place in the speakers’ list. When Members have finished speaking, their microphones will again be set to mute.

We now come to the Virtual Proceedings on the Motion in the name of the noble Lord, Lord Gardiner of Kimble. The time limit is one and a half hours.

Direct Payments to Farmers (Crop Diversification Derogation) (England) Regulations 2020 *Motion to Consider*

12.31 pm

Moved by Lord Gardiner of Kimble

That the Virtual Proceedings do consider the Direct Payments to Farmers (Crop Diversification Derogation) (England) Regulations 2020.

Relevant document: 14th Report from the Secondary Legislation Scrutiny Committee

The Motion was considered in a Virtual Proceeding via video call.

The Parliamentary Under-Secretary of State, Department for Environment, Food and Rural Affairs (Lord Gardiner of Kimble) (Con): My Lords, I declare my farming interests as set out in the register. In light of the wet weather that England experienced during the autumn and winter of 2019 and 2020, this statutory instrument will remove crop diversification requirements for the direct payments scheme in 2020. This statutory instrument applies to England only, and each devolved region of the UK has introduced a comparable derogation in its legislature. In accordance with the “made affirmative” procedure, this statutory instrument came into force on 1 May 2020 to coincide with the start of the crop diversification period. It was made affirmative as it is an emergency measure introduced at pace, and the following debate is confirmatory.

It is ironic, and a stark reminder of the unpredictable conditions in which farmers must conduct their business, that we are considering a wet weather derogation today. Although farmers—perhaps other than those making hay—are now desperate for rain, only a few weeks ago this was an emergency. The endless changeability of nature and the farmer’s exposure to the elements require government to be proactive in supporting the agriculture industry through difficult seasons. It occasionally requires emergency measures such as the statutory instrument we are now discussing.

Crop diversification requirements were brought over from EU law when the UK left the EU on 31 January and require farmers managing more than 30 hectares

of arable land to grow at least three different crops on that land. Farmers with smaller landholdings are also subject to crop diversification requirements and must grow at least two different crops. The removal of these requirements for 2020 means that farmers in England will not be required to grow more than one crop to receive their full greening payment. The removal of these rules is fully supported by farmers, landowners and industry representatives.

This SI is made under article 69(1) of Regulation 1307/2013, which was incorporated into domestic law and applied for the 2020 scheme year by the Direct Payments to Farmers (Legislative Continuity) Act 2020. As I said before, the SI relates to the 2020 scheme year only. That article allows regulations to be made, where necessary and justified, to resolve specific problems in an emergency. We are continuing to act in accordance with the EU legislation that has been rolled over, in line with our decision to operate an equivalent direct payments scheme for 2020 in order to maintain state aid exemptions, as laid out in the withdrawal agreement.

Extreme wet weather events over autumn and winter 2019 had an adverse impact on farming communities across England. Large areas of farmland had been under floodwater or were severely waterlogged at a principal time for drilling crops. Consequently, this left farmers with the option to plant spring crops only. Following the two storms in February 2020, the opportunity to plant spring crops was pushed back by a considerable amount of time due to further issues of land being flooded and waterlogged. Consistently from September 2019 through to February 2020, England experienced rainfall significantly higher than the long-term average. February tipped the scale at 267% of the average, as farmers were preparing to enter the spring cropping period.

These conditions created significant difficulties for cultivating crops, either because farmers could not access flooded land or because land was too waterlogged. Anyone living in the countryside will have seen with their own eyes the severity of the situation and the impossibility of farmers holding even to the best-laid plans.

The devastation wrought by prolonged wet weather and these floods clearly impacts on farmers' ability to meet crop diversification requirements for the 2020 direct payments scheme. Failure to meet these requirements would lead to reductions and penalties for the greening element of direct payments, which accounts for approximately 30% of a claim's total value. Having up to 30% of their payment at risk would be a significant financial burden for farmers to bear and cause considerable worry. Continuing to enforce the crop diversification requirements is not practical in light of extreme weather events. It was clearly necessary and, in our view, justifiable to absolve farmers of such a requirement for 2020.

Industry stakeholders have been clear that this derogation is very much needed. The department has frequently engaged with industry representatives on this issue at our regular stakeholder forums, and the necessity of taking action to support farmers through this difficult season has been absolutely evident. Further to farmers welcoming this approach, industry stakeholders such as the National Farmers' Union have told us:

"This will make a huge difference to thousands of farmers in England".

The Country Land and Business Association, CLA, has also been very supportive of our decision. This derogation will provide much-needed relief to the thousands of farmers adversely affected last year and this by severe wet weather.

The derogation we are considering today is part of a broader package of support that the Government have made available to farmers in the aftermath of these devastating floods. In addition to the crop diversification derogation that this statutory instrument will introduce, £6 million of funding has been made available through an extension of the farming recovery fund.

The costs to farmers can be overwhelming following extreme flooding, which is why the Government are taking action in supporting farmers through this difficult season, helping them back on their feet and allowing them to get on with the vital work of farming. This is about supporting farmers who have faced a very difficult season.

While I stress to your Lordships that this derogation is very much needed, it is also absolutely apposite that I use this opportunity to reaffirm and endorse in the strongest possible manner our recognition of and appreciation for the dedication and commitment of farmers, who continue to work tirelessly in the production of the nation's food during what we all know is a challenging time. I beg to move.

12.39 pm

Baroness Jones of Whitchurch (Lab): My Lords, I thank the Minister for his introduction to this SI. It is of course a welcome move and we support the intent behind it. The fact is that the three-crop rule has always been seen as a rather clumsy way to achieve greater environmental benefits across the European common agricultural community. It did not always fit with obvious best farming practice. As the Minister said, this has been an unprecedented winter and spring, in which it felt that it would literally never stop raining, but the roots of this problem go back to last autumn. Even then, farmers were calling out for assistance. So what took the Minister so long, and why did the Secretary of State say at the NFU conference that he was not prepared to help on this issue?

This derogation is being introduced specifically in response to flooding, as it has in the past, but we know that flooding and drought are becoming much more regular as we struggle to adapt to the climate change emergency. Could this derogation have a wider application? Will it also cover some of the current Covid-19 impacts, for example the potential loss of seasonal workers to harvest crops or the loss of market access, such as that experienced by the dairy sector?

There are obviously wider questions about going forward as we leave the EU and the Agriculture Bill comes on stream. Is it intended that a UK version of the three-crop rule will be part of the environmental land management schemes and, if not, how will we replicate the environmental benefit that our membership of the CAP was meant to deliver? What mechanisms does the Minister envisage will be in place to support farmers facing extreme weather conditions in the future? I look forward to his response.

12.41 pm

Baroness Parminter (LD): My Lords, there are large sums of money involved in this statutory instrument. Those figures were not mentioned in the Explanatory Memorandum or by the Minister, so I am very grateful to the civil servants for confirming to me that in 2019, the greening fund amounted to just over half a billion pounds. That is public money to deliver greening schemes to protect the environment—protection that is needed now more than ever, due to the impacts of climate change evident in the extreme weather that we have been seeing. Indeed, as the Minister said, it was the severe floods in February which prompted the derogation in this statutory instrument; since then, we have had the sunniest May on record.

This is a pretty blunt tool to exempt all farmers from crop diversification requirements. While I accept the case for supporting farming businesses, it is not a great signal during the first year we are outside the European Union that public money is to be retained while not delivering environmental goals. The two need to go hand in hand.

Now that we are outside the European Union, I welcome the Government's Agriculture Bill and the proposals of public money for public goods, including environmental goals. But given that the Bill has no accompanying introduction of new powers to better regulate farming and land management, building on the current baseline standards, how are we to guarantee that those environmental ambitions will be delivered? We had the Government-commissioned Stacey review of farm regulation in 2018. When will we see government proposals to ensure the delivery of the environmental ambitions that we expect farmers to undertake in future, in return for public financial support?

12.43 pm

The Lord Bishop of St Albans: My Lords, British agriculture needs all the help it can get at this moment, so this legislation is most welcome. I congratulate Her Majesty's Government on their flexibility in responding to this need. As the National Farmers Union said earlier this year, farmers "have found it virtually impossible to have one crop in the ground, let alone three. Without a derogation they would have been forced down the bureaucratic 'force majeure' route that would require case by case assessments."

These Benches have long supported efforts to promote the environmental aspects of the three-crop rule and many other EU-driven policies, yet they must be applied to the unique British farming ecosystem. Currently, farmers talk about the large parts of the country which were drenched last winter, following Storm Ciara and Storm Dennis; now, a few months later, many of our fields are dry. One commodity trader wrote that the weather has been against the grower throughout this season, so this regulation is timely and necessary.

Recent events such as the coronavirus pandemic have brought into focus the need to support all our supply chains, especially in food. As your Lordships' House will be aware, the Second Reading of the Agriculture Bill will take place tomorrow week. I hope that Her Majesty's Government will show the same flexibility in responding to Members' concerns about our dairy industry and home-grown food sustainability, along with the provision of sufficient labour for the harvest.

12.45 pm

Baroness McIntosh of Pickering (Con): I congratulate my noble friend on bringing forward this much-needed emergency measure. I join him in thanking the farmers for working through what has been a very difficult time, including a pandemic, to put food on our plates.

I applaud the investment that the Government have made in forecasting for extreme weather events. My noble friend referred to the background to this measure as one of severe flooding—not least, may I say, in North Yorkshire and the whole of the Yorkshire region. Yet now we find ourselves in a time of potential drought. Will he update us on the research and continuous forecasting that is done, so that in future extreme weather events farmers may be better prepared for where the deluge might fall? The game changer came, as was recognised in the Pitt review in 2007, when we saw weather events that we had never seen before—in particular, deluges of rain falling in one place and not moving on, making farming extremely difficult.

While looking ahead to the Agriculture Bill, I welcome the environmental and greening aspects of the measure before us today and recognise that this currently amounts, as my noble friend said, to 30% of farm incomes. Will he give us an assurance today that future provisions will have an emphasis on crops, livestock and other food production, particularly in view of food security and self-sufficiency? At no time has that been more important than now, when we have seen all the difficulties of the Covid-19 virus.

12.47 pm

Lord Little (Lab): My Lords, I accept the case for this derogation and thank the Minister for introducing it so clearly. However, I would like to ask him some questions.

I was a great supporter of the CAP reforms of 2013, which introduced environmental and sustainability conditions into the single farm payment. It covered permanent grassland, ecologically focused areas such as field margins and the three-crop rule to prevent monocultures taking root in Europe. When Michael Gove became Secretary of State for Defra, he made a great thing of how the Government's intention was to be more environmental and sustainable, and that the rules would be changed to reflect that. This measure is of course temporary, but it is a retreat from that objective. I would like to be clear that the Government see this as a temporary and not a permanent thing. With what do they intend to replace the three-crop rule to achieve the objectives of that rule?

I am also concerned about what the future will hold as a result of a UK-United States trade agreement. Will that not give incentives to arable farmers to go in for more monoculture in order to stay competitive? That is a worry, so I would be grateful if the Minister would answer these points.

12.49 pm

Lord Wei (Con): My Lords, I too, like other speakers, welcome the continuation of this policy. We are in difficult circumstances as a country. Certainly, the floods, which seem a long time ago now, had a major impact, of which we need to take account. Given the time, I have only a couple of questions for the Minister.

First, given that, in addition to the floods, we are now in the midst of, and coming out of, lockdown—supply chains have been impacted and there is an uncertain picture over the coming year or so—how will this measure evolve? In particular, how do we ensure that we are prepared for what might be coming later in the year to support farmers and their livelihoods—not just to remove some regulations but to proactively enable them to weather the storm, as it were, that is coming? They are already facing that storm in terms of growing the food and I welcome that they will have more ability to focus on one crop if they need to. There is then the question of how they can get that to market and whether there is demand for that crop.

We will hear more, I suppose, in the announcements tomorrow and over the coming weeks, but what measures are being taken to ensure resilience generally throughout the agricultural ecosystem? What technology do we need and what can we do to stimulate and even pay for innovation in agriculture so that we are more resilient and less exposed to whatever it is, be it the weather, Brexit or pandemics? We need to ensure that we have, as far as possible, a sustainable, self-sufficient agricultural economy.

12.51 pm

Baroness Northover (LD): My Lords, I declare a past interest as the daughter of a tenant farmer for whom grants were vital to the viability of the farm. I learned that the weather was central to our lives, whether frosts that arrived at lambing time or south-westerlies that flattened the corn at harvest time. I also learned that diversification was vital. Rape and mustard crops following harvest meant that the sheep would put nutrition back into the soil and smaller quantities of fertiliser would be needed. In addition, I learned that at any instance, one part of the farm would lose money, another might break even and, with luck, a third, whether sheep, beef or arable, would make a profit. It was impossible, however, to know from year to year which would be which; diversification, therefore, was more sustainable, but then my father had hilltops, not rich Norfolk arable land.

The aims of diversification through rotation, multiple cropping and species mixture can allow farming to become more resource-efficient with fewer inputs. It helps to defend against climate change and the degrading of the soil and promotes water and species conservation. It is ironic, if understandable, that after storms and bad weather, the Government are seeking a derogation from crop diversification here. It is clearly important to be flexible in difficult circumstances, but there is a real risk that post Brexit, and in a post-Covid-19 recession, diversification will be reduced in the long term, especially because of climate change, as we fight the global markets. Will the Minister assure us that that will not happen and that the Government are looking at the long-term future and role of farming? It needs to be sustainable in the full sense of the word, both for the industry and for all of us.

12.53 pm

Baroness Jones of Moulsecoomb (GP): My Lords, in the very limited time available, I would like to raise two issues: protecting our current standards and the value of crop diversity in nature as mitigation against

climate change and for promoting human health. On the first, a lot of people have contacted me extremely worried about the possible American intrusion into our farming practices and production lines. I have repeatedly reassured them that House of Lords Ministers have repeatedly assured Peers that there will be no lessening of standards, whether in production or distribution. There is also widespread concern about GMOs and I am not sure that the Government understand the danger that they pose to all of us. Therefore, we need tough standards on safeguards for imported food. We cannot allow farmers—a valuable national resource—to be undermined and undercut by imports produced to lower environmental, animal welfare and food safety standards.

On the second issue, I am well aware that less diversity in crop growing could mean less diversity nationally in the food that we grow. If we do not have some sort of national plan, I am sure that that could happen. We are all aware that we do not grow enough food to feed ourselves and we do not grow the diversity of food that we have come to expect in our diets and almost certainly never will. Food security is needed, and that can be helped by self-sufficiency, but even during the last war we produced only 75% of our own food and there was a very restricted range of foods on offer. There is also the point that less diversity can mean monocultures, which are extremely damaging. All our Bills and the strategies—on agriculture, the environment and even fisheries—need to be knitted together. I am sure that we Peers can help the Government to do that.

12.55 pm

Lord Flight (Con): My Lords, I believe there is strong cross-party support for this much-needed emergency measure, both in the Commons and in the Lords. As these are money regulations, however, decisions in the Lords are not binding. The regulations have a convoluted legal background and they aim to continue direct payments up to 31 December 2020 under domestic law. The Direct Payments to Farmers (Legislative Continuity) Bill received Royal Assent back in January. The measures are required because the EU direct payments legislation no longer applied to the UK from exit day on 31 January this year. The Agriculture Bill will not affect 2020 direct payments. Clause 8 of the Bill means that direct payments will be phased out over seven years from 2021. Their last year will be the 2027 scheme year. Do the Government propose to continue to allow for a derogation of crop diversification during the phasing-out period?

The Government's 2018 consultation paper *Health and Harmony* set out phasing-out proposals for direct payments and their replacement eventually with a new environmental land management scheme, to be piloted from 2021 to 2024. I will have a lot more to say and concerns to raise regarding financial arrangements at Second Reading of the Agriculture Bill on 10 June.

12.57 pm

Earl of Devon (CB): I declare my interest as an arable farmer, though thanks to Devon's sandy red soil, we do not need this derogation just yet. As well as

[EARL OF DEVON]

being a farmer, I was once a theologian and our current agricultural challenges are biblical: unprecedented floods, a disease pandemic and now an increasingly desperate drought. Even in a normal year, these would be assaults worthy of Moses, but this is not a normal year because, at the same time, we are undertaking our own exodus from Europe. We are midway through leaving the common agricultural policy in the midst of the Red Sea, with pro-Brexit prophets promising a land fed with pasture-fed milk and wildflower honey. In the coming months we will be debating the Agriculture Bill, from which we will derive the commandments by which we will reach that promised land. However, the details remain as inscrutable as Jehovah. We wait with bated breath to see what is written; we pray that we do not face 40 years wandering in wilderness.

