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PARLIAMENTARY DEBATES
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HOUSE OF LORDS

OFFICIAL REPORT

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

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

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House of Lords

Wednesday 16 December 2020

The House met in a hybrid proceeding.

Noon

Prayers—read by the Lord Bishop of Southwark.

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, 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 only two points, and I ask that Ministers' answers are also brief.

National Bus Strategy

Question

12.07 pm

Asked by Lord Bradshaw

To ask Her Majesty's Government what plans they have for the National Bus Strategy for England to address the impact of traffic congestion on the operation of buses.

The Parliamentary Under-Secretary of State, Department for Transport (Baroness Vere of Norbiton) (Con): My Lords, the Government are committed to publishing a national bus strategy next year, and we are working closely with local authorities and bus operators to ensure that buses play a significant role in connecting people, helping the economy to meet our net-zero ambitions and improving air quality. We will also implement the moving traffic enforcement powers under Part 6 of the Traffic Management Act 2004.

Lord Bradshaw (LD) [V]: I thank the Minister for that reply. Much serious delay is caused to buses by roadworks. Are these being properly managed by local highway authorities, and are the penalties for non-compliance with agreed arrangements appropriate?

Baroness Vere of Norbiton (Con): My Lords, roadworks have been quite a focus for the Department for Transport over recent months. It is the case that nearly all local authorities operate a permit scheme for undertakers to have access to the road when they want to dig it up, and they have powers to co-ordinate those works and to charge the undertakers when the works are not done in time. Not only that, the department has set up the Street Manager system, which is a digital service that puts all the information about roadworks in one place. It is open data that is available to bus companies, so they can see where roadworks are taking place.

Lord Young of Cookham (Con): My Lords, the first traffic lights in this country were installed outside the Palace of Westminster in 1868, since when the technology has improved; they can now detect an oncoming bus

and go green. What more can my noble friend do to promote this capability so that more buses arrive on time and we improve the reliability of this important form of transport?

Baroness Vere of Norbiton (Con): My noble friend is quite right that we have come on in leaps and bounds since 1868. In the first instance, many buses have transponders fitted to them, which will communicate with the traffic light controller and can cause the light to change. However, newer technology uses GPS tracking rather than transponders; again, that can communicate with traffic lights, but it can also provide real-time bus information, which can be made available at bus stops.

Baroness Deech (CB) [V]: Will the Minister ensure that the national bus strategy takes a more constructive and comprehensive approach than just focusing on cutting down on private cars? Buses are held up by delivery and service vans, necessitated by the growth in London's population, unwanted cycle lanes and empty Uber cabs circulating, unco-ordinated roadworks and wider pavements. The Boris buses in London and elsewhere are unhealthily sealed shut, with no ventilation and no doors open to allow getting on and off, and this, too, must change.

Baroness Vere of Norbiton (Con): As the noble Baroness will be aware, transport in London is the responsibility of the mayor, so I shall not go into great detail on that. However, she has raised a really important point, which is that road-space reallocation is going to be one of the key features as we try to decarbonise our transport landscape and balance the needs of car users, delivery drivers, bus users and, of course, cyclists.

Lord Snape (Lab) [V]: Is the Minister aware that the National Express route 11 in Birmingham is reputed, at 26 miles, to be the longest urban bus route in Europe? In 1979, the journey would timetable at two hours and 10 minutes; by 2020, that had increased, due to congestion, to three hours and four minutes. Would the Minister consider the enjoyment of joining me for a three-hour journey around Birmingham's ring road on the number 11? Alternatively, can I persuade her to visit the recently opened Regional Transport Coordination Centre to see for herself what we are doing to tackle congestion in the West Midlands?

Baroness Vere of Norbiton (Con): I may have to decline the trip on the route 11 on this occasion—perhaps maybe next time if the noble Lord asks again. But I would like to see the Regional Transport Coordination Centre in Birmingham, not least because it was actually delivered on the back of £19.5 million-worth of funding from the transforming cities fund. I remind the noble Lord that it was opened by the Transport Secretary on 17 January—so perhaps I can do an anniversary visit at some point next year.

Baroness Randerson (LD) [V]: My Lords, we need to get passengers back on to the buses to relieve congestion, which is now back at pre-Covid levels. Bus operators have worked hard to make buses clean and safe, so long as passengers observe social distancing.

[BARONESS RANDERSON]

When will the Government evaluate the research evidence on the safety of buses and tell the public that they can return to using them?

Baroness Vere of Norbiton (Con): My Lords, the Government take this issue incredibly seriously. The Government advise people to use public transport if it is safe to do so, which includes being able to wear face coverings, use hand sanitiser and maintain two-metre social distancing.

