Vol. 807
No. 134

Tuesday
27 October 2020

PARLIAMENTARY DEBATES
(HANSARD)

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OFFICIAL REPORT

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In Hybrid sittings, [V] after a Member's name indicates that they contributed by video call.

The following abbreviations are used to show a Member's party affiliation:

Abbreviation	Party/Group
CB	Cross Bench
Con	Conservative
DUP	Democratic Unionist Party
GP	Green Party
Ind Lab	Independent Labour
Ind 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.

House of Lords

Tuesday 27 October 2020

The House met in a hybrid proceeding.

Noon

Prayers—read by the Lord Bishop of Bristol.

Arrangement of Business

Announcement

12.07 pm

The Lord Speaker (Lord Fowler): My Lords, the Hybrid Sitting of the House will now begin. Some Members are here in the Chamber, respecting social distancing, others are participating remotely, but all Members will be treated equally. Oral Questions will now commence. Please can those asking supplementary questions keep them short and confined to two points? Equally, I ask that Ministers' answers are also brief. I call the noble Lord, Lord Oates, to ask the first Oral Question.

Zimbabwe

Question

12.08 pm

Asked by ***Lord Oates***

To ask Her Majesty's Government what assessment they have made of the effectiveness of their policy in respect of Zimbabwe.

The Parliamentary Under-Secretary of State, Foreign, Commonwealth and Development Office (Baroness Sugg) (Con): My Lords, sadly we have not seen sufficient progress towards the economic and political reforms that the Government themselves set out. The onus must be on the Zimbabwean Government to deliver that progress. Our policy remains to support the people of Zimbabwe in moving towards a more democratic, stable and prosperous country.

Lord Oates (LD): My Lords, do the Government recognise that, if we continue with our current policy, we will see the same results—injustice and repression continuing to be visited on the Zimbabwean people by their Government, a growing humanitarian crisis and the need for ever-increasing amounts of emergency aid to prevent starvation? So will the Minister consider convening a round table of experts to develop a more strategic political and economic approach, including looking at how a post-Covid Marshall plan for the region, accessible to countries that met specified governance and rule-of-law standards, could stimulate both economic recovery and democratic renewal in Zimbabwe and further afield?

Baroness Sugg (Con): My Lords, as I said, we have not seen the progress that we want and, like the noble Lord, we want to see both economic recovery and democratic renewal. So I am very happy to meet with the noble Lord to discuss that idea and to help bring that about.

Baroness Anelay of St Johns (Con): My Lords, Zimbabwe continues to have high rates of gender assaults throughout the country. Can my noble friend say what progress has been made by a DfID-launched programme, started 18 months ago, called Stopping Abuse and Female Exploitation?

Baroness Sugg (Con): My Lords, I thank my noble friend for highlighting this issue. Even before the pandemic, Zimbabwe already had one of the highest prevalence rates of violence against women. We are investing in trying to help stop gender-based violence: as my noble friend said, we have funded a preventing sexual exploitation and abuse co-ordinator within Zimbabwe, and we are also working hard on a programme to stop abuse and female exploitation.

The Earl of Sandwich (CB) [V]: Would the Minister agree, first, that, with over half the population facing food insecurity, family farms deserve much greater priority and need more international support? Mozambique was a good example of that. Secondly, would she agree that the UK has a historic responsibility to join Zimbabwe in resolving the land reform issue, along with compensation for evicted farmers, so that, in time, the country can return to food self-sufficiency?

Baroness Sugg (Con): My Lords, we note the signing of a recent $3.5 billion compensation deal between the Zimbabwean Government and farmers for improvements to land, but we remain concerned that the agreement is not underpinned by the finance necessary to deliver the agreement. Officials at the British embassy in Harare speak regularly with a full range of stakeholders, who are interested in reaching an agreement on compensation.

Viscount Hanworth (Lab): My Lords, the Zimbabweans are a people of truly democratic spirit who are ruled by a venal and vicious mob of soldiers and policemen who have survived the demise of Robert Mugabe, to whom they owe their positions. Now they are systematically robbing and suppressing the nation. This country has profited greatly from an influx of Zimbabweans, who work as nurses, doctors, teachers and others. Will the Government acknowledge this debt and give sanctuary to those such as journalists, authors and churchmen who now find themselves in peril?

Baroness Sugg (Con): My Lords, I join the noble Lord in paying tribute to the contribution that people from Zimbabwe have made in this country. As I said, we are still working to try to see the promised reforms. We have been clear that a lack of meaningful economic and political reform, as well as the ongoing human rights violations, means that the Government of Zimbabwe are far from achieving the level of reform that we need to see. We will work closely with like-minded partners to continue to raise concerns, press for respect of the constitution and see the sustained implementation of the reforms that have been committed to.

Lord Chidgey (LD) [V]: My Lords, last weekend an extravaganza in Zimbabwe to launch a people's protest against sanctions resulted in demonstrations outside German embassies and 14 likes on Facebook. More

[Lord Chidgey]
telling, I think, was the action, led by South Africa's President, Cyril Ramaphosa, of the African Union and the Southern African Development Community, calling for their unconditional removal, which received the robust UK response that corruption has driven investors away, not sanctions, leaving Zimbabweans struggling in poverty. Will the Minister recognise that eminent Africans such as the past President of Botswana, Ian Khama, are calling for a special SADC summit to address poverty and human rights abuses in the region, and will the Government work with other donors to support this initiative?

Baroness Sugg (Con): My Lords, the UK is committed to working in partnership with the African Union as well as the Southern African Development Community and other international organisations. We will continue that work, alongside the international community, to help support good governance, respect for human rights and genuine political and economic reform in Zimbabwe.

Lord Collins of Highbury (Lab): My Lords, I return to the point that the noble Baroness has just mentioned in terms of how we build support in civil society to defend human rights and stop the abuses. Have the Government got a strategy for working with civil society, including faith groups? I specifically ask the Minister whether she can work with the TUC and its international affiliates to ensure that we support workers who are organised in Zimbabwe to defend their own human rights.

Baroness Sugg (Con): My Lords, the UK supports the political and human rights of Zimbabweans through reinforcing our diplomatic engagement, but also specifically supporting civil society organisations. We work with Zimbabwean citizens to help hold the state to account for its use of resources and respect for human rights, and we provide support to over 50 civil society organisations focused on the defence of human rights. I will certainly follow up on the noble Lord's suggestion of directly engaging with the TUC on this matter.

Lord Hayward (Con): My Lords, my noble friend just made reference to democracy in Zimbabwe, which is clearly sadly lacking. Could she give an indication of the work that this Government are undertaking with the EU and Commonwealth in relation to preparations for the next elections because, if the groundwork is not done now in relation to the Zimbabwe Electoral Commission, constituencies and free access to the media, the next elections will be stolen like so many others?

Baroness Sugg (Con): My Lords, I agree with my noble friend. As we look forward to the elections in 2023, a lot needs to be done to ensure a level playing field. The 2018 elections were an acknowledged improvement, but our observer mission still highlighted significant shortcomings. We will continue to engage with the Commonwealth and the EU, alongside the Government of Zimbabwe, on the observer-mission recommendations.

Lord St John of Bletso (CB): Is the Minister aware that President Mnangagwa's niece was arrested in Harare yesterday for attempting to smuggle six kilograms of gold to Dubai? At a time when there have been no prosecutions for corruption, despite overwhelming evidence of gross corruption by ZANU-PF government officials, what measures can Her Majesty's Government and the European Union take to ensure the independence of the judiciary in Zimbabwe, and what measures can be taken to encourage the South African Government to use their political and economic leverage with Zimbabwe to help resolve the crisis?

Baroness Sugg (Con): My Lords, I am afraid that I was not aware of the noble Lord's information on the arrest yesterday. We are working closely with our partners in the EU to try to avoid corruption and we will continue to do so with the African Union and South Africa to try to reduce corruption in Zimbabwe.

Lord Hain (Lab) [V]: My Lords, what specific steps have the Government taken to sanction those responsible, including government Ministers, for massive human rights violations in Zimbabwe, such as the abduction and torture of Joana Mamombe and her colleagues in June? She continues to be viciously harassed through the criminal justice system, and police brutality is continuing with impunity: for example, throwing tear gas into a crowded bus on 12 October.

Baroness Sugg (Con): My Lords, the UK remains aligned to the EU's restrictive measures on Zimbabwe. Suspended targeted measures are in place against three current and former security sector chiefs, and Grace Mugabe. The Sanctions and Anti-Money Laundering Act 2018 now provides the legal basis for the UK to impose autonomous sanctions, and we are in the process of considering our approach to the future sanctions regime in Zimbabwe.

Baroness Northover (LD): My Lords, the FCO has tended to look at things by country and DfID has often looked at things across the region. Given the effectiveness of the African Union in the coronavirus crisis in getting countries to work together, is the new department looking at how best to help the region and, with it, Zimbabwe?

Baroness Sugg (Con): My Lords, the creation of the Foreign, Commonwealth and Development Office does offer further opportunities to help integrate development and diplomacy into a single new department that aims to bring together the best of our diplomatic and development efforts. We will continue to work with the African Union—I agree with the noble Baroness that it has done a sterling job on Covid-19—in order to try to bring about long-lasting change.

The Lord Speaker (Lord Fowler): My Lords, the time allowed for this Question has elapsed and we now come to the second Oral Question. I call the noble Lord, Lord Rose of Monewden.

Covid-19: Financial Support for High Street Retailers

Question

12.20 pm

Asked by ***Lord Rose of Monewden***

To ask Her Majesty's Government what additional financial support they plan to provide to high street retailers affected by the restrictions in place to address the COVID-19 pandemic.

The Parliamentary Under-Secretary of State, Department for Business, Energy and Industrial Strategy (Lord Callanan) (Con): My Lords, we have abolished business rates for high street retailers for 12 months as part of the Government's support during the pandemic and have extended the moratorium on commercial landlords' right to forfeiture for non-payment of rent. The Chancellor has announced the next phase in the Government's plan to protect jobs and support businesses, including a new job support scheme and greater flexibility to help pay back loans.

Lord Rose of Monewden (Con) [V]: I thank the Minister for his reply and, of course, I welcome the additional support the Chancellor announced last week and the business rates holiday, which has been a lifeline for so many businesses. However, that holiday is due to come to an end in April and without it, I fear more retailers will go under, resulting in yet more store closures and job losses. We have already lost 14,000 stores this year and 125,000 retail staff have lost their jobs. Will the Government extend the business rates holiday for a further year and think again about their recent decision to end the VAT retail export scheme, which CEBR estimates will result in at least another 27,000 people losing their jobs in the retail sector?

Lord Callanan (Con): I know that my noble friend has great expertise in this sector. As set out in the call for evidence for the fundamental review of business rates, of which he will be aware, the Government anticipate setting out our preliminary conclusions from the review in the most pressing areas, including reliefs, in the autumn.

Lord Dubs (Lab) [V]: My Lords, does the Minister agree that Covid has exacerbated a problem that existed some time before the pandemic, that high street retailers face higher costs and taxes than internet suppliers and that this will continue long after the Government's short-term measures cease? Does the Minister agree that we need a permanent solution unless we want to see our high streets permanently damaged?

Lord Callanan (Con): I did not quite catch all of that question, but I understand what the noble Lord was saying about the difficulty the retail sector is experiencing. Of course, the pandemic has exacerbated what has been a long-term problem, so I agree with the noble Lord to that extent.

Viscount Ridley (Con): My Lords, given the remarkable achievements of the high street retail sector in adapting to very difficult circumstances this year, can my noble friend say what steps the Government and the retail sector are taking to ensure that shops are safe for customers to visit in the run-up to Christmas?

Lord Callanan (Con): The Government have worked closely with retailers throughout the pandemic and we continue to do so. Retailers were instrumental in the development of the Covid-secure guidance and we have invested a great deal to ensure that their premises are Covid secure. I welcome the British Retail Consortium's campaign to encourage consumers to "Shop early, start wrapping, enjoy Christmas".

Lord Shipley (LD) [V]: My Lords, I remind the House of my registered interests. Footfall in high streets is down by well over a third compared to a year ago and despite business rates retail reliefs, the collection of business rates overall this financial year is still forecast to be down by more than £1.5 billion. Do the Government have a plan to meet this deficit without penalising the high street?

Lord Callanan (Con): As I set out earlier, we will be announcing a review of the business rates system shortly but we have a number of other elements in place, which I outlined in answering the first questioner, to support the high street during this difficult time.

The Earl of Shrewsbury (Con): My Lords, does my noble friend agree that the serious demise of the high street was evident long before Covid hit, through a combination of the success of out-of-town shopping centres and the trend for shopping online? We really should have been thinking about things of this nature many years ago. Does he also agree that it is vital that we rethink the role the high street must play post-Covid, especially in rural towns, where it has always been a major part of the social structure of those communities?

Lord Callanan (Con): I agree with my noble friend that the retail sector has been undergoing a period of transition that well predates the pandemic. High streets play a crucial part in our rural communities, and through the £3.6 billion Towns Fund and the High Street Task Force we are providing support to local businesses and high streets.

The Earl of Clancarty (CB): My Lords, does the Minister agree that it is difficult to separate the original Question from questions about the longer term at a time, for example, when the current vulnerability coincides with changes to planning regulations? How much importance will be attached to the recent LSE report, *Saving the high street: the community takeover*, and does its message that close local authority involvement with community-driven projects is central to the future of our town centres have the Government's support?

Lord Callanan (Con): The noble Lord is quite right. We welcome the report prepared for Power to Change, which provides some valuable insights that will inform future policy interventions to support the recovery of the high street and town centres. This is a difficult, ongoing problem and we will want to work closely with both local authorities and retailers to solve it.

Baroness Fox of Buckley (Non-Afl): My Lords, will the Minister ask colleagues in the Welsh Assembly if the distinction between buying essential and inessential retail goods is a scientific one or an arbitrary political one? For retail in general, beyond financial support, a dangerous dose of puritan moralism will not help shops if it means that a care worker who has worked long shifts and might want to treat themselves to a dress is now treated as a criminal. The Minister said to shop early for Christmas—not in Wales, where I am from, because you are not allowed to shop at all, apparently.

Lord Callanan (Con): The noble Baroness makes a powerful point, and I point out that we do not have these restrictions in England. I almost felt sorry for the Welsh Government yesterday in trying to navigate a way through this self-imposed error.

Lord Stevenson of Balmacara (Lab) [V]: My Lords, with visits to the high street falling and the prospect of Christmas and new year being digital at best, why are the Government asking local authorities to pay back support originally designated for the high street fightback fund? Should not the focus be on reopening the fund to help businesses struggling under the new restrictions?

Lord Callanan (Con): As the noble Lord will be aware, the retail, hospitality and leisure sectors have been helped considerably. We allocated £12.3 billion to local authorities in England to pay grants to businesses under the small business grants fund. This support will continue and we need to do all we can to help our high streets.

Lord Addington (LD): My Lords, will the Minister have a look at the fate of charity shops on the high street, which fill up a great deal of it? They provide a large part of the income of many charities and are having their services called on very heavily at the moment. Can we do something to help them particularly? They have lost a lot of money and we need their services.

Lord Callanan (Con): The noble Lord makes a powerful point. We are providing an unprecedented package of support worth £750 million to allow charities and social enterprises to continue their vital work but, of course, we accept that we are not able to replace every pound that they have lost.

Baroness Altmann (Con): My Lords, I congratulate my noble friend on the business rates holiday and look forward to the forthcoming reform proposals. Following up the question from the noble Baroness, Lady Fox, are there discussions between his department, the DHSC and the Government in Wales regarding the sale of non-essential items and the risk to high street jobs that it poses when those who might otherwise have purchased such items on the high street are then driven to buy them online?

Lord Callanan (Con): My noble friend makes a powerful point. As I said earlier, I thought the Welsh Government were placed in a really difficult situation yesterday. It shows the difficulty of trying to define what is an essential item and what is non-essential. As I said, I almost felt sorry for them.

Lord Flight (Con): My Lords, can the Government consider placing out-of-town retailers on a comparable basis to high-street retailers with regard to business rates? There has long been a perceived position of overtaxing high streets and undertaxing out-of-town businesses.

Lord Callanan (Con): My noble friend makes an important point. Business rates are based on the rateable value of non-residential properties, and rateable value is a measure of the property's annual open-market rental value, as assessed by the Valuation Office Agency. Clearly, with the move towards out-of-town shopping centres and online retailers, this is an area ripe for urgent review, and we are doing that.

The Lord Speaker (Lord Fowler): My Lords, all supplementary questions have been asked, so we now move on to the next Question.

Domestic Abuse: Protection of Victims

Question

12.29 pm

Asked by ***Lord Kirkhope of Harrogate***

To ask Her Majesty's Government what steps they are taking to protect victims of domestic abuse.

The Minister of State, Home Office (Baroness Williams of Trafford) (Con): My Lords, the Government provide funding to domestic abuse organisations, helplines and specialist services at national and local levels, and have introduced measures to tackle abuses such as forced marriage and FGM. We are committed to further strengthening victim protections through the Domestic Abuse Bill. We have also allocated £27 million of Covid-related funding to domestic abuse services and launched the #YouAreNotAlone campaign to signpost people to support.

Lord Kirkhope of Harrogate (Con) [V]: During the present Covid crisis, domestic abuse is, sadly, increasing in the UK. Can my noble friend confirm that, in their approach to those who may suffer domestic abuse, the Government will ensure that recognition and support are afforded to men as well as women and children as well as adults, and that they understand that abuse may be as much economic or psychological as physical in nature?

Baroness Williams of Trafford (Con): I agree with all my noble friend's points. Children are included in the definition due to the effects domestic abuse has on them, potentially for the rest of their lives. He is right about the economic aspect; coercive control is a very efficient way in which abusers control their victims.

The Lord Bishop of Bristol [V]: My Lords, I add my voice to the concerns raised by many others in this House about how migrant women will be affected by the Domestic Abuse Bill. I thank the Government for their £1.5 million commitment to support research into the particular needs of this vulnerable group, but how many women is the scheme expected to support and what specific questions will the pilot be seeking to answer?

Baroness Williams of Trafford (Con): I thank the right reverend Prelate for that point. The first thing to be clear about is the principle that all victims of domestic abuse must be treated as victims first and foremost, whether they are migrant victims or not. I do not have the numbers before me, but the pilot will make it clear how many people we are talking about and where some of the gaps in provision might be.

Baroness Sanderson of Welton (Con): My Lords, last summer, the Home Office began a review of the effectiveness of Section 76 of the Serious Crime Act 2015, headed:

"Controlling or coercive behaviour in an intimate or family relationship."

Can the Minister tell me when it will be published?

Baroness Williams of Trafford (Con): I thank my noble friend for that question. Coercive control is something that until relatively recently had not been identified as domestic abuse, but it is. Just because something does not involve hitting or physically hurting somebody else does not mean it is not as bad as other types of domestic abuse. I am pleased to be able to tell my noble friend that it remains our intention to publish this to inform the Lords stages of the Domestic Abuse Bill.

Baroness Boycott (CB): My Lords, the main way in which child abuse is discovered is either through teachers or social workers, yet throughout most of this year, children have not been in school, and due to social distancing, a lot of social workers have not been able to visit homes. There are also many kids who are still not back at school for all sorts of reasons, and according to various charities I have spoken to, there is a kind of hidden time bomb out there. I know this is very difficult, but I wanted to know whether the Government are aware of this, what they are doing and whether extra resources are being put in to take care of this unbelievably vulnerable small group, which is truly isolated and alone.

Baroness Williams of Trafford (Con): The noble Baroness is absolutely right; these children are truly isolated and alone. That has been especially true during lockdown, when we provided funding for the NSPCC. We were aware before lockdown of these children being in a vulnerable position and saw it as one of our priorities, together with domestic violence. One of the reasons, besides lots of others, to get children back to school was for their well-being to be looked after.

Baroness Armstrong of Hill Top (Lab) [V]: My Lords, the pandemic has exposed the shocking extent of domestic abuse in our society, with many more women being subjected to domestic abuse, along with children, and many more driven into sexual exploitation for survival. We have a new Bill coming to the House, which we welcome, but what we have learned must be incorporated into that Bill. Will the Minister meet with myself and others before it is introduced here so we can make sure that amendments brought forward will strengthen the Bill, get government support and enable us to find ways of protecting the most vulnerable women and give them some hope?

Baroness Williams of Trafford (Con): [*Inaudible*] started that engagement as the noble Baroness will probably be aware. I am pleased to say I will be happy to meet her. The Domestic Abuse Bill is just the start of the process of dealing with victims of domestic abuse. Members of your Lordships' House will want to discuss many other things, and I would like for us, in order to get the Bill through, to be very focused on what we seek from it.

Baroness Hussein-Ece (LD) [V]: My Lords, I would like to press the Minister a bit further on the issue of children witnessing domestic abuse in the home. Women's Aid has some stark figures: 53% said their children had seen more abuse, during lockdown, in the home, and a third said the abuser had shown an increase in abusive behaviour towards the children. She mentioned some statistics and information about the NSPCC. The impact on the mental health on children is paramount, yet child and adolescent mental health services still have waiting lists of three to six months, even for an assessment. What additional resources will go into supporting families? Children need mental health services as well as the other support services she mentioned.

Baroness Williams of Trafford (Con): I do not think anyone in the House would disagree with the noble Baroness that some children have probably experienced terrible things during lockdown, with not only their parents being victims of domestic violence but themselves too. Even if a child sees domestic violence going on, they are a victim, and that is why we have included it in the definition of a victim of domestic abuse. One of the key functions of the domestic abuse commissioner will be to encourage good practice in the identification of children affected by such abuse and the provision of protection and support to people, including children, affected by domestic abuse.

Lord Polak (Con): My Lords, the Domestic Abuse Bill, as currently drafted, places an important duty on local authorities in England to deliver support for victims who are in accommodation-based services such as a refuge. But 70% of victims of domestic abuse, specifically children, suffer at home, not in a refuge. How can we avoid creating a two-tier system whereby 70% of the victims of domestic abuse, including those children, will not be able to access this support because, sadly, they suffer at home?

Baroness Williams of Trafford (Con): The idea is that they will be able to access the support—it would be a terrible thing if, say, the mother of the child was getting the support and the children simply were not. Part and parcel of the support that people will receive includes of course the children of people who are being abused.

Lord Young of Norwood Green (Lab): My Lords, how will the Government ensure that Refuge and other providers which choose to prioritise the well-being of women by applying single-sex exemptions are not penalised through contracts awarded by local authorities, CCGs and PCNs, many of which have misinterpreted the Equality Act by making gender-neutral or trans-inclusive provision for members of the opposite sex a

[Lord Young of Norwood Green]
condition of contracts? Will the Minister agree to a meeting with me and others to discuss the current guidance on this issue?

Baroness Williams of Trafford (Con): What is important is that local providers of accommodation-based services are the people who are best placed to do the risk assessment when people are going into their accommodation. It has become a very volatile conversation and I would be very pleased, at a slow time, to have a conversation with the noble Lord on this issue.

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

Covid-19: Test Results

Question

12.41 pm

Asked by ***Lord Scriven***

To ask Her Majesty's Government what immediate changes they are making to improve the speed of test results for COVID-19.

The Parliamentary Under-Secretary of State, Department of Health and Social Care (Lord Bethell) (Con): My Lords, in the last two months we have responded to the rising demand for tests, the rising infection rates, the need to protect the front line in health and social care, the need for clinical trials for vaccine-to-medicines, outbreak control and surveillance by doubling the number of tests to 360,000. This has impacted turnaround times, which is regrettable, but we are focused on increasing capacity to raise efficiency, investing in the logistical backbone and encouraging users to the weekends, which will bring turnaround times down to the objective of next-day results.

Lord Scriven (LD): My Lords, this morning I spoke to Allan Wilson, the president of the Institute of Biomedical Science, which represents 20,000 professional lab staff. He wrote to the department in early April to offer his free advice on how to improve the system and get a speedy testing system. Seven months later, the department responded with a letter advising him to go to the government portal for public contracts. Will the Minister now agree to meet the person who probably has the most experience of labs up and down the country? Why are the Government shunning Mr Wilson of the Institute of Biomedical Science in favour of paying £700,000 a day to management consultants?

Lord Bethell (Con): My Lords, I am distressed to hear the anecdote that the noble Lord has just shared with us. We embrace the support and help of anyone who steps forward, particularly someone such as Mr Wilson, who clearly has an enormous amount of expertise. I would be delighted if he would write to me personally and I would be very prepared to meet him. I would also like give massive thanks to all those from all the relevant logistical, pathology, military and medical sciences who have formed an organisation practically the size of Tesco, which is what the national diagnostic system now looks like. It is only with the support of British industry, universities and business that we have been able to build this up and we are enormously grateful for that support.

Lord Desai (Lab) [V]: My Lords, we have had continuous failure of test and trace since March. Again and again, we are missing the targets. Why? Is it the equipment, the personnel or the management structure that is causing this failure of our efforts?

Lord Bethell (Con): I am not sure that I can answer the false premise. Actually, test and trace has enormous achievements—the isolation of 1 million people who would potentially have spread the disease is the most glaringly obvious—but we are here to talk about turnaround times and there, I completely accept that the current performance is not where it should be. I have sought to explain the reasons for that, and the enormous increase in capacity in the last 60 days. I have also sought to explain the measures we are putting in place to mitigate that. I am confident that those measures will be successful, and I am happy to report back to the House on them

Baroness Jolly (LD): My Lords, South West Water and Plymouth City Council have been co-operating in the testing of wastewater across the city to determine the strength and location of Covid outbreaks. What guidance has Public Health England given to local authorities on this, and what analysis has it done on this sort of testing?

Lord Bethell (Con): The noble Baroness is right to cite the use of wastewater analysis. The innovations and partnerships team at test and trace has a programme to look at precisely that method. We are particularly interested in using targeted wastewater analysis at schools and in social care in order to promptly identify the presence of the disease. We are looking in particular at technologies that have already been trialled in Italy. The trials are extremely promising, but I would be happy to make that connection between South West Water and the relevant team so that their knowledge is usefully used.

Lord Robathan (Con): My Lords, what study has been undertaken into the efficiency and accuracy of these tests; by which I mean how many false positives and false negatives there are? Furthermore, what is the long-term strategy regarding this? If, every time restrictions are relaxed, tests show that infections rise, are we then just to continue imposing lockdowns ad infinitum?

Lord Bethell (Con): My Lords, we have a very intense and rigorous validation programme around the various tests. They look at sensitivity and false positives. We do not believe that the current machines we use have a high risk in that department, but we always keep a close look at it. I am extremely grateful to those businesses that have developed new and innovative tests that we are rolling out all the time.

Baroness Masham of Ilton (CB) [V]: My Lords, what does the Minister think about trained sniffer dogs to detect Covid-19? Does he know that the

London School of Hygiene & Tropical Medicine is one of several groups that have assessed the accuracy of using sniffer dogs?

Lord Bethell (Con): My Lords, I take my hat off to the London School of Hygiene & Tropical Medicine, which runs an extremely exciting trial. In fact, the Secretary of State is visiting this very afternoon in order to get an update on that trial. Dogs can be used as a way of screening crowds in such places as airports and high-density venues. The validation of that method has not been proven yet, but I am personally extremely hopeful and remain grateful to those involved in the pilot.

Baroness Thornton (Lab): We move from dogs to the technical teething problems with the app. It seems that the NHS Test and Trace app sends out exposure warnings to people stating that they have to isolate and then a few hours later sends another alert saying that there is no issue and they do not have to isolate. That probably means it is working quite well, but it does not tell anybody where they might have been exposed, or, as I have experienced, it flashes at you that you have been near someone who has tested positive and then there is complete silence. When will we be able to trust the technology to help us as well as alarm us? Secondly, when will the care homes testing speed up? Care homes' turnaround time for tests still seems to be stuck in three to five days on average.

Lord Bethell (Con): My Lords, on the app, the noble Baroness alludes to two separate issues. The first is the exposure notices, which are not sent by the NHS app but by the Apple telephone device. We have put in the new version of the NHS app a way of mitigating those exposure notices. She is entirely right that the app has no idea of your geography; that is the genius of the app and its commitment to privacy. It means that we cannot tell you where you were exposed, but also that your location and privacy are protected. On social care, we are investing in a large number of trials to try to speed up mass social care testing, including bulk testing and the use of wastewater, which we discussed earlier.

Baroness Sheehan (LD) [V]: My Lords, on 25 September, NHS England gave guidance specifically to implement pool testing to speed up testing times. Since then, what increase in pool testing has taken place?

Lord Bethell (Con): My Lords, pool testing offers a huge opportunity to cover a large amount of ground very quickly, and there are some workplace testing champions for it, including Amazon. However, it has some restrictions, in particular not knowing the identity of the person who might have tested positive. That is why we are running a large number of pilots at the moment and investing heavily in trying to figure out this exciting but challenging technology. We will deploy it the moment we can find a model that works.

Baroness Jones of Moulsecoomb (GP) [V]: My Lords, there have been a lot of allegations of corruption in the tendering processes for various aspects during the pandemic. I am curious whether the Minister feels that that could have some impact on the efficiency of what is happening now. When will the Government work with the right people?

Lord Bethell (Con): I acknowledge the presence of fraud and condemn all those involved, but I do not see the connection between fraud and inefficiency.

Lord Field of Birkenhead (CB): My Lords, I ask the Minister to convey our thanks to those rank and file workers who are trying to make this system work. I also say that, until he modifies the scheme so that we have local tracing, there will be many more sessions of Question Time that will be embarrassing for him.

Lord Bethell (Con): I am extremely grateful to the noble Lord—I am never embarrassed—for giving me the opportunity to say a massive thanks to those tens of thousands involved. They take a huge amount of heat from the criticism targeted at test and trace, but many of them are working through the night to hit our targets, because people often take their tests during the morning or the afternoon. A lot of them work at the weekend and during holidays, when people often want their test results. It is arduous, tough, technical work and we are enormously grateful to those concerned. On local testing, we have in place 100 local test partnerships between local authorities and the national test and trace system which are proving extremely valuable, particularly in targeting hard-to-reach communities. We are putting an enormous amount of resources into them and they are proving extremely successful.

The Lord Speaker (Lord Fowler): My Lords, the time allowed for this Question has elapsed. That brings Question Time to an end.

12.52 pm

Sitting suspended.

Free School Meals

Private Notice Question

1.01 pm

Asked by ***Lord Woolley of Woodford***

To ask her Majesty's Government, following the announcements of the Welsh and Scottish Governments, as well as local councils, whether they will end the free school meals postcode lottery and provide free school meals for eligible children in England during the school holidays until Easter 2021.

The Parliamentary Under-Secretary of State, Department for Education and Department for International Trade (Baroness Berridge) (Con): My Lords, the Government are determined to ensure that children are supported throughout this pandemic. We recognise that these are unprecedented and difficult times for some families and that is why the Government have significantly strengthened the welfare safety net. We have put in place additional measures worth around £9 billion this financial year. Further to that, we have provided £63 million in welfare assistance funding to local authorities to support families with food and other essentials.

Lord Woolley of Woodford (CB): My Lords, as a humble Cross-Bench Peer, I passionately believe that the issue of 4.1 million children living in poverty—the vast majority in working families and the subject of free school meals—should not be embroiled in this presently poisonous political space. While we entrench our political positions and are afraid to say on either side that we might have got this wrong, our kids go hungry, families descend into despair, and, as my good friend Dame Louise Casey has stated, destitution beckons. Does the Minister agree with me that as a matter of urgency in this Covid crisis, we must show leadership and create a unified party group to form a strategy—for today, tomorrow and, indeed, the long term—which includes young, dynamic men such as Marcus Rashford and organisations such as FareShare, the Trussell Trust and others?

Baroness Berridge (Con): My Lords, I am sure that all noble Lords, whether politically aligned or not, will agree that we want to help those children who are in need and that working together is the way to find a solution. The suggestions and recommendations put forward by the new child poverty task force convened by Marcus Rashford, whose activities we commend, will be considered as part of the forthcoming spending review.

Lord Griffiths of Burry Port (Lab): My Lords, I was in receipt of free meals throughout my entire school career. My mother was a single woman and her only income was the contributions of the national assistance. We lived in one room. I remember very clearly—I can still taste and smell it—the mounting panic ahead of school holidays, because the income we had could not stretch to feeding two boys and a mother in that day. Marcus Rashford and I have this, and probably only this, in common: we remember, not in our heads but in our whole bodies. An old Etonian, of course, cannot be expected to have had the same experience. Some local councils will draw money in the way that the Government are suggesting, from allocations they have received. Other local authorities will not. Some communities will rise to the challenge. Other communities will not. Some children will get through. Most will not. Will the Minister give us some reassurance—not hide behind global figures—and understand that postcode lottery is not a formula that is destined to help the well-being of our children?

Baroness Berridge (Con): Many noble Lords of all parties and none can recall circumstances in which their own needs, whether that be housing or food, were not met through the circumstances of their family. There are indeed—it is not a postcode lottery—1.4 million children in England who are entitled to free school meals, saving their families over £400 a year. Additionally, particularly through the soft drinks levy, the Government have been funding breakfast clubs in nearly 2,500 schools to provide children with healthy food.

The Lord Speaker (Lord Fowler): My Lords, perhaps I may say gently that I realise that passions on this subject run high, but could Members please keep their supplementaries reasonably short?

Lord Storey (LD) [V]: My Lords, the Prime Minister said yesterday that no child should go hungry. We have heard from the Minister that the Government have made available £63 million to be given to vulnerable families' local authorities. What she did not say was that the guidance said that the money should have been spent within 12 weeks. So that money could not be used for free meals, and it was certainly not ring-fenced for providing meals during holidays. I have a straightforward question for the Minister: can the Government promise that every vulnerable child will get a meal during the holidays?

Baroness Berridge (Con): My Lords, on the local authority welfare assistance fund, the noble Lord is correct that the 12-week period ends at the end of October/beginning of November. It does cover the relevant period. Due to the unprecedented circumstances in which schools have closed, we have provided support to pay for free school meals while they were closed. However, as most schools were back—approximately 89% of children were back in school—the traditional method of delivering free school meals before half-term was back in action.

Baroness Fookes (Con): My Lords, given that schools are usually standing empty during the school holidays, in the longer term would it not be more sensible to open them up so that they can serve nutritious meals to the children who really need them and, just as important, provide educational opportunities, many of which have been missed during this pandemic?

Baroness Berridge (Con): My Lords, yes, indeed. Many schools in 17 local authorities are open during the holidays, and the Government have provided £9 million to fund holiday clubs that include food as well. At the moment, however, given how hard all staff in our schools have worked, I do not think that anyone is suggesting that we want the school kitchens open in that traditional manner during the school holidays.

Lord Harries of Pentregarth (CB) [V]: I recognise that the Government have given significant sums to strengthen the welfare of children but would the Minister not agree that the most focused and efficient way of supporting the most vulnerable members of our society—the children—is by paying for school meals during the holidays, as has been recognised by the Scottish and Welsh Governments? That would be the most focused and efficient way of doing it.

Baroness Berridge (Con): My Lords, the method used by the Scottish and Welsh Governments is, in fact, a similar methodology to the local authority welfare assistance fund, as it is through local councils and does not expect schools to deliver it. This is a time, during the pandemic, when all of us—government, communities, faith communities, families and charities—need to come together to support everyone.

The Lord Bishop of Bristol [V]: My Lords, although I agree with the Government that free school meals are not the long-term solution for holiday hunger, the reality is that it is now half-term and children are going hungry. Does the Minister agree that although

the current crisis demands short-term solutions, there is also a much bigger question at stake? Will she tell us what sustained support the Government will be offering to address the concerns up to Easter 2021, and their plans to tackle the underlying and increasing issues of child poverty in the longer term?

Baroness Berridge (Con): My Lords, the main way in which the Government fund, outside free school meals and breakfast clubs, is through the universal credit system. It may seem like a big figure—£9 billion—but that has meant an increase in universal credit or working tax credit of over £1,000, which is significant in addition to the increase in local housing allowance that has been given. When we look globally through the Anglican Communion we see that we are fortunate to live in a country that, while it is not perfect, does provide a welfare safety net for its citizens.

Lord Watson of Invergowrie (Lab): My Lords, in June, the Minister rebuffed my call for an extension of free school meal vouchers to cover the summer holidays, saying:

"There is support out there for those who need provision."—[*Official Report*, 10/6/20; col. 1745.]

Days later, the Government U-turned, and the Minister explained that by saying:

"We have listened, we recognise the pressures that families will be under … due to the Covid crisis, and we have responded to that."—[*Official Report*, 17/6/20; col. 2180.]

But lessons were not learned and today, despite the funding mentioned earlier by the Minister, children across the country are going hungry. During a pandemic, how can the most vulnerable children in our society not be a priority for support? Will the Minister now urge her Government to show compassion and agree to fund free school meals for all school holidays until spring 2021?

Baroness Berridge (Con): I do apologise if the noble Lord felt rebuffed. But, as he will be aware, in addition to the support that has been given to disadvantaged children, there are now over 500,000 devices. So the needs of disadvantaged children are a priority for the Government, and £350 million of the catch-up fund is directed to disadvantaged children. In addition to that, although again it sounds like a big figure, we will never know how many children have avoided needing free school meals thanks to the £53 billion of taxpayers' money that has been used to support businesses during this period, which paid for the furlough scheme and other schemes.

Lord Rennard (LD): My Lords, I too am one of the few Members of the House of Lords who depended on free school meals, and it never made sense to me that you got this sort of support in term time but nothing in the school holidays. Can the Minister tell the House when Ministers will stop saying publicly that they agree with Marcus Rashford while voting down his proposals? Is it not time to do the right thing?

Baroness Berridge (Con): My Lords, the Government have an overall principle that the best way for families is to be in work, but, when they are not in work, the universal credit system provides funding for those families. That has been the traditional means, so we have not expected all schools to be open during the holidays to provide those meals. It is a free school meal, and the vouchers were given because of course schools were closed during term time. Supplementary programmes such as holiday and breakfast clubs have been in addition to that.

Lord Lucas (Con) [V]: My Lords, I congratulate my noble friend on holding to the principle that people should be responsible for looking after their own children. None the less, does she not recognise that in this pandemic we need special measures, that free school meals were a special measure that was proven to work and that we made work when schools were not operating, and that it is really difficult to create new forms of support in the middle of a pandemic? Would it not be most sensible to go back to providing free school meals as the most practical short-term alternative?

Baroness Berridge (Con): My Lords, we are indeed living through a time when special measures have been needed. However, for the reasons I outlined, it would not be right to expect schools at the moment to be open outside term time to provide meals. Although we offered a voucher system, it was important that schools could have their own local voucher system that could be redeemed in local shops. The system we had to stand up in special measures was only for national supermarkets, whereas the costs of local schemes could be reclaimed and local shops could be included.

Baroness Watkins of Tavistock (CB) [V]: My Lords, it appears that there is a policy vacuum in England regarding the provision of nutritious food for children. Can the Minister explain whether Her Majesty's Government accept that there is a clear correlation between children's cognitive development and proper nutrition, and, if so, how can they stand by and let children in Scotland and Wales receive free food school vouchers equivalent to school meals and deprive our children in England? How does this help level up society in the UK, which was surely a key manifesto commitment? No child, whether in a city, town or rural community, should be hungry during the school holidays.