While often criticised for its bluntness, the three-crop rule has been an invaluable tool, ensuring cross-compliance and minimising the environmental damage of an excessive arable monoculture. Will the three-crop rule exist under the new ELMS? How will the Government ensure that environmentally beneficial crop rotation is maintained and enforced? This limited derogation is largely supported by farmers, particularly in those areas devastated by winter floods. Will the Minister specify the evidence on which the derogation is based? Defra's briefing merely cites pressure from stakeholders, but I assume that some analysis was undertaken. How many farmers require this derogation? Where are they located? Are there plans to monitor its impact? Finally, I also understand that pressure is being applied to extend the derogation into 2021. Will the Minister state whether there are any plans to do that and, if so, why?

1 pm

Lord Bourne of Aberystwyth (Con): My Lords, I first thank the Minister for setting out so clearly the regulations, and join others in thanking our farmers, who, through this dreadful crisis, continue to ensure that British food ends up on British plates; they really deserve our praise.

My noble friend the Minister quite rightly said that these are England-only regulations. However, I am keen to pursue the fact that, clearly, the devolved Administrations have introduced similar regulations, as my noble friend said. I seek some reassurance that, given the nature of the challenges that we face with these regulations, and more broadly, we are engaging throughout all this in discussions and collaboration with the devolved Administrations. Clearly, concerted action is so much more helpful and productive at these times. I push the Minister on that point.

I want also to ask a question on the consultation, which is referred to in the draft memorandum at paragraph 10. It is welcome that there has been consultation, but there is reference here, in a rather folksy way, to a "rapid, oral consultation" in addition to consultation with bodies such as the NFU, which the Minister referenced. I trust that "rapid, oral consultation" will not generally be pursued; as I said, it sounds somewhat folksy. Perhaps the Minister will indicate who was consulted in this way and how he will proceed generally to pursue consultation in similar circumstances.

These regulations are welcome, given the challenges that we face, and certainly I will give them my backing.

1.02 pm

Lord Whitty (Lab): My Lords, I understand why Ministers and farmers want this derogation, and I certainly do not oppose the emergency intervention, but it worries me somewhat as a signal for the future.

One of the main criticisms of direct payments based on hectareage of land farmed, rather than the previous system of production subsidy, is that the land-based system failed to incorporate sufficient environmental criteria. In recent years, the EU has, somewhat belatedly, attempted to put greater greening conditions into the receipt of single farm payments. The main reason for the diversification requirement was that it was a way—admittedly a slightly crude way—to reverse the tendency of many parts of Europe to adopt a system of monoculture, where a single crop dominates the landscape and the farming output. In England, this is most evidenced in eastern parts of the country with substantial arable farming. What were once mixed farms 30 years ago are now acres of single crops. That has effects on biodiversity, on the look of the countryside and on rural employment, and it is also often associated with the excessive application of pesticides and fertilisers, which, in turn, affect the soil and water quality.

I accept that not everyone agrees that the diversification requirement is a very effective greening measure, and that it can be particularly onerous on some smaller farms. But until we have a better mechanism, we should not lightly abandon it. I hope that we do not do so following the Agriculture Bill. I am therefore putting down a marker: I reluctantly accept these emergency powers, but—if I may use a wasteful agricultural metaphor—as a straw in the wind, I am a bit concerned.

1.04 pm

Lord Carrington (CB): My Lords, I declare my interests as a farmer and landowner, as set out in the register.

While welcoming the belated decision to abandon the three-crop rule, for many farmers it was too late, as seed had been bought and other input costs incurred in order to comply with the rule. However, this unfortunate episode allows us to draw lessons which should apply to consideration of the Agriculture Bill. In particular, we need to closely look at the clauses governing intervention in agricultural markets. As drafted, intervention largely depends on events which result in actual or threatened market disturbance resulting in reduced prices. What happens if a farmer can neither plant nor harvest due to weather conditions or some other event, but prices rise rather than fall? No intervention can then apply, although the farmer may have nothing to sell. This seems illogical. Both are business risks.

Agricultural consultants Andersons currently predicts a loss due to weather conditions on arable farms of £27 per hectare, before the BPS for the harvest of 2020. Without some form of support in extraordinary circumstances, farming is on a knife-edge. I urge the Minister to look again at insurance in such circumstances, the cost of which could be borne by both farmers and government.

Finally, in an industry with so many risks—environmental and market, to name just two—how can farmers plan for the future and make necessary investments to reorder their business when the full details of the

reduction of current BPS payments over the transition period, and any details, including all-important cost and financial return information, on the new environmental land management schemes, are still unavailable? Does the Minister recognise the urgency?

1.06 pm

Lord Addington (LD): My Lords, with a list of this length and such quick speeches, it is not surprising that many of the points I wanted to make have been covered. But I reiterate the point made by my noble friends Lady Parminter and Lady Northover: the idea of public money for public good should not be lost.

Diversity in farming has been seen as a good thing; it allows you to hedge your bets. The document in front of us suggests that we can do without diversity because of extreme conditions. Anybody who travelled around the countryside when we were still travelling—my normal journey was through the Thames Valley—will have seen fields under water for months. It is therefore understandable to make certain changes to our support system, but, following on from the point of the noble Earl, Lord Devon, I once again ask: where is the science to back up this decision? We should know that, so that future public debate can be enhanced.

We are trying to change the way we support our farmers to try to avoid the countryside either becoming a monoculture or simply not being used. If we are trying to make sure that it is used for the benefit of the whole of society—not only by providing food but by providing a better environment, and indeed leisure facilities for us—we need to know the grounds on which certain decisions and funding will be changed. Will the Minister take this opportunity to at least set out the grounds on which the changes to any existing regulations will take place and what precedent has been set? Will he give us a better idea of what we can expect, given what look to be increasingly volatile environmental and weather systems over the next few years?

The Deputy Speaker (Baroness Finlay of Llandaff) (CB): The noble Baroness, Lady Falkner of Margravine, has scratched from the list. I therefore call the noble Earl, Lord Shrewsbury.

1.08 pm

The Earl of Shrewsbury (Con): My Lords, I welcome this instrument to exempt farmers in England from the crop diversification requirements for 2020. I declare an interest as a member of the National Farmers' Union. I would like to add my congratulations to farmers in general on the wonderful work that they do.

Following the devastating and widespread damage caused to considerable areas of agricultural land by flooding in the two storms last winter, much of the land affected was rendered unfit for planting this season, and possibly for the foreseeable future in some areas. Coupled with that, although not flooded, substantial numbers of acres were simply not in planting condition for the traditional autumn-sown crops. Seeds and fertiliser had been bought and not used, but had to be paid for. With no growing crop in the ground, the damage to farmers' cash flow has been very substantial. Those farmers who were able to plant, but much later than usual, will see a related drop in yields come

harvest time in a few months. This situation has been exacerbated by the recent number of exceptionally dry weeks, especially in the West Country.

Where I live, in the Staffordshire Peak District, the silage season has just started. Those few farmers who have made silage are experiencing lower than normal yields and poorer aftermath regrowth. My neighbour, who produces milk for the cheesemaking industry, has recently been notified of a reduction in his ex-farm milk price, in part due to the drying up of demand from the catering and hospitality sectors.

For a variety of reasons, the farming community is having a pretty rough time of it financially. Therefore, any support forthcoming from the Government to ease the situation must be welcomed. I know that this exemption is only for 2020, but if matters continue as they are, I really believe that my noble friend may need to extend this exemption to 2021, especially for particularly severely affected areas.

1.10 pm

Baroness Boycott (CB): My Lords, I welcome the decision to help farmers through this situation; the derogation is a very good idea for this year. Personally, I think it is a little late. Farmers are now experiencing a drought after all the rain, so they need the right support to cover this challenging year. Crop diversification is a cornerstone of a more resilient and nature-friendly farm system, and while the farmers should have flexibility in how they run their farms, they should also be strongly incentivised by the Government's support and advice to undertake maximum diversification.

Science shows us that crop diversification, and indeed mixed farms with livestock, are better for soils, nature, the climate, natural pest and disease control, as well as much more. Growing crops in monocultures with too little variation creates huge problems, in my view creating fields that more resemble high-tech chemical factories than a farming system that is in tune with nature. Therefore, when the Agriculture Bill comes to the House for its Second and Third Readings, it is vital that we maximise its role in building a resilient and nature-friendly farming system.

However, I would caution that this derogation must be temporary. We all know that agriculture contributes hugely to the climate crisis, and the Agriculture Bill, which will support public goods and provide money for the same, must not be watered down by this temporary measure. What worries me is that we are going to experience more unpredictable weather as time goes by. This wet January and February, followed by the driest April and May, might become the pattern for years to come. Can the Minister assure me that this is a one-off for a particular year, and not the opening of a crack in the door that will allow farmers to grow monoculture crops in the future because we face similar weather disasters?

1.12 pm

Baroness Redfern (Con): I congratulate the Minister and thank him for confirming that the Government will relax crop-diversification requirements for direct payments under the support scheme within the framework of the CAP. It is vital that we support our farmers and

[BARONESS REDFERN]

growers, especially when having to contend with the adverse weather conditions of last autumn and winter, and this spring. For some farmers, trying to access their land in time to re-drill was not an option, and even if it was, they now face an unusually prolonged period of drought. This instrument exempts farmers in England from the need to follow crop-diversification requirements this year. The derogation will make a huge difference to the thousands of farmers in England.

Agricultural activities are highly exposed to the consequences of climate change, which has a significant impact on the quality and quantity of food produced. I spoke to some farmers only last Friday, and they explained the concern felt by many in their communities about the adverse weather conditions being experienced. Not only had they lost crops, but many acres of cereals are likely to be of low yield. Consequently, many farmers are bracing themselves for the coming harvest.

Crops is one issue but good soil matters too: maintaining good soil is vital in order to provide us with clean water, while helping to balance ecosystems. Supporting our farmers and growers must be the cornerstone of preserving and restoring our soil, which is the basis for the good food we grow, as well as for the production of feed, silage, et cetera. Supporting good creative management is essential, because we need more land for food production now, as we exit the EU and look to be more self-sufficient in the future.

1.14 pm

Baroness Bakewell of Hardington Mandeville (LD): My Lords, I thank the Minister for his introduction. It is clear from the number of contributions that we have a wealth of expertise in the Chamber. We all, whether or not we are farmers, suffered from the extreme weather and flooding brought on by Storms Ciara and Dennis last year. It was obvious to all those not living in cities and towns that arable land was waterlogged, and it was clear that farmers were not able to sow their crops in the usual way. They missed out on at least one crop, and, in the case of larger land holdings, two crops. I therefore have no objection to derogation of the crop-rotation conditions, in order that farmers can receive the payments on which they rely to make a living. I support this SI on the basis that it is for one year only—2020—and not beyond.

Last year was unprecedented in many respects not related to the weather. Parliament was prorogued and then it was not; then it was prorogued again. Then we had the general election. I am surprised, given the number of letters that the Prime Minister must have received from beleaguered farmers asking him to do something, that this was not one of the first things he did back in December, when the new Parliament sat. At the very least, it should have been on the agenda in January, as the noble Baroness, Lady Jones, and others have said. But here we are, six months into 2020, and only now are we providing the compensation that farmers have been asking for since the spring of 2019. My concern is that, should the country suffer a similar clutch of storms in coming years, we may be back again in this Chamber debating a similar SI in order to protect farm incomes.

We have just enjoyed two months of unprecedented hot, sunny weather, and some will say that this is due to climate change. It has certainly helped with the pain of lockdown. Those of us lucky enough to have gardens have been able to attack the weeds and plant seeds and vegetables. For the first time, I watched every day as the bare branches of trees sprouted into life. Over a period of about eight days, the biggest tree was covered in greenery and now provides much-needed shade. Usually I am in London in the week during this period, but I do remember the severe drought in 2019—not a million years ago—when the land was bone dry and farmers had to buy in fodder as the grass in their fields was just not growing and they had nothing to cut to feed to their cattle over the winter months.

I am not a meteorologist, so I cannot tell whether this period of unprecedented sun will carry on, or whether we will be blessed with much-needed rain. Farmers' fields need rain, and domestic water butts are empty. The seeds and vegetables we planted in March and April need daily watering if they are to survive. So, too, does arable land. Will we be looking at providing compensation for farmers next year because of a 2020 drought? This scheme is emergency compensation: it is money that farmers would not get if the rules on direct payments were strictly adhered to.

Today, we are debating waiving one of the criteria for payments due to force majeure in the form of exceptionally heavy rain and flooding. I am not going to ask the Minister to look into his crystal ball and give a categorical undertaking that such a force majeure will not happen again, but I seek reassurance that the Government will think very carefully before implementing such a scheme again. Crop rotation and diversification is vital, not only for the supply of crops and food—as mentioned by the noble Baroness, Lady Jones of Moulsecoomb—but for the quality and condition of the soil, as my noble friend Lady Northover and others have indicated. In recent years, we have seen a diminution in the quality of the soil due to the amount of fertiliser and insecticide used to enhance crop yield.

I do not wish to stray into the Agriculture Bill, but, like others, I welcome the measures proposed in this Bill to enhance the biodiversity of our landscapes, while continuing to recompense farmers for maintaining their land on a more sustainable basis under the greening scheme mentioned by the noble Baroness, Lady Parminter. It is vital that soil is retained and not washed away during heavy rain, flooding our roads, clogging up highway drains and, in extreme circumstances, flooding our homes. Many flood-alleviation schemes now retain water upstream, which can be used in times of drought. I am sure we will return to this issue next week, when we examine environmental land-management schemes and their implementation, and whether the three-crop rule will continue—a point raised by the noble Earl, Lord Devon. Moving to public money for public goods is essential, as my noble friend Lord Addington said; we must implement it as soon as possible.

As the noble Baroness, Lady McIntosh of Pickering, mentioned, farmers need to be better prepared for unusual weather conditions, especially if we are to make a success of the ELMS. I am happy to support

the SI, but look forward to the Minister's comments and reassurances on the many questions that have been put to him by your Lordships.

1.20 pm

Lord Grantchester (Lab): I thank the Minister for his introduction to the instrument. I declare my interest as a farmer in receipt of BPS payments. He gave an excellent explanation of the legislative framework behind the instrument and the effects of the wet weather over the 2019 winter and this year's spring on good husbandry practices, making it uneconomic at best, if not impossible, to comply with crop diversification requirements.

The instrument has led to a wide-ranging debate. I am grateful to all the speakers who have contributed with many questions for the Minister to answer. I approve of the instrument and I thank him for initiating a meeting with his department's officials last week. I understand the exhaustive legislative requirements involved in the delay to introducing the instrument. As the Explanatory Memorandum says, this derogation is applicable to only this one year, 2020.

The three-crop rule was introduced to widespread dismay in the agricultural industry as bureaucratic, market-distorting, and reducing production efficiencies, without enhancing positive advantages of crop rotations that would happen anyway as part of good agricultural practice without encouraging monoculture. At the time of its introduction, the Government claimed that they were also against this requirement but had to comply as a member state of the EU. These payments to farmers will be replaced in the Agriculture Bill, which is due its Second Reading in the House next week. Bearing in mind that the transition phase involved is to 2028, could this derogation be made multiannual through an amendment to the Direct Payments to Farmers (Legislative Continuity) Act 2020 to dispense with the requirement to be contingent on specific problems in an emergency, and could more positive arrangements be brought forward? Would it be possible for the Government to amend the rolled-over EU regulations 1305, 1306 and 1307? Will they commit to dropping the three-crop rule in all eventualities?

While I have not been specifically affected by flooding, nevertheless it was extensive and the Severn catchment area was only 30 miles away. All soil structures were at risk in cultivations, as there was no continual five-day dry period between September and March. The farming industry is grateful to the Government for introducing the farming recovery fund, the application of which was broadened to all affected areas. With the continuing unpredictability of extreme weather patterns from climate change, will the Minister examine further investments in better geographically focused metrological forecasting, as well as flood defences?

I return to the iteration of policy in the remaining years of the continuity payments. Have the Government given any consideration to the request to delay the introduction of the transition provisions necessary for payment reductions due to begin in 2021? Bearing in mind the disruption from the weather, followed by the disruption to the food chain and labour supply issues in the coronavirus crisis, and the fact that cropping decisions and farm budgets will largely be set in autumn 2020, have the Government robust reasons why they

must cut farming payments immediately for 2021? Given their commitment to a £3 billion annual payment to agriculture in the Direct Payments to Farmers (Legislative Continuity) Act 2020, what will the Government transfer the savings towards? No payments under the new environment land management schemes will be accessible. Once the ELMS are operating, the phasing out of continuity payments is understandable. What will happen in the meantime to the money saved? The Government must have regard to maintaining sustainable food production.

The instrument is applicable to England only. While I am sure that there have been extensive discussions with the devolved Administrations, as the Minister said in his introduction, can he update the House on this derogation in the other areas of the UK? Will the policy derogation be operable equally throughout the UK by 15 June 2020—the delayed date for submission of applications this year?

This measure has widespread support throughout the agricultural industry and its representatives. While there are many other questions to be asked, these could be more pertinent to the forthcoming debate on the Agriculture Bill next week. Nevertheless, I would be grateful if the Minister would reply as fully as possible to all the queries raised in the debate.