Lord Rosser (Lab) [V]: Bus services are particularly important for people in rural areas who do not have access to other forms of public transport but, in cities, overreliance on buses and underinvestment in other areas can create traffic congestion. In some UK cities, there are currently no alternatives. Leeds, for example, is now the largest city in Europe without a rail-based public transport system, such as trams or a metro. Can the Minister confirm whether the Government have any plans for new, rail-based public transport systems in cities such as Leeds?

Baroness Vere of Norbiton (Con): As the noble Lord will be aware, Leeds and many other cities of its size and nature do have access to a significant amount of funding, first through the transforming cities fund and, secondly, through the £4.2 billion of intra-city funding which will be making its way to the metro combined authorities shortly. It will be for them to consider how to invest that money, but I agree with the noble Lord that it would be good to see Leeds have a greater variety of local transport.

Baroness Gardner of Parkes (Con) [V]: My Lords, the position in London differs from that outside it. Will the Minister consider amending the freedom passes in appropriate cases, particularly for carers and others who need to travel early to arrive in time to provide very necessary help to those in need? Presently, pass-holders are not allowed to use their passes to travel free until after 9 am. Many will be forced back into using their cars, which will create, or add to, congestion.

Baroness Vere of Norbiton (Con): I thank my noble friend for her question. Passengers in London—the over 60s et cetera—do get more benefits than those in the rest of the country. The freedom passes that are provided in London are designed to encourage people, who are perhaps retired, not to use the peak. If my noble friend has people who are being paid to act as carers who need to use buses early in the morning, then I believe they should pay for their journeys. Having said that, bus fares in London are also low, compared to other places in the country.

Baroness Jones of Moulsecoomb (GP) [V]: My Lords, I was delighted to hear the Minister mention road space allocation, which is part of reducing congestion. However, we know that it is private cars that create the most congestion, even on rural roads. Have the Government got any other ideas to reduce private car traffic and encourage more people on to buses?

Baroness Vere of Norbiton (Con): The Government absolutely want to encourage more people on to buses and that will be a key part of the national bus strategy, which will be published next year. This is about two things: getting people who used to travel by buses back on to them, but also trying to entice those people who have not been on a bus for a while to try it. Buses are significantly different from what they used to be. In many circumstances, they are an extremely comfortable way to travel.

Lord Berkeley (Lab) [V]: My Lords, there is much evidence that many statutory undertakers abuse the system of emergency roadworks and leave holes in the road which block bus lanes and other traffic for many weeks. Could the Minister confirm that local authorities do have the power to enforce the urgent closure of roads while statutory undertakers may be looking for parts for them? Will the local authorities receive the money? Will the Minister encourage the Government to increase the fines for this?

Baroness Vere of Norbiton (Con): Local authorities can already fine statutory undertakers up to £10,000 if they overrun. We have no evidence that emergency works are causing undue delay. In any event, a local authority can define how long such works should have to take. In certain circumstances, the works can be plated or there can be a temporary repair and they can return to make the permanent repair in due course.

The Lord Speaker (Lord Fowler): My Lords, the time allowed for this Question has elapsed. We now come to the second Oral Question.

Covid-19: Prisoners and Children in Custody Question

12.18 pm

Asked by Lord German

To ask Her Majesty's Government what assessment they have made of the number of (1) prisoners, and (2) children in custody, who have tested positive for COVID-19.

Baroness Scott of Bybrook (Con): My Lords, the latest available data, published on 13 November, confirms that 1,521 adult prisoners and eight children have tested positive for Covid-19 since the start of the pandemic, across 99 establishments. The safety of staff and those in our care remains a top priority. I am pleased to report that the latest public health reports indicate that the measures we have put in place are working to save lives and are limiting the transmission of the virus in our prisons.

Lord German (LD): My Lords, the current second wave of coronavirus has been much worse for the prison estate than the first. Added to the absence of family visits and education and training, and the replacement of sentenced prisoners by those held on remand, the strength of the second wave is very worrying. Despite the valiant work of prison staff, the problem

remains of too many prisoners for the space available. Having abandoned the early release scheme in August, what now is the Government's route to a safe reduction in prison numbers?

Baroness Scott of Bybrook (Con): My Lords, we are still not full in our prisons. We are working with temporary accommodation in our prisons, and we are doing everything that we can to compartmentalise prisoners so that we are not having a second wave in our prisons. We are using temporary accommodation and single cells to make sure that they are as safe as possible.