Baroness Berridge (Con): My Lords, in relation to children in England, I have outlined the local government welfare assistance scheme. When schools came back properly, the box of fruit and vegetables scheme was also back running. The Government have extended free school meals; about 17% of children in England qualify for them. During the pandemic we extended eligibility to the children of parents who had no recourse to public funds, and in 2014 we introduced universal infant free school meals and free school meals for those in FE. The Government have not stood by but have supported, through other taxpayers' taxes, vulnerable children during the pandemic.

Baroness Morris of Yardley (Lab): My Lords, while I do not for a minute doubt the Minister's personal understanding of this difficulty, I think she is wrong to say that it is not a postcode lottery. Today is half-term, and whether children will get a free school meal will

[Baroness Morris of Yardley]
depend on where they live. There are only two ways of making sure that that does not happen at Christmas: either to make it a statutory duty, which is the case with free school meals, or to offer ring-fenced funding. Unless the Government do one or the other of those things, this will continue to be a postcode lottery. Can the Minister assure us that the solution that the Government come forward with for the Christmas holidays will adopt one of those two solutions?

Baroness Berridge (Con): My Lords, the noble Baroness, who I thank for her comments, raises a wider issue. When power is devolved, whether to councils, combined authorities or different nations, we have to live with the fact that we will see different responses in different parts of the country. In relation to Scotland, it did not pay for free school meals during the recent October half-term. However, I will take away the noble Baroness's comments.

The Deputy Speaker (Lord Bates) (Con): My Lords, I am afraid that the time allowed for this Private Notice Question has now elapsed. Before taking the economy update Statement, we will take a couple of minutes so that the Front Benches can change places safely.

Covid-19: Economy Update

Statement

The following Statement was made in the House of Commons on Thursday 22 October.

"Let me speak first to the people of Liverpool, Lancashire, South Yorkshire and Greater Manchester, and other areas moving into or already living under heightened health restrictions. I understand your frustration. People need to know that this is not forever; these are temporary restrictions to help control the spread of the virus. There are difficult days and weeks ahead, but we will get through this together. People are not on their own. We have an economic plan that will protect the jobs and livelihoods of the British people, wherever they live and whatever their situation. Just as we have throughout this crisis, we will listen and respond to people's concerns as the situation demands.

I make no apology for responding to changing circumstances, so today we go further. The Prime Minister was right to outline a balanced approach to tackling coronavirus, taking the difficult decisions to save lives and keep the R rate down while doing everything in our power to protect the jobs and livelihoods of the British people. The evidence is clear: a regional, tiered approach is the right way to control the spread of the virus. My right honourable friend the Chief Secretary to the Treasury yesterday set out for the House our economic support for businesses that are legally required to close. We are providing billions of pounds of support for local authorities and a grant scheme for affected businesses, worth up to £0.5 billion every month. Of course, we also expanded the job support scheme, with the Government covering the cost of paying two-thirds of people's normal wages if their employer had been legally required to close. For areas in local alert level 3, we have made available over £1 billion of generous up-front grants, so that local authorities can support businesses, protect jobs and aid economic recovery in a fair and transparent way. That is our plan to support closed businesses.

But it is clear that even businesses that can stay open are facing profound economic uncertainty. This morning I met business and union representatives, including those from the hospitality industry, to discuss the new restrictions. Their message was clear. The impact of the health restrictions on their businesses is worse than they hoped. They recognise the importance of the tiered restrictions in controlling the spread of the virus, but a significant fall in consumer demand is causing profound economic harm to their industry. It is clear that they and other open-but-struggling businesses require further support, so I am taking three further steps today.

First, I am introducing a new grant scheme for businesses impacted by tier 2 restrictions, even if they are not legally closed. We will fund local authorities to provide businesses in their area with direct cash grants. It will be up to local authorities to decide how best to distribute the grants, giving them the necessary flexibility to respond to local economic circumstances, but I am providing enough funding to give every business premises in the hospitality, leisure and accommodation sectors a direct grant worth up to £2,100 for every month for which tier 2 restrictions apply. That is equivalent to 70% of the value of the grants available for closed businesses in tier 3. Crucially, I am pleased to confirm that these grants will be retrospective; businesses in any area that has been under enhanced restrictions can backdate their grants to August.

I have been listening to and engaging with colleagues around the House, including—but not only—my honourable friends the Members for Heywood and Middleton (Chris Clarkson), for Hyndburn (Sara Britcliffe), for Penistone and Stocksbridge (Miriam Cates), for South Ribble (Katherine Fletcher), for Burnley (Antony Higginbotham), for Keighley (Robbie Moore), for Cheadle (Mary Robinson), for Leigh (James Grundy) and for Southport (Damien Moore), and I am pleased to confirm that the backdating of the new grants means that we are being more generous to the businesses and places that have been under higher restrictions for longer. Let no one say that this Government are not committed to supporting the people and businesses in every region and nation of the United Kingdom.

Secondly, to protect jobs we are making the job support scheme more generous for employers. If businesses are legally required to close, as we have already outlined, the Government will cover the full cost of employers paying two-thirds of people's salaries where they cannot work for a week or more. For businesses that can open, it is now clear that the impact of restrictions on them is more significant than they had hoped, particularly for those in the hospitality sector. I am therefore making two changes to the short-time work scheme to make it easier for those businesses to keep staff on, rather than make them redundant. First, under the original scheme, employees had to work for 33% of their normal hours, whereas now we will ask them to work only 20% of those hours; and, secondly, the employer contribution for the hours not worked will not be 33% as originally planned, or even 20% as it is in the October furlough scheme, but will reduce to 5%.

The scheme will apply to eligible businesses in all alert levels, so that businesses that are not closed but which face higher restrictions, in places such as Liverpool, Lancashire, South Yorkshire and Greater Manchester, as well as the devolved nations, will be able to access greater support. These changes mean more employers can access the scheme and more jobs will be protected. We have made this one of the most generous versions of a short-time work scheme anywhere in the world. It is better for businesses, better for jobs and better for the economy.

Thirdly, as we increase the contribution we are making towards employees' wages, I am increasing our contribution to the incomes of the self-employed as well. Today we are doubling the next round of self-employed income support from 20% to 40% of people's incomes, increasing the maximum grant to £3,750. So far through this crisis, we have provided more than £13 billion of support to self-employed workers. Sole traders, small businesses and self-employed people are the dynamic entrepreneurial heart of our economy, and this Government are on their side.

In conclusion, a wage subsidy for closed businesses, a wage subsidy for open businesses, cash grants of over £2,000 a month for tier 2 businesses and up to £3,000 a month for closed businesses, support for local authorities, support for the self-employed, support for people's jobs and incomes, all on top of over £200 billion of support since March. This is our plan—a plan for jobs, for businesses, for the regions, for the economy, for the country. A plan to support the British people. I commend this Statement to the House."

1.18 pm

Lord Tunnicliffe (Lab) [V]: My Lords, as ever, I am grateful to the Minister for presenting this Statement. When we last discussed the economic update from the Chancellor on 28 September, he was rather unhappy with my characterisation of it as

"another example of Ministers reacting to events, rather than attempting to shape them—of allowing problems to grow, rather than acting quickly and decisively to prevent them in the first place."—[*Official Report*, 28/9/20; col. 18.]

The fact that we find ourselves discussing major revisions to the package of measures outlined just a month ago suggests, sadly, a lack of strategic thought in both No. 10 and No. 11 Downing Street. While some of the changes outlined by the noble Lord are to be welcomed, there is too little detail on how others will operate in practice. We know with financial Statements that the devil is in the detail, but on too many fronts we are still waiting for that detail to be finalised.

I have no doubt that the noble Lord will tell us not to worry and that everything is under control. However, in an ideal world, the Treasury would not be redesigning the Job Support Scheme a matter of days before it went live. That it is having to revisit its plans will have done nothing to address the anxiety of businesses and workers, which I referred to during our previous discussion. The revisions to the JSS and the announcement of an increase to the third grant for the self-employed are small steps in the right direction. Additional support for businesses operating in tier 2 and tier 3 areas is also welcome, although the announcement of new funding for such businesses makes it puzzling that some of that support was withheld when requested by the Mayor of Greater Manchester earlier last week.

We hope that changes to the formula for the JSS will encourage businesses to keep on more workers. However, as a range of commentators have noted, the late arrival of the announcement means that many thousands of jobs that may otherwise have been safeguarded have already been lost. As I said last time, each job loss is a personal tragedy. More needs to be done to protect people's jobs and that requires a concerted government effort. Despite the changes announced last week, many workers still face noticeable reductions to their pay.

Despite taking home less, people will still have bills to pay, including mortgages and rent. The Government previously chose not to extend the statutory protections from eviction in place during the first wave of the pandemic. For homeowners, the ban on repossessions comes to an end on Saturday. Will the Minister confirm whether either policy is being revisited in light of the second wave's arrival and the very real likelihood of unemployment continuing to rise?

The noble Lord will no doubt have seen the headline in the Resolution Foundation's latest research on the Government's Self-employment Income Support Scheme. The organisation echoes what we have said for some time: the programme has been poorly targeted and often missed those who are most in need. Its analysis suggests that a substantial number of beneficiaries have lost either no or minimal income as a result of the pandemic, whereas half a million people have received nothing, despite being left without work. The Treasury has had time to look again at the furlough, so why has it not properly revisited the self-employment equivalent? Will the Minister commit to doing that and, if so, can he provide a timescale? Will he also outline the rationale for the third grant being equivalent to just 40% of pre-crisis profits, rather than the higher levels of previous rounds? Why is the work of the self-employed suddenly less valuable than it was previously?

We appreciate the unprecedented nature of this public health crisis and the scale of interventions required. However, I hope that the Minister recognises that this is an equally challenging time for businesses and working people across the UK. They need meaningful support and early sight of the details so that they can make the right decisions for the future. The Government's habit of last-minute announcements, often without accompanying detail, is severely undermining public confidence. This has been the case for not only economic measures but public health measures. I hope that the Minister can provide assurances that future announcements will come earlier and with more clarity. People's jobs and our wider economic recovery depend on it.

Baroness Kramer (LD): My Lords, this feels like déjà vu. Once again, the Government are forced to revise and increase their support for businesses. We need them to give up their bravado and recognise the depth of the economic crisis coming both from Covid and from the harmful economic realities of Brexit, undercutting investment and jobs, even with a deal.

[Baroness Kramer]
Frankly, we desperately need a new OBR forecast, even if without a Budget. While I understand the Government choosing just a one-year spending review, we should be getting open kimono on the long-term issues and choices for discussion in this House and elsewhere. This is not the time for secret spells cooked up in No.10. The situation that we face is far more dire and needs the resources of everybody's minds and energy.

I want to make two pleas to the Government. First, feed the kids. I know that we have just taken a PNQ on that subject but the money provided to local government under the local authority welfare assistance fund and others was never intended to cope with the present scale of demand, when much of the country is necessarily closed down again, many people are facing redundancy at the end of the month in just a few days' time, homelessness is rising, and mental health and other demands on local services are increasing exponentially. Many Liberal Democrat, Labour and Conservative councils have stepped in to provide food vouchers to children on free school meals, but that is at the price of financing other needs. Families who qualify for free school meals have by now exhausted any savings, borrowed anything that a respectable lender will let them have and tapped out family and friends. Please will the Government put in place a voucher system to at least carry us over to next Easter?

Secondly, will the Government finally step in to help the 3 million excluded people? They consist primarily of self-employed contractors with personal service companies but also include a range of other people in the self-employed arena. There has, by now, been plenty of time to set up appropriate schemes. The Government argued from the beginning that the issue was complicated, but there has been time to sort it out. As the Resolution Foundation pointed out, and as the noble Lord, Lord Tunnicliffe, described, the SEISS has been badly targeted. The self-employed have suffered an even bigger market shock than employees, and with so many people facing redundancy and needing to look to self-employment for any future income, it is absolutely crucial that proper support is put in place for the self-employed, under whatever arrangements they have established.

The Minister of State, Cabinet Office and the Treasury (Lord Agnew of Oulton) (Con): I thank the noble Lord and the noble Baroness for their comments. I shall try to deal quickly with the issues that they raised.

I completely accept that we are dealing with a fast-moving and difficult situation. The noble Lord, Lord Tunnicliffe, feels that we did not move quickly enough, and he made similar comments the last time we discussed this subject. However, we have moved quickly. We have acknowledged that, given the rolling lockdowns occurring across the country, we need to do more, which is why we are supporting more extensively businesses that have been forced to close as part of the lockdown. We are paying rate relief, which will include a portion of the rent of those businesses that are forced to close. Those that remain open but are affected by a fall-off in trade are receiving a great deal of extra support as well.

It might be worth summarising the extent of extra support announced since I was last here. The government contribution to payment of salaries has increased from 22% to 49%. The employer contribution has fallen from 22% to 4%, and the minimum-hours requirement has fallen from 33% to 20%. The noble Baroness asked about support for the self-employed. It has been a complicated group to support but we have essentially doubled the level of support with the recent announcements, taking the figure up from 20% to 40%. We will continue to monitor the situation.

The noble Lord asked about evictions. There are already provisions with lenders to ensure that they are handling those processes in a sensitive and reasonable manner, but, again, we will of course keep the situation under review.

It is extremely difficult to know how much longer this horror will continue. However, on the point made by the noble Baroness, Lady Kramer, about a more strategic response to the crisis, it is worth reminding her and the House that we have put into the system an unprecedented level of support over the past nine months—some £158 billion of direct fiscal support. That includes £69 billion for employment support, and £51 billion for public service spending, funding for charities and support for vulnerable people.

The Deputy Speaker (Lord Bates) (Con): My Lords, we now come to the 30 minutes allocated for Back-Bench questions. I ask that questions and answers be brief, so that I can call the maximum number of speakers.

1.29 pm

Lord Forsyth of Drumlean (Con) [V]: My Lords, does my noble friend not think that perhaps the time has come for us to have a UK-wide plan for education, employment, housing and welfare that will enable us to live with this virus? Should the Government not consider inviting the opposition parties to be part of this plan and involving local authorities in its creation and execution?

Lord Agnew of Oulton (Con): My noble friend raises an important point. This country now has a more devolved structure. We have tried to keep the devolved and mayoral authorities involved in decisions at every point. We have given some £13 billion to the devolved authorities to react to the issues that we are facing. I accept that it might be easier if we could operate on an entirely national basis, but unfortunately that is not the present reality of our constitution. I assure my noble friend that we are doing everything possible to talk to the devolved authorities at all times.

Lord Bilimoria (CB) [V]: My Lords, we welcome the latest support measures from the Chancellor, especially the new Job Support Scheme. It is miles better than the one he announced a few weeks ago. Can the Minister tell us when the rapid 15-minute, affordable antigen coronavirus test will be available to businesses, universities and schools across the country so that regular testing can take place to enable the economy to fire on all cylinders? When we will be able to open up airport testing to allow tourist and business travel?

Lord Agnew of Oulton (Con): The noble Lord asks an important question. I do not speak as a health expert, but a lot of these tests are simply not reliable enough. The worry is that we would create a false sense of security which could then cause further problems. I might be incorrect but, as I understand it, some of these tests cannot pick up the infection when it is still gestating in the gut of an asymptomatic person. I am aware that a number of universities and employers are taking their own decisions and using their own technologies. It is much easier for independent organisations to do this, knowing the risks, and they can respond accordingly.

Baroness Blackstone (Ind Lab): My Lords, tier 3 restrictions are hugely disruptive to the economy and will lead to the collapse of yet more businesses. In these circumstances, as many Conservative MPs in these areas now say, it is imperative to provide clear information about the exit route from tier 3 so that businesses can at least try to plan for the future. Will the Minister tell the House what measures will be used and how will they be weighted when the decision to exit is made?

Lord Agnew of Oulton (Con): I agree with the noble Baroness that tier 3 has a devastating impact on businesses and on people's lives, but it is how we are trying to control the spread of the virus. We see what is happening in Spain at the moment. That is the nightmare that we are seeking to avoid. As I understand it, the overriding way of monitoring whether an area can come of out of tier 3 is when the percentage of those being tested for the virus falls below a certain threshold. This information gives some indication to businesses that they may be coming out of this nightmare.

Lord Fox (LD): My Lords, in answer to an earlier question, the Minister reeled off a whole range of government measures. I do not think he mentioned the Bounce Back Loan Scheme. In September, the BEIS annual report stated that losses from non-repayment bounce-back loans would be in the range of 35% to 60%. I note that this would buy a lot of school meals. Meanwhile, we know that banks are hiring debt recovery specialists to reclaim those loans. With his Treasury hat on, can the Minister tell the House which route the Government favour? Do they favour greater use of debt recovery services to reduce the overall level of loan defaults or do they accept that there will be widespread default? In either case, what level of default is the Treasury modelling?

Lord Agnew of Oulton (Con): It is important to differentiate between default and fraud. As the noble Lord will know, there are no repayment requirements on bounce-back loans for a year. The idea that banks are now hiring debt recovery firms to go out collecting is probably inaccurate. They are increasing their resources to deal with fraud because this has been a problem. I am concerned about this both as fraud Minister and as a Treasury Minister. No repayments are due on BBLs for 12 months from drawdown and we have recently extended the repayment period to 10 years.

Lord Hamilton of Epsom (Con) [V]: My Lords, on the "Today" programme this morning, my right honourable friend Nadhim Zahawi said that the Government had to strike a balance between combating the virus and damaging the economy. In the light of those remarks, have the Government ever carried out a cost-benefit analysis before taking these quite dramatic decisions on lockdown, both nationally and regionally?

Lord Agnew of Oulton (Con): I am not aware of an analysis of this kind. We have to be realistic. It is easy for people sitting in a dark room with spreadsheets to say how many deaths we are prepared to accept for the balance of the economy. Frankly, it is extremely difficult. So far, we have had more deaths than other European countries, which has brought us a great deal of criticism. It is extremely difficult to balance lives against livelihoods. I might have a completely different view from that of Members opposite. We have to try to strike what we consider to be a reasonable balance—protecting lives where we can, but also protecting livelihoods.

Lord Berkeley of Knighton (CB) [V]: My Lords, it would be churlish and wrong not to salute the efforts made by the Chancellor to boost the arts, and indeed I do. I also understand that not every job or venue can be saved. In Sunday's *Observer*, Simon Rattle articulated the real worry that freelance musicians and artists at the workface could be so depleted that the cultural life of this country and its significant contribution to the economy could be seriously curtailed—especially if, as the Chancellor has suggested, considerable numbers leave the profession and retrain. Have the Government assessed this potential damage, given that their own figures found that out of 187,000 creative freelancers only 64,000 were eligible for and accessed SEISS? Will the Government look at this and the remaining 65% who fell outside the package?

Lord Agnew of Oulton (Con): I am not aware of the specific figures. It is clearly very worrying that we could lose the creative capacity of our economy and our society. We are in the most unprecedented situation, certainly in my lifetime and probably going back to the end of the Second World War. Whenever this crisis ends, there will have to be a period of rebuilding and regeneration. I absolutely affirm the Government's support for this very important part of our society.

Lord Liddle (Lab): My Lords, I declare an interest as a member of Cumbria County Council, and it is a Cumbria point I want to make. One of the welcome features of the Chancellor's Statement was the introduction of a grant scheme for businesses impacted by tier 2 restrictions, even though they are not legally closed. Cumbria is in tier 1 but most of its businesses, such as hotels, boarding houses and restaurants, serve people who come from tier 3 areas in the north-west. There has been a dramatic fall in bookings, with lots of cancellations in the last week or so. These businesses are going to go bust unless they receive the help that tier 2 is getting. Can the Minister offer them some hope that, despite being in tier 1, they might receive some help?

Lord Agnew of Oulton (Con): My Lords, the Job Support Scheme Open is available to all small businesses experiencing difficulties in this crisis. They are eligible for the figures that I gave earlier to the noble Lord, Lord Tunnicliffe, as are large employers of more than 250 employees that can demonstrate a negative impact on their turnover from Covid.

Lord Taylor of Goss Moor (LD) [V]: My Lords, the Government have been pretty supportive of retail and other business tenants, with the rates holiday, VAT help, the furlough scheme and the moratorium against enforcement by landlords. I have little doubt that these will be extended for as long as coronavirus issues continue, but have the Government seriously considered how they will be unwound for tenants, in particular the moratorium on rents? As soon as it is lifted, some landlords will seek enormous backdated rents, all owed at once, which themselves would bankrupt businesses that have been unable to trade for a significant period. Either government support or some unwinding of the moratorium is needed to avoid these bankruptcies.

Lord Agnew of Oulton (Con): My Lords, a great deal of thinking is going on, but this matter might be worth some pragmatism. If landlords collectively behaved in the way suggested by the noble Lord, there would be a mass exit from commercial buildings when the point comes. Doing that would surely be shooting themselves in the foot.

Baroness Jones of Moulsecoomb (GP) [V]: My Lords, as other Peers have pointed out, there does not seem to be much strategic thinking embedded in the Statement. For example, the Government could have focused on companies committed to a zero-carbon future, or picked companies that are not handing out dividends and bonuses, or those that are registered in the UK to pay tax. Did the Government do any thinking of this kind?

Lord Agnew of Oulton (Con): To answer the noble Baroness, as I mentioned earlier, a huge range of initiatives has been announced over the last few months, particularly for some of the sectors referred to. On 30 June, the Prime Minister announced substantial infrastructure commitments, partly from new money and partly from acceleration of money. Many of those are strategically aimed at the sorts of businesses mentioned, including those involved in a carbon-free economy.

Lord Balfe (Con): My Lords, I draw attention to another division in this country. Those who I define as the salariat are largely working from home and not suffering any reductions in pay. Indeed, they are saving money and a couple of hours a day from not travelling to work. They are making the rules, but seldom suffer any of the consequences. At the same time, we have a lot of very junior workers, some around this House, who are struggling to get by. Some are furloughed; some have no jobs at all. They feel rejected and unwanted by society. This is not a matter that the Government can wave a wand to solve, but we need to pay more attention to this division in society.

This House is almost empty of workers. If they can work at home for so many months without us even seeing them, is there not a good case to move some jobs from the House of Lords to areas of high unemployment and poverty in the north-east? If they can be done remotely from Dorking, Woking and towns in Berkshire, they can surely be done from Hartlepool and other delightful towns found in the north-east and north of the country, where these jobs are seriously needed.

Lord Agnew of Oulton (Con): The noble Lord makes an extremely important point. By coincidence, I am the Minister working on the programme to move civil servants out of London, which was recently announced. The Prime Minister will be making more comments on this shortly but, given that I have lived this for six months, I can reassure my noble friend that we have identified 14 hubs with spokes across Britain, including the devolved authorities. The most important part is to get the senior civil servants out of London, because they make decisions on the lives of people from whom they are, in my view, far too detached. At the moment, some 65% of all senior civil servants in the country are here in London, and the vast majority in this postcode. We are committed to ensuring that opportunities for those senior jobs are outside the capital, and that they make policies that affect citizens in those areas.

Lord Campbell-Savours (Lab) [V]: My Lords, the availability of an effective coronavirus testing regime is critical to reopening the economy. With the reported Good Law Project prospective legal action on the procurement of testing equipment in mind, can we have an assurance that the procurement programme has, extraordinarily, either National Audit Office prior approval or that government lawyers are satisfied that contracts do not breach the 2015 Public Contract Regulations? Can we have that assurance in writing, as it is very important for business confidence?

Lord Agnew of Oulton (Con): The noble Lord's question is timely, because part of my responsibility is for the procurement reform rules which we are putting into place and will be able to use once we leave the EU on 1 January. Part of the problem we have had over this crisis is the extremely clunky method of procurement that is imposed on us by the OJEU rules. It will need primary legislation, but we have designed a programme that will deal with exactly the issues that the noble Lord raises. If he is interested, I am happy to send him a draft copy of the Green Paper, which will be available in the next week or two.

Lord Cormack (Con): My Lords, like the noble Lord, Lord Berkeley of Knighton, I applaud what the Chancellor has been seeking to do in very difficult and trying circumstances. However, as the noble Lord said, if the country is to get back to normal, it, like the hospitality sector, will be very dependent on a thriving cultural sector. My noble friend did not really face up to this in answering the noble Lord, but it is a fact that, although we all applaud the creation of a safety net for the self-employed, a vast number of them—self-employed musicians and so on—are falling through it, particularly in the cultural sector. Can this matter be

addressed as one of urgency? Frankly, it is insulting to say to musicians, who have spent a lifetime training, that they can retrain for something else.

Lord Agnew of Oulton (Con): I respect my noble friend's passion for this area and I agree that it is an extremely important part of our society, as I said earlier. We have put forward a cultural recovery fund of some £1.5 billion, and of course we will continue to look carefully at what more can be done to support those who are falling through the net. I just remind my noble friend that our overall employment support scheme has been one of the most generous in Europe, but the group that he refers to is extremely difficult to get to easily.

Baroness Ritchie of Downpatrick (Non-Afl) [V]: My Lords, what discussions have taken place with ministerial colleagues in the DWP regarding the need to extend the minimum income floor of universal credit beyond 13 November for self-employed people during the Covid outbreak?

Lord Agnew of Oulton (Con): My Lords, I am aware that those discussions are ongoing but I do not have the figures to hand, so I will write to the noble Baroness about the latest thinking on that.

Lord Berkeley (Lab) [V]: My Lords, the *Sunday Times* of last Sunday says that the Prime Minister has ordered a review which would allow

"City dealmakers, hedge fund managers and company bosses flying into the UK"

to be

"exempt from the 14-day quarantine period under plans to 'promote global Britain'."

There are also stories that working lunches of up to 30 people, now being promoted by expensive London restaurants, can be allowed as long as business is discussed. Can the Minister confirm that anyone who is, or thinks they are, involved in global business, global Britain or business can therefore exempt themselves from these rules and that that can apply to anyone else? If not, how can the Government expect the rest of the country to comply while allowing their apparently rich friends to buck the system?

Lord Agnew of Oulton (Con): My Lords, I suspect that this is just speculation. I am certainly not aware of any government policy promoting that. As we know, groups of six people, socially distanced, can eat if they are in an outside setting. Those facilities are being made available by pubs and restaurants, but I am not aware of any special treatment that the noble Lord refers to.

Lord Rooker (Lab) [V]: My Lords, first, I thank the Minister, who, unlike some of his colleagues, has shown massive respect to the House and in responding to the questions that he has been asked. That being so, perhaps I may take him back to the first supplementary question, from the noble Lord, Lord Forsyth, who called not for a coalition but for a united national effort, and I think that that is what the public want. If we stay in our tribes, we will not win. We have to reach out outside the tribe. I am looking for some desire on the part of the Government to seek to reach out, outside the tribe, so that we can have a national effort to get through this crisis. Does the Minister agree?

Lord Agnew of Oulton (Con): I certainly agree with the noble Lord that this requires a national effort and that we need to avoid tribalism at all costs. What has perhaps taken us all by surprise is the long-term reaction to the crisis that we will have to sustain. I think that most of us—certainly I speak personally—thought that we could handle three months of lockdown, after which it was hoped that we could get back to our lives. The brutal reality now is that this could roll on for even another year, depending on any progress on a vaccine, which is far from certain. Therefore, the longer it goes on, the more there is a need for us to rise above our sectarian differences and to operate as a whole country.

1.52 pm

Sitting suspended.

Town and Country Planning (General Permitted Development) (England) (Amendment) (No. 2) Order 2020

Town and Country Planning (General Permitted Development) (England) (Amendment) (No. 3) Order 2020

Town and Country Planning (Use Classes) (Amendment) (England) Regulations 2020

Town and Country Planning (Use Classes) (Amendment) (England) (No. 2) Regulations 2020

Town and Country Planning (Use Classes) (Amendment) (England) (No. 3) Regulations 2020

Motion to Regret

2 pm

Moved by ***Lord German***

That this House regrets that the Town and Country Planning (General Permitted Development) (England) (Amendment) (No. 2) Order 2020 (SI 2020/755), the Town and Country Planning (General Permitted Development) (England) (Amendment) (No. 3) Order 2020 (SI 2020/756), the Town and Country Planning (Use Classes) (Amendment) (England) Regulations 2020 (SI 2020/757), the Town and Country Planning (Use Classes) (Amendment) (England) (No. 2) Regulations 2020 (SI 2020/859), and the Town and Country Planning (Use Classes) (Amendment) (England) (No. 3) Regulations 2020 (SI 2020/895) laid before the House on 21 July were made as delegated legislation because it would have

[Lord German]

been more appropriate to have brought forward such substantial and wide-ranging changes to the planning system in primary legislation.

Relevant document: 25th Report from the Secondary Legislation Scrutiny Committee (special attention drawn to the instrument)

Lord German (LD) [V]: My Lords, I have two interconnected reasons for tabling this debate today: first, to examine the significance of the measures in these regulations, and, secondly, to scrutinise the parliamentary procedures used to introduce them. I look forward to the debate and particularly to the two maiden speeches that we will hear today.

The pieces of legislation that we are debating today were introduced using the weakest form of parliamentary scrutiny available—the negative procedure—and yet these measures, now laws, have a significant impact on planning policy in England. If they are indeed significant, and I maintain that they are, they have avoided the proper scrutiny that Parliament is supposed to provide to ensure they provide the best outcomes possible. The role of Parliament is to assess, amend and correct the laws of our land, and to ensure that the impact of any changes is fully understood. The negative procedure that brought these measures into law means that unless a Member prays against them within 40 days of their being laid, they will automatically enter into law. However, it is primarily a procedure meant for routine and non-controversial matters—the least form of scrutiny for the least controversial matters.

The policy issues in these orders have the effect of reducing the level of scrutiny that local people and their local councils have on a range of planning applications. This in turn raises concerns about the ability of local authorities to deal adequately with the needs of their local communities. The policy changes include making it easier to demolish vacant buildings to create new homes, with reduced scrutiny of the quality of new housing, and changing the use of certain properties—for example, changing the use of a building from an office to a restaurant, including a fast food restaurant—without the need for full planning permission.

These new laws also permit the building of additional storeys on houses and flats, with very limited ability for the local council to intervene. Of particular concern is that these additional storey regulations came in two batches, the second of which is before us today. Amazingly, the regulations on the charges to be applied for making these additional storey planning applications came to the House by the affirmative procedure, thereby guaranteeing a debate in the House, whereas the policy changes themselves on additional storeys on properties were brought in by the negative procedure. Therefore, the only way of getting a debate on these and the other planning changes, and the only way of having it discussed by the House, was to put down a take-note or regret Motion, of the kind we are using today.

I recognise that the ability of the Government to use these parliamentary procedures stems from the primary legislation on planning currently in place. However, it is also clear to me that that primary legislation did not envisage such large-scale changes to be dealt with in this way. Moreover, the Government are proposing new primary legislation in this area and have issued their White Paper, *Planning for the Future*. Given the Government's intentions in the White Paper, it would have been the appropriate mechanism for introducing the widespread changes provided by these regulations. The Government state that the reason for their new planning Bill is:

"Thanks to our planning system, we have nowhere near enough homes in the right places."

If that is the Government's objective in these regulations then why not debate them properly in the course of this upcoming new primary legislation?

I draw the attention of the House to two facts worthy of consideration. First, planning permissions are already given for enough homes to meet the Government's target of 300,000 a year. Secondly, there are about 1 million unbuilt homes for which planning permission has already been granted.

The Secondary Legislation Scrutiny Committee, of which I am a member, expressed big concerns about the restriction that these regulations place on the expression of local concerns that could be considered by councils. Additionally, the committee felt that the ability of local councils to shape the character of their high streets would be curtailed, in particular their ability to control the number of fast food restaurants in their areas.

The committee's report to your Lordships' House says that these new orders and regulations

"make substantial and wide-ranging changes to planning legislation"

and warrant much deeper scrutiny and analysis. If these changes had been made under primary legislation, such detailed scrutiny would have occurred. Better law depends on the detailed scrutiny and broader consultation which Parliament provides. Planning decisions are a delicate balance between different pressures on the use of our land. These measures move the needle away from local decision-makers and could damage the framework of our local communities. I agree with the comments of the noble Lord, Lord Lisvane, on the committee's report:

"The more that secondary legislation is used for significant matters of policy, the more the balance of power is tipped towards the executive and away from parliament. For parliament to serve our citizens properly, it needs to have effective means of debating, scrutinising and deciding upon proposals such as these."

The Motion today provides an opportunity to debate these matters. It would have been far better for this House, and us all, if the Government had engaged properly with Parliament to enable us to carry out our role effectively. I look forward to the upcoming maiden speeches by two new Members of the House, and to the Government explaining why they have taken this route and acknowledging the significance of these changes.

2.07 pm

Lord Sikka (Lab) (Maiden Speech): My Lords, it is a great pleasure and privilege to speak in your Lordships' House for the first time and to follow the very passionate speech by the noble Lord, Lord German. I am immensely grateful for the warm welcome I have received from all sides of this House. The support from Black Rod, the Clerk of the Parliaments, attendants and other staff

has also been greatly appreciated. I am especially grateful to my noble friends Lord Hendy and Lord Haskel for introducing me to this great House, and to my noble friends Lady Crawley and Lord Kennedy of Southwark for mentoring me.

A special year in my life was 1966. It was then that I arrived in England with my family to join my father, who had already come here a few years earlier. Regrettably, my full-time education ended in 1968, when I left school with no qualifications of any kind. After that, I worked full-time and studied part-time to acquire GCE O-levels and A-levels, professional accounting qualifications, an MSc in accounting and finance, a PhD in accounting and a BA in social sciences. Along the way, I worked as an accountant for some of the largest corporations in this country. I subsequently held professorships in accounting, or accounting and finance, at the University of East London, the University of Essex and the University of Sheffield. I published research in scholarly journals on matters such as accounting, auditing, corporate governance, insolvency, globalisation, tax avoidance, bribery and corruption, and my research received recognition from the British Academy and the US Academy.

Over the years, I have given evidence to many parliamentary committees in the UK and the European Union, and advised them as well. Most recently, I advised the House of Commons Work and Pensions Committee on its investigations into the collapse of BHS and Carillion. My research has often focused on what I call the dark side of capitalism. For example, the UK has the highest number of qualified accountants per capita in the world, but this huge social investment has not really given us good corporate governance, reliable financial reports or even honest audits.

The problems are systemic, going far beyond the affairs of just BHS and Carillion. This country has had a banking crisis in every decade since the 1970s. The finance industry has been a serial mis-seller of products and has admitted to rigging exchange rates and interest rates. These events draw attention to very deep-seated cultural and regulatory fault lines, which really need to be looked at.

The UK is also the home of a rampant tax avoidance industry, which enables companies to avoid taxes by shifting profits to low or no-tax jurisdictions through intragroup transactions. My response to that was to join up with some colleagues; in 2003, I became a co-founder of the Tax Justice Network, with the sole aim of sensitising people to how taxes are avoided and what the social consequences are.

I am a person from a working-class background, somewhat overawed at being here, and I wondered what on earth my objectives should be. I think there are really only two: to increase people's prosperity and people's happiness—there can be no other objective. However, in a country where 14 million people live below the poverty line, it seems that both happiness and prosperity are in short supply.

Some 250 years ago, Adam Smith said:

"No society can surely be flourishing and happy, of which the far greater part of the members are poor and miserable."

Smith suggested—and it is highly relevant today—that policymakers need to focus not only on what can be done but, above all, on what should be done. And, of course, there are numerous obstacles in trying to do what should be done. Here, I take some comfort in the immortal lines from Winifred Holtby's great novel *South Riding*:

"We've got to have courage, to take our future into our hands. If the law is oppressive, we must change the law. If tradition is obstructive, we must break tradition. If the system is unjust, we must reform the system."

These sentiments were also expressed by the noble Lord, Lord German, in his speech, with a recognition that decent, well-planned and affordable housing is key to people's prosperity and happiness.

2.13 pm

Baroness Young of Old Scone (Lab) [V]: My Lords, I am honoured to follow the excellent maiden speech of the noble Lord, Lord Sikka. He has had an acknowledged academic career, during which he has relentlessly shone a clear spotlight on the self-interested behaviour of various corporations that are acting against the public interest. He has shown how they have often been unchecked by the accountants and the banks—truly, as he said, the dark side of capitalism. His lifetime of working for justice in the taxation and accountancy fields will be of great value to your Lordships' House, and I look forward to working with him.

I also welcome the opportunity that the noble Lord, Lord German, has grasped in bringing forward his concerns. These statutory instruments reveal how the Government have become excessively fixated on housing delivery in their approach to the planning system, almost to the exclusion of all other issues. According to a government response to a parliamentary Question, these instruments are aimed at reducing planning bureaucracy and speeding up housing development. Now everyone in this House recognises the need to build more houses of good quality in the right place, and which are, above all, affordable; but we also know that laying the blame for lack of housing delivery at the feet of the planning system is a wrong premise. There are already over 1 million houses that have been granted planning approval which have not yet been built and will not be built for many years, as developers build out sites sparingly to avoid reducing housing prices locally—the exact opposite of what the Government are trying to achieve.

These statutory instruments are also harbingers of the sort of stripping down of the planning system that the Government's overall planning reforms, which are currently out for consultation, will bring. Those proposals will considerably reduce the say of local people over what gets built and where in their local area. The planning system used to be one of the few forms of genuine democracy in this country, balancing competing local development needs and making decisions locally. But local authority planning departments have been hollowed out, denuded of specialists and hounded by an unholy alliance of government and housebuilders to give in to any housing development that will help them meet the government-imposed housebuilding targets.

These targets are now highly questionable. Covid has radically changed the view of many people as to where they will want to live and work remotely. The targets are based on estimates of population growth,

[Baroness Young of Old Scone]
which included 5 million net additional migrants to this country—and that is now highly unlikely to happen on this scale. Surely the Government need to reassess the housing targets urgently, if only to address the two issues of Covid and immigration.

We already build the smallest houses in Europe. The Government's own review has revealed that housing built under permitted-development rights is of a worse than average quality. Can the Minister tell us what he plans to do about this, and what safeguards will be put in place to prevent this widened permitted-development regime building even more substandard housing? Can he also tell us how these statutory instruments accord with the Government's stated desire in the planning system consultation for beauty, high quality and sustainability, when permitted developments are exempt from the local services infrastructure payments that are so often vital for enabling place-making and the development of sustainable, fair local communities?

2.17 pm

Lord Lancaster of Kimbolton (Con) (Maiden Speech): My Lords, it is a tremendous honour to be able to contribute to this important debate, and to follow the noble Baroness, Lady Young. I add my congratulations to the noble Lord, Lord Sikka, on his excellent maiden speech.

I will start by thanking all those—both Members and staff of this House—who have been so kind with their time and generous in welcoming me to this place. In particular, I thank my two introducers, my noble friend Lord Arbuthnot, who 15 years ago took me under his wing when he was chair of the Defence Select Committee and I a new member, and my noble friend Lord Randall. I must say that ours was a slightly less cordial first meeting when I was a very junior Member of Parliament and he a very senior Whip. After what, frankly, could only be described as a good dinner with fellow new MPs, I found myself coerced into being a rebel Teller on the Crossrail Bill, which was something of a surprise to the Whips. We all know that Whips do not like surprises but, to my noble friend's credit, his only concern was not that I was rebelling but that I knew what I was doing and did not make a fool of myself in the Chamber of the House of Commons—and we have been firm friends ever since. It was fun, but government Whips can rest easy; I might wait a couple of weeks before trying the same thing here.