1.26 pm

Lord Gardiner of Kimble: My Lords, I thank all noble Lords who contributed to the debate. I am confident that we will have considerable opportunities to discuss some of the matters raised on the Agriculture Bill, which is coming up. This statutory instrument is welcomed by the farming industry as a much-needed measure to support England's farmers in the aftermath of the extreme weather.

The noble Lord, Lord Grantchester, asked about the agricultural transition period and its timing. We remain committed to introducing new schemes that reward farmers for producing goods that are valued by the public, while producing healthy, sustainable food, starting from 2021. The Government plan to start phasing out direct payments in England in 2021 as part of the seven-year transition to the new system of public money for public goods. I say to the noble Lord, Lord Carrington, and my noble friend Lord Shrewsbury that we believe that the seven-year agricultural transition gives sufficient time for the sector to adapt to a new model, but I emphasise to all noble Lords that we will be working extremely closely with the industry. It is in the national interest that we have a successful, dynamic and innovative farming sector.

Noble Lords have also asked how any BPS changes will be made after 2020. We will of course use powers in the Agriculture Bill. The Government intend to bring forward SIs to continue the direct payment schemes for the 2021 scheme, to begin to phase these payments out and to simplify the schemes. I fear that this will require rather more than one SI, but I have sympathy with all noble Lords looking to minimise the number of separate statutory instruments, within reason. The Government have said that the simplifications for 2021 could include removing some or all of what I would describe as burdensome greening rules. Removing these rules would, for example, avoid the need for an

[LORD GARDINER OF KIMBLE]

SI next year to derogate for crop diversification rules should—I emphasise “should”—extreme weather occur again.

The noble Baroness, Lady Jones of Whitchurch, and a number of other noble Lords, including the noble Baroness, Lady Bakewell of Hardington Mandeville, asked why we did not do this before and asked why now. It is best that I read this out: I emphasise that the threshold for considering it “necessary and justifiable” to issue a general derogation—this is our legal requirement—meant that we had to consider whether there were other reasonable alternatives first. Until the guidance was withdrawn earlier this year we signposted farmers to some of these alternatives, such as using the spring cropping period to satisfy the requirements. After the two storms in February this year and the clear evidence that extreme wet weather was experienced nationwide, we could conclusively say that a general derogation was necessary and justifiable, and promptly set about its issuance. We must be led primarily by evidence, and there is clear evidence that farmers could not be reasonably expected to comply with these rules.

The noble Baroness, Lady Jones of Whitchurch, asked whether we could demonstrate similar flexibility in other emergencies, mentioning the current Covid-19 crisis. Regarding this—and points made by my noble friend Lord Shrewsbury, and the noble Lord, Lord Carrington—earlier this month we extended the application deadlines for BPS, environmental stewardship, countryside stewardship and woodland legacy revenue claims, all in order to help farmers. We have used a power to make necessary and justifiable provision to deal with emergencies, including an ability to derogate from certain direct payments scheme provisions to the extent or period of time necessary.

The noble Earl, Lord Devon, asked about any plans to incorporate crop diversification rules into the future ELM scheme and whether we consider crop diversification to be good farming practice—a point also raised by the noble Baronesses, Lady Parminter and Lady Northover, the right reverend Prelate the Bishop of St Albans, and the noble Lord, Lord Liddle. Although this derogation is an emergency response measure and not a reflection of views concerning crop diversification as a policy, it is generally recognised that the crop diversification rules have not delivered the environmental and climate-related outcomes that they were designed for. This view was documented in the European Court of Auditors’ 2017 special report on greening.

Turning to the issue of ELMS, I was struck by the points made by the noble Lord, Lord Whitty, my noble friend Lady Redfern and the noble Baronesses, Lady Boycott, Lady Northover and Lady Bakewell of Hardington Mandeville. It is important to emphasise that much of this consideration on the ELM will take place during the passage of the Agriculture Bill, but may I give encouragement? Looking at Clause 1(1) of the Agriculture Bill and the Secretary of State’s powers to give financial assistance, Clause 1(1)(j) is about financial assistance in

“protecting or improving the quality of soil”,

and Clause 1(1)(d) is about

“managing land, water or livestock in a way that mitigates or adapts to climate change”.

Also, I quote specifically to my noble friend Lady McIntosh of Pickering, Clause 1(4):

“In framing any financial assistance scheme, the Secretary of State must have regard to the need to encourage the production of food”.

This is where the farmer has such a vital role to play in providing food for our nation and exports of a very good standard. However, we must ensure that nature recovery comes with that, and that involves resilience.

The noble Earl, Lord Devon, also asked about environmentally beneficial crop rotation. Crop diversification and crop rotation are often separate practices. The practice of crop rotation is very well established in England. Again, a special report carried out by the European Union Court of Auditors in 2017 found that crop diversification rules do not influence farmers’ decisions to use crop rotation techniques.

The noble Lords, Lord Addington and Lord Grantchester, and the noble Earl, Lord Devon, referred to the Met Office. This derogation was based primarily on meteorological data from the Met Office and the Environment Agency, which included rainfall and river-flow data compared with the long-term average. I will take back the point made by the noble Lord, Lord Grantchester, regarding investment in the Met Office.

I should also say that we have no plans to extend this derogation into 2021. It applies only for the BPS for 2020 only. Were future circumstances to warrant a grant of derogation from the scheme rules, we would need to consider it at the time.

The noble Baroness, Lady Jones of Moulsecoomb, raised a matter that no doubt we will consider in great detail when considering the Agriculture Bill, the Trade Bill and beyond: it is the Government’s determination that standards be maintained. I was talking only last week to my noble friend Lord Grimstone about what I hope are very considerable opportunities for British farmers, for excellent produce at the highest possible standards and exports of this great food.

The noble Baroness, Lady Parminter, asked what had changed to persuade the Government that mitigations were no longer plausible and that a general derogation was needed. This refers to all the evidence that we received. Those two severe storms made it impossible for us to proceed with the advice that we had previously given and the evidence that we had.

My noble friend Lord Bourne of Aberystwyth asked about engagement with the devolved Administrations. As always, there is strong collaboration with the devolved Administrations. Agriculture is devolved, and this work is taking place across the UK, so all parts of the United Kingdom will benefit from this derogation.

Regarding consultation, this was an emergency. We had many discussions beyond the NFU, the Tenant Farmers Association, the CLA, the Central Association of Agricultural Valuers, the Wildlife Trusts, the National Trust, the British Institute of Agricultural Consultants and the Farming Community Network. Usually, the Government are constantly consulting; Defra is in particular. I take the point about the need for rigorous consultation, but in an emergency we worked with all those interested parties to ensure that there was agreement and that there was a strong desire that this would be helpful.

The SI amends for this year alone. A number of points have been made about what I think is the future dynamic of British agriculture: the importance that we must place on precision farming and integrated pest management, mindful that farmers have many tasks that we ask them to fulfil for us. We will be asking them to do ever more, and that is why we believe in the financial support for environmental advancement, in the way that we will consider in the Agriculture Bill, the way in which we want to extend productivity, the way in which we want the farmers to have a better deal within the market and the way in which we place importance on food production. Having been very closely involved in what we have been going through with food supply, no one could be more aware than I of the critical nature of food production, of good production of food at home and abroad, and good and strong standards.

There are some detailed questions. I will look at *Hansard* to see whether I can give a better outcome than what I have outlined, but the advancement of the environment and the production of food is a challenge, even among our great farmers in this country. It is also an enormous challenge across the world, with an increased population, with climate change and the importance of resilience. In the environmental work in air, water and in how we mitigate floods and extreme weather events and climate change, the British farmer is going to be asked to do a great deal. In this debate, we are intervening and acting for their interest, and therefore, in the national interest, I beg to move.

Motion agreed.

The Deputy Speaker: My Lords, the Virtual Proceedings will now adjourn until a convenient point after 2.30 pm for the Virtual Committee.

1.39 pm

Virtual Proceeding suspended.

Telecommunications Infrastructure (Leasehold Property) Bill *Virtual Committee (2nd Day)*

2.34 pm

The proceedings were conducted in a Virtual Committee via video call.

The Deputy Chairman of Committees (Lord Haskel) (Lab): My Lords, this Virtual Committee will now begin. I remind Members that these proceedings are subject to parliamentary privilege and that what we say is available to the public both in *Hansard* and to those listening and watching.

I will begin by setting out how these proceedings will work. This Virtual Committee will operate like a Grand Committee as far as possible. A participants' list for today's proceedings has been published and is in my brief, which Members should have received. The brief also lists Members who have put their names to the amendments or expressed an interest in speaking on each group. I will call Members to speak in the order listed. Members' microphones will be muted by

the broadcasters except when I call a Member to speak and whenever a Question is put, so interventions during speeches are not possible and uncalled speakers will not be heard.

During the debate on each group, I will invite Members to email the clerk if they wish to speak after the Minister. I will call Members to speak in order of request and will call the Minister to reply each time. Debate will take place on the lead amendment in each group only. The groupings are binding and it will not be possible to de-group an amendment for separate debate. Leave should be given to withdraw amendments. Whenever I put the Question, all Members' microphones will be open until I give the result. Members should be aware that any sound made at that point may be broadcast. If a Member intends to press an amendment or say "Not content", it will greatly assist the Chair if they make this clear when speaking on the group. As in Grand Committee, it takes unanimity to amend the Bill, so if a single voice says "Not content", the amendment is negated; if a single voice says "Content", a clause stands part.

Clause 1: Code rights in respect of land connected to leased premises

Amendment 20

Moved by Lord Clement-Jones

20: Clause 1, page 6, line 12, after "any" insert "direct"
Member's explanatory statement

This amendment would probe the type of damage for which compensation will be paid under this sub-paragraph.

Lord Clement-Jones (LD): My Lords, I will be extremely brief. I hope that the Minister will understand entirely the reason for this probing amendment. It arises from the way in which the compensation clause—new paragraph 27H—is worded. It seems to give enormous licence to award compensation under the terms of the Electronic Communications Code where a court has made a Part 4A order. That has been imposed, of course, but new paragraph 27H(2) states that:

"The court may, on the application of the required grantor, order the operator to pay compensation to the required grantor for any loss or damage that has been sustained or will be sustained by the required grantor as a result of the exercise by the operator of the Part 4A code right."

I am concerned that these compensation requirements are drawn so widely so they could be a disincentive to an operator to lay fibre to a home or MDU as envisaged by this new section of the Electronic Communications Code.

What kind of compensation is contemplated in these circumstances? I have inserted "direct" because in law it is perfectly respectable to claim damages for foreseeable loss. That could mean economic loss—for instance, where a Part 4A agreement has been imposed and somebody loses two days' worth of business or finds that they have to close unexpectedly a particular facility that is part of the building to which the order relates. Then there is ancillary land, where the landlord has some other kind of business next door to the MDU and it is necessary for the fibre to cross it or be

[LORD CLEMENT-JONES]

laid across it by the operator, meaning closure and so on. What is contemplated? It seems extraordinarily wide-ranging. Of course, it provides for arbitration and agreement to be reached, but I want very much to hear from the Minister exactly what is contemplated by this clause. As I say, it is so widely drawn that it could be seen as a disincentive to the operators, which we all wish to see move pretty swiftly to ensure that the Government's target for full fibre rollout is met. I beg to move.

Lord Fox (LD): I thank my noble friend Lord Clement-Jones for setting out this amendment so effectively. He promised to be brief; I will be even briefer. Is this not symptomatic of the whole Bill, where the balance is against things happening rather than for making things happen? What was in the Government's mind when they wrote this clause and put this Bill together? Is this an enabling Bill or a sort of grudging Bill that somehow lets a few things happen but ends up stopping a lot of other things? Why did the Government take this kind of attitude, which is symptomatic of the whole Bill?

Lord Adonis (Lab): Am I coming through loud and clear? I suddenly have the Throne as my picture on the screen. Should I be worried?

A noble Lord: We would prefer the Throne, actually.

Lord Adonis: As long as everyone has the Throne, that is fine.

The noble Lord, Lord Clement-Jones, made the correct argument for the Bill: having the right balance between the providers and those who lose out in terms of infringements to their property. His point about direct compensation seems sensible.

There is a further concern on this issue: on an owner not being prepared to allow a telecoms company to access their land, in many cases, part of the reason why they might play hardball in terms of compensation is that they are not the ones primarily affected by the loss. The people primarily affected by the failure to lay the cable will be their tenants. That is a real issue in this case. We should not allow owners to disadvantage their tenants because they cannot get what they regard as a satisfactory level of compensation out of a provider.

I hope that the Minister will be able to allay our concerns and tell us that this is not just an open invitation to owners who are not going to benefit from the fibre being laid to those premises, because all the benefit will accrue to tenants, to try to get the best compensation they can. Going through a compensation route not only might mean the fibre is not laid at all but could lead to delays. The Bill does not seek only to enhance fibre coverage but to do so swiftly. Anything that encourages delays and haggles over compensation, where there is good reason for owners to expect that they might be able to extract more than they are offered, is very much against the public interest.

Lord Lea of Crondall (Non-Affl): I follow a couple of points made by the noble Lord, Lord Adonis. I am chairman of the residents' association of a block of flats in Camden, London, and I mentioned all this to a meeting of the residents. Of course, on these occasions

one gets a lot of relevant feedback and a lot of feedback that is not relevant, but there is quite a lot of concern about whether HMG have had the time, or will make available the time, to check with the National Organisation of Residents Associations or to understand the nature of a typical tenant on a lease of, let us say, 99 or 125 years. There is a ground landlord, a managing agent, a leaseholder and an attempt to liaise between the tenants, all of whom may have broadly the same interest, but they are—to say the least—very confused indeed when it comes to compensation and how things get held up. It is a bit of a nightmare.

Can the Minister give an assurance that, although we are at this stage of the Bill, the Government can give Parliament a more comprehensive account of the feedback they have got and the degree to which they have buy-in from these various interests?

Lord Livermore (Lab): My Lords, we support this attempt to probe the Government on the practical implications of the compensation provisions laid out in new paragraph 27H. Not qualifying the types of losses or damages that are subject to compensation seems a curious choice when amendments to simplify processes are frequently resisted on the basis that, while often cumbersome, legislation needs to set clear parameters for the processes it establishes. This is not a concern that has been raised directly with us, but it seems a recipe for potential bad blood between lessees and operators. While there will inevitably be some scrapes along the way, we need to ensure as harmonious a relationship as possible.

I hope the Minister will be able to point to provisions elsewhere in the parent Act, or to established precedents, to assure us and the noble Lord, Lord Clement-Jones, that this has been fully considered and is not likely to become an issue once the new measures are operational.

The Parliamentary Under-Secretary of State, Department for Digital, Culture, Media and Sport (Baroness Barran) (Con): My Lords, I thank the noble Lords, Lord Clement-Jones and Lord Fox, for tabling this amendment. As your Lordships have heard, this amendment seeks to test our thinking on the types of damage for which compensation will be paid and for which operators will be held liable and—as the noble Lord, Lord Clement-Jones, mentioned—to establish whether this could lead to any delays in implementation on the part of operators.

This amendment would mean that the courts would be able to award compensation only in situations in which a landowner is able to demonstrate a direct loss. I understand that the amendment aims to limit the scope, and in turn the extent, of compensation that may be paid by an operator in respect of loss or damage sustained by them. I understand that intention and the concerns that underlie it. However, I do not think that those concerns are founded in this case, and I will try to set out the reasons for that.

2.45 pm

The noble Lord, Lord Livermore, asked me to point to where in the underlying legislation this language about any loss or damage comes from. The Electronic Communications Code uses exactly the language we have replicated in this Bill. New paragraph 27H—to

which the noble Lord, Lord Clement-Jones, referred—mirrors the language of the code exactly. In response to his question about types of compensation, disputes under the code are heard by the courts and are a matter for their discretion to respond to. The courts hearing compensation claims made under the code are absolute experts in these matters and have a wealth of experience in reaching decisions about compensation.

Our concern is that it would therefore be counter-productive to bring in the notion of “direct loss”, which, as I have said, can be found nowhere else in the legal regime relating to adjudications on the code and would limit the discretion of the courts in determining loss or damage. Doing so may—and, in our opinion, almost certainly would—lead to confusion and inconsistency in how those same courts would determine all other code disputes. It would make the level of discretion available to judges lower for adjudications under new Part 4A than for all other adjudications under the code.

Furthermore, the addition to the Bill of “direct loss or damage” might also increase litigation, with both landowners and operators employing lawyers to make their case as to whether loss or damage was direct or indirect. I am sure that your Lordships can more than foresee that the addition of “direct loss”, and the increase in legal wrangling that that could bring, could potentially put a landowner at a considerable disadvantage in the court when competing against a large multinational corporation with considerably deeper pockets.