Lord Harris of Haringey (Lab): My Lords. The Covid figures cited by the noble Baroness are despite prisoners being locked down in their cells virtually all the time. In Her Majesty's Prison Lindholme, nearly 900 prisoners were let out of their cells for less than an hour a day. What is the estimate of the proportion of prisoners across the entire prison estate confined in this way? Rehabilitation and education in prisons has almost come to complete halt. What assessment have the Government made of the long-term consequences of this on reoffending, violence in prisons and the mental health of prisoners?

Baroness Scott of Bybrook (Con): My Lords, the mental health of prisoners is one of our top priorities. We are acutely aware of the mental and physical strain that the restrictions have placed on those in custody. We have provided tailored guidance to support those in custody during this challenging time, including specific guidance for groups whose well-being may be more affected by the restrictions, such as older prisoners, those with learning difficulties and groups known to be at risk of self-harm, suicide or violence.

The Lord Bishop of Southwark [V]: Your Lordships will have heard me mention that there are five prison establishments located within my diocese. In respect of one of them, will the noble Baroness join me in paying tribute to the governor of Her Majesty's Prison Wandsworth, Graham Barrett, who was awarded an OBE in the Queen's Birthday Honours List for his sterling efforts during the Covid pandemic in keeping infection rates so low in the jail—and indeed to all Prison Service staff recognised in this way for achieving so much in such challenging circumstances? As the noble Baroness is aware from the previous supplementary question, out-of-cell activity in many establishments is now limited to one hour or less in 24. Can she assure the House that such provision will not slip beyond the 24-hour period into longer periods of confinement, which happens when the 24-hour period is variable? Will any priority be given to rolling out the vaccine to inmates and staff?

Baroness Scott of Bybrook (Con): My Lords, I first congratulate Graham Barrett from Wandsworth prison on his OBE. Our thanks go to all staff in our prisons and those working with prisoners in communities for all their work in the past months. I will not reply again on the point about 23 hours. On vaccines, we are working on how we can roll out the vaccines in prisons in accordance with the tiers for vaccination within the community.

Baroness Pidding (Con): My Lords, back in June 2019, I had the privilege of visiting HMP Bure to see at first hand the transformational work by both staff and prisoners focused on rehabilitation. As part of my visit, I attended a residents' council meeting, where prisoners shared with me the tangible benefits of maintaining family ties. Does my noble friend the Minister agree that, as a result of the pandemic and the possibility that prisoners are likely to suffer extreme restrictions resulting in possible damage to mental health and, in turn, rehabilitation, it is more important than ever to do all that is possible to facilitate family contact via in-cell telephones and video calls?

Baroness Scott of Bybrook (Con): My Lords, family contact is crucial to the well-being of prisoners. That is why we quickly introduced video calling when the exceptional circumstances meant that social visits could no longer continue. We also introduced a package of support, including an extra £5 of phone credit per week per prisoner. Over 1,500 secure mobile PIN phones were also established in in-cell telephony if that was not already available. These measures have enabled prisoners to be in more contact with their loved ones, and we continue to look at what more we can do, particularly regarding the review by my noble friend Lord Farmer on maintaining family ties.

Baroness Jolly (LD) [V]: My Lords, can the Minister tell the House whether it is general practice for the Prison Service to regularly check staff and prisoners using lateral flow testing? This method of testing is being used in many care homes, colleges and secondary schools and the results are ready within half an hour.

Baroness Scott of Bybrook (Con): My Lords, I am not sure about lateral flow testing, but we are routinely testing front-line staff and offenders to bolster our defences against the virus. Routine staff testing is live now—as of yesterday, I believe—across all sites in England and Wales and we are now working on rolling out prisoner testing on reception and transfer, which is already live in over half of our establishments.

Lord Garnier (Con): My Lords, I refer to my relevant interests in the register. Does my noble friend accept that the pandemic has brought with it administrative problems for the management of prisons? Will she further accept that a common theme this afternoon is the amount of time that prisoners are spending locked up in their cells—as much as 23 hours a day? Will she accept that all prisoners, but particularly younger prisoners, need to get outside to take exercise and enjoy fresh air? What precisely are her department and the Prison Service doing to ensure that that happens?

Baroness Scott of Bybrook (Con): My Lords, we set out a national framework in June 2020, which sets out how prisoners can safely increase the amount of time out of the cell and the purposeful activity that the Prison Service can provide that still protects the health and lives of staff and prisoners. The Youth Custody Service in particular is now focusing on young people getting essential activity, which includes getting out in the fresh air as well as education, not just online but in small groups, and recreational activities.