I confess that I was rather hoping to be able to give my maiden speech on 5 November. Fifteen years ago—exactly 400 years after the Gunpowder Plot—I became the first fireworks manufacturer to be elected to Parliament. My family firm, sadly now sold, was founded by my father, the Reverend Lancaster—to some an eccentric cleric, to me my dad, and to the industry affectionately known as the "Master Blaster Pastor". Noble Lords will have seen his fireworks at the Hong Kong handover, the London Olympics and, for many years, on New Year's Eve here on the river. Alas, my date of 5 November was not to be. It appears that my arrival in this place has caused such concern that we may not be sitting next Friday, for fear that I will attempt to repeat the events of 1605.

However, I offer noble Lords some reassurance that I come to this place with some useful skills. I am a qualified bomb disposal officer. I started my career in Hong Kong with the Queen's Gurkha Engineers. I continue to serve after 32 years in the Army Reserve and I am very proud to be chairing the Reserve Forces 2030 review. I continue my links with the Brigade of Gurkhas as the deputy colonel commandant. It was perhaps my operational service in Bosnia, Kosovo and Afghanistan that led me into politics. War is a terrible thing and it has left a lasting impression on me. I found myself agreeing with Winston Churchill that

"Meeting jaw to jaw is better than war."

That inspired me to stand for Parliament.

There seems to be a tradition, in the Commons at least, of Ministers being appointed to a department for which they have little or no relevant experience. Perhaps I and my noble friend the Minister are exceptions to this rule; I was deeply honoured to be a Minister at the Ministry of Defence for five years, ending my time there as Minister for the Armed Forces. I challenge anyone not to be uplifted by spending time with our service men and women. I take this opportunity to pay tribute to all those who have made such a contribution to our nation.

My wife, Caroline Dinenage, is Minister for Digital and Culture and a veteran now of some six departments. She always says to me that I am so lucky only to have served in one, and I always tell her that she is and always will be a far better Minister than I ever was.

I am equally proud to have represented Milton Keynes for nearly 15 years, a wonderful city of wonderful people, all with a positive can-do attitude. In Milton Keynes it is rare, if ever, for a political party to have a majority, and this means a level of party-political co-operation rarely seen elsewhere. That is just the sort of approach and attitude that I intend to bring during my time in this place. Situated at the centre of the Oxford-Cambridge arc, Milton Keynes is an area of high growth that is in desperate need of new housing if it is to continue to attract skilled workers and to be the economic powerhouse it is.

The measures before us today are a positive move by the Government, giving homeowners the freedom to extend their own homes as their families grow and for us to regenerate the brownfield areas of our towns and cities. There is just one area where I seek reassurance from the Minister: that the conversion of family homes into houses in multiple occupation will still require planning permission. As my noble friend knows, an excess of HMOs in any community brings with it a whole host of challenges worthy of an entirely separate debate in this Chamber.

2.23 pm

Lord Herbert of South Downs (Con): My Lords, I congratulate the noble Lord, Lord Sikka, on his excellent maiden speech. I am sure we look forward to many such contributions in future.

I also congratulate my noble friend Lord Lancaster of Kimbolton on his fine maiden speech. We entered the House of Commons together 15 years ago. He served for far longer than I did as a Minister and, as he

reminded us, was and is a serving officer in the Army. His bomb disposal experience is a talent that may well be deployed in the Whips' Office; I am sure they will be in touch with him shortly. At the tender age of 50, he is one of the younger Members of your Lordships' House. His achievements are indeed so great that I am reminded of Gore Vidal's much-quoted statement that

"Whenever a friend succeeds"

in politics,

"a little something in me dies."

I must say to my noble friend that that was not the case in relation to his excellent speech.

On the legislation, I want to make two simple points. First, irrespective of the process issues raised by the noble Lord, Lord German, I believe it is a good thing in principle that government policy is focused on encouraging and facilitating development on brownfield sites, so that it is as easy and rapid as possible; otherwise, we face very difficult choices regarding the development of greenfield sites. One can imagine that the Covid epidemic will result in considerable changes in the use of buildings. That particular permitted development has led to the creation of tens of thousands of homes.

Process apart, the use of these orders has given rise to two concerns, the first of which is design quality. I urge the Minister and the Government to have regard to good design in how these permitted development orders are applied, because it is the absence of good design that has driven down public support for development generally.

Secondly, and in conclusion, so far as process is concerned, the noble Lord, Lord German, is right about the importance of parliamentary discussion and scrutiny of major changes to development. That is particularly true of a related matter: the new formula to be applied to development on greenfield sites, which has been described by my successor as Member of Parliament for Arundel and South Downs, Andrew Griffith, as a "mutant algorithm". I do not believe that the current formula can stand. It is so much better if we can ensure that development starts on brownfield sites. That is why the formula in its current iteration is wrongly calibrated, and why, in principle, the permitted development orders that encourage development on brownfield sites are right.

2.27 pm

Baroness Thornhill (LD): I am delighted to be sharing the Chamber today with our two new Members, who are clearly going to bring to it the considerable expertise for which we are known and renowned—but, I expect, from very different perspectives.

My noble friend Lord German was right to table his Motion as it seems there is much disquiet about these and previous SIs, as well as the proposals in the Government's current White Paper. Our concern is that taken together these constitute, in the words of a government Minister, the most significant changes to the planning system in 20 years and, in the words of another, a complete overhaul of the planning system. Thus, we feel there has not been sufficient consultation, or opportunities to really know and understand the cumulative impact of the Government's legislative changes.

I too question the premise on which the current policy direction appears to be based: that the underdelivery of homes is largely the fault of the planning system. It has been mentioned many times in this Chamber that 90% of permissions are actually granted and that close to a million permissions have still not been built out. I wonder if there is something in the Government's new proposal to take care of that, but I do not believe there is. The Letwin report also made it clear that the financial model on which the construction industry is based is far more significant in affecting the actual delivery of homes. I hope that we can have another debate on this issue, as in my experience it is a very complex one and government agencies also play their part in planning delays.

Permitted development rights were rightly introduced to reduce bureaucracy in specific and clearly understood circumstances, but these SIs drive a coach and horses through the normal system of judging and determining a proposed development. Together, the changes represent a significant shift in control away from local authorities and the communities they represent towards a significantly less regulated environment. I believe that nationally prescribed development rights disempower communities and local councils. Is it too cynical of me to suggest that that is the intention?

It is also clear that the Government's current White Paper foreshadows the possibility of further changes to the entire planning system over the coming months, and it may well be that further permitted development reforms follow. This is perhaps why there is considerable disquiet and concern in many quarters. Alan Jones, president of the Royal Institute of British Architects, said of the Government that the arrogance and lack of understanding was "breathtaking."

It is not just RIBA that thinks the extensions to permitted development are a bad idea. They are opposed by the Royal Town Planning Institute, the Royal Institute of Chartered Surveyors, the Chartered Institute of Building, the Chartered Institute of Housing, the Town and Country Planning Association, and more. Uniting all of these organisations, which are far from always being in happy harmony, is a remarkable achievement and a sign of the real problems of this approach that need to be looked into. Apart from those who seek to make serious money from these changes, it is hard to see who supports them.

The reputable planning consultancy, Lichfields, has stated that the changes are very significant, but are only the tip of the iceberg for potential planning changes on the immediate horizon. Hence the collective concern that the Government have failed to allow adequate time and scrutiny for these SIs and we have had no concrete reassurances as to how they will be evaluated in their totality. That is a concern which appears to be justified when you consider that the Government's independently commissioned work on permitted development rights was damning. The report of the Building Better, Building Beautiful Commission's notes that permitted development rights for office-to-residential change of use has led to much criticism for diminishing quality, delivering lower levels of affordable housing and reducing developer contributions. Those are three key issues. The Commission concludes that PDRs

[Baroness Thornhill]

"have inadvertently permissioned future slums … allowing sub-standard homes to be built with little to no natural light and smaller than budget hotel rooms."

Can the Minister offer any serious reassurance that these concerns have been addressed?

The Housing, Communities and Local Government Select Committee produced a report in 2019 on the future of the high street which said:

"The Government should suspend any further extension of PDRs, pending an evaluation of their impact on the high street."

Yet in these SIs we see significant changes to class uses that we have heard little about but which I have no doubt will have some concerns.

Do the Government intend to do a cumulative impact assessment of these and other recent SIs in tandem with the current proposals in the pipeline? If not, why not, and if yes, whoopie, but when?

2.33 pm

Baroness Wheatcroft (Non-Afl) [V]: My Lords, I pay tribute to the two maiden speeches we have heard today. What excellent contributions they were and what very welcome additions to the House they are. In the noble Lords, Lord Sikka and Lord Lancaster, we now have an expert on accountancy and an expert on bomb disposal. Both of them will be useful attributes in a House that is already well stocked with a variety of expertise.

While sharing the concerns of the noble Lord, Lord German, about the manner in which these regulations have been brought into play, concerns that many of us have voiced today, I have to say that unlike the noble Baroness, Lady Thornhill, I welcome these amendments. The planning system has long been in need of simplification and these amount to a largely positive step towards that simplification. It has long seemed to me that the generally flat roofs of supermarkets are crying out to have residential accommodation built on top. The GPDO No. 2 amendment order makes that easier.

We also need to see rapid changes to our high streets, which these regulations will enable. The noble Baroness, Lady Thornhill, talked about bringing changes to our high streets to a standstill, but everywhere I look there are shops that have closed down because of Covid and they will not open again. Bringing life back into those areas by being as flexible as possible about the uses to which premises can be put seems a sensible step.

However, the Government still seem to struggle with standing back and allowing builders to get on with it. I have some specific questions for the Minister. First, can he tell me why, if a new storey is put on top of an existing block of flats, there is a stipulation that the internal room height may not exceed 3 metres? I love the idea of building penthouses on top of blocks of flats and making them light and airy with ceilings as high as the Victorians used to enjoy. That may not make economic sense, but why do the Government have to put a stipulation on what the internal room height may be?

Why do the Government have to limit the building right to buildings constructed before 5 March 2018, as the GDPO does? Why should a building which was constructed and finished only last year not have the right to potentially have two storeys put on top? I would be grateful if the Minister could address that point. Further, as others have pointed out, we should acknowledge the fact that planning permission is not what is leading to such a shortage of housing in this country. It is the fact that those planning permissions are not developed. We need to find a way to speed up how development takes place. Why, then, do these regulations stipulate that planning permission will last for three years if a new development to be put on top of an existing development? Why is it not limited to just one year, thus providing an incentive for the work to be done? It seems ludicrous that we should continue to allow developers and builders to have the right to build but not an obligation to pursue that and deliver the housing that we so badly need?

In connection with that, can the Minister say whether he will find a means of favouring prefabricated housing, which will make these developments happen much faster?

2.38 pm

Lord Crisp (CB) [V]: I too thank the noble Lord, Lord German, for providing this opportunity to debate these measures and I note his very important point about procedure, particularly when dealing with such a controversial subject. I also join with other noble Lords in congratulating the two new Peers who made their maiden speeches today.

My starting point, like that of others, is that it is vital to get more housing and that we use brownfield sites. But—and there are many buts, relating to quality, the impact on health, and the impact of blighting some areas. I want to make five points and to suggest a way forward.

First, the current permitted development regime has had many damaging impacts in parts of the country—not everywhere, but in many places. I think of areas like Hounslow and Harlow where very poor housing has resulted from permitted development, with houses in factories, in industrial units, and houses that are simply not suitable for their purpose. That is not just about individual suffering because it can also blight an area and an economy. On Monday, a Bradford architect pointed out to me the effect of cheap and shoddy development on an area, particularly somewhere like Bradford, which is desperately seeking to revitalise the centre of town. Building slums in the centre of Bradford is not going to help. Building slums in poor areas magnifies existing problems. I believe that these regulations do nothing to improve the situation; looking at them in detail shows that they add complexity to an already complex situation.

Looking ahead, we all understand, I am sure, the link between housing and health, and how poor housing can damage mental and physical health in all kinds of ways, from cold and damp to air and noise pollution, overcrowding, fire safety and much more. The evidence is compelling and Covid has reinforced this point for all of us. What if we thought about this differently and thought about developing housing that was deliberately built to enhance health and well-being, and promote human flourishing? Should that not be our aim, rather than just producing cheap and rather shoddy developments?

On a positive note, I am delighted that the Government have accepted the principle that there must be standards of access to daylight, and space standards. I stress "standards"; not things to be considered during development, but clear, compulsory standards. This is a very important precedent to have set. I suggest that we need standards in other areas, too, from noise insulation to air pollution and access to green spaces and amenities. There is a way forward. The Town and Country Planning Association has produced a draft Bill on healthy housing, which does precisely what I suggest. It places the focus on developing housing for health and well-being, liveability and resilience in the face of future pandemics, and sets out 10 areas for principles and standards that all developments must follow. I hope that it will be introduced in Parliament in due course, but I would welcome the opportunity to discuss it with the Minister in the meantime.

This proposed Bill has an additional advantage. Current planning and building regulations are horribly complex, contradictory and confusing. The Bill offers a new focus on a single set of essential principles and standards that has the potential to clarify the situation and unify the way forward. So I hope that the Minister will consider this point. Does he agree that it is important that the Government build on the precedent that they have already set on access to daylight and space standards—the precedent of introducing "standards", not "things to consider"—in additional areas that will ensure that all developments are of high quality and suitable design? Can he give the House a date when the space standards referred to in the other place will be brought into effect?

2.42 pm

Baroness Jones of Moulsecoomb (GP) [V]: My Lords, I have an unstable connection so I may not be with you for very long. However, I welcome the noble Lords, Lord Sikka and Lord Lancaster, whose maiden speeches were excellent. Their characters shone through, and I look forward to meeting them both. I also congratulate the noble Lord, Lord German, on moving this Motion. He has reflected a lot of universal concerns, one of which he called the "balance of power".

The Government's White Paper proposes a total overhaul of the English planning system, which will require primary legislation, but they have now brought in these piecemeal regulations which themselves make huge changes to the planning system. They really should have brought them as part of primary legislation that could be fully considered, rather than rushing them through as secondary legislation.

In the planning White Paper, the Secretary of State for Housing, Communities and Local Government said:

"We will build environmentally friendly homes that will not need to be expensively retrofitted in the future, homes with green spaces and new parks at close hand, where tree lined streets are the norm and where neighbours are not strangers."

Yet nothing in these regulations delivers on those green ambitions. The Government have missed a huge opportunity to require people to bring their homes up to modern high standards of energy efficiency and thermal comfort when adding new storeys to their home. Obviously, the best and most cost-effective time to do that is when other major works are being done—so it is absurd that the Government are not tying these two things together. They really must put green, carbon-neutral, planet-positive development at the heart of their plans—and at the moment they really are not.

I recognise that there is a green benefit to increasing housing density by adding new storeys to existing houses. It is better to use the footprint of an existing home to protect the green belt and nature, but—and it is a very big but—adding two storeys to many homes, particularly in a rural setting, will have a huge impact on the neighbours. Residents will be incredibly shocked and distraught if they suddenly find that they have a loss of amenity—of a view, of privacy or of sunlight. This will not go down well with people. Have the Government really thought it through? Are they prepared to let residents suffer as a result of this policy?

2.44 pm

Lord Greaves (LD): My Lords, I declare my interest as a member of a planning committee, among other things, in a local authority. I very much support the comments made by my noble friend Lord German on the way in which this has been rushed out under the cover of Covid-19. There has been no consultation on the details, as opposed to the principles. Some of them, such as the use class changes, would have benefited from some pilot studies on real issues in real places, to see how it is going to happen. There will be a lot of unintended consequences of this.

Having said that, I want to raise two or three specific points. The first, following on from the noble Baroness, Lady Jones of Moulsecoomb, is about the number of neighbour disputes that the proposed new use classes AA and AC will result in. Those of us who have spent too much of our lives on planning committees and within planning know perfectly well how nasty things can get and how disputes can develop on existing planning applications for ordinary extensions—two-storey extensions and so on. The idea is that people will have a fast track to extensions upwards by one or two storeys, but just imagine a couple of semi-detached houses where one is going to be doubled in height. This will result in a lot of aggro, as the noble Baroness suggested. Also, the fact that a rapid, fast-tracked process will be able to push this through beyond the normal planning permission will result in a great deal of disquiet. Quite frankly, I wish the Conservatives the best in explaining this to people who feel like this.

The Explanatory Memorandum says that, given the impact on neighbours during the construction of the additional storeys and any engineering works to strengthen the building,

"the developer must prepare a report setting out the proposed hours of operation and how they intend to minimise any adverse impacts of noise, dust, vibration and traffic movements during the building works on occupiers of the building and neighbouring premises".

It does not say what the strength and value of such a report will be. Will that report have to be approved by the local planning authority? If it is breached—if the hours of operation are breached, for example, and people start working at midnight—will the local planning authority be able to step in and stop the work? It is not at all clear if that will be the case. So that is my specific question on that.

[Lord Greaves]

My second general point is on design. The report *Planning Reform: Supporting the High Street and Increasing the Delivery of New Homes* says that the Government will consult on the detail of a proposed right which would allow vacant commercial buildings and residential blocks to be demolished and replaced with well-designed new residential units. Previously, the Conservatives had promised us a new generation of "beautiful" buildings. The new National Planning Policy Framework follows up on this, suggesting that where development would be consistent with the prevailing height and form of neighbouring properties and the overall street scene, can maintain safe access, et cetera, it will be okay.

My second question to the Minister is: how much power will local authorities really have to rely on the NPPF to demand that these new extensions and the new buildings, where buildings have been demolished, are of good design and, indeed, beautiful? Will that be an overriding issue, or will the fact that full planning permission is not required mean that it will actually be something of a chimera?

My third point is about town centres. I am checking how much time I have—not very much. I will just say one sentence, then. The implications of all this for the ability of local authorities and councils, not just as planning authorities but as authorities looking after and managing the future of their town centres, will be reduced considerably. There are huge concerns about this.

2.50 pm

Baroness Uddin (Non-Afl) [V]: I, too, welcome my noble friend Lord Sikka and the noble Lord, Lord Lancaster, to this House and congratulate them both on their outstanding public service. I look forward to opportunities to share future debates and platforms with them.

Which local areas and regional governments would not rejoice in billions of pounds of housing investment and regeneration in their locality, unless, as is the purview of these statutory instruments, this lacked accountability and scrutiny from local councils and communities? I thank and agree with the noble Lord, Lord German, and other noble Lords. Many of us have repeatedly challenged, on countless occasions over these past few months, the necessity of integrating essential services, such as planning and housing matters, within the Covid emergency legislation remit—which is seriously questionable—while silencing and discarding voices without due process of scrutiny and oversight at the local level, oblivious to the needs of local communities, whose lives will be affected by these decisions.

The Royal Institute of British Architects, the Campaign to Protect Rural England, the Local Government Association, Friends of the Earth and the Royal Town Planning Institute have stated their deep misgivings about and objections to these emergency regulations, which conflict with the well-being of people, the environment and communities. Any new housing and planning strategies would be very welcome if these would immediately be the basis of mitigating chronic shortages of family housing, overcrowding and the lack of adequate independent housing for our elders and those living with disabilities. Any permitted development must absorb local demands from housing and community regeneration plans.

Nine in 10 applications are approved by local authorities while more than a million homes have yet to have a brick laid. Will the Minister mandate these developers to commence these as part of the regulations and impose a timeframe for immediate implementation and, if they do not, impose a fine or demand that they return the land at cost price so that social landlords, including local authorities, can utilise them for residents' needs?

The Government stand accused of creating and approving a developers' charter, but these criticisms have been dismissed as nonsense. I trust that the Minister will accept that there would not have been any scope for such criticism and questions had the Government not decided to bypass and disapply Section 106, which has provided, in some places and communities, significant benefits and gains. That would be even more the case had this Government stated unequivocally that permitted developments will form an integral part of local authorities' planning process and work with social housing organisations hand in glove to resolve the decades-old quality-housing shortage, which, as the Minister is aware, has hugely impacted and hindered health protection during this emergency period.

Instead, the Government are asking this House to be complicit in persisting with further structures of social division and inequality and more concrete jungles. Why are we constantly ignoring lessons from our past? The developments of Bishopsgate and Canary Wharf are empty ghost towns today; neither delivered on promises of jobs for local people and community regeneration. There was significant outcry at the time, and the demands of grassroots campaigners for social justice and inclusive development for public scrutiny for a fairer settlement fell on deaf ears and boosted the bank balance of the big developers and the big boys' support network. Residents living in their shadow put up with years of environmental and health pollution without an iota of benefit for their families. Of course, I should admit that hospitality sectors use low-pay and zero-hours contracted staff, who are definitely locally sourced.

What is evident in these regulations is that the new pledges for building back beautiful homes are certainly not communities' aspiration for improved life chances and better housing for their families but draconian imposition by a Government determined to push through measures that continue to exclude fundamental rights of communities and residents' voices in housing and other developments. I thank noble Lords, and I apologise for any errors.

2.56 pm

Baroness Bakewell of Hardington Mandeville (LD): My Lords, I congratulate my noble friend Lord German on his introduction to this debate. As always, he lays the case out extremely clearly. I also welcome and congratulate the noble Lords, Lord Sikka and Lord Lancaster of Kimbolton, on their excellent maiden speeches. I feel certain that they will both make valuable contributions to our future debates.

We have had a canter around this issue previously and not reached a satisfactory conclusion. I declare my entry in the register of interests. Local councils know their communities, spending time and energy consulting them on both housing and services. Extending permitted development rights drives a coach and horses through this process; the noble Baroness, Lady Young of Old Scone, has illustrated this. I understand the Government's wish to regenerate town centres but am having difficulty seeing just how these measures will achieve that. Over 13,500 affordable homes have been lost in four years through permitted development rights by homes converted from offices, leading to worse living conditions, lacking basic infrastructure requirements.

Order 755, for the upward extension to blocks of flats and buildings without planning permission, is fraught. There will be up to two additional storeys on terraced houses, limited to 3.5 meters above the next-door house in the terrace. I can just imagine what a terrace of 10 houses will look like with three houses extended upwards but not adjacent to each other, the carefully crafted original design thrown completely out of the window. The Explanatory Memorandum to this SI says:

"additional storeys must be of similar appearance"

and construction. Who will check this if there is no planning approval? My noble friend Lord Greaves referred to this.

Paragraph 7.12 of the Explanatory Memorandum states:

"the local planning authority … will consider certain matters relating to the … construction",

design, elevation et cetera and notify adjoining properties. Surely, this is what a planning application would cover? There are also issues of parking. If more dwellings are added upwards on the same site, where will the parking required be provided? Poor housing as a result of PDR has been raised by other Peers, including the noble Lord, Lord Crisp.

The demolition of an existing dwelling and construction of new one in its place could be welcomed, especially if the existing dwelling had fallen into disrepair. In this context, the word "old" keeps coming up in the Explanatory Memorandum. There are exceptions that apply to conservation areas. Can the Minister clarify whether this would also apply to grade 2 listed buildings not in conservation areas that had fallen into disrepair? Would it be sufficient if they had been empty for six months prior to demolition and redevelopment? I welcome the comments of the noble Lord, Lord Lancaster of Kimbolton, on HMOs and look forward to the Minister's response.

I also note under order 755 that building on agricultural land requires the express permission of the landlord and tenant. Can the Minister say what will happen if the landlord gives permission but the tenant, who has been working the land, does not?

The Town and Country Planning (Use Classes) (Amendment) (England) Regulations 2020 (SI 2020/757) revoke the use classes order. They could include cinemas, dance halls and food takeaways. In future, a change of use will not be needed. With cinemas currently shut, I can see some trouble ahead on this front. Local authorities and their elected councillors take care in the licensing of hot food takeaways, especially in residential areas. They are much better situated in a small row of retail shops serving the residential area than in the middle of a street of dwellings. Considerable neighbour annoyance can be caused by late-night takeaways.

The PDR to support high streets involves a range of changes of use without an application process, for instance from financial services to a betting or pay-day loan shop. Do we really want this to go unregulated at this time, when suicides caused by gambling are at an all-time high? Drinking establishments can change to residential use. Can the Minister give clarity on what class drinking establishments will now fall into? Local pubs were already under severe threat before the Covid lockdown. Some are shut and may not reopen. Their communities will certainly miss them in rural areas.

There are also changes to the community infrastructure levy, which will allegedly avoid confusion. They will also affect local authority budgets.

Lastly, the Town and Country Panning (Use Classes) (Amendment) (England) (No. 3) Regulations 2020 (SI 2020/895) alter the words "280 metres square" to "280 square metres", a minor but significant interpretation. What can we expect when regulations are introduced at such short notice? Four weeks later, we are having to amend them.

Much has been said previously about local authorities delaying the planning process. This is not true. As my noble friend Lady Thornhill said, more than 90% of applications are approved in a timely manner. The problem is that more than 1 million applications granted are waiting to be built. A handful of developers hold all the land and are sitting on it until it suits them to build out. What is needed is a legal timeframe for completing a development from the date the planning application approval was granted.

The zoning measures in the planning White Paper diverge from carefully crafted local plans. They undermine elected councillors who know their areas. It would have been far better to wait until the end of the consultation period on the planning White Paper before laying these permitted development rights instruments. The White Paper responses and these measures could have been properly analysed together. I fully support my noble friend Lord German.

3.02 pm

Lord Kennedy of Southwark (Lab Co-op): My Lords, I first draw the attention of the House to my relevant registered interests as a vice-president of the Local Government Association, chair of the Heart of Medway Housing Association and a non-executive director of MHS Homes Ltd.

I offer my congratulations to my noble friend Lord Sikka on his maiden speech. He brings a wealth of experience from accountancy and academia and is an advocate of tax justice. I am very much of the opinion that we and all organisations should pay our fair share of tax. Considerable light has been shone on organisations that seem not to pay their fair share, which of course is picked up by all the rest of us. I look forward to hearing more from my noble friend.

I also congratulate the noble Lord, Lord Lancaster of Kimbolton, on his maiden speech. He has served as a councillor, a Member of the other place representing

[Lord Kennedy of Southwark]
Milton Keynes—I know it fairly well—a Whip and a Minister at the Ministry of Defence. He also brings a wealth of experience, as we have heard, which will be invaluable to this House. If he ever wants to rebel, he will find a warm welcome on these Benches. I very much agreed with the point he made about cross-party working. In my time in this House over the past 10 years, the best things we have agreed have been when Members from all sides have come together and understood, agreed and sorted problems out. I look forward to getting to know both noble Lords and wish them well in their time in this House.

I also thank the noble Lord, Lord German, for bringing forward his Motion to Regret. From this debate we can see that issues and concerns have been raised because of the action the Government are taking which are widely felt in this House and outside. Having served as a councillor on two local authorities, I am disappointed by the Government's approach. Good planning, good community development and consultation empower communities and enable them to have ownership of the development of the built environment around them. There is a role for permitted development, but these statutory instruments, using the negative procedure, go too far, as the noble Lord, Lord German, made clear in his Motion to Regret.

If the Government are going to do this, issues of this magnitude should have been enacted through a much wider debate and, ideally, primary legislation. The proposals disempower communities and local authorities and deprive local councils and locally elected councillors of the ability to consider the facts and make decisions based on evidence, local knowledge and an understanding of their local community.

I was very grateful to the LGA for its briefing. I was shocked to read that 13,500 affordable homes have been lost in the past four years through permitted development rights allowing offices to be converted into homes without the need for a full planning application. It was also interesting to read the Government's commissioned research from the Minister's department, which highlighted that conversions through permitted development can fail to meet adequate design standards, avoid contributing to areas and create worse living environments. Surely the Government and the Minister do not want to make the situation worse and create the slums of tomorrow. With that in mind, can he set out for the House how these fears will not be realised?

Of what benefit is it to our communities that permitted development rights have lost affordable homes being built? These proposals have only made the situation worse. Communities are denied the ability to ensure that high standards are met and that supporting infrastructure is in place. The Secondary Legislation Scrutiny Committee raised similar concerns in its report published last month. Will the Minister address the committee's concerns about how local authorities will shape the character of their high streets under these new rules, particularly regarding the ability to control the spread of fast-food restaurants in their area?

My noble friend Lady Young of Old Scone and the noble Baroness, Lady Thornhill, highlighted that we have planning permission for 1 million homes, but they have not been built. That is not a failure of planning; it is a failure to get the homes built. Housing developers, as we have heard, will build homes in line with their business model. I understand that, it is a perfectly reasonable thing to do, but we need the Government to address the policy issues around getting homes built and not focus on planning.

I agree with the noble Lord, Lord Herbert of South Downs, that building on brownfield sites is preferable to building on greenfield sites. I also agree with his comments on the need for good design and good quality. My concern here is that these proposed regulations risk doing the exact opposite of what he and I want to see. I also agree with the concerns of the noble Baroness, Lady Thornhill, about further extensions of permitted development rights. I would be interested to hear the noble Lord, Lord Greenhalgh, set out how we will ensure that these fears will not happen.

I also agree very much with the comments of the noble Lord, Lord Crisp, who drew the attention of the House to the link between housing and health. Damp, poorly built, poorly ventilated and poorly insulated properties will only make matters worse for people and families—often poor people—further reducing their life chances and those of their children.

We have seen all those flats built in the 1960s and 1970s being torn down as a failure of government public policy or huge sums being spent to retrofit them because of inadequate building design. The test of this policy will be whether that tragedy is repeated. The victims who pay the price are the families who have to live in those homes.

The noble Lord, Lord Greaves, and the noble Baroness, Lady Jones of Moulsecoomb, rightly raised concerns that smaller developments in residential areas that would have needed planning permission will now go through permitted development. This will prove controversial in many communities and will not be popular where out-of-character developments start springing up in stable communities.

These are matters that the House will return to many times. Whatever the good intentions behind these proposals, they will not deliver high-quality, well-designed homes or the high streets that sustain local communities or provide the infrastructure to support communities and help them thrive. Proper government policy and intention need to be here to get this right. Sadly, the Government have got it wrong in this case.

3.10 pm

The Minister of State, Home Office and Ministry of Housing, Communities and Local Government (Lord Greenhalgh) (Con): My Lords, I draw attention to my relevant commercial and residential property interests as set out in the register. We have had an interesting and wide-ranging debate and I thank the noble Lord, Lord German, for tabling the motion, and the Secondary Legislation Scrutiny Committee for its report drawing the statutory instruments to the House's attention. I also thank noble Lords on all sides of the House for their contributions.

The noble Baronesses, Lady Thornhill and Lady Bakewell of Hardington Mandeville, raised the *Planning for the Future* White Paper. We published it in August to set out our proposals for planning reform, and it recognises

that the current planning system is complex and slow. I assure my noble friend Lord Herbert that there is absolutely no desire to build on England's green and pleasant land: the focus must be on brownfield site development.

A number of noble Lords, including the noble Lords, Lord German, Lord Kennedy of Southwark and Lord Greaves, and the noble Baronesses, Lady Jones of Moulsecoomb and Lady Thornhill, raised important process issues. The statutory instruments being considered today are made under Section 59 of the Town and Country Planning Act 1990. That primary legislation enables the Secretary of State, through secondary legislation, to make a development order. Therefore, these statutory instruments were laid before Parliament under the negative resolution procedure, as is normal for all new permitted development rights.

The noble Baroness, Lady Wheatcroft, pointed out the positive impacts and benefits. Indeed, these measures form a package to support our economic response to coronavirus. They support the delivery of much-needed new homes through a simpler planning system and help businesses to continue to operate safely and respond quickly to changes in how communities use their high streets. The noble Lords, Lord Kennedy of Southwark and Lord Crisp, the noble Baroness, Lady Bakewell, and my noble friend Lord Herbert all raised the issue of quality design and space. To ensure that the new homes delivered under permitted development rights are quality homes, we have made it a requirement that natural light be provided in all habitable rooms of new homes delivered under such rights. We announced in the other place on 30 September that we will lay regulations to require all new homes delivered through permitted development rights to meet the nationally described space standards. To answer the noble Lord, Lord Crisp, these will be introduced at the earliest opportunity.

The noble Lord, Lord Greaves, raised the issue that development can have a negative impact on neighbours and that this may occur during the construction of additional homes by building upwards. To ensure that this is considered before works commence, the developer has to prepare a report setting out the proposed hours of operation and how it intends to minimise any adverse impact of noise, dust, vibration and traffic movements during the building works on occupiers of the building and neighbouring premises. The local authority will consider whether the details set out in the construction management plan are appropriate. Where it is agreed that the developer is in breach of the plan, the local authority can take enforcement action.

The noble Lord, Lord Kennedy of Southwark, and the noble Lord, Lord Sikka, in his excellent maiden speech, raised the issue of affordable housing. Permitted development rights do not require affordable housing provision, which is predominantly delivered as part of the local planning authority's housing programme. Local planning authorities are required to build for their housing needs, including for affordable housing provision. Permitted development rights, including the new rights for upwards extensions and demolition and rebuild, create new homes that support our ambition to increase housing delivery. They provide additional homes for sale or rent which may otherwise not have been developed. They are, to coin a phrase, "a Brucie bonus". The new permitted development rights for upward extensions could be used by registered providers or local authorities on their blocks of flats or houses to create new affordable homes or additional living space for their tenants.

I congratulate my noble friend Lord Lancaster on an outstanding maiden speech. He made pointed reference to his dad, "the Master Blaster Pastor", and I am delighted that he joins us in the House. I can confirm to him that the new permitted development rights do not allow the creation of houses in multiple occupation: the rights only allow single-dwelling houses, C3 use class, to build additional storeys, to extend a home or create new homes. An application for planning permission would be required if an owner wished to change such an extended home or a new flat into either a small house in multiple occupation or a large one for more than six people not living as a family. I hope that reassures my noble friend.

The noble Baronesses, Lady Uddin and Lady Bakewell of Hardington Mandeville, raised the issue of a contribution by developers. Where new dwellings or additional floorspace are created through the rights, and a local authority has a charging schedule in place, a community infrastructure levy may be payable. We have consulted in the planning White Paper on the principle of introducing an infrastructure levy on permitted development schemes going forward. To answer the noble Baroness, Lady Thornhill, we continue to keep all rights under review in the cumulative impact assessment.

The noble Lord, Lord German, and the noble Baroness, Lady Young of Old Scone, mentioned the reduced impact of community engagement as a result of these permitted development rights. The permitted development rights for building upwards and demolition and rebuild are subject to prior approval by the local planning authority. This allows the consideration of key planning matters. I reassure the noble Baroness, Lady Jones of Moulsecoomb, and the noble Lord, Lord Greaves, that among other matters, it can consider the external appearance of the building and the impact of the development on the amenity of the existing building and neighbouring premises, which includes overlooking, privacy and loss of light. The local authority is required put up a site notice and serve notice on all neighbours and occupiers. As with an application for planning permission, it must allow 21 days for comment on the proposals. Objections can be made on the matters for prior approval set out in the right, and the local authority is required to take into account any representations made to it as a result of any consultation when making its decision.

In answer to a specific point raised by my noble friend Lady Wheatcroft, the cap on height is to ensure that the maximum number of floors are created and to prevent the creation of one larger penthouse where two storeys of new homes could be created. This is all about the delivery of important, much-needed new housing. We must build, build, build, for the sake of our children and our children's children. Delivering new homes and supporting our high streets and town centres is a key priority for this Government. These

[Lord Greenhalgh]
regulations are an important tool to help drive up housing delivery by simplifying and speeding up the planning system. They will also help town centre uses adapt to changing market demands, while providing protections for important uses.

The Deputy Speaker (Baroness Pitkeathley) (Lab): I have received no requests to speak after the Minister, so I call the noble Lord, Lord German.

3.18 pm

Lord German (LD) [V]: I thank the Minister, but first, I congratulate the noble Lords, Lord Sikka and Lord Lancaster, on their excellent maiden speeches today. They have both demonstrated the contribution they will be able to make to this House—the noble Lord, Lord Sikka, on financial and tax matters and the noble Lord, Lord Lancaster, on defence matters. I must say I am really looking forward to the contribution from the noble Lord, Lord Lancaster, to fireworks and rebellion; put those together and I think that might be something I would encourage him to take part in in your Lordships' House. While I may have contrary views to both noble Lords, they have shown they will be able to add a great deal to the richness of our debates and considerations.

I am also grateful to all noble Lords who have contributed to this debate today. What has been amply demonstrated by the noble Lord, Lord Crisp, and others is that these regulations have great significance to the way we conduct planning activity. My noble friend Lord Greaves, the noble Baronesses, Lady Bakewell, Lady Jones and Lady Uddin, and other noble Lords have shown how the needs of local communities, as well as broader needs, are not reflected in the measures.

Brownfield sites and design quality have been raised by the noble Lord, Lord Herbert, and he was critical of the tiered system of legislation to come. I look forward to his contributions in that debate when we have it—because there will be debate. A significant part of the reason for this debate today is that we have not been offered that opportunity before.

The noble Lord, Lord Crisp, and others raised significant concerns about the extension in the use of permitted development rights and also that these procedures do not lead to well-designed additional affordable homes, a point raised and reinforced by the noble Baroness, Lady Young, and my noble friend Lady Thornhill, who also joined in the criticism but emphasised the financial model that drives new homes and called for review and evaluation. My noble friend Greaves pointed out the lack of consultation on these measures—another process issue, which is one of the reasons I brought this Motion in the first place.

As noted by the noble Baroness, Lady Young, 90% of planning permissions for housing being approved and a million homes that have been given planning permission and not yet built demonstrates to me that it is not the planning system that is at fault but the system of delivering homes. I hope the Minister will reflect further on this as we consider the primary legislation of the planning Bill, which is soon to come.

I was hopeful that the constitutional element of this debate would be answered by the Minister, for whom I have a great deal of respect, given his previous service to local government. The head legislation, the primary legislation, which gives authority over these regulations is 30 years old, and clearly, as planning and community needs have altered, updating is important. The fundamental question remains: why were these regulations not rolled into the primary legislation the Government are proposing?

I note there has not been wild enthusiasm from contributors to the debate for the detail of these proposals, but scrutiny, evaluation and debate would have informed and improved these plans. Although I am grateful for the response from the Minister, he has not answered that fundamental issue. However, as we will have many opportunities to debate these matters further, I do not intend to press my Motion.

Motion withdrawn.

3.22 pm

Sitting suspended.

Timber and Timber Products and FLEGT (Amendment) (EU Exit) Regulations 2020

Motion to Approve

3.30 pm

Moved by ***Lord Goldsmith of Richmond Park***

That the draft Regulations laid before the House on 5 October be approved.

The Minister of State, Department for the Environment, Food and Rural Affairs and Foreign, Commonwealth and Development Office (Lord Goldsmith of Richmond Park) (Con): My Lords, this instrument amends the Timber and Timber Products and FLEGT (EU Exit) Regulations 2018—SI 2018/1025—on the trade in timber and timber products, also known as the 2018 exit regulations.