Furthermore, the landowner who has been subject to a Part 4A order over their property would then be treated differently from every other landowner in the code, which may be considered unfair. These issues would likely have a negative implication for the cost, duration and complexity of Part 4A proceedings—as raised by the noble Lord, Lord Adonis—and undermine the key policy driver of a low-cost and uncomplicated process to address the issues faced by operators.

The noble Lord, Lord Lea of Crondall, asked about the balance of different interests. That is something we have worked very hard to assure in this Bill, although—as many of the amendments in Committee have highlighted—these are often delicate balances that we are trying to strike.

We believe that it is important to trust in the expertise of the courts to determine the compensation due when damage occurs, and to ensure that new Part 4A is and remains consistent with the rest of the Electronic Communications Code. With that reassurance and clarification, I hope that the noble Lords will agree to withdraw their amendment.

The Deputy Chairman of Committees (Lord Haskel) (Lab): No noble Lord has asked to speak after the Minister, so I now call the noble Lord, Lord Clement-Jones.

Lord Clement-Jones: I thank the Minister for that reply. It was a reply of some ingenuity, pulling together quite a number of different negative arguments against the amendment. I will briefly go through why I do not think that it holds a great deal of water.

I am grateful to my noble friend for pointing out that this remains a grudging Bill as opposed to an enabling Bill. It certainly feels very much like that to

those of us who have been working on this and hoping that there was going to be a great deal more opening up of operators’ ability to lay fibre than purely the MDUs, the subject of this Bill. I am also grateful to the noble Lords, Lord Adonis and Lord Lea, for pointing out that it is important that tenants and lessees get the benefit from these new powers, not the landowners in that sense. I entirely agree that it would be quite possible for the lessor—the landlord—to have entirely different interests from the tenants, and it is tenants and lessees who we want to see get the benefit of fibre and the ability to have proper communications. This has been the frustration of operators. The reason for these new powers is precisely that landlords have been holding up progress in this respect. As the noble Lord, Lord Livermore, said, there is a danger of bad blood being created not just between the operator and the landlord—hence the reasons for orders under new Part 4A—but between tenants and lessees and the landlord.

The Minister’s main argument was that the language in new paragraph 27H mirrors the remainder of the Electronic Communications Code, but just because the rest of the code is written in a very pro-landlord way should not mean that these important powers should not be written in a different way. The argument is that it mirrors the language and that courts are experienced in dealing with it, but these are new provisions. Any lawyer will say that if there is a limitation on the definition of damage and the compensation that is available, it is much more helpful than having to decide at large the damage that has been suffered. The Minister’s case is that more lawyers will be required. Perish the thought!—I am a lawyer. Her belief that more lawyers would be required with the new definition using the word “direct” is not entirely correct, I am afraid to say, because lawyers dealing with things such as indirect damage are going to dance on the heads of many more pins than they would if this wording were added.

I believe that the balance is wrong, not just in this clause but across this amendment to the code. I hope we do not all live to regret it by finding that operators are unwilling to go forward because of the threat of compensation hanging over their heads to the detriment of tenants and lessees, as the noble Lords, Lord Adonis and Lord Lea, said. Clearly I am not going to make much further progress today, so I beg leave to withdraw the amendment.

Amendment 20 withdrawn.

Clause 1 agreed.

Clause 2 agreed.

The Deputy Chairman of Committees (Baroness Henig) (Lab): We now come to the group beginning with Amendment 21. I remind noble Lords that anyone wishing to speak after the Minister should email the clerk during the debate. It would be helpful if anyone intending to say “Not content” if the Question is put made that clear in the debate. It takes unanimity to amend the Bill in this Committee; this Committee cannot divide.

*Amendment 21**Moved by Lord Fox*

21: After Clause 2, insert the following new Clause—

“Review of this Act’s impact on 1 gigabit broadband accessibility

- (1) Within six months of the passing of this Act, the Secretary of State must lay before Parliament a review of the impact of this Act on the Government’s progress towards achieving access to 1 gigabit per second broadband in every premises in the United Kingdom by 2025.
- (2) The review must make a recommendation as to whether the Government should bring forward further legislation to achieve access to 1 gigabit per second broadband in every premises in the United Kingdom by 2025 in light of the findings of the review.
- (3) The Secretary of State must lay before Parliament a further review in the same terms as subsection (1) every 12 months after the initial review has been laid.”

Member’s explanatory statement

This amendment would require the Government to review the impact of this Bill in achieving access to 1 gigabit per second broadband in every premises in the UK by 2025.

Lord Fox: My Lords, given the peculiar nature of this debate, I have not made a Second Reading speech. Much of what I wanted to say at Second Reading coincides with what I wish to say on Amendment 21, so I decided to save your Lordships from a double helping. I propose to make a couple of short Second Reading-type comments, and then I will turn to Amendment 21 and refer to Amendment 22.

Before ever the Bill reached our end, like other noble Lords I received a letter from the Minister. It spelled out that the Bill has a specific and relatively narrow purpose and we should not be tempted to open it out. The noble Baroness, Lady Falkner of Margravine, and the noble Lord, Lord Alton, introduced amendments that sought to open things out. I do not propose to repeat their arguments here although, looking at the speakers’ list, there may be some who do. However, since that first day in Committee, the Government seem to have changed their position on technology. Can the Minister update us on what security reviews are now under way within Her Majesty’s Government? When will your Lordships’ House be presented with the result of those security reviews? To that end, when will the telecoms security Bill be introduced?

On the first day in Committee there were a number of speeches from all sides of the House about the need for an industrial strategy, and I associate myself with them. Her Majesty’s Government have considerable leverage, given their huge investment in this endeavour, and they should use that leverage to help develop indigenous capability and capacity in a similar way to how my right honourable friend Sir Edward Davey, when he was Energy Secretary, leveraged the development of offshore wind technology to create an industry, particularly in the north of England. We should ensure that operators and tier-one suppliers develop significant UK-based technology and manufacturing. It seems that there are talks along these lines going on within government, so can the Minister clarify who the Government are speaking with about telecoms technology and industrial strategy and how this will be presented to Parliament?

In short, we need a Bill that brings back all these issues—security, human rights, which were raised by the noble Lord, Lord Alton, and industrial strategy—because for the UK to get the connectivity it deserves and needs, the decision must be made now and quickly. This is not a matter of mild curiosity for Members; it is vital information for security providers. They need to know where they are before they can get on with connecting the United Kingdom.

3 pm

Turning to the Bill, the Minister understated its smallness in her preliminary letter. The Bill is not just narrow; it lets the country down. As all of us are sitting in our home offices, we are benefiting from relatively good network access. It seems a bit ironic that the narrowness of Her Majesty’s Government’s ambition will deny others the access that we currently enjoy.

My noble friend Lord Clement-Jones and I originally submitted an amendment that sought to tackle the paucity of the Bill’s ambition. Before Clause 1, we sought to insert a new clause that would set out a much wider objective for connectivity. Your Lordships will be disappointed but probably not surprised that it was ruled out of scope, but to illustrate what could have been, here are some of the details.

First, we wished to set out that it should be the objective of the Government to provide access to one gigabit per second broadband in every premises in the UK by 2025. We understand that this is a tough call, but it seems to be at least one of the Prime Minister’s goals. Secondly, we would have added that it should also be the objective of the Government to build on the changes to the code rights introduced by the Bill. The aim of that would be to regard access to fast and affordable broadband as a utility, and we would have introduced access rights for operators similar to those in place in respect of electricity as outlined in the Electricity Act 1989. My noble friend Lord Clement-Jones alluded to this. By amending the Electronic Communications Code set out in Schedule 3A to the Communications Act 2003, this Bill could have served as one part of the Government’s strategy in achieving their stated objectives.

A whole host of other issues that contribute to the future connectivity of the UK are completely ignored by this Bill: wayleaves, mast rentals, use of existing street furniture and better shared use of existing ducts. On our previous day in Committee, the Minister seemed to revel in the Bill’s narrowness. On reflection, does she recognise that the Bill is only a tiny part of what needs to be done?

Instead of the all-encompassing new clause that my noble friend Lord Clement-Jones and I dreamed of, Amendment 21 would inject some adrenaline into this otherwise lifeless Bill. Subsection (1) of the new clause envisioned by the amendment would cause Her Majesty’s Government to map the impact of this small Bill to the delivery of one gigabit per second broadband in every home by 2025—as I said, this is not an unreasonable target, given that the Prime Minister himself has proclaimed it. Such a review will surely find the Bill wanting in many aspects. Therefore, the second proposed new subsection backs up the first by requiring the

Government to produce the actual legislation they need to achieve this ambitious target. Proposed new subsection (3) would allow Parliament to review progress annually. This cannot be objectionable to the Minister. Everyone on this Committee knows that more legislation is needed; the Minister knows that, too—this amendment helps serve that up.

Amendment 22 would simply ensure that future amendment to the Bill required the affirmative process. I am sure that the Minister will agree that a negative process is not appropriate here; it needs to be affirmative.

We all know that connectivity is vital in today's world to enfranchise and enable all UK citizens—indeed, the Prime Minister has said this on many occasions—yet the Bill is mysteriously cautious. Finally, I enjoin the Minister to test whether the Bill is reasonable. I suggest substituting “broadband” or “connectivity” in the Bill with “electrical connection”. If the Minister were to do this, it would be immediately clear that the Bill's equivocation, qualification and lack of ambition do not add up to the Government's stated goal for the United Kingdom. I beg to move.

Lord Blencathra (Con): My Lords, I too wish to make a Second Reading point which I would have made if I had had a chance to speak at Second Reading. I am speaking on the proposed new clause because I want to query the meaning of

“achieving access to 1 gigabit per second broadband”

and explain why it is meaningless without a guarantee of minimum speeds.

Most of us probably already have superfast broadband, defined as download speeds of at least 24 megabits per second, but has any colleague ever had that? If one logs on at 3 am, one might get close to that, but in the main it is bogus. That is nothing to do with the Government except that we let ISPs get away with claims that their system delivers “up to 24 megabits per second”.

The Government's commitment is to build “gigabit-capable broadband” nationwide by 2025. That is a sensible change from the May Government's terminology of “full fibre”, as it will permit 5G and wireless technology rather than trying to run cables to extremely remote locations. However, I, and I suspect millions of others, do not want or need to download a high-definition, overlong two-hour film—as many seem to be these days, as modern directors are incapable of sensible editing—in 20 seconds. That is not important. I suggest that we need better connectivity for our Zoom and Teams conferences, and reliable speeds for the exchange of business information and PowerPoint slides. Of course, some specialist companies will need to send gigabit video files, but the main users, or abusers, of that will be kids downloading films and games. Therefore, I come back to the point that most of us will never get one gigabit constantly, since the airwave or cable space will be taken up with rubbish films being downloaded by children.

The correct solution would be a differential charge for the amount of material downloaded. I endorse that, but I believe that it is strongly opposed by powerful internet activists who demand any amount of material at the same price as for those who send only a few emails. I ask the Minister to deliver a minimum guaranteed floor by the internet service

providers. I do not care what it is, but I want consistency. I for one am fed up being ripped off with “up to” speeds. I do not necessarily want one gigabit; I will happily pay for 100 megabits, 250 megabits or 500 megabits, but I want that speed all the time, 24/7, and not just for two minutes of the day at 3 am.

A commitment to a guaranteed minimum speed is far more important than access to a theoretical speed which most of us will never need and those who do will never get, since millions of unnecessary films will block up the system. Therefore, although it is not in the Bill, I would love to hear my noble friend the Minister say that she will introduce a measure to compel internet service providers to deliver a minimum speed, no matter how low that might be so long as it is guaranteed 24/7.

Lord Adonis: I do not follow the noble Lord, Lord Blencathra, in seeking to make moral, let alone ageist, judgments on different users of internet services, but I completely follow him in his point about the need for a universal service obligation that is both universal and an obligation. The noble Lord, Lord Fox, spoke about the parallel with electricity, but the more relevant parallel may be with the development of the postal service, which was done nearly two centuries ago. The principle of access on an equal basis to the most remote parts of Britain was at the centre of the postal service that Anthony Trollope and others developed in the mid-19th century. Irrespective of what people chose to put in the envelopes, the principle was that you would get a delivery at least once a day everywhere for the same price.

The bit that the Government keep ducking is turning this into a universal service obligation; they keep talking about targets for increased rollout. The steps being taken in this Bill are welcome because they will make it possible to get more gigabit coverage to more people quickly. But there is no definition of a universal service obligation, and if it is not in this Bill, then sometime soon Parliament will have to grapple with the issue of a universal service obligation that provides coverage at around the 1 gigabit level to all premises in the United Kingdom. We would then map out how to do that in exactly the same way as we have done with utilities in the past.

However, the bit that I do not think anyone can question is that this is now a utility-type service that people require. We need only to look at the most advanced nations in the world that are doing best with their internet services, led by South Korea and many east Asian countries. Some time ago, they regarded high-capacity networks of this kind as universal services and put an obligation on someone—whether the state or private providers—that they had to meet. We are still behind the curve. We cannot claim that we are building world-class networks while we refuse to define a universal service obligation. This Bill provides a good opportunity for the Government to do so, and I look forward to hearing the Minister's reasons why we should yet again kick the can down the road.

Lord Empey (UUP): My Lords, I echo some of the comments of the noble Lord, Lord Adonis. However, my anxiety about this whole process is that for years,

[LORD EMPEY]

the Government have been talking about bringing fast, competitive broadband into the United Kingdom, yet we are still quite some distance behind our major competitors. Being forced to use our current Virtual Proceedings has revealed inconsistency in the quality of service throughout the UK. When watching some of our colleagues on Zoom or even on Microsoft Teams, it is obvious that the quality of the service varies dramatically from one part of the country to another. The noble Lord, Lord Blencathra, pointed out that time of day also has a major impact on the speed of the system.

As more people work from home during the current crisis, it is likely that some will continue to do so, and that might be a growing pattern. If we are to have a competitive economy operating in all parts of our United Kingdom, that is all the more reason to ensure that we have a service that is fit for purpose. Governments have come out with these statements time and again, but as is often the case with much of our fundamental infrastructure, particularly as it applies to industrial strategy, we are a day late and a dollar short. This is not a new phenomenon. I do not understand why, sometimes, this country comes up with fantastic inventions but we fail to exploit them. The Whittle jet engine was a fantastic invention, but other people really made money out of it. Someone from the UK devised the World Wide Web, and yet we all know that someone else is exploiting it and making money out of it. We seem to be unable to take an idea and convert it into a meaningful and effective industrial strategy, and sometimes that can be very depressing.

If we do not set a reasonable target and require Her Majesty's Government to come back and test how effective it has been, in two or three years' time we will end up making the same claims in the same speeches, and many of our competitors in other parts of the world will have moved on. The Minister and the Government have nothing to lose in setting a reasonable target on which they have to come back to us. After all, the Health Secretary said today in the other place that he is happy to have his efforts judged by the statistics people. Some measurement of progress has to be made and if it is not, we need more Executive action or, as the noble Lord, Lord Fox, has said, further and better legislation.

3 15 pm

I can see no reason why we cannot adopt, if not the precise wording of the amendment, at least its substance, and I am sure that the Minister could bring something back for us at a later stage. Everyone accepts that economic inequalities exist between the north and the south—let us face it, the last election was fought on that basis, and promises were made. This is one of the mechanisms that could help to deliver on those promises, but that will happen only if the promised progress is measured and we can therefore make corrections as we go along. I do not see any possible negative impact, and I believe that the amendment as tabled is worthy of support.

Lord Kennedy of Southwark (Lab Co-op): My Lords, I fully support Amendment 21, proposed by the noble Lord, Lord Fox, and I hope that when the noble Lord,

Lord Parkinson of Whitley Bay, replies to this short debate, he can signal his support. If not, I hope he can reassure us that the measures in the proposed new clause will be undertaken in other ways. I will be most disappointed if all he says is that they are not necessary. I echo the comment made by the noble Lord, Lord Empey, in this respect.

As we know, the Bill is about enabling the UK to deliver on a major infrastructure project. As was said earlier, broadband has to be seen as an essential utility in the same way as gas, electricity, water and the postal service, to which my noble friend Lord Adonis referred. We must ensure that we have a world-beating service. We should remember what happened to the Pony Express.

One of the barriers to delivering gigabit capability is easy access to multi-dwelling buildings such as blocks of flats: a tenant wants the capacity but the owner does not respond to requests for access rights. So, I support the Government in delivering this and dealing with a real barrier to the target they have set—but is it enough? This new clause would enable us to decide and, if they are found wanting, to take action. It requires the Government to lay before Parliament a review of the Act's impact within six months. Importantly, the review must make a recommendation to the Government on whether they should bring forward further legislation to achieve their stated aim, which we all support in the light of the findings of the review they conducted.

Finally, the new clause provides for further reviews every 12 months after the initial review. As the noble Lord, Lord Fox, said, it seeks to inject some adrenalin into the Bill. Broadband connectivity and faster broadband speeds are vital to our country and to our economy. This new clause would enable Parliament and the Government to confirm that work is on track and where it is not, for that to be highlighted and appropriate action to be taken.