This instrument is for purposes relating to the implementation of the Northern Ireland protocol and to address deficiencies that have arisen since the 2018 exit regulations were made. This is considered a reserved policy. We have worked with the devolved Administrations on this instrument. The technical amendments in this instrument address deficiencies that have arisen since the 2018 exit regulations were made and, in addition, relate to the implementation of the Northern Ireland protocol. The minor amendments contained in this instrument will ensure that the regulations for the trade in legally harvested timber will operate effectively in the United Kingdom. I make it clear that all the amendments introduced by this instrument are technical operability amendments and do not introduce any policy changes.

The timber regulation and FLEGT licensing regulations address the issue of illegally harvested timber through two measures. On the supply side, the FLEGT regulations provide for a licensing regime with countries which have entered into a partnership agreement, allowing them to issue licences that prove legality of harvest. On the demand side, the timber

regulation prohibits the placing on the market of illegally harvested timber and requires businesses to exercise due diligence on timber to ensure its legality.

Illegal logging is a significant driver of deforestation, leading to a dramatic decline in biodiversity and the loss of critical ecosystems services. Deforestation is also a major contributor to climate change. It directly affects rural communities that rely on forests for livelihoods and results in revenue loss to Governments and legitimate businesses. The timber regulation and FLEGT licensing system are therefore vital tools in preventing the trade in this timber.

The instrument's main purpose is to make amendments to the 2018 exit regulations to facilitate operability within the context of the Northern Ireland protocol. This is achieved by substituting, in several instances, "the Community" and "the United Kingdom", with "Great Britain". There are several instances in which reference to "the United Kingdom" is retained from the 2018 regulations. This is to do three things.

First, as a FLEGT voluntary partnership agreement is defined as being constituted between two states or regional organisations, the reference must be to the United Kingdom for this to be correct. Secondly, for the purposes of the UK timber regulation, it defines the market on which timber is placed as the United Kingdom. If this market were to be defined as Great Britain it would have the effect of imposing the obligation to exercise due diligence on businesses importing timber from Northern Ireland to England, Scotland or Wales. This would represent a new check on goods moving from Northern Ireland to Great Britain and so the definition of the United Kingdom is retained. The third retention of United Kingdom is in relation to monitoring organisations. These are approved businesses which are able to offer access to their due diligence systems to those placing timber on the market. The regulations set out requirements in relation to where businesses must be legally established in order to be able to apply to be a monitoring organisation. If this area were to be defined as Great Britain it would preclude businesses in Northern Ireland from being able to apply to be a monitoring organisation under the UK regulations. As such, the definition of the United Kingdom has been retained.

The instrument also amends the dates when the first reports on the UK timber and FLEGT regulations are required. This is to ensure that there is an appropriate amount of time between the implementation of the regulations and the first report being produced. If this were not amended, the first report would be due just three months after the regulation comes into force. It also corrects a typographical error in the 2018 exit regulations by changing "in" to "by" in relation to sanctions imposed by the United Kingdom on timber imports or exports. It also amends the reporting period for the FLEGT regulation to a calendar rather than a financial year to bring it in line with other reporting schedules. This amendment was necessary to deal with an amendment to the EU regulations made after our 2018 exit SI. Finally, this instrument substitutes "IP completion"—the implementation period—for "exit" in the context of the date at which existing monitoring organisations established in the United Kingdom will retain recognition. This change is simply to correct a deficiency that has arisen since the 2018 exit regulations.

The instrument has always been intended for the affirmative procedure. It went through the JCSI without comment. This instrument was not subject to consultation, as it does not alter existing policy. In line with published guidance, there is no need to conduct an impact assessment for this instrument. This is because no, or no significant, impact on the private or voluntary sector is foreseen as this instrument relates to maintenance of existing regulatory standards and the cost of any direct impact from this instrument falls under £5 million. The territorial extent of this instrument is the United Kingdom. This is considered a reserved policy. The devolved Administrations were engaged in the development of the instrument and are content.

The Office for Product Safety & Standards, part of the Department for Business, Energy and Industrial Strategy, is the delivery body for the regulations and will continue in this role for both Northern Ireland and Great Britain. It has been involved in the development of this instrument and has no concerns in relation to implementation or resources. Its expertise in the enforcement of the regulations and its history of working with businesses to understand and meet their obligations will ensure a consistent and transparent transition.

The UK has a long and proud history of work in this area and the Government's 25-year environment plan has made clear our commitment to support and protect international forests. This regulation will ensure that we can continue to protect valuable global resources, safeguard the livelihoods of some of the world's most vulnerable people and contribute to tackling climate change. I beg to move.

3.37 pm

Lord Bhatia (Non-Afl) [V]: My Lords, this regulation applies to timber harvested in the EU and third countries. It imposes obligations on those who place timber or timber products on the EU internal market for the first time—

The Deputy Speaker (Baroness Pitkeathley) (Lab): The House is having some difficulty hearing the noble Lord. Can you be a little closer to your microphone?

Lord Bhatia (Non-Afl) [V]: Yes. Can you hear me now? Is this better?

Baroness Penn (Con): Please continue.

Lord Bhatia (Non-Afl) [V]: This regulation applies to timber harvested in the EU and third countries. It imposes obligations on those who place timber or timber products plus those who sell or buy these goods in the course of commercial activity. The traders must not place illegally harvested timber—

Baroness Penn (Con): My Lords, I believe there is a problem connecting to the noble Lord, Lord Bhatia. I suggest we move on and maybe return to him if we can reconnect.

The Deputy Speaker (Baroness Pitkeathley) (Lab): I will call the next speaker, the noble Baroness, Lady Parminter.

3.39 pm

Baroness Parminter (LD) [V]: My Lords, although there was no debate in 2018 when these regulations were transposed into UK law, we really should not take it that this is an unimportant issue. The UK is the second-largest importer of timber in the world, so the issue affects a lot of companies. Moreover, as the Minister said, deforestation and forest degradation are responsible for a significant amount of biodiversity loss and 11% of our greenhouse gas emissions. It therefore poses a serious threat to the health of our planet.

We supported the transposition in 2018 of the EU law which prohibited the sale of illegally harvested timber, and we supported the approach which imposes a due diligence obligation on companies. I take this opportunity to welcome the Government's consultation and their commitment to introducing a due diligence obligation on companies using other commodities associated with deforestation, such as soya, palm oil and cocoa. It was a Liberal Democrat manifesto commitment to introduce such a due diligence obligation, and I called again, in a debate which I led in the House in March, for the Government to introduce such a due diligence obligation in the Environment Bill. Now that the Government have completed their consultation, I hope very much that they will be in a position to do just that.

This specific SI deals mainly with addressing the implications of the Northern Ireland protocol and the fact that EU timber regulations will continue to apply in Northern Ireland, unlike in England, Scotland and Wales. I had a number of questions about the monitoring organisations that timber companies in Northern Ireland would use and I sent them to officials in advance of today's debate, saying that I would be extremely grateful if they could respond before today. Sadly, they were unable to answer the questions at that point, so I shall repeat them now.

Do these regulations mean that Northern Ireland companies can use only the monitoring organisations on the approved and published EU list? The list is an integral part of the EU regulations. Given that we will come out of the European Union on 31 December, will UK monitoring organisations be removed from the list, therefore requiring companies in Northern Ireland to use monitoring organisations from elsewhere in Europe? The officials have responded that they will clarify with the European Commission whether that is the case.

It is a very important issue because most timber companies in the UK, including in Northern Ireland, are small and medium-sized companies and very few of them have their own due diligence obligations, so they will require monitoring organisations to undertake that function for them. As it stands now, no organisations in Northern Ireland are able to undertake that function. Let us be clear about it: there are only 13 such organisations in the whole of Europe, so it is not likely that a new one will be set up quickly in Northern Ireland. I do not oppose this statutory instrument but think we should put on record that it will undoubtedly bring further uncertainty to timber companies in Northern Ireland, post Brexit.

I shall close my remarks on the issue of the enforcement of these environmental regulations. At the weekend, the "Countryfile" programme on the BBC highlighted the cuts to budgets for environmental enforcement resources and programmes here in the UK. It was disappointing that no one from Defra was prepared to go on to that programme to comment. The enforcement of these regulations falls, as the Minister said, to the Office for Product Safety and Standards. It is not an insignificant responsibility and I hope the Minister can reassure us that that body—it is a unit in BEIS—will have sufficient resources to ensure that the regulations will be properly enforced to ensure that there is no lessening in our commitment to tackling problems of deforestation.

3.44 pm

Baroness Jones of Whitchurch (Lab): My Lords, I thank the Minister for his explanation of this revised SI. I also thank the noble Baroness, Lady Parminter, for her contribution and very helpful questions. Obviously, we are keen to have in place a robust and comprehensive licensing scheme for the import of timber. As the noble Lord and the noble Baroness said, we are all too well aware of the devastation that can be caused by illegal logging on biodiversity and global attempts to mitigate the impact of the climate change emergency. It is good that the EU has taken a stand on this and it is important that we replicate the provision when we leave the EU.

The Explanatory Memorandum makes clear that the EU has entered into a number of voluntary partnership agreements with certain countries to implement a licensing scheme. Does the Minister believe that this licensing scheme is sufficiently widespread to cover all potential timber-exporting countries we might deal with in the future, or is it the UK's ambition to expand the reach of these licensing agreements so that other countries become partners with us? If the EU makes new or improved licensing agreements after we leave the EU, is it the UK's intention to mirror those new agreements in UK law as well?

The Explanatory Memorandum also makes clear that it is necessary to have slightly different provisions for Great Britain and Northern Ireland to respect the terms of the Northern Ireland protocol. It says that any voluntary partnership agreement entered into with a third country by the Government will automatically be extended to Northern Ireland, even though Northern Ireland will technically be subject to the EU regulations. So, following on from my earlier question, if the UK entered into a new agreement with a country that does not have an equivalent agreement with the EU, could the Minister clarify what impact this would have on Northern Ireland and the flow of cross-border trade on the island of Ireland?

Finally, I return to the vexed question of errors—and I am sorry to return to this issue. It is interesting that I call them "errors" and the Minister calls them "deficiencies"—we could argue on the head of a pin about the difference. Either way, when we debated the INSPIRE (Amendment) (EU Exit) Regulations on 9 September—which also was correcting a number of errors—I asked the Minister what lessons the department had learned from these recurrent mistakes and what

processes had been put in place to overcome them. At the time, the Minister chose not to respond to those questions, so I am giving him the opportunity to address them today. Could he perhaps also write to me with the total number of Defra EU exit SIs that have already come into effect only for errors to be identified and revisions needing to be made? I raise the issue now because, as the Minister will know, we have a heavy couple of months ahead, with hundreds of pages of SIs still to be considered. The last thing that we want to be doing is correcting previous mistakes on top of that. Perhaps the Minister could therefore tell us what improved checks have been put in place to avoid that. I look forward to his response.

The Deputy Speaker (Baroness Pitkeathley) (Lab): My Lords, I will try calling the noble Lord, Lord Bhatia, one more time to see whether we can connect with him. Lord Bhatia? No, we are still having trouble with the connection. I call the Minister.

3.48 pm

Lord Goldsmith of Richmond Park (Con): I thank noble Lords who have contributed—or tried to contribute—to this debate today. The Timber and Timber Products and FLEGT (Amendment) (EU Exit) Regulations 2020 make no change to the existing policy to tackle the trade in illegally harvested timber. The Government's 25-year environment plan sets out our continued commitment to protecting and restoring the world's forests and to supporting sustainable agriculture. This instrument will ensure that we have the operable regulations we need to address this.

I begin by acknowledging the attempts by the noble Lord, Lord Bhatia, to contribute to the debate. I am afraid that I was not able to pick up on any of the questions or comments that he raised. I invite him to write to me after this sitting and I shall do my best to provide a written response to him on whatever issues he was planning on raising.

I appreciate very much the kind sentiments and support which the noble Baroness, Lady Parminter, expressed for this measure and for other measures that the Government are introducing against illegal forestry. This clearly is an important issue. The UK is a significant importer of timber and other forest products. As we know, deforestation contributes approximately 25% or 26%—although some put the figure at 30%—of the emissions that are contributing to climate change, as well as undermining the world's biodiversity, contributing to the extraordinary levels of biodiversity loss that we have seen in recent years. It is also undermining those who depend most directly on forests; up to 1 billion people depend on forests for their livelihood. Deforestation is a global issue and a high priority.

I also thank the noble Baroness for acknowledging the work being conducted to extend the due diligence on timber and timber products to commodities. As she said, the Government have just finished consulting on measures that will introduce due diligence requirements on bigger businesses to ensure that, as they import commodities, they are not also importing illegal deforestation. The Government will respond to the consultation soon, but we are keen to avoid overlapping this regime with the timber regulations that we are discussing today. Timber and timber products are not in the scope of our current due diligence on proposals for forest-risk commodities. Our intention is to build an alliance of countries around the world—north, south, east, west; producer, consumer, rich and poor—committed to doing similar on commodities, with the view that we can theoretically flip the market in favour of forests being worth more alive than dead. It matters.

The noble Baroness asked whether we would, in any sense, end up in a weaker position on illegally harvested timber following the introduction of this SI. The answer is no. The UK timber regulation FLEGT replicates the EU regulations, so there is no reduction in any sense—of scope, application or enforcement. It makes no change to policy whatsoever. Our 25-year environment plan sets out our ambition to support and protect the world's forests, not just to expand our own, as well as to support sustainable agriculture and work towards zero-deforestation supply chains. Our commitment in this area remains absolutely undimmed.

The noble Baroness raised questions on the situation in Northern Ireland following the passage of this instrument. As she said, officials are not yet able to provide a forensic answer to the question she raised. However, we will clearly have to, and will. We are in the process of resolving a number of operational issues with the European Commission and will clarify whether Northern Ireland companies importing timber can use only monitoring organisations on the approved and published EU list, and if Northern Ireland businesses will have to find other monitoring organisations from elsewhere in the EU. A monitoring organisation based in Northern Ireland would be able to operate in both Great Britain, under our regulations, and Northern Ireland, based on the technical notice.

The noble Baroness also asked whether the OPSS would be sufficiently resourced and whether I can provide that reassurance. I am happy to provide it: the regulatory body for Northern Ireland is the same organisation, the OPSS, and will be sufficiently resourced to undertake its duties in both Northern Ireland and Great Britain.

I move on to questions from and comments made by the noble Baroness, Lady Jones. I also thank her for her remarks, as this is important. She celebrated the stand the European Union has taken on this issue, and I join her in doing so. This is important legislation; I add only that the UK took a leading role in helping to craft it from the outset. A lot of the work that we are funding through what was the Department for International Development, and is now part of the FCDO, is enabling and helping producer countries to comply with those regulations. The UK Department for International Development, as it then was, worked closely with Indonesia, which is the first country to achieve recognised status, with considerable investment on our part. This investment is now being mirrored in other countries. I fully agree that this is a pioneering move by the European Union, and the UK can take credit for having driven this process through and ensuring that it is sufficient and, indeed, radical.

The noble Baroness asked whether our ambition for VPAs is sufficiently widespread. I think that was her question. It is worth saying that the countries that have signed VPAs with the EU so far include Cameroon,

[Lord Goldsmith of Richmond Park]
the Central African Republic, Ghana, Indonesia, Liberia, the Democratic Republic of the Congo and Vietnam. As I said, Indonesia was the first to reach the milestone of FLEGT licensing. VPAs with Guyana and Honduras have been initiated, and the countries currently negotiating VPAs are Côte d'Ivoire, the Democratic Republic of the Congo, Gabon, Laos, Malaysia and Thailand.

As I said, the function of this instrument is to make minor amendments to the Timber and Timber Products and FLEGT (Amendment) (EU Exit) Regulations. As such, the replication of VPAs is not within its scope. We will be laying a separate instrument in January 2021 related to the FLEGT licensing scheme in Indonesia. This will list Indonesia as a partner country, which will allow Indonesian licences to be accepted under FLEGT regulations. Needless to say, our ambition is to ensure that, in due course, the global timber trade is covered by these or similar regulatory protections.

The noble Baroness asked me how many EU exit SIs have had to return as a consequence of errors. She will probably not be surprised to hear that I do not know or have the answer to that question. However, I will write to her and provide an answer. I will let her know exactly how many there are and include, in my response, the steps taken by the department to minimise the risk of such errors being repeated over the next few months. I hope I covered all the questions that were raised. If I did not, I apologise.

Baroness Jones of Whitchurch (Lab): There was one question I was not clear on, which is what will happen if, post January, the EU and UK diverge on voluntary agreements. I was thinking of the impact on Northern Ireland if the UK and EU were to have separate voluntary agreements with different countries. Was that envisaged or did we always intend to follow the EU's lead on this?

Lord Goldsmith of Richmond Park (Con): I thank the noble Baroness for the question. Our ambition on this issue is no less than that of the European Union. We will clearly have to work together and fully intend to. This instrument does not change the 2018 exit regulations on which VPA applies in Northern Ireland, so the effect is that the UK VPA would apply. We are working on ensuring the operability of the agreement in Northern Ireland, alongside the protocols. There are questions that remain unanswered, but those discussions are happily with our European Union colleagues. There do not seem to be issues there that we will struggle to resolve, but discussions will need to continue for the foreseeable future.

Motion agreed.

3.57 pm

Sitting suspended.

Arrangement of Business

Announcement

4.30 pm

The Deputy Speaker (Baroness Barker) (LD): My Lords, hybrid proceedings will now resume. Some Members are here in the Chamber, respecting social distancing, others are participating remotely, but all Members will be treated equally. If the capacity of the Chamber is exceeded, I will immediately adjourn the House.

We come now to the Social Security (Up-rating of Benefits) Bill. I will call Members to speak in the order listed in the annexe to today's list. Members are not permitted to intervene spontaneously, and the Chair calls each speaker. Interventions during speeches or before a noble Lord sits down are not permitted. During the debate on each group, I invite Members, including those in the Chamber, 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. The groupings are binding and it will not be possible to de-group an amendment for separate debate. A Member intending to press an amendment already debated to a Division should have given notice during the debate. Leave should be given to withdraw amendments and, when putting a Question, I will collect voices in the Chamber only. If a Member taking part remotely intends to trigger a Division, they should make this clear when speaking on the group.

Social Security (Up-rating of Benefits) Bill

Committee

4.32 pm

Relevant document: 25th Report from the Delegated Powers Committee

Clause 1: Up-rating of state pension and certain other benefits following review in tax year 2020-21

Amendment 1

Moved by ***Lord Addington***

1: Clause 1, page 1, leave out lines 11 to 16 and insert "must lay before Parliament the draft of an order which increases each of the amounts referred to in subsection (1) above by a percentage no less than—

(a) the difference between the general level of earnings at the beginning of the period under review and the general level of earnings at the end of that period,

(b) the difference between the general level of prices at the beginning of the period under review and the general level of prices at the end of that period, or

(c) 2.5%,

whichever is the greater."

Member's explanatory statement

This amendment would probe whether the relevant benefits for the tax year 2020-21 should be up-rated in line with the "triple lock" of the higher of increases in prices, increases in earnings or 2.5%.

Lord Addington (LD): My Lords, this is nothing more than a probing amendment to clarify the Government's thinking. There is a commitment that the Government will uprate pensions and other benefits in line with practice. However, the economic situation may not trigger that increase via the triple lock and so we do not know what will happen. Without it being stated that that will automatically be in place through the triple lock, we do not know quite what the Government's intentions are for this year. And what happens next year? What is going on? Some information on the Government's ongoing intentions would help here.

In the middle of the coronavirus crisis, we sometimes forget that there will probably be a world afterwards. I am not sure whether this is being glass-half-full on this occasion, but are we committed to the triple-lock or something like it? We should look at this issue, or at least pay half an eye to it, because of generational fairness, which is the idea floating at the back of this debate. This Government, and others, I hope, must ask: are we going to continue to make sure that the basic pension is enough to live on and will be a little more than it is now in the future? That might encourage people to buy in.

I look forward to the Minister's reply and thank her for pointing out before I rose to my feet, with her devastating and scything charm, the slight change to my explanatory statement, in which I originally got the wrong year. I seek the Government's thinking on this. It is an opportunity for the Minister to provide clarity on the process that will apply if the economic situation does not respond in line with the legislation. I beg to move.

Baroness Altmann (Con): My Lords, I thank the noble Lord, Lord Addington, for his explanation of the amendment and echo his request for some clarity from my noble friend the Minister. Is she able to give us an idea of the Government's thinking on the future uprating of pensions?

Clause 1, before proposed subsection (2A), relates to the basic pension and the standard minimum guarantee. At the moment, the triple lock does not apply to the standard minimum guarantee and pension credit. Were the amendment to be inserted, it would ensure that the poorest pensioners, who are normally those we might wish to protect the most, would get the benefit of the full triple lock. The overall issue on which I should like clarification from my noble friend is whether she can give us an idea of the Government's thinking on the 2.5% element of the triple lock. Is that likely to continue in the light of what is happening in the rest of the economy? If so, is there any thinking within the department on ensuring that the pension credit is also uprated by the full 2.5%?

I congratulate my noble friend on pointing out what I was going to mention about the relevant 2021-22 tax year. The thrust of this probing amendment is of interest to the Committee and I look forward to her response.

Baroness Janke (LD) [V]: My Lords, I too welcome the amendment of my noble friend Lord Addington. We are all interested to hear the Government's thinking, particularly on the future of the triple lock. I am sure that we all welcome their commitment to the undertakings in their manifesto and are pleased to see the Bill. However, in recent months, a lot of doubt have been shared regarding the triple lock's future. Some people have said to me that there seems to be an almost systematic picking at the seams of the triple lock. With the Chancellor under pressure due to the economic implications of the pandemic, we would like some reassurance from the Minister that the Government are committed to ensuring that the pension keeps its value.

The state pension is particularly important to give the poorest pensioners confidence. Everyone is suffering under the pandemic but there is no doubt that the poorest are suffering worst. We would like to know the Government's thinking for the future. Will there be a commitment in the Bill to keep the 2.5%, as well as transparency and clarity to reassure those pensioners who are particularly dependent on the state pension? I look forward to the Minister's reply.

Baroness Sherlock (Lab) [V]: My Lords, I am grateful to the noble Lord, Lord Addington, for explaining what his amendment would do, and to other noble Lords who have spoken in pursuit of clarity. The noble Baroness, Lady Altmann, raised the issue of the uprating of pension credit and the standard minimum guarantee in particular. I will return to that in more detail when I move my Amendment 3 shortly.

The Bill is permissive rather than prescriptive. The Explanatory Notes say that it will

"allow the Government to meet its commitment to the Triple Lock."

At Second Reading, the Minister was invited by many noble Lords to tell the House if it was indeed the Government's intention to increase the state pension in line with the triple lock, but she simply repeated the formula that the Bill

"will allow the Government to maintain their manifesto commitment to the triple lock."—[*Official Report*, 13/10/20; col. GC 309.]

Had she been able to go further, she might have obviated the need for much of the debate we are having at the moment.

The Minister was also asked at Second Reading whether the Government intended to stand by the manifesto commitment to the triple lock for the rest of this Parliament. As the noble Baroness, Lady Janke, pointed out, there have been various rumours and briefings swirling around that have cast some doubt on the future of the triple lock. But answer came there none.

I realise that the Minister is in a difficult position. She probably thinks it unreasonable of us to ask her to answer these questions because the decisions are not hers, but she speaks for the Government in this House. We are being asked to fast-track this Bill to enable the governing party to fulfil a manifesto commitment, although the Government will not tell us whether they are going to fulfil it. It does not seem unreasonable to ask for a bit more clarity. I look forward to her reply.

The Parliamentary Under-Secretary of State, Department for Work and Pensions (Baroness Stedman-Scott) (Con): My Lords, I thank the noble Lord, Lord Addington, for the first amendment and for clarifying the date to which he referred. His charm clearly works better than mine.

The purpose of the Bill is to allow the Secretary of State to increase the specified pensions and benefits for 2021-22. This then allows the Government to deliver their triple lock commitment. However, the actual rates of increase for each of these pensions and benefits are subject to the Secretary of State's annual statutory uprating review. In presenting this urgent Bill, the Government have sought to replicate the powers given to the Secretary of State in the founding legislation, as was also the case in 2009.

[Baroness Stedman-Scott]

This amendment would also apply the triple-lock formula to the pension credit standard minimum guarantee and to widows' and widowers' industrial death benefit for 2021-22. The triple-lock commitment does not apply to those benefits. By convention, the relevant widows' and widowers' benefits keep pace with the basic state pension.

In previous years the Government have sought to match the basic state pension cash increase in the pension credit standard minimum guarantee, where this increase has been higher than an amount generated by the increase in average earnings; that is the statutory minimum for uprating the standard minimum guarantee. As a result, the standard minimum guarantee for a single person is now nearly £10 a week higher than it would otherwise have been. For a couple, it is nearly £15 a week higher. The decision on how to uprate the standard minimum guarantee next April will be made during the Secretary of State's uprating review and will be announced in November. These rates too will be subject to the Secretary of State's statutory review in November.

The noble Baronesses, Lady Altmann and Lady Janke, asked whether the Government are going to honour their commitment to the triple lock and introduce the 2.5% element. As I have said, the Bill makes technical changes for 2020-21 which will ensure that state pensions can be uprated even though there has been no growth in earnings. This will allow the Government to maintain their manifesto commitment to the triple lock, including the 2.5% element.

The noble Baroness, Lady Janke, asked by how much the state pension will be increased this year. The Bill enables the Secretary of State to uprate state pensions in 2021-22. Every autumn, the rate of state pension increase is subject to the Secretary of State's uprating review to which I have already referred. It would not be right to pre-empt the outcome of this review. The triple lock is a manifesto commitment under which the rate of the state pension will increase by the highest of the growth in earnings and prices, or 2.5%.

The noble Baronesses, Lady Altmann and Lady Sherlock, raised the uprating of pension credit. Without this Bill, the core component of pension credit—the standard minimum guarantee—will be frozen in 2021-22. The decision on how to uprate the standard minimum guarantee will be made during the Secretary of State's uprating review. Your Lordships will have the opportunity to debate the uprating of the state pension, pension credit and other benefits when the draft order implementing the Secretary of State's decision is brought before Parliament for approval in the normal way. I therefore ask the noble Lord to withdraw the amendment.

4.45 pm

Lord Addington (LD): I thank the Minister for her reply. I take it that the intention is to continue as we are for the moment. We will hold the Government to this. It is also quite clear from this short debate that changes to benefits should be brought in at the same time, as they work together under the current system.

It might have been a little optimistic to expect some sort of long-term vision from the Minister in this House at this point, but we must bear this in mind in our discussions. We have not really covered the generational fairness point. Unless we get young people to buy in because they think they have something to look forward to, there will be trouble. The stroppy youth of today is the deciding voter in a few years' time. I hope that we can draw more of this out in the debate on this Bill. I beg leave to withdraw the amendment.

Amendment 1 withdrawn.

The Deputy Chairman of Committees (Baroness Barker) (LD): We now come to Amendment 2. I remind noble Lords again that anyone wishing to speak after the Minister should email the clerk during the debate. Anyone wishing to press this amendment to a Division should make that clear in the debate.

Amendment 2

Moved by ***Lord Randall of Uxbridge***

2: Clause 1, page 1, line 24, at end insert—

"(2C) No power may be exercised under this or any other Act so as to exempt persons not ordinarily resident in Great Britain, but who reside in a country with which there is a reciprocal social security arrangement requiring up-rating, from entitlement to up-rating increases granted by an order made by virtue of subsection (2A)."

Member's explanatory statement

This amendment would ensure that this up-rating applied to all overseas pensioners who reside in a country with a reciprocal social security arrangement, including any whose pensions have previously been frozen in accordance with Government policy.

Lord Randall of Uxbridge (Con) [V]: My Lords, I make no apology for returning to the subject which I raised at Second Reading: the injustice of frozen UK pensions overseas. First, I thank my noble friend the Minister for kindly arranging a meeting with me and some of her officials. I am grateful to her for listening so intently. I understand that she is unlikely to be able to accede to my request in this debate.

This amendment is not the one I should like to have tabled, but the ever-helpful Table Office pointed out that the amendment I wanted to table would not be within the scope of the Bill. I should like to have used the amendment tabled in the other place by the Scottish National Party:

"(2C) No power may be exercised under this or any other Act so as to exempt persons not ordinarily resident in Great Britain from entitlement to up-rating increases granted by an order made by virtue of section (2A) of this Act."

In his reply, my honourable friend Guy Opperman, the Pensions Minister, rejected the amendment, saying that

"this is a long-standing policy pursued by successive post-war Governments, who have taken the view that priority should be given to those living in the United Kingdom in drawing up expenditure plans for pensioner benefits. There are no plans to change that policy. The up-rating of the state pension is intended to provide support for pensioners who live in the UK."—[*Official Report*, Commons, Social Security (Up-rating of Benefits) Bill, 1/10/2020; col. 578.]

His statement was factually incorrect, as we know that uprating exists for those who live outside the UK but only in countries where there is a reciprocal agreement. My amendment seeks to clarify this. I trust that my noble friend can do so this afternoon.

At Second Reading, I followed my noble friend Lord Trenchard. He mentioned the unfair situation with regard to those who have served this country in the Armed Forces. I spoke of my home town of Uxbridge, with its strong RAF connections. Among the several case studies I shall mention this afternoon, I want to recall that of Wing Commander Harry Penny. He was the commanding officer of RAF Uxbridge in his last years in the UK before he emigrated to Australia. Interestingly, when he arrived in Australia, he was encouraged to continue making national insurance voluntary contributions to boost his national insurance record, and so ended up with a full UK pension when he reached 65 in the 1980s. He was never advised that it would be frozen.

As we approach Remembrance Sunday, I am sure that all noble Lords will be aware of the Battle of Kohima, and the deeply moving words from the Kohima memorial will be uttered around the world. Patricia Coulthard was present at the Battle of Kohima, and she is now fighting for veterans who retired abroad and have had their state pensions frozen. Ms Coulthard, who moved to Australia to be near her two children, told our Prime Minister earlier this year that she receives just £46 a week. That payment contrasts with the full state pension in the UK today of £175.20 per week. This amazing 99 year-old lady is just one of the more than 60,000 veterans who also suffer from frozen pensions. Ms Coulthard cared for soldiers who were injured at Dunkirk, before being sent to India, where she served in a jungle field hospital during the Battle of Kohima, in which around 4,000 of the British and Indian forces lost their lives. She suffered malaria, dysentery, fever and pleurisy, but she remembers her comrades and experiences with pride.

Roger Edwards risked his life for his country in the Falklands War, taking part in some of the conflict's most hazardous operations, including the SAS raids on Pebble Island and Goose Green and the retaking of South Georgia. Roger is 70 now, and if he lives to a ripe old age, he could potentially end up being out of pocket by as much as £7,000 a year. Mr Edwards, who was born in Wiltshire, did not lose his full pension entitlement because he moved to a foreign country with no connection with the UK. No, he lives in the very place he risked his life for: the Falkland Islands. Yes, it is a UK overseas territory. This means he has full British citizenship. Yet that has not stopped the UK Government freezing his basic state pension. Mr Edwards is not alone. There are 42 people living on those islands with a frozen UK pension, about half of whom are military veterans.

Elsewhere in our overseas territories, our fellow citizens living in places as diverse as Montserrat and the Caribbean and the South Atlantic island of St Helena also have to make do with frozen pensions. Bizarrely, however, this policy does not apply to all 14 overseas territories. For example, those living in Bermuda, 5,800 miles north of the Falklands, and one of the world's wealthiest places, enjoy the triple lock pension increases that their counterparts in the UK receive. All told, there are around 680 UK pensioners living in UK overseas territories with frozen pensions, even though they have made the same national insurance contributions as their UK peers.

That we have pensioners and military veterans such as Patricia Coulthard living on as little as £46 a week is utterly shameful and must serve as a wake-up call to end this callous, cruel and immoral policy without delay. However, it is not just our veterans who suffer this injustice. I have mentioned before that there is deep concern that members of the Windrush generation who spent their working lives in the UK but retired abroad are also losing out through frozen pensions.

I could continue with lots of cases of individuals. Around half a million are so affected. However, I contend that it is only right that every pensioner is more than a number on a spreadsheet in Westminster—or Whitehall, to be more correct—and it is high time that the Government held up their end of the bargain and gave all pensioners the pensions to which they are entitled. Many pensioners said they did not know the situation when they left the country. Today, there is information on GOV.UK about what the effect of going abroad will be on their entitlement. A government spokesperson said:

> "The government continues to uprate state pensions overseas where there is a legal requirement to do so—for example in countries where there is a reciprocal agreement that allows for uprating."

However, it appears that that information has not always been available for those leaving our shores. It is time we changed our policy, as the time-honoured reason given for this shameful state of affairs has been nothing but a blister on this country's good name for fairness.

I know that appealing to successive Governments to do the right thing has simply not worked. There have sometimes been warm words at best, but certainly no action. I want to suggest to the Government something they could and should do to be more positive about it. How about proactively trying to get reciprocal agreements? Having left the EU seems to be the perfect time to think about it. Apparently, the last time an agreement was signed was in 1992, with Barbados. In 1992, I was still a slim young man selling furniture in Uxbridge, and although, luckily, through the miracle of Zoom your Lordships cannot see my current frame, I am sure you will realise that that was a long time ago. I have changed somewhat, but the Governments of the day still resolutely refuse even to try to rectify this situation. I would say to the Government that I would be happy to be part of any team to get these agreements signed and sealed, and with a substantial number of new ones, perhaps they will concede that all UK pensions abroad should be treated equally and fairly. However, I fear that the will is not there.

I have seen a communication from a Canadian MP, who states:

> "I am told that the UK has continually declined overtures to open this issue and that it will not consider the indexation of UK pensions paid into Canada. I understand that a number of Members of Parliament have raised this issue in recent months. Canada first opened the door to this possibility with the UK when the Conservatives were in government in 2013, and the UK declined our offer to enter into negotiations about this."

[Lord Randall of Uxbridge]
I cannot say whether that is the case. Perhaps we can have some clarification on that and, indeed, on whether any other overtures by other countries have been rejected similarly.

In the Second Reading debate it was a great pleasure to hear the maiden speech of the noble Lord, Lord Field of Birkenhead, who, among many of his achievements in the other place, chaired the Select Committee on Social Security. In one of its reports on this issue, under his chairmanship, it was stated that it is a political question, which includes, but is not distinct from, a moral question. As always, the noble Lord put his experienced finger on the button.

I feel I have detained the House long enough on this, but I would like to ask whether Civil Service pensions are similarly frozen. Indeed, are those of Members of Parliament frozen? I wonder whether if any of my former colleagues decided to emigrate for whatever reason—I know that one or two of them threaten to do it periodically—they would be so pleased if they knew that their pensions would be frozen. Are service pensions the same? Perhaps my noble friend can find the answer to that and see whether it is just the state pension that discriminates in this way.

I add that if a UK pensioner returns to the UK for a holiday or some other reason, for the period that they are here, the pension will be paid at the updated sum—assuming, of course, that they contact the pension centre. Again, this discriminates against those who are too elderly to travel and those who cannot afford it, the very people we should be fully supporting.

This issue has been around for far too long, and it is about time that we as a Parliament and a nation decided that it should be resolved and that discrimination in our pension system should be abolished for all time.

Baroness Janke (LD) [V]: I thank the noble Lord for his interesting and eloquent speech. I remember that at Second Reading he was equally impassioned, and it is very good that he has put this amendment down. On the face of it, the policy seems extremely unjust, unfair, inconsistent and totally unjustifiable. Can the Minister give us more of an explanation of how it happened? It seems like some kind of anomaly. How many pensioners are affected in total? What is the future outlook? What would be the implications if this amendment were to be agreed to? I, too, looked at the debate in the other place, and I found the Minister's response dismissive and completely uninformative, so it would be very good if we could have a bit more information about this current situation.

The noble Lord mentioned veterans in particular. It again seems completely unjust and completely lacking in any kind of compassion or gratitude for what those people have done for their country. Again, perhaps we could be allowed to know how many of these people are veterans.

The noble Lord mentioned government reciprocal agreements. That is right, but again, you need the political will, and whether that is there seems in doubt.

This certainly is a moral question. Here, I would like to mention the fact that many UK citizens are not allowed to vote, unlike in other countries. For example, France has an MP for citizens living abroad. I feel that if these people were able to exercise their vote, there might be a bit more political will to do justice for them all.

5 pm

Baroness Sherlock (Lab) [V]: My Lords, I thank the noble Lord, Lord Randall of Uxbridge, for explaining his amendment to us. He is a strong advocate for this cause and I am very sympathetic to the position in which many pensioners find themselves. However, it is a difficult issue, which successive Governments have struggled to resolve.

Perhaps I may ask the Minister some specific questions. First, we have heard that 500,000 people living in other countries are affected in this way. Can the Minister confirm that figure? How much does she believe that it would now cost to change the rules?

Secondly, the noble Lord, Lord Randall, both today and at Second Reading, highlighted two particularly difficult sets of cases. The first was the position of veterans. Today, he mentioned Harry Penny, Roger Edwards, Patricia Coulthard and others, and I am still thinking about Anne Puckridge, whom he mentioned at Second Reading—the 95 year-old World War II veteran whose pension was frozen when she moved to Canada at the age of 76 to be near her family. It is hard to see the justice in those who fought for this country being denied the pensions that they earned simply because they moved abroad to be with their families in their later years and did not realise what would happen. Do the Government know how many veterans are in this position?

The noble Lord also mentioned at Second Reading the case of Monica Phillips, who emigrated to the UK in 1959 as part of the Windrush generation. After 37 years working here, she returned to Antigua to look after her mum and her pension was then frozen. Again, do the Government know how many of the Windrush generation are affected by this measure? Have they looked into it?

Thirdly, the noble Lord, Lord Randall, also raised today the issue of reciprocal agreements in the wake of Brexit. I have to say to him that I have pursued that issue for some time but have got precisely nowhere. All that Ministers will ever say is that they hope to get a deal, so the position will be as set out in the negotiating documents. However, I will be very interested to see whether he gets any more information than I have been able to obtain.

This issue is so difficult because so many people assume that their pension is determined by what they pay in national insurance contributions rather than where they live when they retire. Therefore, can the Minister assure the Committee that the position is now made abundantly clear to all pensioners, especially as they approach pension age? I look forward to her reply.

Baroness Stedman-Scott (Con): My Lords, I turn to the amendment to Clause 1 tabled by my noble friend Lord Randall of Uxbridge. As he is aware, it would in practice have no effect because it simply commits the Government to uprating UK state pensions, as they do now.

However, my noble friend spoke passionately at Second Reading, and again with great passion and commitment today. He eloquently shared with us the case studies of people impacted by the lack of reciprocal arrangements and the freezing of pensions. The long-standing policy of successive Governments for over 70 years has been that UK state pensions are payable worldwide and are uprated in countries overseas where there is a legal requirement to do so—for example, in countries where the UK has a reciprocal agreement that requires uprating. I look forward to the debate on the issue but, first, I would like to make some points about our reciprocal agreements with other countries.

The UK has reciprocal agreements with several countries, and most of these require uprating. There are only two reciprocal agreements which do not allow for uprating: those with Canada and New Zealand. A similar agreement existed with Australia until early 2001, when the Australian Government withdrew from it. Unlike the UK, Canada and New Zealand have residence-based state pensions. The reciprocal agreements with them broadly allow for periods of residence, employment or contributions in one country to be considered as periods of residence, et cetera, in the other for the purposes of entitlement to a state pension.

The systems in New Zealand and Canada are also means-tested to some extent. For example, New Zealand takes overseas pensions fully into account in its superannuation schemes. New Zealand law also requires that notional income is calculated if a pensioner does not claim his or her state pension from an overseas country. This means that any future state pension increases would be taken into account and the moneys would go to the respective Treasuries, so pensioners on the lowest incomes are unlikely to benefit from increases in their UK state pension. It might also mean an increased tax bill for some overseas residents and the loss of their welfare benefits in their chosen country of residence. This Government believe that our responsibility is to pensioners living in this country, rather than effectively making payments to other Treasuries.

The agreements with Canada and New Zealand were negotiated and agreed some time ago. The pattern of the UK's reciprocal agreements with other countries is historic. It is based in part on Commonwealth ties but also on the political context at the time of concluding the agreement. That gives rise to inconsistencies. For example, we have an agreement with some Caribbean countries, such as Jamaica, but not with others. The agreement with Jamaica requires uprating. It has been suggested by some that uprating could form part of discussions on future free trade agreements—for example, with Australia and Canada. However, state pensions are not in scope of free trade agreements.

There are no plans to change the policy on uprating UK state pensions overseas. The Government have not entered into a new reciprocal social security agreement since 1992, as my noble friend Lord Randall referred to, and have no plans to enter into new agreements.

The noble Baroness, Lady Sherlock, asked about the number of pensioners living in frozen-rate countries. It is approximately 500,000. I regret that I do not have any numbers for veterans.

My noble friend Lord Randall raised, as did other noble Lords, the question of a moral obligation to rectify this anomaly. The policy on this issue is long-standing, as I have already said, and one of successive Governments. It has been in place for some 70 years and, although I know this will disappoint noble Lords, there are no plans to change it.

My noble friend and the noble Baroness, Lady Sherlock, talked about the impacts on the Windrush generation. UK state pensions are payable worldwide to eligible people based on their NI record. I regret to tell the noble Baroness that we do not know the number of people affected among the Windrush community.

My noble friend Lord Randall asked about pensioners who are resident overseas who have paid their NI contributions, so pensions payable abroad should be fully indexed. The rate of contribution paid is never earned entitlement to the indexation of pensions payable abroad. This reflects the fact that the UK scheme is primarily designed for those living in the UK.

My noble friend Lord Randall raised the issue of consistency across countries, and a particular point about Canada. Canada has a bilateral agreement with the UK that does not cover uprating. The UK sought a reciprocal agreement with Canada that included uprating, but this was rejected as legislation prevented Canada paying its pensions overseas.

My noble friend Lord Randall and other noble Lords raised the issue of the Government's moral duty to uprate state pensions overseas. The decision to move abroad is voluntary and remains a personal choice, dependent on the circumstances of the individual. For a number of years, advice has been provided to the public that the UK state pension is not uprated overseas except where there is a legal requirement to do so.

Given that the amendment states that any uprating order made under the Bill would uprate abroad in cases where there was already a legal requirement to do so, I urge my noble friend to withdraw it because it has no practical effect, given that the Government are already required to do that in law. However, I welcome the opportunity he has presented to debate the broader issue of uprating overseas.

The Deputy Chairman of Committees (Lord McNicol of West Kilbride) (Lab): My Lords, I have had no requests to speak after the Minister.

Lord Randall of Uxbridge (Con) [V]: My Lords, I normally find that if I do not have high expectations, I will not be readily disappointed. I thank my noble friend the Minister for her replies. I was not expecting any great change to 70 years of the government policy of all parties, but this is something that we should be looking at. As was said, perhaps the Conservative manifesto commitment to give the vote to people living overseas may be the incentive for us to look again at this issue.

I am disappointed that there seems to be no desire to try to get reciprocal agreements. I take the point that free trade agreements will not include this sort of thing, but diplomacy between countries, even if it is not actually in the agreement, is something that we

[Lord Randall of Uxbridge]
should be looking at. I urge those countries, particularly the Commonwealth countries, that know we want to do trade with them to consider this; we might just sneak it into the conversation that they might be more willing to be helpful if they had a look at some of these things.

As I said, I was not expecting anything. I am grateful for the other contributions to this debate. This is an issue that I will not let go—although not on Report, I am sure noble Lords will be delighted to know—and I will take it up at any opportunity until it is solved. I beg leave to withdraw the amendment.

Amendment 2 withdrawn.

The Deputy Chairman of Committees (Lord McNicol of West Kilbride) (Lab): We now come to the group beginning with Amendment 3. I remind noble Lords that anyone wishing to speak after the Minister should email the clerk during the debate. Anyone wishing to press this or anything else in the group to a Division should make that clear in the debate.

Amendment 3

Moved by ***Baroness Sherlock***

3: Clause 1, page 1, line 24, at end insert—

"(2C) No draft order laid before Parliament under subsection (2A) may be made in the form of the draft unless the Secretary of State has laid before Parliament—

(a) a report containing an assessment of the existing levels of pensioner poverty in each of the regions and nations of Great Britain, and

(b) a statement outlining the expected impact of the draft order on pensioners with the lowest incomes."

Member's explanatory statement

This amendment would prevent a draft order under inserted subsection (2A) from being made unless the Secretary of State has published a report outlining current levels of pensioner poverty across the regions and nations of Great Britain and a statement outlining the expected impact of the Government's chosen policy option on these poverty levels.

Baroness Sherlock (Lab) [V]: My Lords, I made it clear at Second Reading that we support this Bill, and I have no wish to delay its implementation, so Amendment 3 is a probing amendment. I have tabled it to make sure that we get a chance to address the issue of pensioner poverty, which was raised by many noble Lords at Second Reading but did not get a substantive response, no doubt because time was tight. Fortunately, we have all the time in the world in Committee.

The number of poor pensioners had fallen significantly, largely down to the introduction of pension credit, but it is now a cause for concern again. The Government's own figures show that 1.9 million pensioners are living in relative poverty, so this is something that we should all be concerned about. People who have worked all their lives should not be worrying in old age about how to make ends meet.

There are broader policy concerns too, such as the evidence showing that people on lower incomes have lower life expectancy and fewer years of healthy life after retirement. That is bad for the individual, but it is also bad for the state. Research by the Joseph Rowntree Foundation has shown that these health inequalities have an effect on state spending, leading to higher costs to the NHS and social care services. Has the Minister read the interesting recent report based on research commissioned from Loughborough University by Independent Age which suggests that the underclaiming of pension credit is costing the Government roughly £4 billion a year in increased NHS and social care costs? What does she make of that?

Taking pensioner poverty seriously means that when Ministers talk about their plans for the triple lock for the state pension, they should also be ready to talk about their plans for uprating the standard minimum guarantee in pension credit. That is the reason this amendment suggests that the uprating should be accompanied by a report on the implications for poverty. If pension credit is not uprated by an equivalent amount to the triple lock, the benefit of the increase in the state pension enabled by this Bill will be enjoyed in full, as I have said before, by many Members of this House, but not by the poorest pensioners, who will have it clawed back from pension credit.

Pension credit is key to tackling poverty because as well as topping up weekly income for poor pensioners it can be a passport to other benefits—housing benefit, council tax reduction, the cold weather payment and now the free TV licence for the over-75s. That could be worth up to £7,000 for some pensioners. Do not take my word for it. In giving evidence to the Scottish Social Security Committee on 23 January, a senior DWP official said

"In the UK, 16 per cent of pensioners are in poverty. If all those pensioners claimed pension credit, housing benefit and the council tax reduction—especially the council tax reduction—that would reduce the 16 per cent to almost zero."

5.15 pm

The latest DWP paper on take-up that I could find came out last February but covered the period 2017-18. It said that only six in 10 of those eligible for pension credit are claiming it. That means 1.2 million eligible families did not claim the benefit and only 70% of the total amount of pension credit that could have been claimed was claimed—only 70%. That means that up to £2.5 billion of pension credit is going unclaimed, amounting to around £2,000 a year for each family who would be entitled to receive pension credit but did not claim. This take-up rate has basically stalled for a decade. It is crystal clear that, if the Government care about pensioner poverty—and they should—they need to care about the take-up of pension credit.

I am talking more than I expected to about this because we had a rather unsatisfactory debate in Oral Questions yesterday. In response to a Question from my noble friend Lord Foulkes, the Minister was not able to offer any indication that the DWP has a proper strategy for increasing pension credit take-up. It is not enough simply to say that Ministers want people to apply. The DWP did run a 12-week campaign starting in February but, as my noble friend Lord Foulkes pointed out yesterday, that campaign, plus online claims and the threat of losing free TV licences, resulted in fewer than 30,000 of those lost million-plus people making a claim.

Maybe that is because the key feature of the campaign was a video to be shown in GP surgeries and post offices—of course, we are now in a pandemic and most pensioners are not going to those places. The Minister acknowledged to me yesterday that, because of the pandemic, people were not able to access that information, but I asked if they would be running a fresh campaign instead. She said:

"At the moment there are no plans for a new campaign. We are working with stakeholders, who again are absolutely swamped by the impact of Covid, to ensure that the message gets out."—[*Official Report*, 26/10/20; col. 14.]

She also said in response to other noble Lords that there were no plans for research and no plans for targets for take-up. So I ask the Minister, what is the Government's plan to boost take-up of pension credit?

If there is no plan, I have some suggestions. First, the DWP needs a written strategy to boost pension credit take-up. It does not have one and that is a problem. They should publish one so that we can scrutinise it and hold Ministers to account. Secondly, there should be a proactive campaign targeted directly at those thought to be non-claimants, rather than just general information; it should prioritise those who need the money most and are the least likely to claim. That requires up-to-date data and good qualitative research. It also needs to be creative. I am told that, when pension credit was launched, there were roadshows in various community settings and the DWP sent out mobile vans to go around small towns and villages on market day in areas where data suggested take-up was low. Finding a Covid-secure version of that will take time, resources and creativity, and engagement with stakeholders. If, as the Minister says, stakeholders are swamped, will the Government consider funding them to get involved with this work?

Does the Minister agree with the points that I have made? Crucially, does she accept that the Government have a responsibility for tackling poverty across the UK and across the generations? I do not want to open up the debate that we had about intergenerational issues at Second Reading, although I feel very strongly about working-age benefits and working-age poverty, but it is a really interesting comparison. Because Ministers do not have a strategy for tackling child poverty—indeed, they repealed the Act that made them do so and refused to accept the internationally accepted measures of poverty—we are seeing the numbers of poor children in the UK rising. If Ministers were forcibly, legally committed to eradicating child poverty, they presumably would not have cut billions from working-age benefits.

I indicate now that I will not press this amendment to a vote, but I urge the Minister to accept it. The Committee deserves a comprehensive and serious response from the Government today. If that is not available, they could at least follow the spirit of this amendment and bring forward a report on these issues before Parliament soon. I beg to move.

Lord Shipley (LD) [V]: My Lords, in speaking to Amendment 4, to which my name is attached, I also wish to support Amendment 3, which addresses similar issues. The aim is to understand better the impact of this Act on pensioner poverty.

According to the Joseph Rowntree Foundation, pensioner poverty has been decreasing across the UK. Given the existence of the triple lock, that should not be a surprise. Indeed, it shows the success of the triple-lock policy since 2010 in reducing pensioner poverty generally. That is something of which my party should be proud.

Yet, as we have heard from the noble Baroness, Lady Sherlock, pension credit is still needed by large numbers of individual pensioners, and we know from a Question asked yesterday by the noble Lord, Lord Foulkes, that the campaign to encourage take-up of pension credit this year seems not to have achieved very much.

As we have heard, too many people who would qualify for pension credit still do not claim it. One reason could be clawback. I think a main reason is lack of face-to-face support to assist individuals for whom digital and telephone access is a barrier. I hope the Minister will look carefully at this problem, because if the Government really want to reduce pensioner poverty, they have to will the means of doing that. As the noble Baroness, Lady Sherlock, said, we need a new campaign.

Our Amendment 4 also identifies a considerable pensions gap between men and women and calls for a specific review of the impact of the provisions of the Bill on women. I hope the Minister can agree to that.

We said at Second Reading that the Bill is primarily a technical Bill. But the amendment in my name and that of my noble friend Lady Janke adds an important dimension, which is that any further decisions on pensions uprating should be brought forward by the Government in the light of their findings from the review; in other words, we need the clear, evidence-based decision-making that Amendment 4 would provide.

The Lord Bishop of St Albans [V]: My Lords, I will speak to Amendment 3, and thank the noble Baroness, Lady Sherlock, for her work on it. I have previously spoken about the importance of the Government fulfilling their promise to deliver the triple lock to pensioners, so I support the general thrust of the Bill. However, it is important that a considered approach to uprating is taken that analyses the benefits of this policy. After all, pensioners, like the rest of the population, represent a very diverse range of income levels.

Covid-19 has shaken the economic standing of much of the working population—a fate that pensioners have largely been shielded from. The taxation of future generations to pay for current pensions must be balanced with assessments that clearly outline the effectiveness of this policy. The reality is we do not have unlimited economic resources at our disposal, and trade-offs are required. I do see dangers in uprating the entire pensions scheme by 2.5%, without the necessary impact assessments, at a time when unemployment and working household debt are rising. Reviewing both the cost and relative success of this policy in determining not only whether it reduces existing levels of pensioner poverty but whether the relationship between pensioner and working household incomes throughout a given period might lend itself, in the future, to a much more targeted approach to uprating.

[The Lord Bishop of St Albans]

I expect the report's assessment of existing levels of pensioner poverty will be reflective in assessing the efficacy of blanket uprating policies and whether considered and targeted increase in social security and relief would better account for uncertainties such as the Covid-19 crisis, which has had a disproportionate economic effect on the working-age population. Of course, pensioners need to be adequately looked after. Until a review on whether the 2.5% minimum uprating delivers intergenerational fairness, it is right that the House approves these measures.

Finally, on intergenerational fairness, which was mentioned at Second Reading, I once again call on the Government to extend April's universal credit increase and extend this lifeline that so many across the country are relying on.

Lord Addington (LD): My Lords, I have only a little to add to what has been said. If you do not know how severe a problem is, you cannot do much about it. Having something that looks into the problems of pension policy is a very sensible idea. The Minister will undoubtedly say, "We are—we are doing X, Y and Z" and give us a list, but the fact is that the non-claiming of benefits is something that bedevils our system. By necessity, it is a bureaucratic system, and even if you make the bureaucracy as manageable as possible, it is still there. People who think, "Well, I should not be asking for something else"—something that the pensioner population seems to get an A grade in—means that we have poverty that leads to other problems.

The reason we have given people these back-ups is because they need them: they make their lives better and mean they are not as big a drain on the National Health Service or emergency care going in to support them. It is actually in the general public's interest to make sure that people are not living in poverty: it leads to problems, to costs and to knock-ons; it makes our lives less pleasant. So, I hope that when the Minister replies, she will give us some idea of how the Government are trying to find this information, because it is needed. To make the system work well, it is needed across the board. If we do not have enough information about issues, we cannot address them. The idea of having some solid knowledge to base future planning on cannot be a bad thing.

Baroness Janke (LD) [V]: My Lords, I too support the amendments in this group. I think they have a lot in common. The triple lock has done a great job in restoring value to the state pension, which is hugely important given that so many people are dependent on the state pension and have no other pension at all. The intention behind the amendment in my name is to have a detailed assessment of how effectively the triple lock is tackling poverty.

If we think about older pensioners particularly, and the pension credits debate, those I have been in touch with are very shamed at having to apply for means tests. Applying for benefit has a stigma for them, so I am not completely supportive of the idea of targeting in this respect. I personally believe that there are ways of ensuring that wealthier pensioners pay more, and support those who have less, other than by targeting pensioners in need and putting them through processes that they find distasteful and disturbing and give them great anxiety.

The issue of pension credits has been raised and yesterday's Oral Question from the noble Lord, Lord Foulkes of Cumnock, certainly contributed to that debate. If a detailed analysis were done before consideration of uprating policies, this could include the inadequacy of any take-up campaign and ensure a proper monitoring process to see what is happening. Also, on the points made about pensioners in poverty, particularly women, this is an area that needs to be looked at separately. Many women—older pensioners in particular—have very little pension entitlement. The new pension has, to some extent, addressed the fact that many women have spent a great deal of time doing the caring within the family. This needs to be looked at more closely, particularly when, with increasing divorce rates, very many divorce settlements do not address the fact that the woman has contributed to her husband's pension over the years. I would very much welcome the opportunity for a detailed analysis of the impact of the triple lock, with particular reference to poverty and its effects on women. In so saying, I support both these amendments.

5.30 pm

Baroness Stedman-Scott (Con): My Lords, I thank all noble Lords who have contributed to the discussion on these two amendments. I want the House to understand that I share noble Lords' concerns about pensioner poverty, and assure the House today that we are committed to ensuring economic security at every stage of their life, including when they reach retirement.

The triple lock improves incomes for current and future pensioners. Auto-enrolment into workplace pensions and action on fuller working lives will also help people towards the income that they aspire to in later life. Pension credit provides an important safety net for pensioners on low incomes. As I mentioned in our earlier debate on the amendment from the noble Lord, Lord Addington, that safety net is currently nearly £10 per week higher for a single pensioner, and nearly £15 per week higher for a pensioner couple, than it would otherwise have been if we had just increased it in line with earnings since 2010. Material deprivation among pensioners is at a record low, and the absolute poverty rate is lower than in 2010.

In the long term, it is this Government's reform to the state and private pension systems—including the introduction of the new state pension in 2016—that will improve outcomes for all, and particularly help to reduce gender inequality in retirement income. Over 3 million women stand to receive an average of £550 more per year by 2030 after recent reforms to the state pension alone.

Under the new state pension, outcomes are projected to equalise for men and women by the early 2040s, over a decade earlier than under the old system. For future pensioners, auto-enrolment into workplace pensions has transformed pension saving for millions of workers. Our employer-led strategy on fuller working lives aims to maximise the labour market opportunities for people to earn and save for longer.

Amendment 3 prevents a draft uprating order from being laid before Parliament unless the Secretary of State has laid before Parliament

"a report containing an assessment of the existing levels of pensioner poverty in each of the regions and nations of Great Britain",

and made

"a statement outlining the expected impact of the draft order on pensioners with the lowest incomes."

With respect to subsection (a) of her amendment, the noble Baroness, Lady Sherlock, will be aware that my department publishes annual estimates of pensioner poverty at a regional level in the *Households Below Average Income* series.

I turn to subsection (b) of Amendment 3, and will address Amendment 4 at the same time. Amendment 3(b) would require a statement outlining the expected impact of the draft order on pensioners with the lowest incomes. Amendment 4 would require the Secretary of State to report on the impact of the Bill and of the triple lock on pensioner poverty, with reference to women. The provisions in the Bill can only be used to increase the rates of state pension and certain other pensioner benefits, so its effects on pensioner incomes, and therefore pensioner poverty, can only be positive. However, I am sorry to inform noble Baronesses and noble Lords that we do not believe a report of the sort outlined in these amendments could be made with an acceptable degree of analytical robustness.

To make an assessment relating to how many pensioners might have their income lifted above the various low-income levels, assumptions would need to made about how each individual pensioner's income will change in future. This would require making assumptions about, for example, how earnings for pensioners will change, or trends in the rate of return and drawdown of income from investments. These projected incomes would then need to be compared to projections of the various income thresholds.

The relative poverty low-income threshold in a particular year is determined by the increase or decrease in median income across all individuals in the UK. Forecasting a relative income threshold requires making assumptions about how the net income of every individual in society will change, not just of those above state pension age. Each individual's total net income is influenced by how every different source of income, including their earnings, and their costs, such as housing costs, may change in future. Making assumptions about future changes in net income for individuals involves complex interactions between income and outgoings.

For absolute poverty, the threshold is increased each year by inflation during that year. As demonstrated in recent months, inflation is currently extremely volatile and there is a high level of uncertainty about what its level is likely to be over the next few years. In the current circumstances, with a higher level of uncertainty around the economy than usual, it is impossible to forecast individual pensioner incomes or the various low-income poverty thresholds with a reasonable degree of accuracy. Therefore, there is a very high risk that any analysis seeking to forecast the number of pensioners moving above these projected poverty thresholds is highly likely to be misleading.

I note, however, that my department collects and publishes a wide range of data in this policy area, such as national statistics on the number and percentage of pension-age women on low incomes. This is published annually in the report on households below average incomes. The last publication covered data for 2018-19, and trends over time can be identified from this source. These trends are an important element in policy-making in the department, such as that which led to the state and private pension reforms I mentioned earlier.

The noble Baroness, Lady Sherlock, raised pensioner poverty. I am assured that since 2009-10, material deprivation for pensioners has fallen from 10% to 6% and that there are 100,000 fewer pensioners in absolute poverty before and after housing costs. To be clear, in 2021 we are forecast to spend over £126 billion a year on pensioners, including £102 billion on the state pension.

The noble Baroness also raised the Independent Age report. The figures in Independent Age's latest report are based on assumptions about the relationship between healthcare outcomes and income and rely on survey data. We know that pension credit is often underreported in survey data; unfortunately this makes it inherently difficult to categorise groups based on receipt of pension credit or to identify pensioners who may be entitled to pension credit but who, for whatever reason, are not claiming it.

The noble Lord, Lord Shipley, asked what the Government are doing about women and the gender gap. While the triple lock continues to improve incomes for current and future pensioners, in the long term it is reforms to the pension system that will improve outcomes for women and reduce the gap.

I move to the issue of pension credit, which all noble Lords raised very eloquently and clearly. In response to the question of the noble Lord, Lord Foulkes, yesterday, I agreed to go back to the department and relay the sentiments; while I cannot give your Lordships the information on a campaign you require today, I can give an utter assurance that I will go back to the department to relay the points that have been made.

The right reverend Prelate the Bishop of St Albans asked about an impact assessment. For pensioner incomes, assumptions would need to be made about how each individual pensioner's income will change in the future, which would require making assumptions, as I have said, about many things, such as earnings for pensioners, change in the rate of return and drawdown of income. This is most difficult.

The noble Lord, Lord Addington, and the right reverend Prelate the Bishop of St Albans quite rightly raised a point about intergenerational fairness and questioned why we should keep the triple lock for pensioners when working-age people are only getting CPI increases. We have recently seen rises in the living standards of pensioners, but we must remember that not all pensioners are in the same position: over a million current pensioners rely solely on their state income. We must not forget that today's working-age people are tomorrow's pensioners, and future generations of pensioners will also benefit from the way the state pension is uprated today.

[Baroness Stedman-Scott]

I was asked how we intend to uprate pension credit. Without this Bill, the core component of pension credit—the standard minimum guarantee—will be frozen in 2021. The decision on how to uprate the standard minimum guarantee will be made during the Secretary of State's uprating review and announced in November. It would not be right to pre-empt the outcome of that review. Taking into account the points raised, I ask the noble Baroness to withdraw her amendment.

The Deputy Chairman of Committees (Lord McNicol of West Kilbride) (Lab): My Lords, I have received no requests to speak after the Minister. I call the noble Baroness, Lady Sherlock.

Baroness Sherlock (Lab) [V]: My Lords, I am grateful to all noble Lords who have spoken to these amendments. As the noble Lord, Lord Shipley, said, if the Government will the ending or reducing of pensioner poverty, they must also will the means. I am not sure that we have heard that today—in fact, I am quite confident that we have not.

Other noble Lords made some very good points. The noble Baroness, Lady Janke, made some important points about the need to understand the impact of the triple lock on poverty. I agree very much about the need to look at particular issues faced by women facing poverty in retirement. The noble Lord, Lord Addington, is absolutely right that, if we do not have adequate data, we will not address the right questions. What is not measured is never going to be accurately addressed.

I thank the right reverend Prelate the Bishop of St Albans for his continued advocacy for those on low incomes at all ages. I wholeheartedly endorse his call for the uplift on universal credit to be extended beyond April, and I ask that this also be extended to legacy benefits. Poor workers often become poor pensioners, so all we are doing at the moment is pushing the problem even further back.

The Minister started her response by saying that she shares our concerns about pensioner poverty, although I notice that she cherry-picked her measures, citing material deprivation and absolute poverty but not the standard measure of relative poverty. If I am honest, I found her response very disappointing. She gave us reasons why the Government are doing good things on private pensions and the state reform, but most of my speech and what other noble Lords spoke about was how to address pensioner poverty in the short term by looking at things such as pension credit. She simply did not do that. I asked a number of questions and made a number of suggestions, none of which got a response at all.

I find this very disappointing because I have a lot of respect for the Minister; I believe her when she says that she will take these issues back to the department, but, in the end, as a House, we are not simply here to say things to the Minister and for her then to say them to her colleagues. When does the message come back the other way? We are one of the Houses of Parliament; it is reasonable to expect someone to come to the House, defend the decisions that their department is taking and tell us why they are not going to follow through.

If we were not in a hybrid state, I would be getting up and saying, "Could I ask the Minister to respond on that?" I cannot, and, therefore, I am constrained by the circumstances, and there is no way to pursue this. However, I ask the Minister to think very hard about how she will go about telling this House what the department has to say and how it is going to respond to our questions If not, I will look for other opportunities to do this on a regular basis and will keep on until we hear something that actually answers our questions. However, in the meantime, I beg leave to withdraw Amendment 3.

The Deputy Chairman of Committees (Lord McNicol of West Kilbride) (Lab): Even in the hybrid House, the Minister can respond to a final set of questions.

Baroness Stedman-Scott (Con): I say to the noble Baroness, Lady Sherlock, and all noble Lords, that I have taken on board the ideas that have been put forward about pension credit: the campaign, and the importance of how it can lift people out of poverty and improve their lives. I will go back to the department, then return and answer the questions asked by the noble Baroness. I will always make that undertaking and will never shy away from answering questions, but I would rather get the right answers rather than give a wrong one and create another little tsunami on pension credit. If the noble Baroness can accept that, I will be grateful.

Baroness Sherlock (Lab) [V]: I am very grateful to the Minister for coming back on this. I will look out for those responses, and for the opportunity to discuss them on the Floor of this House. I thank her for her intervention, for addressing the questions and for her constant willingness to talk to us. These things make our debates much better.

Amendment 3 withdrawn.

Clause 1 agreed.

Amendment 4 not moved.

Clause 2 agreed.

House resumed.

Bill reported without amendment.

5.46 pm

Sitting suspended.

Covid-19: Disparate Impact

Statement

The following Statement was made in the House of Commons on Thursday 22 October.

"With permission, Mr Deputy Speaker, I will make a Statement. I came before the House on 4 June, just after Public Health England had published its report *Covid 19: Review of Disparities in Risks and Outcomes*, as the Prime Minister had asked me to lead the cross-government work to address the findings of that review. I return today to update the House on the progress I have made and to announce publication of my first quarterly report to the Prime Minister.

My work to date has focused on the impact of Covid-19 on ethnic minority people. There is a wider strand of work within government that is considering other groups that may have been particularly impacted by Covid, such as disabled people, and I will include updates on that wider work in future reports. My report summarises the significant measures that government departments and their agencies have to date put in place to mitigate the disproportionate impacts of Covid-19.

I have spoken with Mr Speaker and many members of the House staff about how impressed I have been with the measures put in place by the parliamentary authorities to protect all of us who use the parliamentary estate. It is clear that a lot of good work is under way. For example, as we have reported in Parliament, more than 95% of front-line NHS workers from an ethnic minority background have had a risk assessment in the workplace to ensure good understanding of the necessary mitigating interventions in place. The NHS is working hard to restore services inclusively so that they are used by those in greatest need, with new monitoring of service use and outcomes among those from the most deprived neighbourhoods and from black and Asian groups. We issued revised guidance to employers in July and again in September, highlighting the findings of the PHE review and explaining how to make workplaces Covid secure.

We also reached out to all parts of the community through our information campaign. From March to July, we spent an additional £4 million to reach ethnic minority people through tailored messaging, strategically chosen channels and trusted voices. We have published messaging in well over 600 publications, including those that have readerships with a high proportion of ethnic minority people. We have reached more than 5 million people through the ethnic minority influencer programme. We have translated key public health messages into numerous languages, which initiated a marked improvement in recognition of our crucial Stay Alert campaign.

My report summarises how the NHS, Public Health England and others are implementing the recommendations from the summary of the rapid literature review and stakeholder engagement work led by Professor Kevin Fenton. The PHE review indicated that people from ethnic minority backgrounds were disproportionately impacted by Covid-19. It told us what the disparities in risks and outcomes were, but not why they had arisen, and therefore it did not make any recommendations. It is therefore imperative that we understand the key drivers of the disparities and the relationships between the different risk factors to ensure that our response is as effective as possible.

That response has involved collaboration across government, the Office for National Statistics and with universities and researchers. It includes some of the six new research projects to improve our understanding of the links between Covid-19 and ethnicity, which received £4.3 million in Government funding in July. The research projects will give us new information on a range of issues, including the impact of the virus on migrant and refugee groups and the prevalence of Covid-19 among ethnic minority health workers. The projects will also help to develop targeted digital health messages in partnership with ethnic minority communities. They will also provide a new framework to ensure the representation of ethnic minorities in clinical trials that are testing new treatments and vaccines for Covid-19.

We now know much more about the impact of the virus than we did in June. We know more in particular about why people from ethnic minority backgrounds are more likely to be infected and die from Covid. The current evidence shows that it is a range of socioeconomic and geographical factors, such as occupational exposure, population density, household composition and pre-existing health conditions, that contribute to the higher infection and mortality rates for ethnic minority groups. However, according to the latest evidence, part of the excess risk remains unexplained for some groups, and further analysis of the potential risk factors is planned for the coming months.

What has emerged is that interventions across the entire population are most likely to disproportionately benefit ethnic minorities and are least likely to attach damaging stigma. That is best captured through our experience of the national lockdown and the shielding programme.

As the Chief Medical Officer has said, we must assess the impact of Covid-19 based on all-cause mortality to incorporate its indirect impact. On that specific metric, early evidence suggests that there is no disproportionate impact across different ethnic groups. Indeed, the OpenSAFELY study of 17 million adults from 1 February to 3 August concluded that

> 'data from England and Scotland has shown that most ethnic minority groups have both better overall health and lower rates of all-cause mortality than white groups.'

The evidence base is growing fast and we will continue to work with academics and the SAGE ethnicity subgroup to improve our understanding of the relationship between Covid-19 and ethnicity.

I am particularly keen to deepen our understanding of how comorbidities interact with occupational exposure. This is a major gap identified by several studies to date and may well account for the residual risk between different ethnic groups of poorer outcomes from Covid-19. In general, we must move away from seeing Covid-19 as something that affects discrete groups in society and towards helping individuals understand their own particular risk profile as the evidence base grows.

Looking forward, we know that a vaccine is likely to present a long-term protection against this deadly disease. The only way to check how well a coronavirus vaccine works is to carry out large-scale clinical trials involving a diverse group of thousands of people. That is why I am leading by example and participating in a trial at Guy's and St Thomas' Hospital. Just last week, I wrote to all colleagues urging them to encourage more of their ethnic minority constituents to sign up to the NHS vaccine registry, as these groups are still underrepresented in vaccine trials.

We have made good progress, but more needs to be done. In particular, we need to work with local communities to protect the most vulnerable. I am therefore announcing today a new community champions scheme that includes up to £25 million in funding to local authorities and the voluntary and community sector. This will help to improve the reach of official

[Baroness Sherlock]
public health guidance and other messaging or communications about the virus into specific places and groups most at risk from Covid-19. Our community champions funding will support those groups at greater risk of this disease to ensure that key public health advice is understood and safer behaviours are followed. This will help to rebuild trust, reduce transmission and ultimately play a part in helping to lower death rates in the targeted areas and beyond.

Councils have been working tirelessly to support and engage their communities through this crisis. They know how to do this best. The funding for a targeted group of councils will enable them to do more of what they know works but also to go further by enhancing existing schemes. Learning from the community champions scheme will be shared with all councils and across all relevant government departments, enabling the Government and local authorities to hear directly from individuals and communities on the impact of the crisis.

There are other measures we can take to protect those most at risk, particularly those from minority groups. So in my report to the Prime Minister I outlined a number of recommendations and next steps. These include mandating the recording of ethnicity data as part of the death certification process, as this is the only way we will be able to establish a complete picture of the impact of the virus on ethnic minority groups; appointing two expert advisers on Covid and ethnicity who will bring expertise from the fields of medicine, epidemiology and clinical research to the Government's work going forward, ensuring that new evidence uncovered during this review relating to the extremely clinically vulnerable is incorporated into health policy; and supporting the development and deployment of a risk model to understand individual risk from research commissioned by the CMO. I also want us to capture the good work being done by local authorities and directors of public health so that we can learn the lessons of what works at a local level. Therefore, there will be a rapid light-touch review of local authority action to support ethnic minority communities.

The measures I have announced today are the first steps in my year-long review. They will give us a better insight into how the virus is impacting ethnic minority groups, how we can best protect those who may be most at risk and how we can address long-standing public health inequalities. I will report back to the House with a further update at the end of the next quarter."

6 pm

Baroness Wilcox of Newport (Lab) [V]: My Lords, at last I can ask you to note my entry in the register of interests: I am proud to announce that I have been asked to join several noble Lords by becoming a vice-president of the LGA, and I have gladly accepted.

This side of the House welcomes the work being done on equality issues as noted in the quarterly report, but we are deep into the second wave of this virus, and what is before us in this Statement falls far short of what is needed. We are in great want as a country of a concrete, forward-looking strategy and action plan to improve outcomes for those most at risk in this pandemic. The first Covid disparities report has several recommendations that the Prime Minister has apparently accepted in full, but few of these are quantifiable or, more importantly, accompanied by timetables for delivery. Recommendation 3 in the report is for a rapid, light-touch review of actions taken by local authorities to see what works.

I pay tribute to my colleagues in local government, who have had an unrelenting work schedule since the onset of the pandemic. I simply do not know how they have kept up after a decade of chronic underinvestment in public services. In Wales, local councils have worked with the Welsh Government in taking ownership of the test and trace system with much success, proving far more successful than the contracting-out model given to private companies in England. The Government should have listened to the expertise in local government, although I believe that some moves are being made by English councils, taking matters into their own hands and setting up their own systems.

I therefore ask the Minister for more information on this review of local authorities. When will it be started and completed? Who will run it, and how will the Government share its best-practice findings? Furthermore, and most importantly, how much additional financial support have the Government allocated to the already overstretched and underfunded local authorities where the most at-risk communities have been identified?

We welcome, in recommendation 9 of the report, the intention to make ethnicity reporting mandatory in the death certification process. How will that data be used and shared to effectively impact on policy? We know that there are several different policy areas that interlink to increase Covid risks. What we are clearly missing is a government strategy to tackle deep structural inequalities, including in housing and in employment opportunities—which have such an impact here. Where is the action on these areas? Poverty and inequality have been remorselessly highlighted across the UK by this disease. There is a higher prevalence and mortality in areas of high deprivation. In addition to people from black, Asian and minority ethnic groups being at risk of Covid, disabled people accounted for nearly 60% of all deaths between March and July. They are more likely to live in poverty than non-disabled people and accounted for one-third of the 300,000 people who were not eligible for social security support. What are the Government doing to protect disabled people's lives as we enter the second wave of this deadly pandemic?

I further note an issue that surrounds the lack of data around health outcomes for LGBT people, not least in respect of the intersectionality with BAME people in respect of the pandemic. This deficit was identified in the LGBT action plan. Will the Minister therefore ask her department to collect this important information by ensuring that future public health surveys record data on all protected characteristics?

I must commend the Minister for Health in Wales, Vaughan Gething, on the work he has been doing on these disparate issues. Through his early identification of these problems he set up a task force, putting in

place measures to address the "adverse and disproportionate impact" on people from BAME communities.

I am grateful to my noble friend Lady Lawrence for chairing the report—originated by the leader of the Labour Party—into Covid-19. It is published today with the title *An Avoidable Crisis*. We proudly welcome this report and the concrete steps it takes to address the issues that have arisen for the BAME community during the pandemic. We urge the Government to implement the actions contained in the report.

The report provides a snapshot of the impact of Covid-19 to date and the structural inequalities faced by black, Asian and minority ethnic people. There are immediate recommendations to protect those most at risk as the pandemic progresses. The report also demonstrates the next steps to begin to tackle the underlying causes of inequality in our society. As noted in the report, this virus is having an unequal and devastating impact on ethnic minority communities. Sadly, people are dying at a disproportionate rate. They are also overexposed to the virus and are therefore more likely to suffer the economic consequences of the pandemic.

The Government have failed to take notice and have not implemented any counteraction that could help halt this devastation. Coronavirus has undoubtedly highlighted the inequalities throughout British society. Black, Asian and minority ethnic people are more likely to work in front-line sectors and thus are overexposed to Covid-19. They are also more likely to have comorbidities that increase the risk of serious illness and more likely to face barriers to accessing healthcare.

Black, Asian and minority ethnic people have also been subject to disgraceful racism as some have sought to blame different communities for the spread of the virus. Barriers include a lack of cultural and language-appropriate communication, not being taken seriously when presenting with symptoms, a lack of clinical training on the presentation of different illnesses across communities and the "no recourse to public funds" rule that prevents many migrants from accessing state assistance. Labour fully supports an immediate review of this rule and its impact on public health and health inequalities.

We neither want, nor expect, the report to sit on a shelf gathering dust. The recommendations are both immediate, with measures that can be taken by the Government within weeks, such as ensuring that employer risk assessments are published and, in the longer term, ending the hostile environment that has surrounded us this past decade. Keir Starmer said today that Covid lays bare the racial inequalities that have long existed in our society and announced that the next Labour Government will introduce a new race equality Act to tackle the structural inequalities that led to the disproportionate impact of this crisis. It will begin to transform what has become a bitter landscape for our BAME communities across the country.

I ask the Minister to request, with immediate effect, a suspension of the "no recourse to public funds" rule during the pandemic and to initiate the review that we are calling for into its impact on public health and health inequalities. We have been calling for this review since April and yet again a major issue has fallen on deaf ears, despite massive public engagement in a campaign led by Marcus Rashford, a wonderful example of a young man speaking out against the injustice of a nation not feeding its poorest children.

This implacable Government continue to turn their face against the wall in the hope that it will all go away, while repeating the same tired mantras of money already being allocated. Sadly, it is too little, too late. These problems—these inequalities—will not just go away. We know it, the Government know it and, more importantly, the people of the United Kingdom know it.

The whole response to this pandemic has fallen far short in so many areas and the disproportionate effect on the BAME community is carefully documented in the excellent report from the noble Baroness, Lady Lawrence, published today. I urge all noble Lords to read it and I urge the Government to adopt its immediate and longer-term recommendations without delay. To do nothing less would be simply incomprehensible to the decent vast majority of the British people who have shown over the past week that once again they understand the importance of supporting our children and trying to rid our society of the scourge of poverty and inequality. I ask the Minister to please read the report, and to implement it.

Baroness Hussein-Ece (LD) [V]: My Lords, the Covid pandemic has disproportionately impacted women. The Women's Budget Group found that women are twice as likely to be key workers. It said that 77% of high-risk workers are women. They are being paid poverty wages. These inequalities are pronounced and exacerbated across the country, especially for those marginalised by other factors, including race, ethnicity and disability. We know that people with disabilities have been hardest hit, with an unacceptably high mortality rate. What support will the Government commit to providing women facing particular hardships due to the Covid pandemic and to address these glaring inequalities?