Baroness Falkner of Margravine (Non-Aff): My Lords, I will speak briefly in opposition to the amendment. I can see why the noble Lords, Lord Clement-Jones and Lord Fox, tabled it, because targets are quite important to ensure that the Government do what they set out to do. However, the narrow timeframes given in the amendment are not practicable and will not tell us any more than we will know through other means.

I go straight to the point made by the noble Lord, Lord Fox, about the Prime Minister commissioning the National Cyber Security Centre to review new US laws that will impact on Huawei's ability to use US technology. We know that the Prime Minister is looking again at this matter through this review. I am delighted to hear that, as the Committee would expect me to be given what I said earlier on my own amendments. It is quite right: it is better to change your mind and to get better information later, rather than too late to be able to effect the changes you might need to put in place.

However, the amendment is redundant for another reason: six months' time is way too narrow because it takes us to the end of this year, when we know that the bandwidth of Parliament and government will be intensely focused on Covid-19 and its impacts. Distracting additional pieces of legislation or reports would probably

not garner the bandwidth they need for us to see whether the Government are achieving what they set out to achieve. Six months is way too short.

As for annual reviews, the correct place to know whether the Government are reaching their objectives is Ofcom's annual reporting on this matter. Anyone who saw Ofcom's last report of December 2019 got a very clear picture of where there has been success for fibre broadband, some limited success for ultrafast broadband and great open holes in rural coverage. We all know from what the regulator is telling us is that there are real issues about rural coverage that have their own particular hurdles, such as masts, local communities, planning permissions and all those things. All that information is readily available through the regulator. I cannot see why we would wish to put another layer of reporting on top of what the regulator is already doing.

I again emphasise that I am very much in favour of the Government's objectives. I have my other concerns, which I might well come back to on Report, but for the moment the amendment is redundant in a very fast-moving situation.

Lord Blunkett (Lab): Everything that I intended to say has already been eloquently put on to the agenda by those who have spoken in favour of the amendment, so I will be brief. I reinforce that what has happened over the past three months has, in many ways, drawn attention to the inadequacies of the system that we are operating, not just as individuals but in how companies have tried to survive in this very difficult environment. The more that we can ensure that we review progress the better it will be, in whatever form. I take the point entirely about reporting from Ofcom, but the emphasis has to be on requiring the Government to address the key issues. I do not intend to go back to the Second Reading issues about the industrial strategy, but the rebalancing of our economy and the regeneration and recovery programme will be highly dependent on connectivity, with acceptable speeds right across the country in ways that ensure that they are reliable. That point has not actually been reinforced.

A review is crucial if we are not to repeat what has sadly happened over the past 30 or, in many cases, 40 years in efforts to ensure that modern technology is used effectively and is available and accessible to everyone: promising a great deal and delivering far less. The great pity of the December election, which was mentioned by the noble Lord, Lord Empey, is that we could have addressed the challenge of really ambitious investment but instead got caught up on pricing policy. Today, in this short debate and with this very narrowly focused Bill, it is time to say that we need to review anything that moves us on to being able to deliver what has been commonplace in other countries for a very long time, as was rightly said by my noble friend Lord Adonis.

Baroness Kennedy of Cradley (Lab): My Lords, as other noble Lords have said, this country is falling well behind our international partners regarding access to fast, reliable, gigabit-capable connectivity. As we know, the speed, resilience and reliability of our networks are the drivers of our economic growth. Making sure

through a review, as detailed in Amendment 21, that this and any future legislation that might be necessary are effective is critical and makes economic sense.

To help our economic growth, policy interventions in this area have to work. A review would allow an assessment of how the legislation works in practice. It would allow for tenants, landlords and operators to feed back on the practical application of the legislation and suggest whether further legislative intervention or guidance are needed. It would also give us a chance to assess landlords' responses. I am sure that landlords have the Bill on their radar. However, many will not. A review will help to assess how responsive landlords have been as a result of the legislation. For example, have they changed the implementation of broadband infrastructure policies for their buildings? Have they constructively engaged with tenants? A review would allow for best practice from landlords and operators to be shared across the sector.

Finally, I echo many noble Lords in asking how the Government, if Amendment 21 is not agreeable to them, intend to review the effectiveness of the legislation and learn from its practical application in the field to help to achieve their target.

The Deputy Chairman of Committees (Baroness Henig (Lab): The noble Lord, Lord Bhatia, cannot be heard, so we pass on to the noble Baroness, Lady Wilcox of Newport. We will come back to the noble Lord after that. Oh, she also cannot be heard. The noble Lord, Lord Duncan of Springbank, will not speak in the debate so we should go on to the noble Lord, Lord Liddle—

Baroness Wilcox of Newport (Lab): I beg your pardon—I was trying to unmute myself. It was not working just then but it is now. It was a little technical hitch.

My Lords, no one can fail to recognise the importance of faster broadband, and it will be a vital area of review after this health crisis has passed. A fast, reliable signal is important for young people who need to study and do their schoolwork at home, for our higher education students who need to access online courses, and indeed for people, including politicians, now working at home in these extraordinary circumstances.

One thing is certain: when this pandemic diminishes—let us hope that it will be sooner rather than later and that, with the easing of lockdown, a second wave will not engulf the country—it will be impossible to overstate the importance of broadband access. Indeed, when this Bill was first envisaged and consultations took place with the telecommunications industry, no one could have dreamed how the country, including this Chamber, would be transformed into a home-working economy. The speed of the transformation has been incredible and, although spontaneity is absent from your Lordships' House during questioning and debate, there must surely be good reasons for the House authorities and the usual channels to look at lessons learned from this virtual Parliament and to explore ways in which we can utilise this technology more readily in the future.

3.30 pm

Those gigabit-capable connections of 1,000 megabits per second and above will be a catalyst for entrepreneurs in areas such as cybersecurity, big data and artificial

[BARONESS WILCOX OF NEWPORT]

intelligence. Wales has all the ingredients for a strong cybersecurity sector that can not only survive the current and forthcoming economic challenges but support its recovery. We have an internationally recognised mix of cybersecurity-focused big business, a critical mass of small enterprises and GCHQ-recognised academic excellence, promoted by Welsh government strategy—and I am pleased to inform your Lordships that much of that mix of business is located in my home city of Newport.

The National Cyber Security Centre had planned to host its annual conference, CYBERUK, at the Newport International Convention Centre in May. It will be rescheduled post-Covid and will attract around 2,000 attendees to the city from across the world, thus providing a great opportunity to display the excellent cybersecurity sector in Wales and its cyber innovation ecosystem success stories.

It is therefore crucial that there is an evaluation of this legislation's impact on 1 gigabit broadband accessibility over at least a six-month period to ensure that the potential of this sector to aid recovery after the pandemic is assured. There should be ongoing reviews to ensure that it is not only the issue of accessing houses of multiple occupation that prevents the further rollout of services. Further legislation should be recommended to ensure that the sector can achieve its greatest potential for individuals, businesses and public services alike. As my noble friend Lord Kennedy said, this proposed new clause confirms that the Government are on track.

Lord Bhatia (Non-Aff): My Lords, I did not participate in the previous debates on this Bill because my broadband system was not fully connected. It was difficult to see or to print out the *Hansard* reports of the previous sessions.

I wish to speak to Amendment 22 and largely support what the noble Lords, Lord Adonis and Lord Clement-Jones, have said. The amendment would enable the court to make an order requiring a landlord to allow an operator to provide an electronic communication service to a leased premises. Such a service has become very important in the current Covid-19 climate, when many of us are housebound.

It is very disturbing to hear that BT might sell off Openreach. If that is true, all the timetables and budgets will have to be revised, and it will have huge consequences for the people who need broadband for their business and for individuals in their homes. Due to the Covid-19 lockdown, everyone is homebound and working from home. To participate in this debate, I have had to print out a copy of the Bill and the *Hansard* reports of the previous debates. In my home, I use Virgin's services. My daughter uses BT internet. Both systems have strengths and weaknesses but are largely reliable.

My Virgin system is excellent and rarely fails, but when it fails it is a big problem. Some months ago, the Virgin fibre service had an unfortunate accident. Someone had slashed through the fibre cables, which, as I understand it, are deep in the ground. It took some weeks before the engineers, who worked day and night, traced the location of the fibre that had been cut and had to be reconnected. On the telephone—the only way

of contacting Virgin—we were told that the system would soon be back in service, and finally the service was restored.

As I said earlier, there was a weakness, but users have been given no compensation for the system failure. There was no email service through which Virgin could be contacted. The only way of doing so was by telephone, and it took many hours to be connected, as thousands of users were trying to reach Virgin. As I said, to date, no compensation has been received. The problem with BT internet is that it is provided through open copper wires, which can be cut down due to falling trees or other accidents. As a result, delays are inevitable.

Although the debate has centred around blocks of flats and tenants who are unable to get internet, there is little or no mention of citizens in urban areas who have low incomes and are unable to pay the charges for the service. The Covid crisis has made many people jobless, as they are on zero-hours contracts. Some time ago one often used to hear mention of IT and broadband poverty.

I have three questions for the Minister. First, will he please clarify whether BT is going to sell off Openreach? Secondly, if Openreach is sold, is there a plan to ensure that the Openreach buyer will be able to continue the services seamlessly and on the same budget and timeframe? Thirdly, will the Government provide free services to those who are unable to pay for broadband and other services?

Lord Liddle (Lab): There have been some excellent speeches in this debate and I fully support the amendment moved so ably by the noble Lord, Lord Fox. We are debating matters of fundamental political importance, and I disagree with the suggestion of the noble Baroness who said that this can all be left to regulators. The fact is that in these areas far too much has been left to regulators. These are questions of politics and whether Ministers are really driving progress. That is why I think that regular reports to Parliament are a very good idea.

When listening to the noble Baroness, Lady Barran, and the noble Lord, Lord Parkinson, I have felt that the Bill has been presented to us as a sort of trifling or very minor measure, but in fact it is on a huge subject. In the Conservative manifesto, as I am sure the noble Lord, Lord Parkinson, will confirm in his concluding remarks, the Government made a very bold commitment to full fibre and gigabit-capable broadband for every home and business by 2025. It would be good if the Minister could reaffirm that that is indeed the Government's commitment. The case for it has grown: we saw in the general election the cry from the left-behind areas of the country. They put their trust in Mr Johnson because he said that he would look after them. It is absolutely essential to the fostering of new enterprise in, for instance, west Cumbria, where I live, that we have top-class, gigabit-capable broadband. The question is: will we get it? It is a big political question and the Government have to satisfy us that they will deliver on those promises.

The Covid crisis has made the question of access to broadband also a fundamental question of equality. I am struck by a lot of the research into the damage to

children's opportunities being done by schools being closed. Some of the greatest damage is where families do not have access to broadband and where schools are not providing teaching online, yet those inequalities could be addressed by a vigorous Government who were prepared to make sure that the infrastructure was available to everybody.

I support this legislation, which gives the service providers due rights over landlords. I am worried that it is not enough. The noble Baroness, Lady Barran, descended into lots of verbiage—if I might put it so crudely—about the balance of powers in this Bill, which makes me think that, actually, it does not really give the service providers what they need to aggressively provide a more universal service. We cannot put obligations on providers to provide a universal service unless they have the muscle to be able to do it.

In the Conservative manifesto, not only was £5 billion of public funding promised to promote these digital objectives, but

“a raft of legislative changes to accelerate progress”

will be introduced. I suppose this Bill is one of those legislative changes. We know we have got the telecoms security Bill coming later this year, and we know that there is a furious debate going on in government about what it should say. How much are those debates about the telecoms security Bill going to delay the 2025 objective? The Government should be straight with the electorate about the trade-offs here. We need an indication in the Bill of how far it is going towards this raft of legislative changes to produce great progress, what other legislative changes are going to be proposed, and on what timescale. If this is a trifling measure, what is the big measure that is going to produce the results?

I very much support this amendment and look forward to the Minister's reply, because I want to see clear commitment to action that will be reported on to Parliament on a regular basis.

Lord Livermore: My Lords, as we have heard, Amendment 21 would introduce a review requirement relating to progress on the Government's stated target of achieving universal access to gigabit broadband by 2025. I hope the Minister will be able to make a clear commitment to progress reports, either from his department or from Ofcom. While we do get estimates of statistics from the latter, there must be some mechanism for understanding how the Government aim to address any shortcomings.

Furthermore, the view of the committee this afternoon seems very clear that more needs to be done, and we are certainly sympathetic to the idea of an amendment such as that suggested by the noble Lord, Lord Fox. Amendment 22 seeks to upgrade one of the delegated powers in the Bill to the affirmative procedure. The 12th report of our Delegated Powers and Regulatory Reform Committee did not flag this power as problematic, but it would nevertheless be helpful if the Minister could outline the process that these regulations will be subject to prior to their publication and entry into force.

Lord Parkinson of Whitley Bay (Con): I thank all noble Lords who have spoken in this lively and wide-ranging debate. A number of issues of a Second Reading type were raised, which is quite understandable

given the practical restrictions on noble Lords being present at Second Reading. I will attempt to address those briefly before turning to the amendments, but I am sure that my noble friend Lady Barran will be happy to write with further details if they are still needed afterwards.

On security, I am afraid I cannot give the noble Lord, Lord Fox, a specific date for the introduction of the telecoms security Bill any more than we could earlier in Committee. However, I can certainly reassure him that we understand the importance of that issue, and of turning to it in a timely manner. However, on security issues more broadly, the National Cyber Security Centre is considering what the impact of the additional sanctions placed on Huawei by the United States Government might be. Moreover, in the first Committee sitting, my noble friend Lady Barran committed to meeting certain noble Lords with Ministers from the Foreign and Commonwealth Office specifically with regard to this issue of high-risk vendors and human rights, and I am sure that she would be very happy for the noble Lord, Lord Fox, and others to join if they wished.

3.45 pm

The noble Lord, Lord Bhatia, asked about Openreach. I can tell him that officials from the Department for Digital, Culture, Media and Sport have spoken to BT, which has categorically denied that it is in talks to sell Openreach.

My noble friend Lord Empey raised the issue of rural connectivity, as a number of other noble Lords rightly touched on. The Government recognise that rural communities require good digital connectivity in order to thrive, as has been particularly highlighted by the circumstances in which we currently find ourselves. We are committed to ensuring that no part of the United Kingdom is left behind, and we are investing record amounts to improve digital connectivity for the least-connected parts of the country.

Furthermore, the Budget committed the £5 billion, which I am glad that a number of noble Lords have noticed, to support the deployment of gigabit-capable broadband in the most difficult-to-reach 20% of the country, so that all areas of the United Kingdom are able to benefit from it. This £5 billion will deliver benefits to each of the constituent nations of the United Kingdom—I am glad that we have had noble Lords speaking from each of those four nations in this debate—and it will particularly benefit rural areas. We are striving to have our £5 billion delivery programme up and running as soon as possible, and we are engaging closely with the industry on this, along with local authorities and the devolved Administrations, so that we can design the programme to get the best possible value for money for taxpayers.

Turning to the amendments, I will speak first to Amendment 21, and I am grateful to the noble Lords, Lord Fox and Lord Clement-Jones, for tabling it. In essence, it asks why we are not using this Bill to further the Government's gigabit-broadband strategy—a point that a number of noble Lords returned to in their speeches. Given the Government's commitment to the nationwide implementation of gigabit-capable broadband, which I am happy to restate, we certainly appreciate the sentiment behind this amendment.

[LORD PARKINSON OF WHITLEY BAY]

Nevertheless, the Bill has been introduced to address a specific issue. As set out in my noble friend's letter that preceded the Bill—which the noble Lord, Lord Fox, recalled—this Bill is not intended to be a more wide-ranging measure or some sort of panacea to address gigabit connectivity more broadly. As noble Lords have rightly noted, the Government have a manifesto commitment to bring full-fibre and gigabit-capable broadband to every home and business across the UK. We are taking a broad range of actions to fulfil that commitment, including not just introducing this Bill, but investing £5 billion to deliver faster broadband in the hardest-to-reach areas.

This Bill, however, has been introduced to provide a targeted response to a specific problem, responding to a clear base of evidence that we have seen from the industry. It is not a trifling matter, as the noble Lord, Lord Liddle, rightly says, but just one discrete instrument in the Government's overall strategy for speeding up the deployment of gigabit broadband. Operators have told us that unresponsive landowners are presenting an obstacle to the provision of broadband in multiple-dwelling properties, and the evidence they have provided has helped to formulate this legislation to address that problem.

The Government continue to engage with operators as well as with landowners, local authorities and many others on other barriers to deployment, so that we can formulate policy based on clear evidence just as this Bill has been. We are talking to operators all the time about what they need from the Government to speed up broadband deployment, and as soon as evidence becomes available that makes it clear that the existing legislative framework is proving a barrier to deployment, or is not addressing it, we will of course consider making the changes that are needed to support the nationwide delivery of gigabit broadband. I hope that that gives noble Lords, particularly the noble Lords, Lord Kennedy of Southwark and Lord Liddle, and others the reassurance that they were seeking about the broader work that the Government are doing.