In addition, many thousands signed a petition urging the Government to establish a Covid race equality strategy. Back in June, I asked the noble Lord, Lord Bethell, whether the Government would consider establishing this strategy. This was urgent in June; it is now the end of October, and the evidence in the Statement clearly shows that these groups are still suffering hardship, are still in the front line and are still disproportionately affected. The pandemic has shone a light on inequalities that, sadly, already exist in our society. We need urgent action, not further reviews.

Recent statements on Covid in the past few months have said little about how people from BAME communities can be better protected. Will the Government now establish and develop a proper Covid strategy to address the inequalities that have already been mentioned? We do not need further reviews. The evidence is overwhelming. When can we expect action and implementation of the numerous reviews to address the inequalities that this terrible virus has unfortunately visited on sections of society that are not best placed to protect themselves, due to the nature of their lives,

[Baroness Hussein-Ece]
where they live, their households, their jobs and their health problems? I ask the Minister to answer that and what resources are being put in place to address this.

The Parliamentary Under-Secretary of State, Department for Education and Department for International Trade (Baroness Berridge) (Con): My Lords, I welcome this review and quarterly report, which has been published and sent to the Prime Minister, who has endorsed its recommendations, as the noble Baronesses said. First, I pay tribute to the enormous number of NHS workers from black and minority ethnic backgrounds. Unfortunately, it is not the case, as outlined by the noble Baroness, Lady Hussein-Ece, that we know the evidence. We know that there are disparities but, even now, we do not fully know the cause of them. We know much more about the disease and those disparities than we did three months ago, but the picture is not complete. With £4.3 million, we have funded six further research projects, because we need to understand what is causing these disparities.

I assure the noble Baroness, Lady Wilcox, that the healthcare plans for the NHS, facing the second wave of the epidemic, particularly the plans for the extremely clinically vulnerable, will take into account the evidence from this report and the PHE review of the disparities. It is important and has been accepted that death certification must include data on ethnicity. There is cross-government data sharing on this now, which is how some of this data will be used. That group also works with PHE and the Office for National Statistics, which is our expert on statistical data. We are monitoring the policies of at least 10 departments to see how they are affecting ethnic minority communities.

We have been listening to local government and we are aware that public health is part of local government's responsibility. Some £25 million is going to be targeted to specific local authorities where we are aware that the public health messaging has not necessarily penetrated to grass-roots level. In addition to the action that has been taken, we are funding community champions with links with the grass-roots to build on those communities and ensure that the message is getting out, because communication and awareness is so important here. The Government have also reached 5 million people through social media influencers to try to ensure that black and minority ethnic communities have awareness raised. Billions of pounds has also been given to local government, much of which is not ring-fenced.

On the review of the noble Baroness, Lady Lawrence, I pay tribute to her work. I will be sending that review to the Commission on Race and Ethnic Disparities, which has a call for evidence at the moment and is dealing with other matters of structural inequality. Many of the recommendations made in that review have already been enacted: the NHS, for instance, has purchased over 2,000 powered respirators so that healthcare clinicians, such as Sikhs who wear turbans, can be protected when wearing a mask is not possible. Much of what is outlined in risk assessments in the workplace is already in health and safety law and enforced through the Health and Safety Executive. However, there have been two updates since the public health report in June on guidance in the workplace—one in July and one in September—outlining the responsibility of employers to risk-assess their workplaces to ensure that precautions are taken in relation to Covid risks.

We have also responded to specific risks for black and minority ethnic populations, for whom disparities are caused by socioeconomic and geographical factors but also by occupation. That is why it is now compulsory to wear a face covering in a private hire vehicle; that specific protection was changed. Also, the advice relating to the hospitality sector has changed, so specific action has been taken.

Of course, there are other groups in society for whom there are disparities. The two main factors associated with Covid are age and gender, but there are issues around those with disabilities. Dr Emran Mian is leading the wider piece of government work on Covid disparities. I will have to write to the noble Baroness about the specific timing of the local government light-touch review so that we can learn from best practice. There is a specific health adviser in relation to LGBT issues.

As I outlined at the start, unlike in most workplaces, where the workplace itself is assessed, the NHS is assessing staff, particularly BAME staff, who are at the front line. Over the summer, 95% of BAME NHS workers have been individually risk-assessed, so the NHS is taking its responsibility seriously.

On public health information, there has been increased language translation of public health messaging, particularly the recent "Hands, Face, Space," which seems to have reached different communities better.

Unfortunately, it would not take just a few weeks to publish risk assessments of all employers on a government portal; we are talking about millions and millions of workplaces. When I send a report to the commission, I will look at the recommendation from the Lawrence report. It is not a simple overnight fix. The work of the Commission on Race and Ethnic Disparities remains open and that information will be passed on.

Turning to the questions raised by the noble Baroness, Lady Hussein-Ece, about women, there have been significant support schemes. There are 1.7 million self-employed women in this country, and there have been specific initiatives such as self-employed income protection and investment in businesses started by women. We have seen a greater take-up of investment in companies set up by mixed gender groups. In fact, it accounts for 82% of the Future Fund, which is £720 million. By way of comparison, the Female Founders Fund report said that only 10% goes to mixed gender groups. So, we are focused on that issue.

On the question of women and the pandemic, we have given enormous support to the childcare sector. The entitlements money, £3.6 billion a year, has been given to those providers regardless of the number of children who are actually going through the door. That is carrying on until the end of the year to support those businesses, many of which are female-owned.

So, we have taken action on this issue; we have not rested on our laurels. We have more evidence now as to the cause of these disparities but, as I say, the picture is not yet complete. I will update the House further when there is more evidence.

The Deputy Speaker (Lord Duncan of Springbank) (Con): We now come to the 30 minutes allocated to Back-Bench questions. I ask that questions and answers be brief so that I can call the maximum number of speakers.

6.21 pm

Baroness Coussins (CB): My Lords, according to a Written Answer that I received in July, the Government were not even considering then that the lack of Covid information in languages other than English might be a possible factor in the death rate of certain ethnic minorities, so I am glad that this report recognises the importance of communication in relevant languages. I ask the Minister to reassure me that community champions will be multilingual, that all translated materials in all formats will be promptly updated whenever the English versions are, and that an urgent review will now check whether all the right languages are included so that no minority group, including asylum seekers, is disadvantaged.

Baroness Berridge (Con): I am grateful to the noble Baroness. In fact, £4 million has been spent on communications translating public health information, along with 600 targeted publications to ensure that the messages reach various communities. Local authorities with those specific communities will be targeted, but I will take back the noble Baroness's concern about making sure that materials are translated promptly. Every avenue is being looked at to ensure communication with different communities. We have also been making use of stakeholder groups, charities, community groups and places of worship; indeed, a task force has been set up because obviously, a very high proportion of black and minority ethnic people attend a place of worship. My honourable friend Kemi Badenoch has even written to a number of high commissioners in London about their diaspora, asking them to help communicate the information to their communities. We are seeking to get the evidence out through traditional means and using social media influencers where we can.

Baroness Whitaker (Lab): My Lords, the Welsh Government have explicitly included Gypsy, Roma and Traveller children along with other minority ethnic groups in their list of groups that are particularly vulnerable to Covid-19. That is absolutely right, both because of their legally recognised ethnic minority status and because of such data as exists on the disproportionate impact of the virus on the communities, reflected in my noble friend Lady Lawrence's excellent report. What attention have the Government paid to these communities? Will their specific ethnicity be recorded on death certificates and elsewhere?

Baroness Berridge (Con): I am grateful to the noble Baroness. As Minister for Women, one of my specific concerns is the underachievement of Gypsy Roma in most categories. The Government are firmly committed to delivering a cross-government strategy to tackle these inequalities. I will have to come back to her on the specific point about BAME; I presume that BAME registration would include that as an ethnicity but I will double-check. My noble friend Lord Greenhalgh, who is the MHCLG lead on this issue, wrote to local authority chief executives in April to point out the specific support that those communities might need in terms of services such as water sanitation and waste disposal on their sites. We have been working closely with the various representative organisations to ensure, again, that the message gets out to communities that might be harder to reach than others.

Baroness Barker (LD): My Lords, in April the Government produced statistics on the furlough scheme on a local authority and parliamentary constituency basis, and then they stopped. First, will the Minister find out why? Secondly, can she see whether it is possible to produce up-to-date data on that basis so that decision-makers at national and local level can work out whether there is a correlation between access to furlough payments and infection rates?

Baroness Berridge (Con): My Lords, we are working closely with the Office for National Statistics and analysts from PHE. I will have to check with them and will write to the noble Baroness in relation to the specific data, which I have to confess I was not aware was out in that form and then not out in that form.

Lord Singh of Wimbledon (CB) [V]: My Lords, the Statement does little to address the disproportionate impact of the pandemic on minority communities. We already know that ethnic differences linked to diet and lifestyle are important, alongside other causal factors emanating from racism, including crowded housing and economic disparities, leading to a preponderance of black and ethnic minorities in poorly paid jobs in hospitals, the care sector and other overexposed front-line services. Does the Minister agree that the Government should do more to focus on already clear areas of disadvantage, rather than spend millions on more and more costly academic research into the glaringly obvious?

Baroness Berridge (Con): My Lords, I hope that I have been clear that what is glaringly obvious is the disparities. The answer to the next question, which is why there are those disparities, is not so glaringly obvious, and we must be careful not to jump to conclusions. As I said, they are partly explained by comorbidities—pre-existing health conditions—but that does not explain them fully. Some of them are explained by socioeconomic and geographical factors. That is why we have issued guidance on multigenerational households and areas of population density where people cannot socially distance properly. However, that does not fully explain the picture. For instance, a British black African man is 2.5 times more likely to die of Covid, but a British black Caribbean man is only 1.7 times more likely to die of Covid. Therefore, unfortunately, there are still gaps in understanding, not of the fact that there are disparities but of what is causing them. Unless we know that, we cannot address them.

Viscount Waverley (CB) [V]: My Lords, I express my compliments to the noble Baroness, Lady Lawrence. She is to be thanked. Healing, respect and reconciliation are needed for a divided kingdom of nations. Will the Government take the initiative and establish a root-and-branch royal commission on an integral strategy fit for a caring nation to address systemic failures of

[Viscount Waverley]
structural discrimination, covering the health service, race and ethnicity, housing, education, skills and training as a starter? Fast-tracking this is a matter of priority and appropriate for consideration to bring forward in the upcoming Queen's Speech, as it would deliver dividends many times over. On a practical measure, since the wearing of masks is necessary and mandatory, will the Government care to consider distributing masks and hand gel at no charge as a practical gesture in what could become a situation of real need?

Baroness Berridge (Con): My Lords, I am grateful to the noble Viscount. It might not be a royal commission, but the Commission on Race and Ethnic Disparities has been set up by the Government, building on the Race Disparity Unit. It is reviewing inequality in the UK, focusing on areas such as poverty, education, employment, health and the criminal justice system. Again, we know that there are disparities, and we want to know why and what the causes are. If the noble Viscount would like to submit evidence, there is a call for evidence at the moment. I have not read of any government policy on distributing hand gel and so forth, but there has been most impressive work in transport interchanges and so on, and a lot of institutions, including Parliament, have taken it upon themselves to make those kinds of precautionary measures available.

Lord Mann (Non-Afl): The Statement looks forward to the availability of a vaccine, which will be—when it happens—warmly welcomed in this House, of course, as well as across the country and indeed the world. But one ethnic minority group will have a kickback at that time. A report I have just released, a copy of which has gone to the Minister's department for her personal perusal, shows how the anti-vaccine movement is deeply embedded with anti-Semitism. Some 79% of the anti-vaccine groups organising in this country publish vehement anti-Semitism in their discussions; for example, categorising Bill Gates as Jewish, talking about the Zionists being responsible, blaming Israel for the creation of coronavirus—the Rothschilds and the new world order. Those are the same old conspiracy theories. Does the Minister agree that we need to take on the extremists on the far right and the far left of the anti-vaccine movement both now and in advance of a vaccine being available? Their conspiracy theories are garnering too many views online, and perhaps too many supporters, with deeply worrying anti-Semitism at their heart.

Baroness Berridge (Con): I am grateful to the noble Lord and I am sure that I will give his report my personal perusal and respond to it. Of course, we need to ensure that the public health messages going to communities are accurate and truthful. Obviously, there are various laws around correcting information and making sure that it is truthful. Conspiracy theories need to be debunked so that people have the information on which to make their decisions. We are all looking forward to a vaccine, but it is also apparent that not enough black and minority ethnic individuals are coming forward to the NHS Covid-19 vaccine registry. The honourable Kemi Badenoch MP has written to every MP asking them to encourage their constituents to come forward to ensure that the vaccine, when we get it, is effective among black and minority ethnic people.

Lord Willis of Knaresborough (LD) [V]: My Lords, the main conclusion of the report that
"a range of socio-economic and geographical factors"
are the principal causes of higher infection in ethnic minority groups was, quite frankly, blindingly obvious six months ago, as the noble Lord, Lord Singh, rightly said, and was entirely predictable. The real research should have been on the "excess risk" which this report says these groups face. Given that in September, 30% of all ICU Covid patients were from BAME communities, doing this research over the coming months will simply not do; it is urgent now. Will the Government seek the support of the regional NIHR Applied Research Collaborations—I declare an interest as the chair of the Yorkshire group—to use their unique position combining regional research in universities and major teaching hospitals on this mission? Spending £4.6 million on research based at the heart of large BAME communities in the regions surely makes good sense.

Baroness Berridge (Con): My Lords, I can only reiterate that it is important for us to know what factors are the causes of these disparities; that was not clear earlier, and as I say, there are still gaps in what is causing these disparities. I will take away the suggestion of using the regional network referred to by the noble Lord, but I am happy to say that research has also been commissioned by the Chief Medical Officer that we are taking forward to build a risk profile model for healthcare.

Lord Touhig (Lab) [V]: My Lords, I welcome the commitment to widen future Statements on the disparate impact of Covid to include people with disabilities. Yesterday, in a briefing organised by Sense, we heard from the parents of disabled children about the devastating impact that the sudden withdrawal of support services has had on their lives. The National Autistic Society, of which I am a vice-president, has also produced a report called *Left Stranded*, which makes similar points. I ask the Minister to examine the Forgotten Families campaign by Sense to reinstate community support, as well as looking at the *Left Stranded* report. Will she write to me setting out how the Government will respond to this cry for help from some very desperate families?

Baroness Berridge (Con): My Lords, the noble Lord raises a very difficult issue. Many of us will have seen footage of the situation for many families when outside support was removed during the period of lockdown: it is incredibly moving, as well as incredibly distressing. The Government have tried to support families with children with additional disabilities—obviously, with a school place, if that was appropriate, and with more funds being given to the family fund. I will, of course, write as the noble Lord requests when I have received the report he mentions, and, as I say, I will draw it to the attention of Dr Emran Mian, who is doing the wider work on disparities and Covid.

Baroness Bennett of Manor Castle (GP) [V]: My Lords, in response to the Front Bench contributions, the Minister said we do not have evidence of the

reason for these disparities. I am sure she is aware of the report published by Citizens Advice in June that nearly 1.4 million people in the UK have no access to welfare payments because they have a "no recourse to public funds" status. Research conducted by the Migration Observatory at the University of Oxford found that "no recourse to public funds" falls disproportionately on people in the BAME community. Some 82% of people who were helped with a "no recourse to public funds" issue by Citizens Advice in the last year were from a BAME background.

People with "no recourse to public funds" status have difficult choices: they have to risk exposing themselves or simply having no money. Is there not clear evidence that "no recourse to public funds" is discriminatory, and is indeed a structurally racist policy? Further, do the Government have, or are they planning to secure, data on the death and infection rates for people with "no recourse to public funds" compared to those for otherwise similar individuals?

Baroness Berridge (Con): My Lords, noble Lords will have heard me earlier make reference to the fact that the children of many people who have "no recourse to public funds" have been able to access free school meals. The furlough scheme and the job retention scheme are not counted as public funds, so those in the category that the noble Baroness outlines were able to access them. No one in this country is charged for testing or treatment for Covid-19, and certain services, including primary care and A&E, are free to all. It is very clear that, if there are charges to be applied, treatment that is considered by a clinician to be urgent or immediately necessary must not be delayed or withheld. We have made essential healthcare available to all people who are within the boundaries of our country.

Lord Bilimoria (CB) [V]: My Lords, men have a higher risk of death and account for just over 70% of Covid ICU admissions. People with obesity account for more than 30% of those in intensive care. When it comes to ethnic minorities, Dr Chaand Nagpaul, the BMA council chair said:

> "As we sit amid a second wave of infections, we know that about a third of those admitted to intensive care are not white—showing no change since the first peak."

Some 15% of the population are from an ethnic minority, so this is double the proportion. Can the Minister explain the situation? Furthermore, the IPPR's Dr Parth Patel, a research fellow, commenting on the government report said:

> "The government should be acting to address the underlying structures behind ethnic disparities … Failure to act quickly will lead to thousands of unnecessary deaths during this second wave—this is about public health as much as it's about racial justice."

Does the Minister agree?

Baroness Berridge (Con): My Lords, yes. As I have mentioned, one of the other factors in the disparity is that working-age men are more likely to die of Covid than working-age women. In relation to obesity, the Government published in July, I believe, the obesity strategy, and we are aware that dealing with that issue is important in terms of co-morbidities. We are working closely with PHE, the Office for National Statistics and the BMA, which gave the advice in relation to taxis and private hire vehicles which led to masks being made mandatory in those vehicles. Yes, we now know more about exposure: black and minority-ethnic people are in certain densely populated areas and multigenerational households, so we have been taking action to try to reduce the risk. We will continue to act going forward.

The Deputy Speaker (Lord Duncan of Springbank) (Con): My Lords, all speakers have now spoken.

House adjourned at 6.39 pm.

Grand Committee

Tuesday 27 October 2020

The Grand Committee met in a hybrid proceeding.

Arrangement of Business

Announcement

2.30 pm

The Deputy Chairman of Committees (Lord Duncan of Springbank) (Con): My Lords, the hybrid Grand Committee will now begin. Some Members are here in person, respecting social distancing, others are participating remotely, but all Members will be treated equally. I must ask Members in the Room to wear a face covering except when seated at their desk, to speak sitting down and to wipe down their desk, chair and any other touch points before and after use. If the capacity of the Committee Room is exceeded, or any other safety requirements are breached, I will immediately adjourn the Committee. If there is a Division in the House, the Committee will adjourn for five minutes. The clerk has already explained the new button-pressing regime so, with that being said, we will move on.

Greenhouse Gas Emissions Trading Scheme Order 2020

Considered in Grand Committee

2.30 pm

Moved by ***Baroness Bloomfield of Hinton Waldrist***

That the Grand Committee do consider the Greenhouse Gas Emissions Trading Scheme Order 2020.

Relevant document: 24th Report from the Secondary Legislation Scrutiny Committee (special attentin drawn to the instrument)

Baroness Bloomfield of Hinton Waldrist (Con): My Lords, the order was laid before the House on 13 July 2020 in draft. The UK will cease to participate in the EU emissions trading system at the end of the transition period, as a consequence of the UK's withdrawal from the EU. This draft Order in Council, laid under the Climate Change Act 2008, establishes a UK-wide greenhouse gas emissions trading scheme: the UK ETS.

Emissions trading schemes work on the cap and trade principle, where a cap is set on the total amount of certain greenhouse gases that can be emitted by installations and aircraft covered by the scheme. Within the cap, participants receive or buy emission allowances, which they can then trade with one another as needed. This cap is reduced over time so that total emissions fall. Participants are required to monitor their emissions during a calendar year and surrender one emissions allowance for every tonne of carbon dioxide equivalent they have emitted at the end of each reporting year.

The four Governments of the United Kingdom nations have agreed the policy positions that act as a basis for this UK ETS. These positions are set out in the government response to *The Future of UK Carbon Pricing* consultation, which was published on 1 June 2020. Further secondary legislation, to be introduced later this year under the Climate Change Act 2008 and the Finance Act 2020, will amend this order to introduce additional elements of the UK ETS.

On the importance of emissions trading for decarbonisation, a UK ETS would support us in pursuing our climate ambitions by enhancing the UK's carbon market signals. From day one, the cap on emissions within the scheme would be reduced by 5% compared to the UK's notional share of the EU ETS cap. That is not the limit of our ambition. The Committee on Climate Change will, in December this year, deliver its advice on the level of the sixth carbon budget. Once this advice is published, we will consult within nine months on what the trajectory for the UK ETS cap should be for the remainder of the first phase, to ensure that it is appropriately aligned to our net-zero objective. At the same time as ensuring that we reduce our contribution to climate change, the new scheme will provide a smooth transition for businesses.

The UK was instrumental in developing the EU emissions trading system and has long been a centre of carbon trading. We have drawn on this experience in designing the new system, while simultaneously improving certain scheme elements, like the tightened cap, to reflect our world-leading climate ambition. Reducing emissions while supporting UK industry is central to my department's mission to deliver our net-zero target. Alongside carbon pricing, the Government have schemes worth nearly £2 billion operating, or in development, to support our vital energy-intensive industries to decarbonise. Our economic recovery from Covid-19 must build on the UK's proven track record of cutting carbon emissions while still growing our economy. Over the last three decades, we have seen the economy grow by 75%, while cutting emissions by 43%. It is vital that we keep up the pace of change as we rebuild from the pandemic and look ahead to the UK's presidency of the COP 26 climate talks in November 2021.

The Government have an ambitious range of policies in place to help industry reduce costs and decarbonise while supporting a clean, green recovery. In July, as part of a £350 million package to cut carbon emissions, the Prime Minister announced £140 million to drive the use of innovative materials in heavy industry. The 13 initial projects will include proposals to reuse waste ash in the glass and ceramics industry and the development of recyclable steel. Some £139 million was also committed to cut emissions in heavy industry by supporting the increased use of low-carbon hydrogen as a greener fuel source, instead of natural gas, and scaling up carbon capture and storage technology.

We want to show that the UK can have a thriving, competitive industrial sector, aligned with our net-zero target. To this end, in July we announced that the Government will publish a comprehensive long-term industrial decarbonisation strategy in spring 2021. This strategy will cover greenhouse gas emissions from manufacturing, including steel, cement, chemicals and oil refineries. Carbon pricing will be at the centre of this, incentivising decarbonisation. The UK ETS will provide a clear signal for businesses to invest for a net-zero future, backed by the funding and support we have, and will have, available to them.

[Baroness Bloomfield of Hinton Waldrist]

This draft Order in Council establishes a UK ETS which will be operational from 1 January 2021. It establishes the following key areas: the scope of the UK ETS, and this includes energy-intensive industries, the electricity generation sector and aviation; the cap on allowances created under the UK ETS each year, which will initially be set at 5% below what would have been the UK's expected notional share of the EU ETS cap over the 2021-2030 period; a full review of the UK ETS in 2023; the monitoring, reporting and verification requirements for UK ETS participants; a robust and proportionate enforcement system; and the roles of the national regulators in monitoring and enforcing the scheme.

This order will establish a new carbon pricing regime for the UK, encouraging cost-effective contributions to our emission reduction targets and furthering progress towards our net-zero goal. I commend it to the House.

2.37 pm

Lord Bilimoria (CB) [V]: My Lords, I thank the noble Baroness, Lady Bloomfield, for her opening speech. The UK is seen as a world leader in carbon trading. We have played a prominent role in the establishment of the EU's first emission trading scheme in 2002, which was a pilot to the current EU Emissions Trading Scheme. There are now over 50 carbon pricing initiatives that have been, or are in the process of being, established, covering over 20% of international greenhouse gas emissions. Of these, 28 are emissions trading schemes.

The UK's carbon pricing system, made up of the EU Emissions Trading Scheme plus a carbon price support, has overall been a successful mechanism in incentivising the abatement of greenhouse gases in a cost-effective and technologically neutral way, while mobilising the private sector, especially the energy sector, to invest in emissions reduction technologies and solutions. This has been possible because carbon pricing is one of a suite of policies which have enabled alternative and low-cost technologies and infrastructures to come forward. Carbon pricing remains an important catalyst to continue incentivising cost-effective abatement of greenhouse gas emissions.

As the noble Baroness mentioned, a replacement for the EU ETS must be introduced as the UK transitions out of the European Union. Carbon pricing must continue beyond Brexit; we need to make sure that this is replaced at the earliest opportunity. Businesses operating in these markets require more certainty before private sector investment can be deployed. A final decision on replacement of carbon pricing in the UK would be very beneficial to all sectors. Would the noble Baroness agree that Brexit negotiations should not end without agreement on the UK's replacement for the EU ETS? Surely this should be a priority. It is critical that the EU ETS is replaced by a UK ETS. The preference of the CBI, of which I am president, is that a UK ETS should be introduced as soon as possible and—I ask if the noble Baroness would agree—should be linked to the EU ETS so that markets can align. It is widely known that introducing a UK ETS is relatively easy. It is the linking that will cause problems: computer systems need to be set up, and so on.

Following the sixth carbon budget advice from the Committee on Climate Change during December 2020, any changes to the UK emissions trading scheme, once introduced, whether related to the emission cap or sectors included within scope, should be implemented by at least January 2023. When developing the "UK ETS", the Government should ensure that sectors negatively impacted by carbon pricing, such as energy-intensive industries, are protected. They will still require compensation by free allowances to protect competition and mitigate the risk of carbon leakage. This is a critical aspect of the UK scheme and emissions abatement moving forward. A heavy industry cannot compete on a level playing field with international counterparts that have a less stringent carbon policy. Competition between these sectors must be protected, and until the Government fix this issue with other policy decision-making, free allowances as a form of compensation must remain. This is critical, and every effort should be made to link the "UK ETS" with the EU ETS.

If the UK Government cannot introduce a UK emissions trading scheme by 1 January linked to the EU ETS, it is possible that a carbon tax would be introduced. Can the Minister inform us whether this is a possibility? The CBI can support such a carbon tax, although only as an interim measure that should be replaced by a UK ETS when it is ready. The carbon tax must be ambitious and fairly implemented, and there should be compensation for heavy industrial emitters: that must continue.

I hear that Treasury officials are said to be interested in a report that suggests that a carbon tax of £75 per tonne of CO_2 emitted by 2030 on greenhouse gasses could raise up to £27 billion of taxes, which would, of course, help the Covid recovery, cushion household bill rises and support clean energy. In fact, Guy Newey, strategy director of Energy Systems Catapult, said that a coherent strategy was needed:

> "The danger with relying solely on a carbon tax is that no one believes politicians will not scrap it when things get tough, so no one invests. A cap-and-trade scheme that guarantees an outcome, alongside regulation and innovation support, is much more likely to lead to cuts in emissions."

The International Monetary Fund says that a combination of carbon pricing and an initial green stimulus would turbocharge economic recovery from the coronavirus and help put the global economy on a sustainable growth path post endemic.

Direct emissions in the UK from buildings fell by 4% in 2017. However, 19 million out of 27 million homes in the UK have an EPC rating below C. In fact, only 1 million homes have low-carbon heat. We need to make a huge investment in heat. Does the Minister think that a new green finance bank is a possibility?

As president of the CBI and Chancellor of the University of Birmingham, I have been privileged to chair the Heat Commission, whose report was recently released. It highlights the fact that decarbonising the UK's heating system is the greatest challenge that the UK faces in meeting its net-zero target of 2050. The commission made various recommendations. It said that it was vital that

> "business, Government, regulators and communities work together to shape policies."

One recommendation is that the Government should include low-carbon skills in the national retraining scheme, including training in heat pumps, hydrogen boilers and the move from gas boilers. This would create almost 1 million jobs and would make us not only more efficient from a sustainability point of view but more effective.

Does the Minister agree with the recommendation that energy-efficiency in heat should be a national infrastructure priority? It would create a new low-carbon heating scheme to replace the domestic renewable heat incentive with a grant system. It recommends creating a national delivery body to co-ordinate heat decarbonisation—an Olympic-style delivery body. It mandates that after 2025, all new boiler installations must be part of a hybrid system or be hydrogen-ready. Heat accounts for about 40% of energy consumption and is in large part delivered through the combustion of natural gas, so if we deal with this, and take these recommendations into account, we will get to net zero by 2050.

The Deputy Chairman of Committee (Lord Duncan of Springbank) (Con): We cannot hear the noble Baroness, Lady Bennett of Manor Castle, who was next to speak, so we will come back to her and move straight on to the noble Baroness, Lady McIntosh of Pickering.

2.45 pm

Baroness McIntosh of Pickering (Con) [V]: My Lords, I thank the Minister for introducing this regulation so clearly and comprehensively. I have a number of questions; if for any reason she is not able to answer the questions today, perhaps she will write to me, because some are technical and I have only just had sight of them myself.

I understand that the impact assessment gave a net cost to industry of between £5 million and £11 million which, I understand, is per year. Obviously, my concern is that this will be passed on to customers. All of us as users notice that even if we switch as often as we are asked to do, our electricity bills go only one way. That is as a single energy user rather than having electricity and gas. Is the Minister not concerned that this will impact heavily on customers' bills? What action, if anything, is the Government likely to take to help those on fixed incomes, particularly in the current situation?

My next question relates to the impact of Covid, particularly on the aviation sector, which obviously has been heavily affected. I declare an interest in that, when I met my husband, he was working in the aviation sector. Its cashflow is clearly a matter of great concern: it has to carry on paying for the use of the aircraft whether they are flying or not. Will the Minister assure us that the impact of Covid, particularly on the aviation and aeronautical sectors, will be kept under review?

I would be pleased to have an update, if possible, on where we are with carbon capture and storage. As I understand it, that would make a massive contribution to reducing our greenhouse gas emissions. It is something that the Government are keen on and I applaud them for that.

The impact assessment says very clearly that one of the objectives of the policy is to incentivise cost-effective emissions reductions while balancing the competitiveness of UK industry. Given that the Government are coming forward with this scheme very late in the day, with two months to go before the end of the transition period, is the Minister absolutely sure that the industry—or all three sectors that are going to fall within this regime—has been given enough time to adapt to a new system?

I would like to place on record the industry's view that it is critical across the board that the UK emissions trading scheme has the capacity to link to the EU ETS. Is it still the Government's intention to follow that? I understand that everyone from industry to environmental non-governmental organisations share this view. Were the Government to diverge from the EU ETS, will the Minister assure me that we would not be simply diverging for divergence's sake and that there would be a very good reason to do so?

I turn to some more specific questions that, as I said, the Minister might wish to write to me about. She said very clearly that this regulation has been consulted upon and has the support of all four devolved nations. Can she assure us today that whichever carbon-pricing scheme is chosen, it will have the full endorsement of the devolved authorities?

What procedure will be followed to ensure that the devolved authorities are actively involved in the decision-making process as we go forward? My noble friend was heavily involved in the discussions yesterday, which are ongoing, on the United Kingdom Internal Market Bill. This is a classic potential example of why we need to ensure we carry all the devolved authorities with us.

The Government have presented their proposals for a UK emissions trading scheme in this form, which is regulated by a legally binding emissions cap. What assurance is my noble friend able to give that it is possible to align the proposed carbon emissions tax with net zero given the lack, as I understand it, of an emissions cap? What further assurances can she give that the revenue collected by a UK emissions trading system would be hypothecated and reserved largely for climate measures and investment in low-carbon energy? That would at least ensure our industry remains competitive going forward.

Will the Government ensure that the level of the carbon emissions tax will also be set in a fair and transparent manner, to ensure that it is not subject to political considerations—Governments may change—and that it can be aligned with the UK's legally binding net-zero trajectory? On that point, is my noble friend convinced that industry will be able to meet what I understood her to say would be a target capped allowance that will be 5% below what it might have been expecting to meet as part of an EU Emissions Trading Scheme? In opting for a carbon emissions tax instead of an ETS, with months to go before COP 26, is this sending the right message on the UK's commitment to carbon markets as envisaged by Article 6 of the Paris climate agreement?

As I say, these questions are technical and, since I have a couple of others, it is probably best if I write to my noble friend. However, I am glad of the opportunity to debate this instrument and put the questions to her today.

The Deputy Chairman of Committees (Lord Duncan of Springbank) (Con): We are going to return to the noble Baroness, Lady Bennett of Manor Castle.

2.52 pm

Baroness Bennett of Manor Castle (GP) [V]: My Lords, I apologise for the technical hitch, but I was unable to see or hear the Committee. I was going to say that it was a pleasure to follow the focus of the noble Lord, Lord Bilimoria, on the terrible standard of UK housing stock and the need to decarbonise home heating. This is the Cinderella of energy policy and it needs to be put centre stage. But it is also a great pleasure to follow the noble Baroness, Lady McIntosh of Pickering. It is no surprise to be following her, given her intense involvement in environmental issues.

It is always my intention to be positive when I can, so I welcome the fact that there has been consultation with and agreement from the nations of the UK on this order. We would like to see this happening in many other areas of governance. I also welcome the fact that there is a promised and apparently firm timetable for appropriately aligning to a net-zero trajectory by January 2023 and no later than January 2024. However, I would of course like to see faster action.

The net zero by 2050 target is grossly inadequate when we look at the science and the facts on the ground —from the failure of the Arctic sea ice to begin reformation this year to the fact that in Colorado they are hoping for snow to end an unprecedentedly long wildfire season. The Green Party is calling for a 2030 net-zero target.

One thing that Covid-19 has shown us is that the way in which our society operates can change quickly under emergency conditions, and we are in a climate emergency now. The whole Arctic Ocean is heading for ice-free conditions in the future, possibly very soon, if defined as less than 1 million square kilometres of ice cover. That is down from 8 million square kilometres just 40 years ago. We have just come out of the warmest global September on record and it is now more likely than not that 2020 will be the warmest year for the earth's surface since reliable records began—and without a major El Niño event, which has contributed to most of the prior record warmest years. The noble Lord, Lord Bilimoria, painted a picture of successful policy. That does not look like a successful picture.

With the Covid-19 lockdowns, there was a significant drop in emissions in the first half of the year globally, but I want to quote Hans Joachim Schellnhuber, the founding director of the Potsdam Institute for Climate Impact Research. He said:

"While the CO_2 drop is unprecedented, decreases of human activities cannot be the answer … Instead we need structural and transformational changes in our energy production and consumption systems. Individual behavior is certainly important, but what we really need to focus on is reducing the carbon intensity of our global economy."

In simpler terms that is system change, not climate change, which is what this statutory instrument has to be part of delivering. As the Green Party has always said, individual action cannot make a difference on the scale needed; we need to make a massive adjustment to and transform our economy and society, so that we no longer see the few profit from pumping carbon into the air while the rest of us pay with the planet in flames.

I am disappointed that the Minister's introduction had such a focus on economic growth. To quote a long-term green saying, you cannot have infinite growth on a finite planet. Economic growth has given us an unhealthy, poverty-stricken and unstable society. We need a different target in policies and systems to deliver the energy and goods that people need within the physical limits of this one fragile, damaged planet.

I will make no apologies for continuing to remind your Lordships that the UK has a unique responsibility as the chair of COP 26. If we think about what history will remember from this period, the result of that meeting will feature far higher, for good or ill, than any other events of our time—no matter how hard-pressed we are at this moment by the Covid-19 pandemic interacting with the pressing poverty and inequality in our society, as highlighted in an important report today by another Member of your Lordships' House, the noble Baroness, Lady Lawrence. I suggest to the Committee that we ask ourselves whether the SI today and all the Government's policies go far enough. Will they be part of the solution or of the problem?

The position of the UK's Green Alliance on the UK's emissions trading replacement for the EU-ETS scheme is that

"the general principle that should apply is that any new regime has to be 'as strong or stronger' than current arrangements."

That would seem to be the promise of government policy although, as so often with what we debate in your Lordships' House, there is a risk of a devil in the detail. An SI scheduled for next month refers to the arrangements to make free allowances for businesses most at risk of transferring production to other countries with less stringent emissions constraints.

It is of course impossible to talk about the EU ETS without reflecting on how it failed to deliver the needed changes. When the history of the past decade of carbon policy is written, that is likely to figure as one of the great failures. We need to look at this SI in that context.

We come back to the UK's role as the chair of COP 26. We have the dreadful suffering of the pandemic and the chaos at the end of the Brexit transition period. But we have yet to hear, as the noble Lord, Lord Bilimoria, said, about the talks on the integration of how the EU ETS and Britain's scheme will interact. What progress is being made? That is one of the many areas on which I look forward to hearing responses from the Minister to my questions, and those of other people.

2.58 pm

Lord Moynihan (Con): My Lords, during my days as Energy Minister, when I had a keen interest in sustainability and the renewable energy sector in particular, I had the privilege of launching the non-fossil fuel obligation order—the first steps taken by the UK Government into renewables and the challenge of tackling carbon emissions. I have been strongly supportive of the principle of market-driven solutions to reduce carbon emissions ever since. I should declare that until the end of 2019 I was chairman of Hydrodec plc, a company which used proprietary technology to re-refine used transformer oil in Canton, Ohio, securing the first carbon credits for this process and offsetting what would otherwise be new transformer oil refined from virgin crude.

This order is welcome but, as admitted by the Government, it is tight on time. It is laid before the Grand Committee when the energy sector faces the twin challenges of Covid-19 and the end of the Brexit transition period, in a little over two months' time. It will be welcomed by the market, but it still faces the twin challenges of some lack of clarity and time constraints.

Before moving on to address the specific problems, I thank Linklaters and Pinsent Masons. They have exceptional knowledge and expertise in the sector, and the work their teams have done on this complex subject is invaluable.

As drafted, the order is for a stand-alone domestic emissions trading system—a UK ETS—as the Minister has made clear. By virtue of being stand-alone it will of course be problematic or, at least, introduce complexities for companies with cross-border operations—for example, those that have taken a UK and Ireland approach. It also means that the market for trading allowances is smaller than if it was directly linked with the EU ETS from the outset. This is particularly the case, as it seems from the order that only allowances created under the UK ETS will be capable of being surrendered to meet companies' obligations under the UK ETS. This means that EUAs would not be capable of being surrendered to meet companies' obligations. In addition it looks like CERs and emission reduction units under joint implementation—Kyoto units—would not be capable of being used for compliance with the UK ETS, whereas they can under the EU ETS. Would the Minister confirm that this is correct and if so, have the potential impacts of this in terms of effectiveness been considered?

Much is mirror imaged from the EU ETS. Sadly, we will not be part of it, as a number of noble Lords have already said in this Committee. However, in the EU scheme there is a market stability reserve to ensure that no excess or surplus allowances materialise. This is critical to the higher carbon price. I would be grateful if the Minister could explain why there is no similar instrument in this UK ETS. Are the Government taking an approach that does not recognise the wider world markets, and devalues carbon pricing in the UK at a time when Governments are trying to create and support a market where carbon has a robust price? Companies will be keen to know when the first auctions will take place and to have any guidance for this, so that they can prepare, especially given that the first allocation starts in a couple of months' time. They will want to understand the trading arrangements for allowances and associated documentation. Companies will also be keen to understand how any proposed carbon tax, yet to be consulted on, will interact with the UK ETS.

Although the Government are proposing to broadly mirror the EU ETS, depending on the proposed date of the first auction, there may not be adequate time for companies to prepare after the order is finalised, taking into account the fact that many companies will be operating relevant installations in both the EU and UK at present, and their current strategies in terms of trading and compliance will therefore reflect this. In deciding to take the UK ETS approach, which does not recognise the wider world markets, are the Government concerned that while the proposed initial cap is 5% below the UK's notional share of the EU ETS levels from last year, it may not actually reduce emissions sufficiently? UK emissions last year covered by the EU ETS stood at some 129 million tonnes, in contrast to the Government's proposal for an allowance cap of 156 million tonnes—well above that level. What is the Government's rationale for this decision?

The companies involved will be keen to gain clarity and to know when the first auctions will take place, and to have detailed guidance on this, so that they can prepare, especially given that the first allocation starts, as I said, in 2021.

It is important to recognise that timing is critical. The cost to emitters and the cost to industry is considerable and, with new regulatory costs and a new compliance system, the more time that industry has to prepare the better. Asking industries at this point to adopt a completely different regulatory system and take on additional compliance costs for energy is a major ask.

I would like to pick up on the point that a number of noble Lords have raised and concentrate the attention of the Committee on the question of a carbon tax, which is still on the table, and ask to be informed of the Government's current thinking. The concern about a tax route is that a tax is completely divorced from the clear net-zero targets which the carbon pricing mechanism is meant to achieve. I cannot see any coherent read-across strategy between the two, since using the tax route will never guarantee the net-zero commitments of Government. How would it be possible to marry a carbon tax regime to the proposed ETS? You need a staged market-led approach, which cannot be achieved by a carbon tax, but can be reached by an ETS. Perhaps the Minister could also give us her view on the benefits of a carbon tax and whether she agrees with my analysis. How will the Government seek to deliver a policy whereby a carbon tax can be aligned with a net-zero trajectory?

For a long time the tax option was very much a third option: a far fallback position. I hope that remains the case and I would be grateful for the Minister's views on the subject. It would certainly be a troubling message for the UK to convey at COP 26 if we ended up adopting the carbon tax route. It remains my view that the first item the Prime Minister should discuss with Joe Biden should he be elected President of the United States is the challenge of climate change, the energy transition and the global environment. It would affirm the UK as the trusted friend of the US, as we jointly address the biggest challenge that we face together. It is incumbent on the Government to lead on this issue, work closely with industry and provide timely advice. The order is an important and welcome step in that direction.

3.05 pm

Lord Bradshaw (LD) [V]: My Lords, British industry is very concerned about the UK Government's approach to carbon pricing after Brexit. The Government have committed themselves either to an emissions trading scheme or to a carbon pricing scheme post Brexit. This is despite the fact that witnesses from business, who recently gave evidence to the business Select

[Lord Bradshaw]
Committee, were unanimous in their opinion that a UK emissions trading scheme, with a capacity to link to the EU Emissions Trading Scheme, is critical for everyone, both those in industry and the environmental NGOs. Reasons for this are simple: an ETS works by placing emissions under a cap, thereby producing a defined and legally binding environmental outcome in terms of greenhouse gas emissions reductions. By creating a tradable commodity, emissions trading uses the incentives of the market to ensure that emissions reductions are achieved in both the cheapest and most efficient way. The cap provides a long-term price signal for business, and gives predictability for industry in its decarbonisation pathway. Emissions trading ensures that cash flows in the direction of innovation and investment in low-carbon economies. In short, it provides a balance that works for all actors: flexibility for industry and environmental certainty for policymakers.

In comparison, a carbon tax is not designed to provide certainty as to environmental outcomes. Put simply, the lack of a cap means that is not possible to align a carbon tax with the UK's legally binding net-zero target. Setting the carbon tax at a level necessary to achieve climate action is extremely difficult, as emissions are controlled by a set of external factors. Experience shows that taxes face additional challenges in the long run—as has been said by the noble Lord, Lord Bilimoria—because they are highly politicised. No Government can provide long-term certainty over future pricing levels. This restricts the industry's ability to hedge and puts in jeopardy the popular support for carbon pricing among the general public.

I too have a few questions. To some extent, they overlap with those of the noble Baroness, Lady McIntosh of Pickering. I want an assurance that whatever carbon pricing scheme is chosen, it will have full endorsement of the devolved authorities and that they will be actively involved in the decision-making process. The Government have presented their proposals for a UK emissions trading system that is regulated by a legally binding emissions cap. What assurance can they give us that it is possible to be regulated by a legally binding emissions cap? What assurance can they give us that it is possible to align the proposed carbon emissions tax with net zero, given the lack of an emissions cap? What assurances can the Government give that that the revenue collected by a UK emissions trading system, or a UK tax, would be hypothecated and largely reserved for climate measures and investment in low-carbon energy?

Article 6.2 of the Paris climate change agreement allows two countries to link their emissions trading systems. I was talking this morning about two such linked systems, both of which have a partner in the EU and one outside. Evidence shows that this will enable the UK to move to net zero more quickly and at less cost. Are the Government aware that opting for a carbon emissions tax would negate any possibility of such a linkage, given that an operational emissions trading scheme is necessary to allow linkage negotiations to begin?

Are the Government aware that opting for a carbon emissions tax only weeks before the end of the transition period will result in significant new regulatory costs for industry as it grapples with a new compliance system in the middle of a global economic crisis? Do the Government understand that an emissions trading scheme provides continuity for industry at a difficult time? Do the Government agree that by opting for a carbon emissions tax instead of an ETS just before COP 26 would send a troubling message to it about the UK's commitment to carbon markets, as envisaged in the Paris climate agreement?

I fully concur with what has been said about heat emissions; they are most troubling and something on which every Government should get a firm grip. Despite the fact that there is a lot of sympathy for the aviation sector, as a big emitter, it needs to be included in any system.

3.13 pm

Lord Grantchester (Lab): I thank the Minister for her introduction to the order and welcome her to the duties of responding for the Government on energy and climate change. As she explained, it is important that the UK continues with an emissions trading scheme, having left the EU scheme, as it covers 33% of UK emissions. It is an essential element of decarbonisation policies to encourage cost-effective emission reductions along the pathway to the net-zero target. I approve of the order very much on that basis, and on the basis that the clear preference is for the UK ETS to be linked to the EU ETS post the implementation or transition period. I am glad that the CBI agrees with that position, as outlined by the noble Lord, Lord Bilimoria. Paragraph 6 of the Explanatory Memorandum states this in terms of the Government being

"open to considering a link between a future UK ETS and the EU ETS … to establish a much larger carbon market",

creating more opportunities for emissions reductions, greater cost efficiencies and increased flexibility.

As climate change and the ETS are devolved matters, the tussles of the scheme at EU level will be replaced with tussles to which any UK scheme may give rise with the devolved Administrations. Would the Minister care to comment on which set of tussles she considers may be the more intractable? I will not widen discussion into the dispute-resolving mechanisms of the common framework and how effective they may or may not be. However, the noble Lord, Lord Bradshaw, is correct to be anxious that dialogue with the devolved Administrations is constructive.

The subject gives rise to my first question regarding whether the UK will resolve the remaining difficulties in negotiations with the EU and include the preferred option of linkage with the EU ETS. Does the Minister have any important news on that? It is understood that the order envisages the UK emissions trading scheme as a fallback position, and that this will by and large shadow the EU ETS. Can the Minister say whether development of the UK's ETS will take place with a view to future linkage, or will a carbon emissions tax be set up instead? Time is now becoming critical to provide leadership and credibility in the run-up to COP 26 next year. A separate carbon emissions tax would become more open to political intervention, and more institutional safeguards would be needed to ensure that pricing would remain consistent with the

pathway to net zero. Can she now rule out the possibility of a carbon tax regime? I understand that the question still has to be settled with the Treasury. The noble Lord, Lord Moynihan, is also concerned with that continuing uncertainty.

Regarding the shape of the proposed UK ETS, there are some curious figures. In paragraph 7 of the Explanatory Memorandum, it is proposed that the initial cap

"be set at 5% below the UK's expected notional share of the EU ETS cap for Phase IV of the EU ETS".

First, is that 5% lowering of the cap ambitious enough? Secondly, are the figures that the Government calculate the correct ones? The figures given are that 156 million allowances be set for 2021. However, I understand that carbon emission reductions are progressing at a faster rate, and that 129 million allowances would be more likely as the expected figure. Can the Minister explain why the latest data is not being used?

We can agree that the moving target of reduction percentages remain in line with the EU scheme. However, as the Government concede that the cap progression will be assessed against the trajectory towards net zero as advised by the Committee on Climate Change and its sixth carbon budget, this could amount to quite a demanding correction, as the Government have not maintained compliance with the fourth or fifth carbon budgets. Given how important the climate emergency is, as the noble Baroness, Lady Bennett, explained, and how ambitious we must be in continuing to set the pathways to the future, why do the Government consider that they have the luxury of delaying the correction until at least 2023 or even January 2024? This may need to be considerably more than setting a cap lower than the 5% level, and with more realistic figures. Can the Minister explain more fully the rationale behind the proposals outlined, and commit to giving more urgency to the matter in the long-delayed energy White Paper?

The noble Baroness, Lady McIntosh, asked whether the UK emissions trading scheme would set any more net cost on consumers. My understanding is that it would not, but the Minister may know whether that answer will still be correct in relation to any emissions tax alternative, and whether the 5% cap below the UK's share of the EU scheme would also be commensurate with that understanding. What more stringent level below the 5% would still be consistent with the same net costs to the consumer, should a more radical correction be required in either 2023 or 2024?

Many more elements still need further clarity, such as the amount of free allowances and details of carbon auctions, and I welcome any further detail that the Minister may be able to give the Committee today.

3.18 pm

Baroness Bloomfield of Hinton Waldrist (Con): I thank noble Lords for their valuable contributions to this short debate, and for their broadly supportive comments on carbon pricing and this SI. I recognise the strength of feeling about the carbon emissions tax and reassure noble Lords that no decisions have been taken about it; I shall certainly make sure that their voices are heard.

The noble Lord, Lord Bilimoria, raised the need to ensure that our heavy industrial emitters receive free allocation to ensure competitiveness. Free allocation of allowances will continue to be the main policy instrument through which carbon leakage risk and competitiveness impacts are addressed in the UK emissions trading scheme. Our initial UK ETS free allocation approach will be similar to that of the EU ETS period 2021-30, to ensure a smooth transition for participants for the 2021 launch. In 2019, the value of those free allowances given to the UK installations was over £1 billion, taking an average EU allowance price of £22. The Government also compensate some energy-intensive industries for the indirect cost of the ETS and other climate policies passed on to electricity prices.

The noble Lord, Lord Bilimoria, also mentioned the CBI's heat commission report. I welcome his commission's thoughtful recommendations on how to decarbonise this too often forgotten sector, which the noble Baroness, Lady Bennett of Manor Castle, described as a Cinderella sector. As he will know, industrial heat processes are within the UK ETS, but heating in domestic and non-domestic buildings is not. The Government plan to publish a heat and building strategy in due course that sets out our immediate and long-term actions for decarbonising heating in buildings. An industrial decarbonisation strategy will be published in the spring.

My noble friend Lady McIntosh raised a series of important and detailed questions. Given time constraints, I will be happy to respond to them in writing, but she also raised the impact of Covid on the aviation sector, as did other noble Lords. Our absolute focus in government at this time is combating Covid-19. We recognise the challenges that Covid-19 has caused the aviation sector and are working closely with the industry to provide support, but it is important that we continue to work on our longer-term priorities, including tackling climate change. There should be a minimal impact on the sector, as the UK ETS will ensure that aircraft operators continue to face obligations for emissions on UK routes that will no longer be part of an EU ETS.

The noble Baroness, Lady Bennett of Manor Castle, rightly said that we should question whether we are going far enough. That is the right question to ask and why we are committed to consulting within nine months of receiving the Committee on Climate Change's sixth carbon budget advice, to ensure that the cap is net-zero consistent.

My noble friend Lord Moynihan, the noble Baroness, Lady Bennett, and the noble Lords, Lord Bilimoria, Lord Bradshaw and Lord Grantchester, all raised linking a UK ETS with the EU ETS and the status of negotiations with the EU. As noble Lords will appreciate, negotiations are still ongoing and it would clearly be wrong of me to prejudice the outcome of those discussions. We are continuing discussions with the EU on carbon pricing, and we have also been clear with the EU that we are open to considering a link if it is in both sides' interests. We have been clear that, whatever decisions we take on carbon pricing and whatever the outcome of those negotiations, we will ensure that the UK will have an ambitious carbon pricing system, in line with our net-zero commitments.

[Baroness Bloomfield of Hinton Waldrist]

The noble Lord, Lord Grantchester, asked why the cap, while 5% lower than the EU ETS, has been set at 156 million tonnes above current emission levels. The cap we are setting at the start will enable a smooth transition from the EU ETS to the new UK ETS to provide certainty for business. Demand for allowances is expected to come from the banking of allowances for future years or as a hedge against price increases. As such, some headroom is crucial to allow for these behaviours to continue without risking price spikes in the early years of the system. This has been acknowledged by the Committee on Climate Change in its advice to us. This initial cap is already more ambitious than the UK's notional share would have been if we had stayed in the EU ETS. I reassure the noble Lord that once we have received the Committee on Climate Change's advice on the sixth carbon budget, we will consult next year on a net-zero consistent cap. It would not be right to set the level of the cap before we have received this advice, but I reassure him that we are seized of the urgency of making this decision once this advice has been received.

I confirm to my noble friend Lord Moynihan that international credits cannot be accepted for compliance with the UK ETS. This is the same as would have applied in the EU ETS during the same period. With the UK ETS we will continue to lead the world in carbon pricing, which is why we plan for the UK ETS to be the first truly net-zero consistent emissions trading scheme.

My noble friend asked how the devolved Administrations will be actively involved in the decision on the eventual carbon pricing mechanism. This concern was also raised by the noble Lord, Lord Bradshaw. We have worked closely with the devolved Administrations throughout the development of the UK ETS. Their views on the ETS and the potential carbon emissions tax have been communicated clearly and are understood by the UK Government. The final policy decision will be made collectively by the UK Government, but with full consideration given to the devolved authorities' views. We will of course work with them to ensure that they have the support needed to implement either policy option.

My noble friend also asked for the likely date of the first UK ETS auction in 2021 and about the operation of a market stability reserve. The current proposed timing for introducing UK emissions allowance auctions is the second quarter of 2021. We will not bring in a supply management mechanism like the MSR from day one because an SAM cannot be operational in a stand-alone UK ETS until approximately mid-2022. This is due to the requirement for at least one year of verified UK emissions data. We will have a transitional auction reserve price in place to prevent very low allowance prices and ensure minimum price continuity. We will consult separately on the design of a stand-alone SAM if it is required in due course.

The noble Lords, Lord Grantchester and Lord Bradshaw, and others asked questions about whether the Government will proceed with the UK emissions trading scheme or a carbon emissions tax. We understand businesses' need for policy certainty and will provide it as soon as we can. This instrument is required to establish a UK ETS, either stand-alone or linked. It is critical to ensure that this can be delivered for the end of the transition period.

I think I have answered most questions. I will read *Hansard* and, if I have not, I will reply in writing.

This Order in Council, laid under the Climate Change Act 2008, establishes a UK-wide greenhouse gas emissions trading scheme, which will drive cost-effective emissions reductions across our intensive industries, and our power generation and aviation sectors. As we reach the end of the transition period, this legislation will ensure that the UK has a domestic carbon pricing policy fit for the net-zero future that we have led the world in committing to. The UK was a pioneer in carbon pricing and trading almost 20 years ago and has taken a leading role in the continued development and improvement of the concept through our participation in the EU ETS. We have therefore designed the system with the benefit of that knowledge and experience.

In this way, many features will be familiar to businesses. We will fulfil our promise of a smooth transition to our future carbon pricing policy. At the same time, launching a UK ETS will allow us to have autonomy to pursue our climate goals in the way that works best for UK. In some areas, we have already taken the opportunity to make the system work better for the UK and we will continue to do this as the UK ETS evolves over time. Most crucially, we will consult on aligning the emissions cap of the UK ETS with our net-zero commitments. We will seek to implement changes by January 2023 and no later than January 2024.

Alongside the UK ETS, the Government have an ambitious range of policies in place to help industry to reduce cost and decarbonise while supporting a clean, green recovery from Covid-19. These schemes must of course be supported by an effective carbon pricing policy. With the EU ETS having covered around a third of UK emissions between 2013 and 2020, carbon pricing is a key tool for achieving our carbon emission reduction targets at the least cost to business.

The Deputy Chairman of Committees (Lord Duncan of Springbank) (Con): As a point of clarification, one of the difficulties we have in hybrid sittings is that those present cannot be permitted to follow up and ask additional questions, simply because those participating remotely cannot do so. But should any of those present wish to pursue these matters with the Minister I am sure she would be amenable—I can see her happy smiling face—to doing that should it be required.

Motion agreed.

The Deputy Chairman of Committees (Lord Duncan of Springbank) (Con): My Lords, I remind you all to hose down your desks and seats before you leave.

3.28 pm

Sitting suspended.

Arrangement of Business

Announcement

3.45 pm

The Deputy Chairman of Committees (Lord Duncan of Springbank) (Con): My Lords, the hybrid Grand Committee will now resume. Some Members are here in person, respecting social distancing, while others are participating remotely, but all Members will be

treated equally. I must ask Members in the Room to wear a face covering except when seated at their desk, to speak sitting down and to wipe down their desk, chair and any other touch points before and after use. If the capacity of the Committee Room is exceeded or other safety requirements are breached, I will immediately adjourn the Committee. If there is a Division in the House, the Committee will adjourn for five minutes. The time limit for debate on the following order is one hour.

Infrastructure Planning (Electricity Storage Facilities) Order 2020

Considered in Grand Committee

3.46 pm

Moved by ***Baroness Bloomfield of Hinton Waldrist***

That the Grand Committee do consider the Infrastructure Planning (Electricity Storage Facilities) Order 2020.

Baroness Bloomfield of Hinton Waldrist (Con): My Lords, the draft order was laid before the House 14 July 2020.

Electricity storage will play a crucial role in helping us meet net zero by 2050. It provides flexibility so that renewable generation, electric vehicles and heat pumps can be integrated on to the system. Deploying smart and flexible technologies, such as storage and demand-side response, could save up to £40 billion by 2050.

We currently have around 4 gigawatts of operational storage in Great Britain. National Grid estimates that we could need up to 40 gigawatts by 2050. This Government are committed to creating a best-in-class regulatory framework for storage by removing barriers, reforming markets and investing in innovation through actions set out in our 2017 smart systems and flexibility plan. Reforming the planning system to remove barriers and introduce a more appropriate planning treatment is a key action for storage under this plan.

Currently in England and Wales, where storage facilities are above 50 megawatts and 350 megawatts respectively, planning consent must be sought from the Secretary of State under the nationally significant infrastructure projects—NSIP—regime. Where facilities are below these thresholds, they are consented by the relevant local planning authority.

Evidence collected through a consultation published in January 2019 demonstrated that the 50 megawatt threshold is distorting sizing and investment decisions in England. For example, there is a clustering of storage projects sized just below the 50 megawatt threshold, and projects have been split into multiple 49 megawatt projects to avoid consent through the NSIP regime.

Following consideration of this evidence, in October 2019 the Government consulted on removing electricity storage, except pumped hydro, from the NSIP regime in England and Wales. We received 28 responses from industry, which were broadly supportive. The NSIP regime was established to streamline the consenting process for major infrastructure projects where the benefits are national, but the planning impacts are local. Here, it is appropriate for the Secretary of State to weigh up this planning balance.

For batteries and more innovative forms of storage, the planning impacts are low compared to pumped hydro and other forms of generation. Therefore, the extra time and cost of the NSIP regime is not proportionate and limits the size of new projects to 50 megawatts. We have not seen any stand-alone battery storage facilities deploy above 50 megawatts. This order removes these technologies from the NSIP regime, meaning consent will generally be sought from the local planning authority. To ensure consistent treatment and a level playing field in economic competitiveness across the locations, this will also apply to Wales where the NSIP threshold is currently 350 megawatts.

If storage was removed from the NSIP regime only in England, there would be different approaches between England and Wales, as only consents for generating stations below 350 megawatts have been devolved to Wales. This would result in storage facilities of any size in England not being consented under the NSIP regime, whereas in Wales, storage facilities above 350 megawatts would be consented under the NSIP regime. Under the SI we are debating today, electricity storage, except pumped hydro, will generally be consented by the relevant local planning authority in England and Wales.

This SI could unlock investment in larger storage projects, supporting low-carbon jobs and decarbonising the energy system. Additionally, we estimate that this could save industry between £500,000 and £7 million annually. These savings are due to the reduced administrative costs associated with the local regime and a reduction in infrastructure costs where projects now choose to co-locate rather than build separately.

Once the legislation is passed, in England the industry will still be able to use Section 35 of the Planning Act to request that the Secretary of State direct a project into the NSIP regime for consent if it so wishes.

This order does not remove pumped hydro storage from the NSIP regime. This technology has significant planning impacts and often requires several other consents, which can be granted under the NSIP regime, making it a more efficient consenting route. Further to this, the pipeline for pumped hydro storage projects is located in Wales and Scotland due to their favourable geographic sites. The threshold for pumped hydro storage to be consented by the relevant Ministers as opposed to the local planning authority is 10 megawatts in Wales and 50 megawatts in Scotland. Therefore, retaining the 50-megawatt threshold in England better aligns with the treatment of pumped hydro across Great Britain.

Should Parliament approve this order, a parallel order will be required to amend the Electricity Act to ensure that consents for electricity storage fall within the local planning regime. We will ensure that this applies for facilities onshore and offshore, and we are working closely with the Welsh Government, who intend to put requisite legislation in place for storage, except pumped hydro, located offshore in Welsh waters.

This order will ensure that storage is treated appropriately in the planning system, according to its planning impacts. It removes a key barrier and unlocks the potential for large-scale storage projects, which are critical for meeting net zero. I beg to move.

3.51 pm

Lord Berkeley (Lab) [V]: My Lords, I am grateful to the Minister for that introduction to this document. I am no great expert in power supply, but I find it interesting that the Government still see a difference between power generation and power generation and storage. They both generate power, but one of them takes the power when it is not being used and stores it, as in pumped storage.

As the Minister said, it is pretty unlikely that there will be any pumped storage of any significance in England, because the geography does not really suit. I was interested in her remarks about what I understood to be pumped hydro offshore. If that is really something that we should be looking at it has even greater potential for environmental damage, because presumably you would be using salt water rather than fresh water. I can see a lot of people not liking to have to create a new salt water lake somewhere in England, and I hope that that never happens.

It would be helpful for us in considering this to hear from the Minister exactly where the other storage will come from. She quite rightly said that there would be enormous demand for power storage in future, because of how we will be using electric cars and other electrical vehicles, including electric trains. One of the big potentials for power storage is in using people's car batteries at night, provided that there was some kind of control system, so the power can be put back before people want to use their cars in the morning. It seems that there will be an enormous demand for storage, which must take into account when there is no wind and it is dark, so there is no solar energy.

I question whether this measure will be sufficient. I have no problem with the order in itself, but I worry about whether we will have enough in future and what the options are. I am sure, when the Minister comes to respond, she can put me right on all those things.

3.54 pm

Baroness Bennett of Manor Castle (GP) [V]: My Lords, it is a pleasure to follow the noble Lord, Lord Berkeley. I share his interest in vehicle-to-grid storage, as I shall reflect shortly, although I would place perhaps greater stress on the need for demand-side management, rather than thinking of electricity as water in a tap that you can just turn on whenever you want.

I note that the study carried out for the Government estimated that the benefits to the UK of a smart and flexible energy system could be somewhere between £17 billion and £40 billion by 2050. Batteries are clearly a crucial part of that, so I welcome the modest progress marked by this statutory instrument and the encouraging words of enthusiasm for battery storage from the Minister.

I often go back to the words of Steve Holliday, CEO of National Grid, in 2015, who stated that the idea of large coal-fired or nuclear power stations to be used for baseload power was outdated. He said:

"From a consumer's point of view, the solar on the rooftop is going to be the baseload",

and that energy markets

"are clearly moving toward much more distributed production".

What was implied in that was a great growth of storage as well as renewable generation—local, household and business based. We can only regret the lost half decade in which progress has been so achingly slow. For example, I have often heard from a great community and social enterprise, Sheffield Renewables, which develops funds and builds, owns and operates renewable energy schemes. It has had some great successes, but been frustrated again and again by inadequate and unstable government policies.

In all these issues, with the previous SI that we were debating and this one, we must not lose sight of the fact that the best possible energy—the greenest, cleanest and cheapest energy—is the energy that we do not need to use. Every form of electricity generation and storage, and every form of energy production, has a cost, both financial and environmental. In recent weeks the International Energy Agency has been getting highly enthusiastic about extremely low-cost solar. This is something that must not be forgotten.

The previous debate focused on the importance of home energy efficiency and decarbonising heating. It is surely the correct order for us to be doing this, speaking about battery storage next, as part of a broader focus on ensuring that we can move towards a renewable-powered world. I would particularly like to see government policy promoting household batteries and rooftop solar, particularly in social housing, where the benefits come close to those who need it most—community distributed systems with distributed benefits. I saw examples of highly successful pilots of that five or more ago, but we have yet to see widespread rollout, although I note that Portsmouth council has just installed battery systems in 13 housing blocks, with a further 20 on the way.

When we talk about storage there is often a focus on batteries, but we also need to look at research and development and policy support for heat and chemical storage, which may well be cheaper and more suitable for some applications. However, in talking about vehicle to grid—I come back to my enthusiasm for that—many years ago I visited the Eden Project in Cornwall, which was already using it. It powered it office from cars and it was all powered up by solar. It is disappointing that we have not seen that taking off in what is now a very mature technology.

I conclude by welcoming the removal of what has clearly been the distorting impact of the NSIP regime on battery storage and the retention of the 50-megawatt threshold in the case of pumped hydro, reflecting, as the Minister did, the potential environmental and local impacts of that. On hydro more generally, I cannot but reflect on my visit to innovative hydro schemes on small farms in Wales a few years ago, which put income into small businesses and communities. There was a sudden change in government policy and that entire business collapsed. With energy policy, boom to bust and sudden changes in direction and policy simply have to end. We need to see consistent long-term stable policies to take us in the right direction in this climate emergency.

3.59 pm

Lord Robathan (Con): My Lords, I come to this debate not to oppose the SI in any way, but because I have a long-standing interest in renewable energy and storage.

For nearly two decades, I was vice-chairman of the Parliamentary Renewable and Sustainable Energy Group. I have had a solar roof on a property of mine in Leicestershire for nearly 20 years, which was actually supported by the Labour Government, who were trying to increase usage of solar roofs. So I come to this with some knowledge of renewable energy and depressingly little knowledge of storing electricity. That has been the big problem—how to store renewable energy, which can generate when the wind is blowing hard, but storing it has been much more expensive.

I welcome this SI because it removes obstacles to storing electricity that might otherwise remain. The Dinorwig power station near Llanberis in Snowdonia opened 36 years ago and is the biggest pumped hydro in England and Wales. I have visited it in the past; it takes electricity that might be surplus to requirements—for example, in the middle of the night when there is no peak demand—and uses it through hydro a peak demand. That is one way of storing it. I once visited a similar place not far from me in Leicestershire, a small-scale plant owned by a gentleman who uses wind power from a wind generator to pump water uphill into a pond; he then lets it go when he needs lots of electricity at home. That is on an entirely different scale, but is very valuable. Of course, we have all put electricity into heat sumps; you heat the water up, then you have electricity within the water—or hot water, at least.

It always worries me that government policy can be a sledgehammer to crack a nut. Indeed, sometimes it changes rather quickly, as the noble Baroness, Lady Bennett, just said. But this is a good thing. Can the Minister tell me how battery development is proceeding? I know that it is proceeding. If she does not have the details immediately to hand, perhaps she might write to me with them.

4.02 pm

The Lord Bishop of Salisbury [V]: My Lords, this is not really my territory. I hesitate to come into this discussion but I will not delay noble Lords long. I note that the Delegated Legislation Committee in the other place dealt with this proposal in 13 minutes and, even then, the Minister commented on the widening of the discussion beyond the SI itself. That has already begun to happen in this discussion.

There seems to be little controversy surrounding the SI. The 2019 consultation drew 28 responses from industry, which were broadly supportive. However, is not the question that needs to be addressed on what additional funding will be given to local authorities to ensure that there is sufficient expertise and capacity for local planning officers to make fully informed decisions about these planning requests? That is especially important, considering the technical nature of these planning proposals, which will not be spread evenly across the country. If the answer to that is in the fees charged for planning applications, how can we be sure that sufficient professional expertise is available to the local authority? How can we stop that being provided by consultants advising local authorities, which might be the very reason why this scale of project was seen as an NSIP?

Going a bit broader—I realise that this is trespassing—energy will be a key part of the Environment Bill. Members of the House understand the legislative pressures as we come to the end of the transition period for leaving the EU, but there will be little opportunity for the House to discuss that Bill when it eventually comes to us. Can the Minister ensure that we get on to ASAP?

Lastly, I want to echo some of the things that have already been said. One thing that we have learned during these strange times of Covid-19 is the importance of going local. Microgeneration is increasingly important. It does not necessarily depend on the national grid and is potentially much more flexible. We have lots of examples, but we need rapidly to generate more, from 93 solar panels on the roof of Salisbury Cathedral and local community energy schemes to micro hydro and the potential for electric vehicles to discharge into the grid. This is all highly regulated, so how is the development of microgeneration to be progressed more quickly so that we will be better able to live more sustainably with locally generated electricity?

4.05 pm

Baroness McIntosh of Pickering (Con) [V]: It is a pleasure to follow the right reverend Prelate. I thank my noble friend the Minister for introducing this piece of legislation.

I presume that this legislation is potentially very exciting, if it means that we rely less on, and reduce our dependency on, nuclear, at a time when there is a great question mark over what nuclear facilities will be built. Is my noble friend in a position to say whether the Government or an organisation such as the National Infrastructure Commission have done an audit of the number of current facilities? My noble friend mentioned one, but there are multiples of 49 gigawatts round about. Do we know how many there are and where they are based?

I want to make a plea to the Government through my noble friend the Minister. As far as possible, where renewable energy is to be stored in this way, can it be stored as close as possible to the source of the energy's production? For example, if it is from wind farms, which are often deeply unpopular if they are onshore, can it be stored as close to the source as possible, and can it be used by the local community? My noble friend has not said that there will any grief but, as the right reverend Prelate alluded to, there sometimes is in local communities, and we need to carry them with us. This could be a massive gain. Having got an onshore wind farm, local communities will then go on to benefit from a constant stream of renewable energy, once the energy has been released from the battery storage.

Can my noble friend say a bit about how electricity is to be stored once it has been released back into the national grid? As far as I am concerned, overhead pylons are a complete no-no. We do not way any more of them. I frequently visit my family in Demark, and I see these massive low-lying overhead pylons. They are very unsightly and they are generally dangerous for low-flying aircraft and helicopters. They could also have an impact on greater use of the new generation of drones that is coming along. That is yet another argument for why electricity should stay as local as possible to the

[Baroness McIntosh of Pickering]
source of its production. Can my noble friend rule out electricity being transported by overhead pylons as it comes on stream? Can my noble friend also confirm that this will help us to deliver low-carbon heating? If that is the case, how would that progress?

I confess that I am not sure how battery storage works. Can my noble friend assure me that, if this is to be treated as part of our critical infrastructure—as in the terms of Sir Michael Pitt's report and the review following the massive surface water floods that we had in 2008—any electricity storage unit covered by the planning procedure before us today, however large it may be, will not be stored in a flood plain or an area that is potentially prone to flooding? Obviously, if it can be buried at sea, this is not an issue, but I would like my noble friend to put my mind at rest that we will not face challenges by losing electricity that has been stored in this way because of a future flood.

I broadly welcome the thrust of the order. The fact that it has not attracted a huge amount of public interest is obviously reassuring. It fills the gap between renewable energy that cannot be stored and being in a position to store it and bring it back on stream at such a time as it is required. Can my noble friend put my mind at rest that we will carry local communities with us, that electricity will be used as close to the source of its provision as possible, and that we will not have any hideous infrastructure such as pylons as a result of what we are passing today?

4.10 pm

Baroness Bakewell of Hardington Mandeville (LD): My Lords, I thank the Minister for her introduction to this SI. I declare my interest as a vice-president of the Local Government Association.

Also, until May last year, I was an elected councillor on South Somerset District Council. The Minister may know that South Somerset has invested in electric battery storage both to help to balance its budget and to play its part in helping England and Wales to reach their carbon neutral objectives. South Somerset is running a number of initiatives that could contribute to helping the country reach its carbon-zero targets by 2050.

The draft instrument that we are debating today is clear, as is the Explanatory Memorandum that accompanies it. The Government are changing the regulations so that electricity storage facilities over 50 megawatts do not have to go through the national significant infrastructure projects process, thus avoiding the involvement of the Secretary of State. All electricity storage applications will now go to local planning authorities, regardless of their size. The exception is for pumped hydro schemes, for which the threshold remains at 50 megawatts in England and Scotland.

This is definitely a step in the right direction. Local councillors and planners should be able to make decisions about infrastructure projects in their area. In direct contrast to my comments in the previous debate this afternoon, I congratulate the Government on taking this step to improve local democracy and speed up the process.

However, I want to comment on the timeline for the process that has brought us to this debate. In January 2019, the Government ran a consultation on the treatment of electricity storage. This included retaining the 50-megawatt NSIP threshold as it applied to stand-alone storage projects, at the same time amending the 2008 Planning Act to set a new NSIP threshold for composite projects. The consultation ran until 25 March 2019. As the Minister said, the Government then conducted a follow-up consultation, which ran from 15 October to 10 December 2019. This was a period when the country as a whole had its mind on other things.

In July 2020, the Government published their response to the consultation and introduced two statutory instruments, to come into effect on 14 July 2020, for the proposals to be dealt with under the Town and Country Planning Act in future. We are getting used to the Government laying instruments one day and implementing them 24 hours later but, given that the consultation finished on 10 December last year, a timelier implementation could have been achieved with a bit of forethought. The noble Baroness, Lady Bennett of Manor Castle, referred to slow progress.

Other Peers have mentioned other forms of energy generation and storage but electricity storage is vital to making the best use of renewable energy. The noble Baroness, Lady McIntosh, raised the issue of pylons; I will be interested to hear the response on that.

I note that, when the other place debated this SI, it took precisely 15 minutes to do so, as the right reverend Prelate the Bishop of Salisbury mentioned. Despite there being 13 MPs present, only two spoke, along with a Minister. It would be good if some of our debates took only 13 minutes, although I doubt that the quality of the debate would be very good.

That said, I fully support this SI and welcome the fact that local planning authorities will be able to deal with this issue themselves instead of having to go through the lengthy NSIP process.

4.14 pm

Lord Grantchester (Lab): I thank the Minister for her clear explanation of the order before the Committee. This simple order, which corrects an error from the Energy Act 2016, will make a key difference in the development of much-needed battery storage for the development of renewables and the pursuit of net zero. I am happy to approve the order in that respect.

The threshold of 50 megawatts for determining the avenue of planning requirements was always an impediment to progress. It is disappointing that the Government had to wait for the outcome of linked strings of 49.9 megawatt facilities to appreciate the position—a lesson that took the Government four years to appreciate.

The government consultation also highlighted industry's concern that the pumped hydro storage threshold needs to be increased to 200 megawatts. The Government rejected that on the grounds of a lack of evidence. Does the industry need to repeat the experience for the Government? Is the Minister convinced that there is no lack of vision in this respect, and that faster progress could not be achieved by raising both thresholds above the 50-megawatt level? What evidence would the Minister's department need? Would consistency across the devolved Administrations always be considered the more important aspect? However, avoiding the considerable extra burden of the NSIP regime is of great importance to the technology.

During the passage of the Energy Act 2016, there was a lot of general debate on battery storage, underlining the clear necessity of its development to capture greater benefits from renewable and low-carbon technologies. The key element of support for the development of battery storage revolves around how to categorise it under the regulatory framework. The case was made for the creation of a separate licensing regime, either as a subset of generation or as a stand-alone regime.

The smart systems and flexibility plan, and its follow-up in 2018, set out the intention to make changes to both arrangements as well as to the threshold arrangements. Can the Minister give the Committee any information on when further progress will be made with the battery licensing part of that intention? I understand that the department has completed preparatory work to define storage in primary legislation. Will the energy White Paper, which is now long overdue, include these aspects within its appraisals of future plans? Will there be answers in time for COP 26? What indications can the Minister give on that today?

The importance of energy storage's linkage to the grid through different microtechnologies and the inclusion of schemes to small businesses and households were highlighted by other speakers. We all await the necessary technology improvements to make further progress and will wait to hear how the Government may enhance this with complementary schemes for local communities.

4.17 pm

Baroness Bloomfield of Hinton Waldrist (Con): I thank your Lordships for their valuable contributions to this debate. I conclude by emphasising the importance of the changes contained in this SI. The Government are committed to removing barriers to the deployment of electricity storage. The Government and Ofgem's 2017 smart systems and flexibility plan sets out a range of actions that will be taken to enable the transition to a smarter and more flexible energy system.

This SI will remove electricity storage, except pumped hydro, from the national planning regime in England and Wales. It will result in an appropriate planning treatment for electricity storage. Sizing and investment decisions will be based on a project's economic potential or capability to store renewables, rather than whether it falls under the NSIP threshold. We estimate that this legislation could save the industry between £0.5 million and £7 million annually.

The noble Lord, Lord Berkeley, asked about pump storage in England—actually, in all places—offshore. To clarify, we are applying this onshore and offshore for legal consistency. We are not aware of any developments of offshore storage. However, storage located offshore, should it be developed, would need to seek planning permission. In Wales, it would need a marine licence from either the Marine Management Organisation or Natural Resources Wales, so there is an element of future-proofing this legislation.

The noble Lord, Lord Berkeley, and the noble Baroness, Lady Bennett, asked whether, given the enormous demand for storage in the future, this will be sufficient in meeting the demand for storage. We are taking a number of steps to remove barriers, reform markets and invest in innovation through the 2017 smart systems plan, including ending double payment of network and policy costs and making it easier to connect to the grid. We have made good progress in improving the regulatory and investment landscape for storage, and we are working closely with industry to develop the next phase of work under the smart systems plan.

The noble Baroness, Lady Bennett of Manor Castle, also asked about promoting household batteries. I wholeheartedly endorse her enthusiasm for these—and indeed for solar panel roof tiles. We have made good progress in improving the regulatory and investment landscape for storage, and we are working closely with industry to develop the next phase of work under the smart systems plan, including addressing barriers to domestic storage. The noble Baroness also made the point that saving energy is at least as important as generating it, which we should all keep in mind.

My noble friend Lord Robathan asked about the progress of battery storage development. There is currently about one gigawatt of battery storage in the GB system; the majority of this has been deployed since 2015. There are about nine gigawatts of storage in the planning pipeline, six gigawatts of which is battery storage and three gigawatts of which is pumped hydro.