My noble friend Lord Blencathra asked about guaranteeing minimum speeds rather than focusing on maximum or potential ones. I am pleased to say that the Government have legislated to introduce a universal service obligation for broadband, which came into effect in March this year. That gives everyone in the country the right to request decent broadband of at least 10 megabits per second up to a reasonable cost threshold. Of course, we appreciate that reliability is just as important as speed. Similarly, it is essential that networks are resilient and that they work when we most need them, such as right now, so the universal service obligation is closely monitored. But it is not the Government's aim to provide the bare minimum. We want every home and business to have access to gigabit-capable connections as soon as possible.

The technology that makes our digital infrastructure possible is still rapidly evolving and the “up to” limits that my noble friend mentioned in his contribution are a symptom of the current generation of broadband, where things such as how close one's house or office is to the exchange and the number of people connected at any one time determine the experience that people

have online. My noble friend said that he doubted that he would ever get a gigabit speed because of traffic and people downloading films and so on. It might reassure him to know that this area is developing quickly. Only last week, researchers in Australia recorded a new world record internet speed of over 44 terabits per second over a regular fibre line, while scientists in Japan, albeit in lab conditions for now, were able to transmit data at 1 petabit, which is 1 billion megabits per second. To put that in layman's terms and in perspective, that speed would be sufficient for every individual in the UK simultaneously to stream three movies in full HD and still leave 100 million megabits of capacity for other things. So gigabit-capable connections are more reliable, more resilient and faster. That is why the Government are so keen to ensure that every home and business is able to access them and enjoy the many benefits that the internet has to offer.

There are ways in which the effect of Amendment 21 can be achieved without adding it to the Bill. I have two examples. First, Ofcom publishes its *Connected Nations* report three times a year, which provides a clear assessment of the progress that the country is making in providing connectivity, both fixed and mobile. These reports provide detailed analysis and show not only areas connected to gigabit-capable networks but also those yet to be connected. I hope noble Lords will agree that the independent regulator is well placed to provide information on the progress of gigabit-capable broadband through these regular reports.

Secondly, the Government continue to answer questions in your Lordships' House and the other place to provide clarity on any aspect of their work in this area. My noble friend and other DCMS Ministers are always happy to provide updates on the Government's delivery of their manifesto commitment, on which I am glad to see a number of noble Lords rightly holding our feet to the fire, and to be held accountable in this way.

Furthermore, in both Houses of Parliament there are established means of scrutiny through the Select Committees. Indeed, the DCMS Select Committee in the other place has already launched an inquiry into the Government's gigabit broadband commitment. I hope noble Lords will agree that the amendment is not needed on the grounds of accountability. But there is another reason why the amendment is problematic. It would create an inconsistency with the Electronic Communications Code. By focusing on one gigabit, the amendment would not take the technology-neutral approach that we have taken in the Bill and which is taken in the code. Indeed, it would elevate one form of connectivity above others, as the noble Baroness, Lady Falkner of Margravine, pointed out, which, as my noble friend mentioned previously in Committee, has never been the Government's intention. The Electronic Communications Code is about where, when and how installations take place, leaving the question of what type of connectivity to the individual in question, be that the landowner or someone taking out a retail contract.

Amendment 22 would ensure that any regulations made under paragraph 27C(8) of the code, as amended by the Bill, are subject to the affirmative rather than the negative procedure, as currently provided. The power in question provides for the Secretary of State

to specify other conditions that the operator must satisfy before giving the required granter a final notice. It might be helpful to provide some indication of the conditions that might in future be considered for specification so that noble Lords have an idea of how that power could be exercised. Currently, an operator seeking to ascertain the identity of a landowner may conduct a search of the Land Registry, speak to the leaseholder directly or search the internet for details of the individual organisation that owns a property, for example via Companies House. Any of those may be used currently on a voluntary basis by an operator. However, it may in time become the case that these inquiries are better suited to being requirements. That is the sort of thing that might be considered.

Naturally, the Government thought carefully about to which procedure the regulation-making powers in this Bill should be subject. Our view remains that the negative procedure is the most proportionate level of scrutiny for this power. The nature of the power concerns procedural requirements for the serving of notices. All the other regulation-making powers in the Bill are of a similar nature and therefore subject to the same negative procedure, with one exception, the power relating to the terms of an agreement imposed by a Part 4A order, which will be subject to the affirmative resolution procedure.

As noble Lords will be aware, our approach has been scrutinised by the Delegated Powers and Regulatory Reform Committee, which did not identify anything in the Bill to which it wished to draw the attention of your Lordships' House. I was pleased to see that my noble friend Lord Haselhurst, one of the members of that committee, was with us earlier in this Committee's proceedings, and of course my noble friend Lord Blencathra, its chairman, is with us today. I am grateful to them and the rest of the committee for their scrutiny of the Bill. Given all that, we remain satisfied that the negative resolution procedure continues to be sufficient for the regulation-making power in question. I hope the noble Lords, Lord Clement-Jones and Lord Fox, will agree and feel able to withdraw the amendment.

Lord Stevenson of Balmacara (Lab): I want to return to comments made by the Minister in his concluding remarks, which were very comprehensive and tried to answer many of the questions posed by noble Lords. I worry, however, that anyone neutral listening to this debate would take the view that there is already a gap between where Ministers wish to go with the Bill and where those who have been participating in the Second Reading and Committee of the Bill are, which will need to be resolved as we get further down the track. It is worth pointing out that this comes from all sides of the House; it is not a partisan position.

I put it to the Ministers that the gap they are trying to bridge will not be achieved by the Bill. Unless and until they are prepared to put forward very firm commitments about how they will take forward the issues that have been raised, there will be trouble with the Bill as it reaches its later stages. To take one example, the Minister said that the department was regularly in discussion with operators about what they would like to see happen. That is very interesting. I am sure that most Members of the Committee taking part

in this debate have had similar correspondence. Everything I have seen in relation to the Bill has been a complaint by the operators that their particular issues about how to involve themselves in this debate have not been listened to by Ministers and that the Bill is a pale imitation of what they thought they were being promised during the discussions that they had. So there is a difficulty.

I want to pick up on two other points. Ofcom may be doing a very good job as the current regulator in this area and reporting well to the wider public as well as to the Government, but that does not answer the main point, which is that we were promised in the recent election a completely different set of arrangements for our internet for the future than we are currently offered. My noble friend Lord Adonis said that we cannot claim to be world beating if we aspire only to 10 megabits per second, and others have said that the Covid-19 experience shows us that we have to rethink entirely what we do for our communities in internet provision. It is more than a utility; it is almost as vital as the air that we breathe to survive in today's society. If we do not get it right now, we are missing a tremendous opportunity to get ourselves at least back on to the ladder of progressive activity in relation to this. As others have said, we are a long way down the list and we will need a lot of effort if we are to get further on.

The question of whether or not we trust what the Government are doing will not be resolved by answering questions in Parliament or by Statements being made from time to time, when the Government choose to do so. We want to be confident that the Government are taking the opportunity that lies before us now to push forward this arrangement in a way which will satisfy all aspects of society. It will not be done simply by occasional reports, because we just do not know; we need definite information. That is the point I want to leave with Ministers: unless we can get some movement between now and Report, we will want to come back with a much tougher amendment that will push this Government where we think they ought to go.

4 pm

Lord Parkinson of Whitley Bay: I certainly agree with what the noble Lord said about the importance of a fast and reliable broadband connection. As we have all rightly noted, and as the current situation underlines, it is an increasingly important part of modern life, both for recreation and for business. But I do not fully recognise the characterisation that he gave of the Bill.

As we have said from the outset, this is a discrete measure responding to the evidence presented to us from industry and others about one of the obstacles—only one—which stands in the way of fast broadband provision. We are attempting through this Bill to tackle that large, primary obstacle raised by industry. There are other specific challenges, but it would not be practical or as quick to put those into the Bill. It is because we want to proceed at pace, and remove those obstacles, that we are introducing this Bill in its discrete form.

I am sure that the noble Lord and his friends, in both Houses, will find plenty of opportunities to continue to hold the Government's feet to the fire. But I hope we will be able to reassure him then, as we

[LORD PARKINSON OF WHITLEY BAY]
are trying to now, that we certainly understand the importance of this and want to proceed as swiftly as we can.

The Deputy Chairman of Committees (Lord McNicol of West Kilbride) (Lab): As no further Members have indicated that they wish to speak, I call the noble Lord, Lord Fox.

Lord Fox: I thank the Minister for his comprehensive response, which I will come to in a minute. I also thank all noble Lords for their response to the debate; it has been an interesting one, which has very much given evidence of the fact that we need a much wider Bill and a much wider level of discussion across the piece, whether we agree or otherwise.

I thank the noble Lord, Lord Blencathra, for introducing at the beginning the lies and sleights of advertising. To be clear, if someone is offering 1 gigabit and you are getting only 750 megabits down the line, that is a lot better than what I am getting now. To some extent, the bigger the target, the closer we get to what we need.

There is another issue, to do with empowerment, which none of us talked about: upload speeds. Noble Lords did talk about issues in rural areas, however. We heard voices from west Cumbria, Wales and Northern Ireland—and here I will of course play my Herefordshire card. For businesses to be empowered, and to plug into the recovery of our economy, they need to be able to upload, because that is how they sell things to other people and make money.

As the noble Lords, Lord Blunkett, Lord Bhatia and Lord Liddle, said, this is about equality and fairness. As a Parliament, we must stand up for the people who have the very worst delivery. The noble Lord, Lord Adonis, introduced the idea of the USO, and the Minister responded. We have a USO of 10 megabits, but compare that to the postal service. We have only a first and second-class postal system, but a fifth-class stamp would be needed to reproduce the levels of service in some parts of the areas I have just described. So I say yes to a USO, but it has to be a USO that really delivers.

The noble Lord, Lord Empey, also introduced some industrial nostalgia, which I sign up to. But in this context, I add Plessey, GEC and Marconi. Where are they when we need them? The answer is that we did not have an industrial strategy when we needed it. We have to recover ground on some of those issues.

The noble Baroness, Lady Falkner of Margravine, seemed to sign up to the Government's target of 2025 but then pushed out for six months, on the basis that it was too soon. The longer she leaves it, the more it becomes a self-defeating exercise, because 2025 is coming over the hill. We talked about rural, but it is not just rural. The noble Lord, Lord Kennedy, and others raised the issue of multioccupancy and the large proportion of the urban poor who need access to get the equality referred to by the noble Lords, Lord Blunkett and Lord Bhatia.

I have one response to the Minister's overall Second Reading comments. I am pleased that he reaffirmed 2025 and talked about the £5 billion investment

programme. That underlines the Government's leverage in this area, which should be used to the overall advantage of the United Kingdom and not sold off to the cheapest bidders. We have to look at that.

In his response to Amendment 21, the Minister said that it addressed a specific issue. It is so narrow in its ambition that it actually addresses a specific issue within a specific issue. The point made forcefully and helpfully by the noble Lord, Lord Stevenson—for which I thank him—is that the operators are not dancing down the street in response to this measure. They are all saying that it misses a trick; it misses an opportunity. Between now and Report, if the Government have a chance to go back and talk to those operators and listen, as they say they are doing, they will hear that there is a lot more to do. The Minister seems to be hiding behind Ofcom. It is the Government's job to lead—to direct and point the direction of this policy. This point was made forcefully and ably by the noble Lord, Lord Liddle. My argument is not with Ofcom: it is with the Government's lack of leadership. To push Ofcom in front of the Government is to use it as something of a human shield, whereas it is the Government who have to push this and deliver it. I am sure Ofcom would be fully able to support that.

My final point is about inconsistencies. This seems incredibly well confected. Well done to the Government, because my amendment says "access". It does not say that there has to be a pipe and it does not say that there cannot be 5G. "Access" is a technology-neutral word. If the Minister has a problem with that and wants to use a word that the department feels is more consistent with existing legislation, I am sure we are all big enough to take that on. On Amendment 22, does it seem so scary for the Government to switch to the affirmative approach? I shall leave that where it lies.

In conclusion, I am grateful to the noble Lord, Lord Liddle, for introducing the idea of the Government's planned "raft" of legislation. At best, this is a plank, and these amendments seek to varnish it a bit. We need a lot more evidence of the Government's legislative determination to deliver on their goal. We will look closely at the Government's response on Report. Listening to other Members and the outside world, I think it is clear that the Government have got the tone of the Bill wrong. That said, I beg leave to withdraw the amendment.

Amendment 21 withdrawn.

Clause 3 agreed.

Schedule: Related amendments

Amendment 22 not moved.

Schedule agreed.

The Deputy Chairman of Committees: That concludes the Virtual Committee's proceedings on the Bill. The Virtual Proceeding will now adjourn until a convenient point after 5.30 pm for the draft Northern Ireland Banknote (Designation of Authorised Bank) Regulations.

4.11 pm

Virtual Proceeding suspended.

Arrangement of Business

Announcement

5.31 pm

The announcement was made in a Virtual Proceeding via video call.

The Deputy Speaker (Baroness Garden of Frognal) (LD): Good afternoon, my Lords. Virtual Proceedings of the House of Lords will now resume. I remind Members that these proceedings are subject to parliamentary privilege and what we say is available to the public both in *Hansard* and to those listening and watching. Members' microphones will initially be set to mute and the broadcasting team will unmute their microphones shortly before we reach their place in the speakers' list. However, Members may need to accept a prompt to unmute under the new system. When Members have finished speaking, their microphone will again be set to mute.

We now come to the Virtual Proceedings on the Motion in the name of the noble Baroness, Lady Penn. The time limit is one and a half hours, and Back-Bench speakers have up to four minutes.

Northern Ireland Banknote (Designation of Authorised Bank) Regulations 2020

Motion to Consider

5.32 pm

Moved by Baroness Penn

To move that the Virtual Proceedings do consider the draft Northern Ireland Banknote (Designation of Authorised Bank) Regulations 2020.

The Motion was considered in a Virtual Proceeding via video call.

Baroness Penn (Con): My Lords, in the UK, seven banks currently hold the authority to issue commercial bank notes: four in Northern Ireland and three in Scotland. One of these banks, Ulster Bank, is part of the RBS Group and is a direct subsidiary of NatWest Bank. Later this year, the RBS Group will undertake a planned restructure, which will involve the removal of Ulster Bank's banking licence and its transfer into the NatWest legal entity. NatWest will continue to issue commercial bank notes under the Ulster Bank brand.

The issue of commercial bank notes in Northern Ireland, alongside Bank of Ireland AIB Group, trading as First Trust Bank in Northern Ireland, and Northern Bank, trading as Danske Bank, is a tradition with cultural importance that the Government support. This instrument is laid before the House to ensure its continuance.

With the consent of the Bank of England, this instrument will transfer the authority of issuance from Ulster Bank to NatWest Bank, and represents an established routine procedure that has been carried out before in 2017 to transfer the same authority between two Scottish entities of the Royal Bank of Scotland Group. As before, RBS and the Bank of England have remained in contact with Her Majesty's Government throughout the instrument's process and

are supportive of the measures put before the House today. Importantly, this statutory instrument will ensure that any bank notes printed or issued by Ulster Bank will remain valid, with their authority transferred to NatWest, thus retaining customers' confidence that they will receive value for the notes they hold. I beg to move.

5.33 pm

Lord Hain (Lab): My Lords, I thank the noble Baroness, Lady Penn, and welcome this instrument, which brings a practical reform necessary for Ulster Bank Ltd to continue to be an authorised bank issuing commercial bank notes in Northern Ireland through National Westminster Bank.

I must raise an urgent Northern Ireland issue as well. Last year, legislation which had all-party and Cross-Bench support was initiated in this House to provide modest financial payments to men and women who suffered the most horrendous physical and psychological injuries through no fault of their own during the Troubles in Northern Ireland.

Section 10(2) of the Northern Ireland (Executive Formation etc) Act 2019 imposed a statutory obligation on the Executive Office in Northern Ireland to have a scheme up and running by Friday 29 May 2020 so that claims could be made and payments quickly processed to these victims. However, not only is the scheme not operational, none of the structures to support it are in place as, again, they were statutorily required to be over three months ago, by 24 February 2020—that is, before the Covid-19 lockdown.

The Executive have palpably failed, indeed refused, to comply with the law. Even more damning is the heartless treatment of some of the most vulnerable victims of Northern Ireland's violent past, who are now part of its living, tortured legacy. Elderly men and women, permanently disabled through no fault of their own by terrorist attacks some 50 years ago, are confined to wheelchairs or on prosthetic limbs, or are blind and live in permanent pain; and, because of underlying medical conditions as a result of their injuries, they now also live in constant fear of contracting Covid-19.