My noble friend also asked about investment in new types of battery technology. We have launched a range of innovation competitions as part of our £70 million innovation funding for smart systems. This included a £20 million competition for demonstrating innovative storage technologies. As well as this, we have allocated £317 million to the Faraday battery challenge.

The right reverend Prelate the Bishop of Salisbury asked what additional funding will be given to local authorities. They already have experience of dealing with storage projects below 50 megawatts. We expect, with this legislation, to encourage projects to deploy at a larger scale rather than bring forward new projects. We are working with MHCLG to update the planning practice guidance to refer to storage. I will write to the right reverend Prelate on the possibility of future opportunities to discuss the Environment Bill. He also asked about support for rooftop solar generation; I will write to him with further detail on the actions that we are taking to support this.

In response to my noble friend Lady McIntosh of Pickering's question about making electricity storage flood-proof, although her point is also applicable to other energy infrastructure, the planning system requires developers and decision-makers to consider the impacts of flooding on the projects in question. This will require consultation with the Environment Agency and other relevant bodies to ensure that any risks to infrastructure are thoroughly considered at every stage of the decision-making process. Following Sir Michael Pitt's recommendations, guidance for local authorities in relation to this matter is now set out in the National Planning Policy Framework.

[Baroness Bloomfield of Hinton Waldrist]

My noble friend also asked that local communities be involved in these decisions. These changes mean that storage facilities will generally be consented by the local planning authority, involving local communities in such decisions.

The noble Lord, Lord Grantchester, asked about the threshold for pumped hydro storage. There is no evidence to suggest a higher threshold is needed here. The analysis shows that the planned impacts of pumped hydro will be in an order of magnitude higher than other storage technologies, meaning that the NSIP regime is the most appropriate planning route. A 50-megawatt threshold is consistent with hydro generation, which has similar planning impacts.

The noble Lord also asked about our commitment to define storage in primary legislation. This is an important commitment, and one that we will honour when parliamentary time allows.

Several noble Lords asked about the development of pylons. I am afraid that I cannot give a detailed answer now; I will write to them on this.

To achieve net zero at the lowest cost, we will need significant levels of flexibility to integrate high volumes of low-carbon power, heat and transport. This will require a significant increase in the deployment of electricity storage. The changes contained in this order help to unlock the potential for large-scale storage facilities critical for meeting net zero.

To close, I will once more emphasise the importance of this order in removing a key barrier to the deployment of large-scale storage facilities. Approval of this order will help to bring forward such facilities, supporting low-carbon jobs and enabling us to maximise the output of our renewable generation and progress towards meeting net zero.

Motion agreed.

The Deputy Chairman of Committees (Lord Bates) (Con): I remind Members to sanitise their desks and chairs before leaving the room. Thank you.

4.24 pm

Sitting suspended.

Arrangement of Business

Announcement

5 pm

The Deputy Chairman of Committees (Lord Bates) (Con): My Lords, the Hybrid Sitting of the Grand Committee will now resume. Some Members are here in person, respecting social distancing, others are participating remotely, but all Members will be treated equally. I ask Members in the Room to wear a face covering except when seated at their desk, to speak sitting down, and to wipe down their desk, chair and any other touchpoints before and after use. If the capacity of the Committee Room is exceeded or the safety requirements are breached, I will immediately adjourn the Committee. If there is a Division in the House, the Committee will adjourn for five minutes.

Corporate Insolvency and Governance Act 2020 (Coronavirus) (Extension of the Relevant Period) Regulations 2020

Considered in Grand Committee

5.01 pm

Moved by ***Lord Callanan***

That the Grand Committee do consider the Corporate Insolvency and Governance Act 2020 (Coronavirus) (Extension of the Relevant Period) Regulations 2020.

Relevant document: 29th Report from the Secondary Legislation Scrutiny Committee

The Parliamentary Under-Secretary of State, Department for Business, Energy and Industrial Strategy (Lord Callanan) (Con): My Lords, this statutory instrument was laid before the House on 24 September 2020.

Since the emergence of Covid-19, businesses have received billions of pounds in loans, tax deferrals, business rate reliefs and grants to support them and help save jobs. The Government's recently launched winter economy plan has a further package of targeted measures to provide ongoing essential support as social restrictions are reintroduced in many regions of our country. However, the Government recognise that while most businesses have been able to reopen and many have received significant financial support, some continue to face uncertainty and financial difficulties.

This statutory instrument will help companies by extending most of the temporary measures introduced by the Corporate Insolvency and Governance Act 2020 which were due to expire on 30 September. The extensions to various parts of insolvency and company law will protect companies from aggressive creditor action, promote company rescue and give greater flexibility to businesses by allowing them to hold their annual general meetings in a way which is consistent with social distancing measures.

The Government recognise that these measures have a significant impact on the normal working of insolvency legislation and the rights of creditors. Therefore, it is right that they are not extended for longer than they are needed. We think it is right, therefore, that any consideration of an extension, and for how long, should be done on an individual basis, rather than in the round, taking into account all the circumstances and potential impacts. We will continue to monitor the situation closely and will act swiftly if evidence demonstrates the need to act further.

The temporary insolvency measures being extended are: first, the suspension of serving statutory demands and the restrictions on filing petitions to wind up companies until 31 December 2020; secondly, certain modifications to the moratorium provisions and the temporary moratorium rules, which are extended until 30 March 2021; and, thirdly, the small supplier exemption from termination clause provisions, which is also extended until 30 March 2021.

During these difficult trading times the temporary suspensions on serving statutory demands and restrictions on winding-up petitions have helped many essentially viable companies by removing the threat of aggressive

creditor action at a time when many businesses are unable to operate at full capacity due to continuing social distancing restrictions.

Since the introduction of these measures there has been a decrease in the number of compulsory liquidations by 67%, compared with the same period last year. Not extending these measures may lead to essentially viable companies that would be able to pay their debts but for the virus being put into a value-destructive compulsory liquidation. Such an outcome would put jobs and investment at risk and would not be a satisfactory outcome for creditors or the economy. Extending these measures further will instead give confidence and support to companies that are doing their best to stay open in these unprecedented times.

Noble Lords will know that the Government have already extended the temporary suspension on the right of commercial landlords to forfeit the tenancies of businesses until 31 December 2020. This will give further protection to tenants who have only recently been able to restart trading after the restrictions introduced because of the pandemic.

Most landlords and tenants have been working together to reach agreements on debt obligations. However, there remains a risk that some landlords might use aggressive debt recovery tactics against companies struggling to meet rent commitments in these difficult trading conditions. These measures taken together will support such businesses.

While we believe that the extension of the statutory demand and winding-up provisions will be particularly welcomed by commercial tenants, it applies to all business sectors of the economy. A range of other legal options is available to creditors seeking to recover debts that are unaffected by the changes being made here—for example, it is possible to bring a civil claim to recover a debt—but it is important to note that these measures aim to encourage forbearance and do not extinguish any existing creditor rights or interests.

I turn to the other measures related to the moratorium. While support from government measures has meant that there has been suppressed demand to date for the new moratorium procedure, I am pleased that companies, particularly smaller ones, are beginning to make use of them. During normal economic conditions, moratoriums are intended to include important criteria that must be met before a company can enter into one. These criteria protect the integrity of the moratorium, which should be used only for companies with a realistic prospect of rescue.

Noble Lords will know that it was recognised during the debates on the Corporate Insolvency and Governance Bill that a temporary relaxation of these criteria would help fundamentally viable companies impacted by the pandemic to make use of the moratorium. These regulations extend some of those temporary relaxations to 30 March 2021. They, first, allow a company subject to a winding-up petition to access a moratorium by simply filing the relevant documents at court, rather than having to make an application to the court; and secondly, disapply the rule that prevents a company from entering a moratorium if it has been subject to certain insolvency measures within the last 12 months—for example, a company voluntary arrangement, an administration, or a previous moratorium.

The temporary modifications to moratoriums that are being extended relax the eligibility criteria for obtaining one, enabling a greater number of companies in financial distress access to rescue or restructure options free from creditor pressure. This extension recognises the extraordinary and temporary difficulties being caused by coronavirus and will make the moratorium as widely available as possible. The regulations also extend the temporary administrative rules for the moratorium that enable it to operate, as contained in Schedule 4 to the Corporate Insolvency and Governance Act.

The final measure to be extended in the insolvency framework is the small company supplier exemption from the prohibition of termination clauses, which this instrument extends to 30 March 2021. Termination clauses are often found in supply contracts between businesses. They are triggered when a company commences a formal insolvency or a rescue procedure, allowing the supplier to terminate supply immediately. They can also be used by suppliers to demand ransom-type payments to maintain the supply of essential goods or services that may be vital to continue trading and the withdrawal of which could jeopardise any potential rescue. Their prohibition means that contracted suppliers cannot terminate contracts or take other steps, such as demanding additional payments, simply on the basis that the company has entered an insolvency procedure or a moratorium. The measures give an important protection to distressed companies while they attempt a rescue.

However, in the current circumstances such a provision could hit small suppliers hard, potentially endangering their own solvency. While small businesses represent 99% of the business community, 64% of turnover is through businesses that do not fall within the definition of a small business. It therefore continues to be right to temporarily exempt small suppliers from the prohibition, thus allowing them to terminate supplies should they need to protect their own business.

Turning to annual general meetings, the Corporate Insolvency and Governance Act 2020 introduced temporary flexibilities around the way companies and other qualifying bodies could hold general meetings. This allows companies to balance the requirements of legislation and their constitutional arrangements with the prevailing coronavirus restrictions. In doing so, companies can safeguard the well-being of their employees, shareholders and members. This is crucial in the operation of the UK's strong corporate governance regime, which makes sure that company boards are fully held to account by their members. Without an extension, this scrutiny would be made increasingly difficult.

Despite the fact that, in large part, the season for annual general meetings is behind us, we know that there remain over 100 large companies still to hold an AGM between now and the end of the year. To that we must add the multitude of smaller companies, charitable incorporated organisations and mutual societies that have similar obligations. The extension in these regulations will give companies comfort that they can continue to convene these and other general meetings safely and consistent with their legal obligations.

Overall, the package of temporary measures introduced by the Corporate Insolvency and Governance Act in June this year has been widely welcomed by businesses

[Lord Callanan]
at this crucial time. We have been told by business that these measures have been essential in supporting them, with many companies now able to trade without the threat of aggressive creditor action being taken against them, and with the availability of new tools to help them to restructure and rescue themselves. I commend these regulations to the House.

5.11 pm

Lord Blunkett (Lab): My Lords, I chose to re-engage with the legislation—in which I played a part as the Bill passed through Parliament—to make just two very small points, which I am reinforcing from the time when I contributed originally.

My first point is to agree to and support the regulations, as I supported the Bill, but to draw the Minister's attention to the fact that there has been some change since we last debated this. In terms of the geography of impact, the situation has dramatically changed. Areas have been designated tiers 1, 2 and 3. Those areas which have moved into tier 3, primarily in the north of England —in fact, wholly in the north of England, with the exception of Nottinghamshire—face interestingly contrasting challenges. Some businesses will of course benefit from the compulsory closure and the compensation and support that will therefore be available, both to individual employees and to the businesses themselves. That is to be welcomed. With tier 2, those businesses that are not mandated to close will feel the impact of what is, quite dramatically, a change in the economic activity in the area.

The area that I know best, which is the city of Sheffield and the Sheffield city region, moved into tier 3 from midnight on Friday evening. It is quite clear that the message that goes out, which affects people's general activity levels, is that they should effectively be in lockdown. The consequence of that, and the economic change that it has brought, means that we will have a differential impact. I wonder whether the Minister would feel that there could be a differential date on the aspects of the legislation which relate to 31 December in particular, but also to 31 March. What leeway exists for the Government to be able to come back if that is necessary? If not, parts of the country will be hit in a very different way from the south. We are painfully aware, I think—and if we are not, we live in a cave in Derbyshire—of the real concern about the divide in our country and the impact that has.

My second point is about the level of debt overall, which has grown exponentially. Obviously, this legislation is intended to assist in terms of the immediate impact on business and the capacity to be able meet legitimate bills. I share the concern, articulated by the Minister, in relation to the supply chain. We have a real challenge there. I also feel that given the accumulation of the debt, it would be useful if he could say whether the Government have any plans to deal with the cliff edge and the transition from the legislation as it stands at the moment to the spring of next year. As it turns out, what has changed over these weeks is the apparent extension of the challenge of the virus, throughout the winter and into the spring of next year. Action must be taken to prevent the exact calamities that he referred to in moving this Motion.

5.15 pm

Lord Bourne of Aberystwyth (Con) [V]: My Lords, it is a great pleasure to follow the noble Lord, Lord Blunkett, and particularly to agree with points he made about the challenges of the north and areas that he knows extremely well. I thank the Minister for outlining the position with regard to the Corporate Insolvency and Governance Act 2020. It is, of course, a mixture of permanent provisions—in particular, the creation of the concept of the moratorium—and temporary provisions, or possibly, as we are beginning to see, semi-permanent ones. The moratorium of course represents a very substantive change in relation to the law on insolvency, perhaps the most material change since the changes brought about after the recommendations of the Cork committee in the 1980s.

I have several questions for the Minister in relation to points that are being presented to us, although, like the noble Lord, Lord Blunkett, I certainly support the Minister's position. First, why do we have different dates for the extension? Why is it not all being extended, for example, to 30 March? Why is there a different date for the extension in restricting the use of statutory demands and the supplier exemption from the scope of the prohibition on termination clauses in supply contracts? I cannot quite see why that should be. In the same area, can the Minister say something about why the restriction on the use of wrongful trading is being ended totally? That is not being extended and I wonder why.

No consultation has been carried out in relation to this legislation, and I understand that that is because it is on a temporary or semi-temporary basis, as it has been going for less than a year. Given that it can be extended seemingly indefinitely, I wonder whether, if it is extended beyond a year, we will have formal consultation and a proper impact assessment.

In fairness, the memorandum refers to there being some discussion with companies and says in paragraph 7.9 that

"some 120 companies would be negatively impacted should the extension not be granted."

I found that a little surprising in that it seemed a relatively precise figure—although it does say "some" 120, to be fair—and a very small number, considering that we have more than 4,200,000 companies registered. It is some 0.0025%; surely there must be other companies that would be impacted as well. What are these 120 companies? Are they all the same genre? Are they all small companies, medium companies, large companies? I quite understand that the Minister will not want to name them, but how is it that just 120 companies seem to be negatively impacted? How were they identified and why, seemingly, so few?

The Explanatory Memorandum also asserts that there is support for an extension of the temporary provisions of the Act, which I do not doubt, but from a range of shareholder representative groups. Can the Minister say a bit more about that? Who are these groups and what, precisely, did they say? I thank the Association of Business Recovery Professionals—R3, as it is known in common parlance—for a briefing on this. While supporting the measures in a general sense, it notes, correctly in my view, a point that the noble

Lord, Lord Blunkett, also made: that the measures cannot be prolonged indefinitely. What is the Government's view on this? I appreciate that it is a fast-moving situation, but some clarity on the Government's approach to the making and extending of these rules would be useful, particularly given the level of corporate debt in the economy.

I also mentioned the lack of consultation on an impact assessment. I would be grateful if my noble friend the Minister could say something on that, should the regulations keep being extended.

Perhaps I may refer lastly to something that the Minister touched on, which is the position on meetings. I very much support and welcome that; it is perhaps long overdue. I do not know why this is not being done on a permanent basis because, in the Zoom world in which we live, we now know that many corporate meetings will be held like this anyway. Why can we not facilitate it on a permanent basis, as other countries have done? In the common law of our country, the Byng v London Life Association case allows company meetings to be held without one person being in the physical presence of another. We would need to put that on a statutory basis to replace some of our current requirements in legislation. Can my noble friend say something on that, too? However, I am very content with the general position in relation to the legislation. I just have those points and questions to put to him.

5.21 pm

Lord Vaux of Harrowden (CB) [V]: My Lords, I too welcome this statutory instrument and the extensions that it brings. I slightly question the timing of us having this debate. As I understand it, these regulations came into force a month ago. If we are to see further extensions, can they be put before Parliament in advance of their coming into force rather than a month later?

I will ask two fairly brief questions. First, similarly to the question of the noble Lord, Lord Blunkett, while the extensions are welcome it is clear that as the crisis continues—especially as we continue to tighten restrictions—the problems for many businesses continue to grow. Debt levels are inevitably rising. When conditions improve, as we all hope they will, and the temporary provisions expire businesses will not recover instantly. It will be a slow process as the economy, I hope, picks up again. From a cash-flow perspective the recovery period is often the most dangerous part of the cycle, as businesses need to build up stocks and so on before they start to see the revenue coming through. What thoughts does the Minister have about how we protect businesses during that recovery period—I hope this is not a bit premature—once these temporary provisions have come to an end?

Secondly, I particularly welcome the extension of the exemption from the contract termination clauses for small companies. As the Minister will recall, I am concerned that those clauses would have a disproportionate impact on the smallest companies. He referred to the same point in his speech; that is the reason for the extension. But that is potentially true for the smallest companies even in normal times, as well as when the crisis has ended and the extension has expired. Can he confirm whether the Government will keep this under close review and take action if the contract termination clauses have a negative impact on very small companies once the exemption period has ended?

5.23 pm

Baroness McIntosh of Pickering (Con) [V]: My Lords, I add my congratulations to my noble friend the Minister on bringing forward and introducing these regulations. However, as the noble Lord, Lord Vaux, said, it is regrettable that the debate comes so late after they have been introduced. I will ask a number of brief questions.

Do the Government know how many companies have actually relied on the moratorium provisions, which we have discussed on previous regulations, and to what extent? I welcome these provisions and it would just be helpful to know how many have been operated. In paragraph 7.7 of the Explanatory Memorandum, reference is made to the need for

"temporary rules … to remain in place to allow time for permanent rules to be drafted",

which would require "further secondary legislation". Can my noble friend explain to us today what the timetable is for these permanent rules to be brought forward? Are they already in train and has the consultation period been embarked upon?

I am sure that my noble friend will keep an eye on the extent to which creditors are suffering from the fact that these protections have been given. Is he aware of any particular difficulties being incurred by them?

Overall, I welcome the thrust of the regulations. The deadline is today being extended to 31 December. Like my noble friend Lord Bourne, I ask my noble friend the Minister whether he envisages bringing forward a further extension to that timetable, which is likely to be needed.

I also echo the concerns expressed by the noble Lord, Lord Blunkett. Across the north, businesses are being particularly hard hit at this time. Many retailers in areas that are in lockdown are looking at potential liquidation. These regulations will obviously be welcome to them, but it seems that they are being discriminated against, as they are suffering greater restrictions than those operating in other parts of the country. I look forward to my noble friend's reply. I support the main thrust of the regulations and welcome the opportunity to discuss them.

5.26 pm

Baroness Kramer (LD) [V]: My Lords, this statutory instrument could have been an opportunity to correct some of the flaws of the Corporate Insolvency and Governance Act. The most notable flaw is the scope for financial creditors to game a moratorium and suck out assets and cash through the lending terms applicable to new lending during the moratorium period. My colleagues and I were particularly keen to see protection for small creditors, who are likely to be the victims of such strategies by financial creditors. We also sought to move into the highest priority for repayment these same small creditors, who lack the deep pockets to cope with a deferral of payments due to them. The Government have sadly missed this opportunity to act and small creditors, usually small goods and services suppliers, are the losers.

[Baroness Kramer]

The purpose of this SI is to extend measures in the Act related to Covid in order, as the Government say, to relieve pressure on businesses dealing with the virus. That makes sense to us; we do not object to the SI. The need for it comes as no surprise, as the impact of the virus on businesses is far more prolonged and deeper than the Government anticipated in some rather misplaced bravado of June and July. As business groups have indicated, the revised measures recently announced by the Chancellor are welcome but fall short. The combination of the virus, the likely loss for many of the Christmas market and economic Brexit, even with a deal, is so acute that we will sadly return to this matter many times.

On termination dates for measures under this SI and other places in the Act, it is very difficult for business to deal with the uncertainty of dates that keep moving. I wish that the Minister might agree to put pressure on his colleagues to get some good, solid forecasting from the OBR and a full appreciation of the economic difficulties and crisis that we face in order to put in place strategies that might have a rather longer life and do not require constant extension and revision. Although the measures can often be good in themselves, the uncertainty that surrounds them tends to undermine a great deal of their effectiveness, which I think we would all agree is a shame at a time like this.

5.29 pm

Lord Stevenson of Balmacara (Lab) [V]: My Lords, I thank the Minister for introducing the SI in his customary clear way. We support the measures that are in it. The speeches from the Minister and other noble Lords who have spoken today have recalled for me the happy days, and indeed nights, that we spent on the Bill. It is good to see that some of the debate's issues are still very live.

Most of the questions that I was going to ask have been asked by others, and I look forward to them getting a response from the Minister. The two that were most interesting, in my mind, included why the Government had chosen not to extend the measure about wrongful trading from directors. We had reservations about that when it was introduced in the Bill in the first place; it has not been continued, and I wonder whether he could explain the Government's thinking on that point, a point made by the noble Lord, Lord Bourne of Aberystwyth as well.

On the Explanatory Memorandum, the noble Baroness, Lady McIntosh, raised the question of the numbers. We do not seem to know quite how many companies are taking advantage of the breathing space; perhaps the Minister could throw a bit more light on to that. She also raised the arrangements for temporary procedural rules to enable an operational moratorium and the question of whether they might become permanent—and, if so, on what timescale.

The noble Lord, Lord Bourne, asked why we were not moving forward with the technology to allow AGMs to be held virtually. I note that at paragraph 11.1 in the Explanatory Memorandum, the Government plan to produce best practice guidance on holding AGMs flexibly—better late than never, perhaps. I would be grateful to know what the timetable might be for making it permanent.

I have two points to finish. My noble friend Lord Blunkett's points were really interesting. I hope that the Government will think hard about how they might anticipate the differential effect of the crisis across the country. My noble friend talked about the north, but it is also true in Scotland, Wales and Northern Ireland, where there are very different responses by companies, corporate bodies and individuals to this. Some consideration will need to be given to the differential impact of tiers 1, 2 and 3—and, possibly, 4 and 5, if they ever come—on companies big and small, and how we might deal with that. I hope that there has been some thinking done.

Finally, I noticed that the word "viable" comes a lot from Ministers when speaking about the crisis and on funding that might be available from the Government to take us through. What definition of viable is being used here, exactly? I am an accountant by background, although I did not practise very much, but I do not recognise viable as a term used in the accountancy profession. It is usually much harder edged and backed up by figures. "Viable" seems a very soggy way in which to approach this. Perhaps the Minister could expand on that when he comes to respond. However, to reassure him, we back this SI.

5.32 pm

Lord Callanan (Con): I thank all noble Lords who contributed to this short debate. I know that many also contributed to the legislation when we originally introduced it. There is a great deal of expertise in the House on this subject, and I am grateful to those who have thought to opine further on the extensions that we have introduced.

I thought that the debate started off well with an excellent contribution from the noble Lord, Lord Blunkett, who, rightly, highlighted the difficulties of businesses in areas such as his own dear Sheffield which are subject to tier 3 restrictions. The Government very much recognise the ever-changing context in which we operate, but I hope he is assured that the Government are keeping all these measures under review in light of the ongoing development with the pandemic, in order to act in a proportionate way should it prove necessary to do so. I can further offer assurances to the noble Lords, Lord Blunkett and Lord Vaux, and to my noble friend Lady McIntosh that the measures included in the order are being kept under review as part of this. We would not hesitate to move swiftly to extend them further if that is necessary to support business in a proportionate and viable manner.

My noble friend Lord Bourne raised questions on the differing dates of the extensions within the regulations. The reason for that is that they were assumed to be the best and most viable dates at the time, following consultations with various organisations and other government departments. However, as I said earlier, we will keep those measures under review. The temporary measures all have significant impacts on the normal working of various parts of insolvency legislation and the business community. The term of extension for one measure may not be desirable or needed for another.

We think it right, therefore, that any consideration of an extension and for how long should be done on an individual basis, rather than in the round, taking into account all the circumstances and potential impacts.

My noble friend Lord Bourne and the noble Lord, Lord Stevenson, asked further about why restrictions on wrongful trading were not being extended. Careful consideration was given to whether to prolong each of the separate temporary measures introduced by the Corporate Insolvency and Governance Act; a package of targeted measures remains in place to assist companies in financial difficulties. We reached the view that a further extension of the prohibition restrictions on wrongful trading was not required at this time.

The end of the suspension represents the return of an important protection for creditors. As always, it is a question of getting the right balance. At the beginning of the pandemic, company directors faced a very uncertain future with regard to trading conditions. Now that the suspension has been in place for seven months, they will have had time to make a better assessment of the impact of the pandemic on their companies' viability. We therefore considered it right to restore that provision.

The points made in the debate have highlighted the importance of the measures being extended by these regulations and the necessity of extending them so that businesses continue to benefit from them. The Government have considered the ongoing impact of Covid-19 and the potential impact of each measure to determine how for long each measure should be extended, if at all. Government officials have been in close dialogue with business and professional groups about these measures and the impact that they are having. Given that the Covid-19 crisis is still with us and businesses are still dealing with its impact, the consensus is that the measures being extended are still necessary.

The number of corporate bodies benefiting from the company law measures—my noble friend Lord Bourne referred to 100 companies—are public companies with obligations to hold AGMs with a variety that is testament to our varied business sectors. Countless other companies will benefit from having flexible general meetings in the coming months. The flexibilities are intended to be temporary and only for the purposes of assisting bodies in coping with Covid-19 restrictions. Once the measures and powers expire, meetings will continue to be held as normal and in line with the body's normal constitution.

The Companies Act 2006 already gives companies the ability to hold general meetings in a virtual form but, generally, they would need to secure shareholder consent to appropriate changes in their articles of association. Ultimately, it is for companies and shareholders to agree what flexibilities they want over the longer term. We do not think it appropriate to mandate that meetings be held in a particular way. These measures give bodies the flexibility to hold meetings in a safe way, including through the use of electronic means. This will allow companies to respond appropriately to changing circumstances where required. I am happy to confirm for the noble Lord, Lord Stevenson, and my noble friend Lord Bourne that the Financial Reporting Council has published guidance on AGMs on its website.

The noble Lord, Lord Vaux, asked how to protect businesses in recovery after the end of the measures for which it is clear that the restrictions have changed. Government support has evolved; its goal remains to protect people's jobs and livelihoods. As the path of the virus and the threat to the economy become clearer, government action needs to support jobs and businesses while at the same time allowing the economy to adapt to the new normal.

The noble Baroness, Lady McIntosh, asked me about the uptake of the measures, and I can confirm to her that two companies have obtained a moratorium under the Insolvency Act 1986, as amended by the Corporate Insolvency and Governance Act 2020. One company had a restructuring plan under the Companies Act 2006 amended by this Corporate Insolvency and Governance Act 2020 sanctioned by the court. The restructuring plan, which was backed by creditors and sanctioned by the court in September, has allowed the airline Virgin Atlantic to restructure its debts, and to attract in excess of £1 billion of investment and international press attention. I think we can see that the legislation has worked in this respect: it has saved a company that was in difficulties because of the pandemic. We all know what has happened to airlines and the aerospace industry so, in this particular regard, the legislation that we slaved over has proved to be valuable.

Other noble Lords raised questions on the regional uptake of the measures and the impact of different-sized businesses; we are constantly keeping all these measures under review, and they will be reviewed on an individual basis. The low number of cases of each of these new legislative tools since the Act came into force is very likely to be as a result of the range of Government support which is still available and still being provided to companies—as noble Lords will be aware, and as I mentioned above—including the range of temporary measures that have recently been extended for a further period.

These temporary rules on the moratorium need to remain in place to allow time for the permanent moratorium rules, which require further secondary legislation, to be drafted. The law requires that the England and Wales rules require consultation with the Insolvency Rules Committee, which of course will take some time. It would also be undesirable to require businesses to adjust to new procedural rules at a time of great economic uncertainty, such as having to adapt to changes in government fiscal support and other regulatory support as a result of coronavirus.

The noble Lord, Lord Stevenson, asked on the point of viability for insolvency. I accept his point that this is not a term normally used by accountants of his persuasion, but it is being generally used as a term to indicate which companies would be profitable otherwise than for the impact of Covid-19. Over the past few months, businesses have continued to face an exceptionally challenging time, with many unable to trade or their ability to trade at full capacity restricted due to social distancing measures.

These regulations will provide the much-needed continued support for businesses to concentrate their best efforts on continuing to trade and to build upon the foundations for economic recovery in the United Kingdom. Careful consideration, as I said earlier, has

[Lord Callanan]
been given to extending these temporary measures, and the Government will monitor the situation very closely before making any decisions about any further extensions, including, of course, consulting further with businesses, their representatives and shareholder bodies. With that, I commend these regulations to the House.

Motion agreed.

5.42 pm

Sitting suspended.

Arrangement of Business

Announcement

6.15 pm

The Deputy Chairman of Committees (Baroness Pitkeathley) (Lab): My Lords, the hybrid Grand Committee will now resume. Some Members are here in person, respecting social distancing, others are participating remotely, but all Members will be treated equally. The time limit for debate on the following statutory instrument is one hour.

Adjacent Waters Boundaries (Northern Ireland) (Amendment) Order 2020

Considered in Grand Committee

6.15 pm

Moved by ***Viscount Younger of Leckie***

That the Grand Committee do consider the Adjacent Waters Boundaries (Northern Ireland) (Amendment) Order 2020.

Viscount Younger of Leckie (Con): My Lords, I shall start by setting out the context of why we are making this amendment, which is purely technical, now. We are seeking to change the Adjacent Waters Boundaries (Northern Ireland) Order 2002 to accurately reflect the southern boundary of the Northern Ireland zone. The legislation was not amended when the UK Government legislated for its exclusive economic zone—EEZ—in 2013. This was a technical omission, probably due to an oversight at the time. We were alerted to the issue following correspondence between Defra and DAERA in the context of the Fisheries Bill. Given the references to the Northern Ireland zone in the Bill, DAERA wrote to Defra in February 2020, highlighting the legislative defect in the 2002 order.

The Exclusive Economic Zone Order 2013 designated the area of the United Kingdom's exclusive economic zone. The 2013 order did not revoke the Fishery Limits Act 1976, which set out British fishery limits for the UK at the time. Instead, the Marine and Coastal Access Act 2009, under which the 2013 order was made, amended the 1976 Act to align the British fishery limits with those of the UK exclusive economic zone.

The Adjacent Waters Boundaries (Northern Ireland) Order 2002, which defines the limits of the territorial sea of the United Kingdom that are to be treated as adjacent to Northern Ireland—known as the Northern Ireland zone—was not amended when the UK Government legislated for its exclusive economic zone in 2013. As a result, the co-ordinates for the southern boundary of the Northern Ireland zone in the area outside Carlingford Lough are out of line and do not follow the UK EEZ boundary line.

The order before noble Lords is therefore required to realign the co-ordinates under the Northern Ireland zone with those under the UK EEZ. The area of water in question is outside the Northern Ireland zone boundary line, but inside the EEZ and approximately 35 square kilometres. It can therefore be described as a pocket of uncertain jurisdiction.

As I said, this legislative defect has created a management issue for the Department of Agriculture, Environment and Rural Affairs—DAERA—and the Government, as there is now an area of sea that lies inside the UK's EEZ but outside the Northern Ireland zone and which cannot be managed by DAERA in relation to sea fishing. In addition, the area of sea that raises this issue straddles the border with Irish waters. This does not affect any other areas of UK waters. The rectification of this legislative defect prior to the end of the transition period will avoid management and enforcement issues for DAERA in relation to sea fishing.

As I set out at the beginning, this is a purely technical correction and we see no controversial issues arising. I hope the Committee will agree. Since we are not seeking to amend the UK EEZ itself there has been no requirement to negotiate any changes with Ireland. However, I can confirm that we have notified it of what we are doing. On that basis, I beg to move.

6.19 pm

Baroness Ritchie of Downpatrick (Non-Afl) [V]: My Lords, I thank the Minister for his explanation of these regulations. As he said, they are purely technical.

In that regard, I welcome the noble Lord, Lord Murphy; as a former Secretary of State for Northern Ireland, he will be well aware of the southern boundary in Northern Ireland, in terms of Carlingford Lough. It was in my former constituency when I was a Member in the other place, so I am well aware of the beauty of Carlingford Lough and Carlingford Bay, with the Mourne mountains to its rear and the vast expanse of rich fishing grounds. It is also a major tourist resource.

I have had an opportunity to talk to the local fishing industry in the County Down fishing ports of Kilkeel and Ardglass. It believes that this amendment is necessary to align the southern boundary of the Northern Ireland zone to match the boundary of the UK EEZ, as the Minister pointed out. Apparently, this change was not made at the time, in 2013, and DAERA has been trying for several years to get it fixed. It will bring certainty for fishing vessels, as they will know which jurisdiction they are in.

Previously, there was a zigzag line in Carlingford Lough along that part of the sea border between Northern Ireland and the Republic of Ireland. When the EEZ

was agreed, part of that line was straightened out. The effect was that the industry gained an area north of the new EEZ line and lost similar south of the EEZ line. The problem was that the area gained north of the new EEZ line was in UK waters but, as the Minister said, was not legally part of the Northern Ireland zone. At the same time, the area south of the new EEZ line was still part of the Northern Ireland zone according to the adjacent waters boundaries order but was in fact part of the Republic of Ireland.

In many ways, there is now legal certainty for the fishing industry over what is in the County Down fisheries zone and what is not, and who has the power to enforce. No significant change to the territory is involved. However, I have some questions for the Minister. He indicated that the Irish Government were notified. Were they consulted or were they simply notified that this was going to happen? Did they give any particular response? Was the Warrenpoint Harbour Authority consulted or notified, because it is a major harbour authority and dock with a lot of employment in the mouth of Carlingford Lough? There are lots of other recreational facilities situated around Carlingford Lough. Were they consulted? If so, what was their response? I ask this because several years ago, when I was a Member in the other place, I—along with the then Secretary of State for Northern Ireland, Owen Paterson—was part of a delegation. We went on a boat from Kilkeel down into Carlingford Lough; we did not realise that we were on the southern side and somebody had to inform the southern authorities that we were there.

Furthermore, was the Foyle, Carlingford and Irish Lights Commission consulted? If so, what was its response? It is a north/south body set up under the Good Friday agreement, which does a lot of good work in Lough Foyle and Carlingford Lough. It is particularly interested in the marine environment and the potential for tourist and economic development. I would like to know whether it was consulted or notified.

What impact will this redrawing have on the voisinage agreement, which is now subject to legislation in the Republic of Ireland? Before that, there was a Supreme Court judgment in Dublin regarding reciprocal fishing rights. It started off as a gentleman's agreement between the old Stormont Parliament and the Irish Parliament, the Dáil Éireann; it was signed by the then Prime Minister of Northern Ireland, Terence O'Neill, and the then Taoiseach, Seán Lemass, way back in the mid-1960s in a period of rapprochement. It is important that those reciprocal fishing rights continue for the fishing industry in both north and south.

I would like to know what actual consultation, or notification, took place with the fishing industry, particularly with the two fish producer organisations: the Northern Ireland Fish Producers' Organisation, and the Anglo-North Irish Fish Producers Organisation, which is known now as Sea Source.

When we are talking about fishing and particularly about the Irish Sea, which is an adjacent part of Carlingford Lough, there will be two jurisdictions: the EU represented by the Irish Government and their fishermen, and the British Government and the County Down fisherman. Are we nearer a deal in respect of fisheries and in terms of trade? It is important that there is a deal.

Finally, it is important that we have the jurisdictions marked out, but it is also significant that this is an important area for tourism, and nothing should blunt that. Perhaps the physical embodiment of that economic co-operation, particularly when we are talking about the UK markets Bill, would be the Narrow Water bridge project. This would put one part of the lough in Northern Ireland at Warrenpoint, and the other side of the lough in County Louth. That would be a fairly short journey, but it would be the actual, physical infrastructural embodiment of reconciliation: a north-south project across the lough. That would do so much to foster relations.

I am happy to support this order, in so far as it is not hindering anybody. It will tidy things up, and it will ensure that Northern Ireland's County Down fishermen have access to both onshore and offshore waters, under DAERA jurisdiction. I am quite happy to note this, and to allow the order's passage.

6.27 pm

Lord Murphy of Torfaen (Lab) [V]: My Lords, it was an extremely useful contribution by the noble Baroness, Lady Ritchie, because of her enormous local knowledge and, of course, her experience as Member of Parliament for South Down, covering Carlingford Lough, and dealing with former constituents who are fishers there.

The Opposition will not oppose this order, obviously. It rectifies a mistake, as the Minister has said, in existing legislation. This is an area of water that is inside the United Kingdom waters' exclusive economic zone, but officially outside the Northern Ireland zone. As he said, it means that the Northern Ireland Department of Agriculture, Environment and Rural Affairs can manage the water there. It should be able to do so, particularly with regard to sea fishing, as he said, in Carlingford Lough.

I am particularly impressed by the points made by the noble Baroness, Lady Ritchie, with regard to consultation. It will be very interesting to hear the Minister's response to that. He has obviously mentioned the Irish Government themselves, but the other bodies, including the north-south body, are important in these matters. Although this is a technical statutory instrument —no one opposes it—it touches on the much more controversial area of fishing, which is currently the subject of negotiation between the European Union and the United Kingdom. These are hugely significant issues and I look forward to the Minister's reply.

6.29 pm

Viscount Younger of Leckie (Con): In this particularly short debate, I want to thank the noble Baroness, Lady Ritchie, and the noble Lord, Lord Murphy, for their general support for the order. I am perhaps not so surprised, because it is uncontroversial, as both of them will know.

I was pleased to listen carefully to the noble Baroness, Lady Ritchie, particularly because she was referring to her former constituency. She knows the area very well.

[Viscount Younger of Leckie]
I was grateful to her for a sort of tour d'horizon from her own personal input, particularly focusing on her long-standing local knowledge. She is right that this order will provide legal certainty.

Most of the noble Baroness's questions focused on the important matter of consultation. She asked whether we had consulted the Irish Government. The amendment is to align the Northern Ireland zone. It does not require us to consult the Irish Government, but we will of course keep in touch with them on this issue.

On that same point, the noble Baroness asked whether the people of the Carlingford Lough area had been consulted. We do not have to consult them and have not done so, but we will notify the relevant bodies, including DAERA, about this order. I hope that that gives the noble Baroness some reassurance. I further reassure her that there is no impact on the voisinage agreement.

The noble Baroness is right to say that the order is pretty uncontentious. On fisheries, negotiations are of course ongoing, and we hope that a deal will be forthcoming. We have always made it clear that, having left the EU, we are, and should be treated as, a separate sovereign nation, including having full control of our fishing rights. I hope that that there will be a good solution to that.

I also reassure the noble Baroness that there is nothing in the order to blunt the tourism trade in Carlingford Lough. I gather that it is a very pretty area.

A number of questions were raised, particularly by the noble Baroness. I will check *Hansard,* but I hope that my response has covered all the points. I again thank the noble Lord and the noble Baroness for their support.

Motion agreed.

The Deputy Chairman of Committees (Baroness Pitkeathley) (Lab): My Lords, that completes the business before the Grand Committee this afternoon. I remind Members to sanitise their desks and chairs before leaving the Room.

Committee adjourned at 6.32 pm.