I and other noble Lords have met members of the WAVE Injured Group, whose campaigning over many years was the driving force behind the 2019 legislation initiated in your Lordships' House. They had been expecting a pension to help them better survive in the last period of their lives, backdated to the Stormont House agreement of December 2014, but they discovered last week, only days before the scheme was due to commence, that nothing had been done—nothing had been done. As you would expect, they are devastated.

The Executive Office says that the Government should fund the scheme, and the Government say that funding should come from the Northern Ireland block grant. If that is indeed the cause of the impasse, there needs to be an urgent adult conversation to resolve it. Either way, it is completely unacceptable that the law has been flouted in this way. I ask the Secretary of State for Northern Ireland, as the sponsor of the 2019 Act, to have urgent discussions with the First Minister and Deputy First Minister of Northern Ireland to resolve this shameful impasse. I hope that the Minister

[LORD HAIN]

will respond positively on this matter. How on earth can politics have sunk so low that a severely injured victim, maimed for life in a terrorist atrocity decades ago, has now been forced to put the devolved Northern Ireland Administration on notice of judicial action, and possible judicial review, to force them to honour their moral and legal obligations?

5.38 pm

Lord Bruce of Bennachie (LD): My Lords, I have, of course, supported the campaign by the noble Lord, Lord Hain, on behalf of those suffering historical injuries, but I will concentrate on the instrument in question. This is relatively uncontentious and arises as a result of the restructuring of the Royal Bank of Scotland Group, which is, of course, majority-owned by the Government. In Northern Ireland, as in Scotland, the public are attached to their own local-issue bank notes and are resistant, I would suggest, to any reduction, although the number of issuing banks has been cut over the years. So can we be assured, in the Scottish context, that there will be no move to transfer the note-issuing rights of the Royal Bank of Scotland to NatWest in Scotland? Can the Minister indicate whether the instrument will lead to any change in the number and value of Ulster Bank notes in circulation? Can the Minister tell us the current value and volume of Northern Ireland-issued notes altogether, and what proportion are held or issued by Ulster Bank? In this context, will existing notes be withdrawn and replaced with designs incorporating the NatWest logo? Given historical problems, are the Government and the Bank of England satisfied that measures are in place to eliminate fraud or counterfeiting, and that they are robust?

Although during lockdown there has been a reduction in cash transactions, will the Minister assure us that, as lockdown eases, there will be adequate supplies of cash and that Northern Ireland notes will be as freely available as before? Is there any consideration that, as the economy starts moving again, there will be sufficient cash for what might well be a much greater demand than has been the case in the past? Many will seek the assurance of cash transactions rather than credit. Is that likely to lead to raising the amount of Northern Ireland banknotes issued above the most recent aggregate, which I understand was £2.86 billion?

Will the announcement by Allied Irish Banks that it will cease to issue its own banknotes in Northern Ireland after the end of this month affect the total value of notes issued? Will other banks be able or willing to take up the difference, or will it just lead to more Bank of England notes in circulation in Northern Ireland?

As banks in Northern Ireland also operate through associated companies in the Republic of Ireland, is the Minister satisfied that resources to support bounce-back loans are adequate? What arrangements, if any, are in place between the UK Government and the Government of the Republic to underwrite these loans?

What responsibility for any of this lies with the Northern Ireland Executive and Assembly? I know that in my own lifetime—the history of note issuing in Scotland and Northern Ireland goes back way before that—issuing banks have disappeared: I remember the

North of Scotland Bank and the British Linen Bank, both of which are long gone. Nevertheless, people wish to see this continued. The fact that note issuing is authorised and monitored by the Bank of England was a detail to which I referred in a pamphlet I produced when I was Treasury spokesman for my party, making the case for the operational independence of the Bank. I suggested that, as part of the reform, it should be renamed the “United Kingdom Reserve Bank”, because that is effectively what it is.

The reality is that Scotland and Northern Ireland have benefited in the past few months from massive injections of funds from the Bank and the Treasury. It has shown that we are better together and raises the question of how Scotland could have coped on its own. Northern Ireland is even more exposed. If the ending of lockdown coincides with a no-deal Brexit, the resources of all the components of the United Kingdom might be stretched to breaking point.

5.41 pm

Lord Rogan (UUP): My Lords, I thank the Minister for outlining the purpose of what we are discussing today. There are many reasons why Northern Ireland holds such a special place at the heart of our United Kingdom. One must surely be that the four locally based banks are authorised to issue their own commercial banknotes—beating Scotland by one.

Having read the Explanatory Memorandum that accompanies these regulations, I am pleased to learn that RBS Group anticipates that customers in Northern Ireland will continue to be served under the Ulster Bank brand following the internal restructuring of NatWest. That being the case, will the Minister tell us whether the existing polymer Ulster Bank notes will continue to be used until the end of their natural lifespans?

I say that because, as your Lordships will know, last year Ulster Bank became the first bank in the British Isles to issue vertical banknotes. Based on the theme of living in nature, the new £5 note celebrated Northern Ireland as a place that people pass through and visit, highlighting the importance of the sea and migration and featuring Strangford Lough and brent geese. The new £10 note which, like the £5 note, was also issued early last year, showcases Northern Ireland as a place of growth, in terms of both agriculture and heritage, featuring Lough Erne, the Irish hare and the guelder rose shrub. Towards the end of last year, the great people of the Province also enjoyed the chance to spend the new Ulster Bank £20 note, which features local music and culture, as well as the iconic brickwork and patterns inspired by Northern Ireland’s many redbrick tenement buildings.

If your Lordships are in any doubt about how valuable these notes have become, I offer some guidance as to their worth. A visit to the eBay website earlier today revealed that the Ulster £5 note is currently on sale for £12.50. A new Ulster Bank £10 note can be snapped up for £15. Both come with free postage and packaging. Given that the Ulster Bank polymer notes were made to last—although it may not necessarily be thought that there is a good sale on—I hope that they will be retained, given the cost of design and production as well as the environmental benefits of not issuing replacements any time soon. I support these regulations.

5.44 pm

Baroness Anelay of St Johns (Con): My Lords, I support the making of the regulations, but I have a couple of questions for my noble friend the Minister for clarification.

I appreciate that commercial concerns have precipitated the need for these regulations because the Explanatory Memorandum states that the restructuring of the RBS Group means that it would now not be able to issue banknotes as Ulster Bank Ltd. The use of this power in the instrument is only its second use ever, and it is therefore appropriate for the House virtually to consider the regulations carefully.

The instrument includes a provision, in Regulation 3(1), that a designation date must be determined by the Treasury and gives a power, in Regulation 3(4), for that date to be changed by the Treasury. I would be grateful if my noble friend the Minister could give an indication of the preferred designation date fixed so far by the Treasury and explain in what circumstances the Government would consider it appropriate to use the power in the instrument to change the designation date. It appears that, if the designation date were to be changed, there would be no further requirement for the Bank of England to be consulted. Can my noble friend confirm whether my understanding is correct?

There are no associated impact assessments for this legislation. Under the heading “Impact”, paragraph 12.3 of the Explanatory Memorandum states:

“An Impact Assessment has not been prepared for this instrument as no, or no significant, impact on the private, voluntary, or public sectors is foreseen.”

It is the reference to “or no significant” impact that caught my attention. My continuing concern with regard to the making of regulations is to consider the impact on the voluntary sector, for example charities, in the broadest sense of the term. That is even more important in these pandemic times when any economic impact on the voluntary sector may prove significant—perhaps the straw that breaks the camel’s back. I would therefore be grateful if my noble friend the Minister could explain how the assessment of impact on the voluntary sector was conducted in the preparation of this instrument and why it was determined that any impact was not significant, however the Government define “significant” in that sense.

I look forward to my noble friend the Minister’s response.

5.47 pm

Lord Wood of Anfield (Lab): My Lords, I thank the Minister for setting out this regulatory change, which I support. Some of the points that I wanted to make have already been made, but I have a couple of questions about the technical change being suggested and the operation of the unusual system of private banknote issuance in Northern Ireland.

First—excuse me if this is pedantic—I want to double-check that existing Ulster Bank notes in circulation will continue to be valid and that no problems with their acceptability are anticipated, now that Ulster Bank Ltd will surrender its trading licence. I ask for two reasons: technically, the note states that

“Ulster Bank Limited promises to pay the bearer”

and reference is made to “Head Office Belfast”, neither of which will continue to be the case, strictly speaking; secondly, in case noble Lords think that I am guilty of excessive pedantry, I ask because Northern Irish privately issued banknotes are not legal tender and therefore, as we have seen in the past with some £1 notes issued by another private bank, there are occasionally issues around the acceptability of these notes.

Secondly, as the Northern Irish £5 note is issued by only two of the four private banks certified to issue banknotes—namely, the Bank of Ireland and the Ulster Bank—can the Minister assure us that NatWest Bank plc in Northern Ireland will continue to do so? Can she also set out by what mechanism it is decided which of the four banks decides which notes to print? Is it a decision of the bank, a decision of the group of banks or a decision of the banks in collaboration with the Bank of England and/or the UK Government?

More generally, I am interested in the regulatory regime surrounding what is, in anyone’s view, an unusual and distinctive system of private banknote issuance. First, I would be interested to know what process is in place for eventualities such as this, in which a private bank decides on restructuring and that has a material bearing on the currency used in Northern Ireland. Today’s proposal is a more modest restructuring, but what process is in place for a situation in which a private bank goes out of business or withdraws its activities from Northern Ireland altogether? What obligations do issuing banks have in those circumstances and what options do the Government have?

Secondly, it is striking that within this unusual system of private banknote issuance, Northern Ireland is an island of even greater unusualness. England has a population of 56 million and one sole issuing bank, the Bank of England. Scotland has a population of 5.5 million but three private issuing banks. Northern Ireland, with a population of 1.8 million, has four private issuing banks—at least until this month, when it goes down by one. I have no agenda on this and know there is a strong attachment to the history behind this system, but—purely as a matter of information—I wonder if the Government have any plans to review the Northern Irish banknote issuance system in any way.

Lastly, can I confirm a detail? Are there any plans to revisit the deal brokered with private issuance banks in Northern Ireland and Scotland as part of the Banking Act 2009, which agreed to allow funds lodged with the Bank of England to cover note issuance to accrue interest? I remember that at the time, when I was working as an adviser in the Government, this negotiation was considered crucial to the viability of the private note issuance system. I would just like to check that it will remain in operation for the foreseeable future and that there are no plans to change it.

5.51 pm

Lord Purvis of Tweed (LD): It is a pleasure to follow the pedantry of the noble Lord, Lord Wood. This is the first debate in which I have participated with the noble Baroness, Lady Penn, on the Government Front Bench, so I welcome her to her position.

As the noble Lord, Lord Wood, alluded to, the UK is unique in the world in that commercial banks are able to print sterling banknotes for use in their own

[LORD PURVIS OF TWEED]

nation and the other three, even if they are not legal tender. Apart from the distinct advantage that when I was a student in far-flung London, I frequently received change for £5 from a similar-looking £1 Scottish banknote, the availability of paper currency in rural, sparsely populated and frequently poorer parts of the union was a vital part of economic development over the last two centuries.

Scotland and Ireland have Malachi Malagrowther, and his successful 1826 campaign to retain lower-value banknotes printed in Scotland and Ireland, to thank for this. He was the thinly veiled pseudonym of Sir Walter Scott. I am a former trustee of Abbotsford here in the Scottish Borders, so this is of particular interest. Some of my English colleagues may not be aware that Sir Walter's image is seen to this day on every Bank of Scotland banknote.

Why the trip down trivia lane, other than simply to compete with the noble Lord, Lord Rogan, over our love for our native lands? As has been referred to, the Ulster Bank notes were some of the first to be polymer and are rare in the world in having a vertical design. They are as familiar to the pockets of people there as very different Scottish notes are here.

As my noble friend Lord Bruce said, this SI—which will receive no opposition and is procedural—is a result of the further restructuring of the Royal Bank of Scotland Group. The Office for Budget Responsibility estimates that UK taxpayers will make a loss of £32.1 billion on the £45 billion bailout of the bank during the 2008 financial crisis—an increase in loss of £4.7 billion over the Government's forecast two years ago. At the time, the OBR expected the Government to sell £3.6 billion in shares this financial year, but that figure has now been revised down to zero. The Government said they would raise £20.6 billion by 2023-24, but now the sale has been postponed to beyond this Government's term in office.

Can the Minister state when the Government will divest themselves of the shares and the estimate of the total loss expected? The significant increase in the losses estimated over the last two years is astonishingly high. As my noble friend Lord Bruce asked, is it not right to consider wider options—especially since we have a post-Brexit, post-Covid recovery to consider—and the calls for a different type of recovery, focusing on sustainability and more support for small operators?

To return to the principles behind why the notes we are discussing today exist—the need for support for Northern Ireland businesses and continuity of provision, even in a world of e-commerce—the Government should be able to offer reassurances to the very same businesses that face a confused, complex and costly scenario from January next year, when the reality of the Northern Ireland protocol and our exit from the European Union becomes real.

Yesterday, this House's EU Select Committee published its report on Northern Ireland. Its chair, the noble Earl, Lord Kinnoull, said:

“It is seven months to the day until the protocol on Northern Ireland becomes operational, but we still don't know what the protocol will mean in practice for businesses based in or trading with Northern Ireland.”

He added that two weeks ago, the Government published a Command Paper to explain its approach to the protocol, but that

“while it addresses the right areas, it is almost all in the future tense.”

He concluded:

“Northern Ireland needs practical action now, not jam tomorrow.”

Can the Government give a clear timetable on when those legislative proposals will be made public and this House can scrutinise them fully?

5.55 pm

Lord Mann (Non-Aff): My Lords, I am certain that Walter Scott would be one of the pioneers of cashless payments and internet shopping and banking if he were around today. I suspect that the Minister, whom I welcome to her post, is not yet able to tell us what the impact of the Covid-19 crisis has been on the shift away from cash, but it seems that it will be a significant factor for the Bank of England over the next two years, as people become less reliant on cash. Currently, most retailers—though not all, in my experience—are refusing cash on health and safety grounds and want cashless payments. Psychologically, that expansion in all sectors of the community is going to be very significant for the ongoing use of cash in the country. Policy towards cash will have to be amended in time to impact on that, because none of that would take away Northern Ireland's right to continue with its banknote tradition.

I am sure that in the sofas and settees across Northern Ireland, there are many banknotes surreptitiously hidden away or slipping away. By what date will those banknotes no longer be redeemable, once they are out of circulation because of this change, and will there be any change to that deadline, depending on the longevity of the Covid-19 crisis?

The significance of this change extends well beyond the banknotes of Northern Ireland. It is notable that we have the first woman chief executive of a major bank, something that those who have argued for greater roles for women in finance greatly welcome. Here, we see a contrast with how RBS operates. The amalgamation that led to this change is sensible business practice, compared with the recklessness that we saw under previous leaderships. I am sure that Fred Goodwin is not paid his pension literally in Scottish or Northern Irish notes—a rather large wheelbarrow would be required each month to provide that—but he is still getting a hugely significant annual pension, bigger than that of the Prime Minister and the Deputy Prime Minister put together, despite leading that bank to such a failure. Stephen Hester, who replaced him, was more than happy to promote the concept of bonuses within the bank, but it did not learn the cultural changes needed, being 62% owned by the taxpayer. Let us not redeem our purchase cheaply. Let us celebrate that there is good female management of this bank, and let us see more of it.

5.59 pm

Lord Caine (Con): My Lords, I very much welcome the opportunity to take part in this short debate. I too congratulate my noble friend Lady Penn on her appointment to the Front Bench. I shall keep my

comments brief but, first, I associate myself with the comments of the noble Lord, Lord Hain, regarding the victims and survivors of the Troubles—an issue with which I grappled, not entirely successfully, over many years at the Northern Ireland Office. I also welcome the comments of the noble Lord, Lord Bruce of Bennachie, who said that the United Kingdom is better together. That has to include Northern Ireland.

As my noble friend made clear in her opening remarks, the SI itself is a technical requirement made necessary by restructuring at Ulster Bank Ltd and within the RBS Group, so I have no issue at all with it. Instead, I wish to refer to one issue: the continuing practical difficulties encountered by people travelling from Northern Ireland to the rest of the United Kingdom, who then try to pay for goods and services with banknotes issued within Northern Ireland.

I suspect that, with the possible exception of some noble Lords from Northern Ireland, over the past decade I have made the journey between Northern Ireland and Great Britain more than anybody else speaking in this debate. It was usually every week, and frequently more often. I am therefore well used to having Northern Ireland banknotes nestling alongside Bank of England notes in my wallet, and to the problems that one can have in using them. Thankfully, my excellent local pub in south London, the “Rosendale”, which I hope at some point I might even see again, is managed by a gentleman from Castlederg and his husband. Northern Ireland banknotes are therefore very welcome and I have disposed of many of them in there. Regrettably, at my local pub here in Yorkshire, which I also hope to visit again soon, that is far from the case; they are simply not accepted.

The immediate retort from people who are refused is usually to say that these notes are legal tender. As the noble Lord, Lord Wood, pointed out, they are not legal tender but they are of course legal currency. Herein lies the problem. In Great Britain, Northern Ireland banknotes are too often met with bewilderment and a complete lack of understanding as to their status. A few years ago, a *Which?* survey found that over half the respondents had experienced difficulties spending Scottish or Northern Ireland banknotes in England and Wales, and over one quarter had been refused service altogether. I can remember once trying to change a Northern Ireland tenner for a Bank of England note in a branch of Lloyds Bank in Leeds, only to be asked by the cashier whether I knew the exchange rate as she could not find it listed. I could share many other anecdotes, but I think I have made the point.

Might my noble friend therefore ask her Treasury officials and the Bank of England to look at whether anything more could be done to clear up some of the confusion that exists? While I fully appreciate that this might not be the most pressing issue facing the Treasury at the moment, once life returns to a more normal pattern it is something that many people in Northern Ireland would appreciate. With that, I support the regulations.

6.03 pm

Baroness Ritchie of Downpatrick (Non-Aff): My Lords, I welcome the Minister to her position. I too would like to be associated with the comments of the

noble Lord, Lord Hain, in relation to the non-implementation of the victims pension scheme, which should have been put in place last week. In fact, I have a Private Notice Question tomorrow, where I will be pursuing the spokesperson for Northern Ireland in your Lordships’ House on this matter.

I have some questions in relation to these regulations as somebody who lives in Northern Ireland. Ulster Bank has been issuing commercial banknotes since 1929 under Governments’ permission, along with the Bank of Ireland, the Allied Irish Banks and the Northern Bank—now known as Danske Bank. We have been told that this is partly to do with the restructuring of the Royal Bank of Scotland. As it is part of the RBS Group, is the restructuring therefore due to the previous recession in 2008? There are also the difficulties and challenges posed, back in about 2013, by the banks within the RBS Group in relation to their computerised system. People were then unable to obtain banknotes through the ATMs because of computer error. I remember distinctly going up to the Strand for a meeting in the RBS headquarters, as a then MP, with other Northern Ireland MPs to discuss that issue.

Banknotes issued by Northern Ireland banks, including Ulster Bank, have a particularly distinctive quality. They are polymer and they carry the landscape and tourism features of Northern Ireland, such as the Giant’s Causeway and the big crane. Of course, one particular banknote carried Northern Ireland’s probably most celebrated footballer, George Best. If such new notes are issued by NatWest with, as I understand it, maybe an Ulster Bank brand, will they still include Northern Ireland-specific features?

There is also a north/south dimension in the island of Ireland. Ulster Bank has many branches throughout the island of Ireland. In fact, there are two separate legal entities: Ulster Bank Ltd and Ulster Bank Ireland. The group headquarters is in Dublin and the official headquarters is in Belfast. I want to find out about the nature of that relationship. Does this new issuing of banknotes for commercial purposes have any impact on that relationship, particularly with Brexit? The Republic of Ireland remains in the European Union and Northern Ireland will be leaving, although it has rights within the customs union for agricultural purposes and manufacturing in terms of trade. What will that impact be? What discussions have been held with the Treasury, the Bank of England and the Revenue Commissioners in the Republic of Ireland regarding this matter? What will be the designation date? What will be the method of publication to businesses and the general public?

I have a certain fondness for the existing banknotes. I know that they will remain legal tender until the end of their useful life, but what will the new ones look like?

6.08 pm

Lord Trimble (Con): What the noble Lord, Lord Hain, said, is really quite shocking. Legislation has been enacted, clearly stating dates by which things should be done, yet as those dates come up we discover that nothing has happened. That is very disconcerting. The Northern Ireland Executive have quite enough on their plate at the moment and one can understand

[LORD TRIMBLE]

some of the difficulties there might be there, but to not comply with the legislation that they have themselves enacted is very disturbing.

I also noted that the noble Lord, Lord Wood, was a little surprised about the arrangements we have here regarding banknotes. It goes back to the formation of the banks, which came into existence in the early 1800s. They were issuing notes. When various mergers took place, the Bank of England was quite ready to put a regime in place so that the four Northern Ireland banks and the three Scottish banks could continue their practice without disturbing what happened at a national level. There is occasional amusement about seeing these provisions but, as my noble friend Lord Caine said, there have been occasions when it has been difficult to get those notes accepted. I thought that that problem had diminished over recent years, but maybe I just have not come across it all that much.

On the detail of this legislation, the regulations are clear about the future. The Treasury has to determine a designation date and from that date Ulster Bank Limited will no longer be authorised to issue banknotes in Northern Ireland. That is very clear. Next, the regulations state that National Westminster Bank will be authorised to issue banknotes in Northern Ireland. We are therefore getting to a lovely arrangement where it appears that while National Westminster Bank is authorised to issue these bank notes, it is likely to issue them in a way that makes them indistinguishable from Ulster Bank notes, and I am delighted to hear that.

The other major provision is not in the regulations but is mentioned in *Scottish & Northern Ireland Banknote Issuance Annual Report 2019*. Paragraph 20 refers to AIB Group (UK) plc and what it says came as a bit of a surprise to me:

“On 13 February 2019 AIB Group (UK) plc announced its intention to cease issuing its own banknotes in Northern Ireland from 30 June 2020, and instead to dispense Bank of England notes through its branch and ATM network from this date onwards.”

That will be a considerable change in Northern Ireland because southern notes, as we call them, which are AIB notes, are as frequently found as Ulster Bank or other Northern Ireland banknotes. However, according to that report there will be a simplification, I suppose, in that AIB will no longer be dispensing its notes in Northern Ireland and will instead be dispensing Bank of England notes through its branch and ATM network. We will more often find ourselves with Bank of England notes in our hands, and that will be a good thing.

6.12 pm

Baroness Kramer (LD): My Lords, this is also my first opportunity to welcome the noble Baroness, Lady Penn, to her position. I agree with many noble Lords who have spoken that this statutory instrument is not contentious. This is a time of change for banknotes and coins, and consequently I have three questions for the Minister. The first is very simple: are polymer notes meeting the expectations of acceptance, ease and durability?

More significantly, how have Covid and lockdown impacted on the use of cash? I think earlier this year, before the virus struck, cash was used for around 28% of transactions across the UK. I cannot find a separate number for Northern Ireland, but perhaps

the Minister knows. That is part of a trend of rapidly reducing cash use. Can the Government assure us that they will support easy access to cash for those who wish to continue to use it? We lost several thousand free-to-use ATMs in the UK in 2018 and 2019, and rural areas of Northern Ireland were the hardest hit. Has Covid made that any worse, especially as many small post offices have been closed? Will the Government make sure that any contraction in access to cash is rapidly reversed?

Lastly, I have a more esoteric question, but it is important. As cashless transactions grow, the Bank of England, like other central banks, is considering a fiat, or a central bank digital currency. The Bank of England is focused particularly on the retail use of such a currency. Such a currency could advance financial inclusion, especially if it was based on a token system, but there are many complexities, from privacy and the stability of the banking system to international power and trade politics. In the context of Northern Ireland, how would such a switch towards a digital currency impact on some of the unique cultural aspects represented in the current Northern Ireland banknotes? The same would apply to Scotland.

The Bank of England has been consulting on this, but of course its consultation has overlapped almost entirely with lockdown. Will the Minister therefore commit to an update on the Government's thinking on this and give us the opportunity for a proper debate in the House on the issue? The ramifications are, quite frankly, sweeping.

6.15 pm

Lord Livermore (Lab): I am grateful to the Minister for introducing this statutory instrument, and I join others in welcoming her to her position. I have listened with great interest to the points made by other noble Lords during this debate. My noble friend Lord Wood of Anfield made a characteristically interesting speech, and I strongly support the very powerful words of my noble friend Lord Hain. As the Minister explained and the Explanatory Memorandum details, this is a minor technical change to take account of a recent restructuring within the RBS Group. I will therefore be very brief in my comments.

It seems that people in Northern Ireland should notice no practical difference as they go about their day-to-day business, and that is certainly welcome. Paragraph 2.1 of the Explanatory Memorandum states:

“The RBS Group anticipates that customers in Northern Ireland will continue to be served under the Ulster Bank Limited brand”,

albeit with its assets and liabilities having been legally transferred to National Westminster Bank plc. As I understand it, Ulster Bank has close to 100 branches across Northern Ireland, with a slightly higher number operating across the Republic. Is the Minister able to give any additional detail about the discussions that her department had with NatWest about the future use of the Ulster Bank brand? How strong were the assurances given, and will the number of bank branches remain broadly the same?

As well as printing cash, the bank plays an important part in distributing it. On several occasions your Lordships' House has discussed the decline in cash and the difficulties

that some communities have in accessing it. Lastly, therefore, as part of the Treasury's conversations with the RBS Group—to reiterate a point made by the noble Baroness, Lady Kramer—I ask the Minister whether any commitments were made on maintaining free-to-use cash machines across the region.

6.17 pm

Baroness Penn: I thank all noble Lords for their warm words of welcome. I am grateful for the debate on this matter, which has sometimes been extremely detailed, and I hope to address as many points as I can in my response.

I start by addressing the points made by the noble Lord, Lord Hain. He spoke very movingly about the issue of compensation payments to victims of atrocities in Northern Ireland, and many noble Lords added their voices in support of his words. It is slightly beyond the scope of this debate—as the noble Baroness, Lady Ritchie, noted, there will be a Private Notice Question on this issue tomorrow—but we pay tribute to the noble Lord for his work on this and for bringing forward his amendment last year. Now that the Northern Ireland Executive are up and running after the *New Decade, New Approach* agreement, we expect them to fulfil the commitments made under that legislation, and it is disappointing that they have not yet done so.

The noble Lord, Lord Hain, raised the issue of funding. The only thing I would say on that is that the *New Decade, New Approach* agreement that restored the Executive in January was accompanied by a £2 billion funding package, which included £1 billion of new funding to help Northern Ireland meet its obligations, including victims' payments. I am disappointed that we have not seen the progress required so far, and I am sure we will hear more about this at the Private Notice Question tomorrow.

I turn now to a number of the detailed questions asked by the noble Lord, Lord Bruce. I will start by reassuring him that there are no plans to bring in further changes to the issuing authorities in Northern Ireland—or in Scotland, which he mentioned specifically. He asked about changes to the number and value of Northern Ireland bank notes in circulation and whether this change or the change announced by AIB bank would affect that. The value of existing notes will not be affected, and the number issued is driven by demand. I can tell him that currently some £2.51 billion-worth of notes are in circulation in Northern Ireland.

On the design, which several noble Lords spoke on in some detail, I can reassure all noble Lords that the intention is that new notes will be issued under the Ulster Bank brand. There will be a small change, in that the promissory clause will be noted as NatWest, which is in very small writing on the note; the promise to pay the bearer will have the name of NatWest. However, again, the design and the branding will be Ulster Bank. Obviously, because this is the commercial issuance of bank notes, it is down to Ulster Bank under the Royal Bank of Scotland to design the notes, but I anticipate that it will want to continue with the tradition which many noble Lords have spoken about, drawing on many of the unique features of Northern Ireland in its design.

Several noble Lords raised questions about access to cash. I can reassure them that the UK has a resilient cash supply system and that the cash industry has a well-developed contingency arrangement in place. On access to cash by members of the public, the Government announced at Budget 2020 that they will bring forward legislation to protect access to cash to ensure that millions of people can get the cash they need when and where they need it. Finally, on the issue of the name of the Bank of England, all I will say is that I am a committed unionist, but I will refrain from commenting on this, given the Bank's independence.

The noble Lords, Lord Rogan and Lord Purvis, and the noble Baroness, Lady Ritchie, asked about the unique design of the current bank notes issued by Ulster Bank, and specifically whether those bank notes would continue in circulation. I can confirm that they will.

My noble friend Lady Anelay raised two specific points. The first was on the impact of this change on the voluntary sector. These changes are taking place to maintain existing issuance rights. The continuation of the Ulster Bank brand means that there will be little practical impact on individuals or organisations as customers, including the voluntary sector. It is rather that the impact of not enacting this statutory instrument would impede the ability of the RBS Group to carry out the structural changes that are driving it. The Better Regulation guidance led the Treasury to conclude that an impact assessment would not be required in this case.

My noble friend also asked about the anticipated designation date and any potential changes to it. We expect these changes to come into force to enable RBS Group to make the transfer in early November, but it could be as late as February 2021. The SI allows the Government to designate a date for these changes to come into force, and the reason that a date is not specified is that court approval is needed for RBS's wider restructuring plans. Once that court approval has been gained, the Treasury will work to agree a date to implement this. The flexibility offered by the statutory instrument also allows the Government to work with the RBS Group and the Bank of England to find a practicable date that will allow for all the other changes that RBS will be making.

Turning to some of the detailed questions asked by the noble Lord, Lord Wood of Anfield, I have already confirmed that existing Ulster Bank notes in circulation will continue to be valid. He also raised the issue of Northern Ireland notes being legal tender. It is right that this statutory instrument deals with quite an unusual circumstance, in which a commercial entity issues bank notes. In many countries, bank note issuance is usually a function reserved for the central bank. We are unusual in allowing commercial banks to issue their own bank notes.

On the intricacies of legal tender, I will make a few points, but I am not sure how much detail to go into. Bank of England bank notes are legal tender in England and Wales but not in Scotland and Northern Ireland. Scottish and Northern Irish bank notes are not legal tender anywhere in the UK, and UK coins are legal tender throughout the UK, in most cases up to certain specified amounts. The point made by the noble Lord, Lord Wood, and my noble friend Lord Caine about

[BARONESS PENN]

legal tender being something of a red herring is correct; for example, many transactions are taken by way of debit or credit card or cheque, none of which is legal tender. That these notes are not legal tender should not inhibit their acceptance by your local pub—in the case of my noble friend. On his frustration at Northern Ireland and Scottish notes not being widely recognised, he is right that, where the notes are in wider circulation or people have greater knowledge of them, these issues do not arise or tend to arise much less. However, I will take back his point about doing anything that can be done to increase awareness of the status of those notes and their acceptance outside Scotland and Northern Ireland.

I do not intend to go into detail on the Government's stake in RBS as it goes beyond the scope of this statutory instrument. The noble Lord, Lord Purvis, was right that we have delayed the divestment of further shares from RBS. That is entirely right with the financial markets as they are.

I believe that I have covered some of the points raised by the noble Lord, Lord Mann, but he also raised the issue of women in finance. He may not be surprised to hear that I am a big advocate of having more women in finance, and I will continue to be so. The noble Lord raised a contrary view on the availability of cash, noting that some businesses have moved away from cash during the lockdown. The noble Baroness, Lady Kramer, asked about digital currency and the Bank of England's consultation on it. Again, that goes slightly beyond my remit in responding on this statutory instrument, but I will take her representations back to the Treasury.

I reassure the noble Baroness, Lady Ritchie of Downpatrick, that these changes relate only to Ulster Bank Ltd. On the design, I have said that, as these are commercially issued notes, it is for the issuers to decide, but they will be under the Ulster Bank brand and I am sure that it will want to continue the tradition that it has applied so far. The noble Baroness asked also about the designation date and where it would be announced. As I have indicated, we expect and anticipate it to be in November, but it could be as late as February 2021. It will be publicised through a notice in the *London Gazette* and the *Belfast Gazette*.

My noble friend Lord Trimble raised concerns about the AIB no longer dispensing notes in Northern Ireland. I reassure him that this SI is specifically to protect the ability of Ulster Bank to continue to issue notes in Northern Ireland, despite the changes that RBS is making to its broader structure. Ulster Bank-branded notes will continue to be issued, albeit under the issuing authority of NatWest.

I do not have any further information for the noble Baroness, Lady Kramer, on how widely polymer notes are accepted. I think I have covered access to cash, which I agree is extremely important, particularly for people in rural areas. That is why we announced in Budget 2020 that we would bring forward measures to ensure that people continue to have access to cash—I know that the noble Lord, Lord Livermore, also raised that issue.

I hope that I have covered the vast majority, if not all, of the points made by noble Lords that were pertinent to this statutory instrument. The debate has been broad-ranging and I have not been able to cover issues that go slightly beyond my scope.

In conclusion, the issuance of commercial bank notes in Northern Ireland is an important cultural tradition that the Government are keen to support. The noble Lord, Lord Wood, asked whether there were any plans to review that tradition. There are none, nor are there plans to change the ongoing basis of interest being paid on the reserve against these notes in issuance. This statutory instrument allows the Ulster Bank to continue to issue bank notes in Northern Ireland while the RBS Group carries out important structural changes to its corporate governance arrangements. That is why the Government are bringing this measure forward.

Motion agreed.

The Deputy Speaker (Baroness McIntosh of Hudnall) (Lab): The Virtual Proceedings on this Motion are now complete. The day's Virtual Proceedings are now complete and are adjourned.

Virtual Proceeding adjourned at 6.31 pm.

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