Baroness Finlay of Llandaff (CB) [V]: My Lords, are the Government systematically monitoring strains of the virus in prisons to detect mutations through all prison healthcare staff who are appropriately trained and resourced to monitor Covid—with swabs sent for PCR and genetic analysis sampling—and trained to manage sick prisoners adequately, including in oxygen monitoring and pointers to needing hospital and possible intensive care transfer?

Baroness Scott of Bybrook (Con): I am afraid I cannot give that much detail to the noble Baroness. All I can say is that we are testing and using PPE more and more in prisons. I will write to the noble Baroness about the specific issues that she raised.

Lord Ponsonby of Shulbrede (Lab) [V]: My Lords, the total number of prisoners who have tested positive for coronavirus has more than doubled in the month of October. The latest figures for November are not yet complete, but are likely to show a further increase. Do the Government believe that the only way to contain the spread of the virus is to keep prisoners locked in their cells? Surely a better approach would be for the Ministry of Justice to prioritise its own targets to increase headroom across the prison estate?

Baroness Scott of Bybrook (Con): My Lords, I think I have answered about prisoners staying many hours in their cells, but it is important that we continue to test prisoners and staff and are able to compartmentalise prisoners so that they are safe and secure. As public health information comes forward and we can do more in prisons, we will make sure that both prisoners and staff are safe and well.

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

United States: Global Priorities and Climate Change *Question*

12.29 pm

Asked by Baroness Northover

To ask Her Majesty's Government what engagement they have had with the incoming government of the United States on their global priorities, including plans for international co-operation on addressing climate change.

The Minister of State, Foreign, Commonwealth and Development Office (Lord Ahmad of Wimbledon) (Con): My Lords, my right honourable friend the Prime Minister spoke to President-elect Biden on 10 November and committed to building on our close and long-standing partnership in the years ahead in areas including trade and security. They look forward to working closely together on our shared priorities, including tackling climate change, promoting democracy and building back better from the coronavirus pandemic. The Prime Minister has invited President-elect Biden to COP 26 next year and we look forward to working closely with the US to address climate change.

Baroness Northover (LD): President-elect Biden's decision to engage globally and to sign the United States back up to the Paris Agreement is obviously extremely welcome. How are the Government engaging with his team to ensure that the US restores the climate funding that President Trump cut, and what role will the United Kingdom play in the extra climate summit that President-elect Biden has just announced?

Lord Ahmad of Wimbledon (Con): My Lords, the noble Baroness is right that the Biden Administration have already committed to rejoining the Paris Agreement—Vice-President-elect Kamala Harris has announced as much following a recent event. The noble Baroness will be aware of the climate ambition summit, which also saw participation from the US, and we remain committed to working closely with the US. Announcements from the US about commitments to finance will be very much a matter for the Biden Administration.

Lord McConnell of Glenscorrodale (Lab): My Lords, I was delighted to see that the electoral college has confirmed President-elect Biden and Vice-President-elect Harris in their positions and that my namesake in the Senate has accepted the election result and finally agreed to endorse them. Vice-President Biden, as he then was, was the keynote speaker at a festival in Central Park in New York that I attended in September 2015 to celebrate the universal agreement in the United Nations that the sustainable development goals be achieved by 2030. When the Biden Administration come to the UK and look for action on the SDGs, will the UK Government, despite their wish to break their promise to the British electorate on overseas aid, keep their promise to the poor of the world and leave no one behind by delivering the SDGs by 2030?

Lord Ahmad of Wimbledon (Con): My Lords, I say to the noble Lord that the name McConnell carries as much weight in your Lordships' House as it does in the US Senate. On the substantive issue of the SDGs, we remain committed to fulfilling and meeting our goals, and we continue to work with the US and other partners internationally in pursuit of that ambition.

Lord Oates (LD) [V]: My Lords, I declare my interests as set out in the register. Could the Minister tell the House what discussions the Government have had with the incoming US Administration on ensuring that the 2016 G7 pledge to phase out fossil fuel subsidies by 2025 is met, and can he confirm to the House that all UK fossil fuel subsidies will be removed by that point?

Lord Ahmad of Wimbledon (Con): My Lords, we are engaging with the incoming Administration in line with the mandates, rules and precedents in the United States. Once the Administration take formal leadership, we will engage on the issues the noble Lord has mentioned. We are engaging extensively with the current US Administration, as we will with the new Administration during our leadership of the G7.

Baroness Fall (Con) [V]: My Lords, there is a danger that if US troops leave Afghanistan ahead of the conclusion of the peace talks in Doha, the talks will

fail. This will make a mockery of attempts to build lasting peace in the region after decades of sacrificing the lives of our service men and women. I urge the Minister that, as a trusted ally of the USA and a member of NATO, we impress upon the soon to be new President Biden the need to rethink the hurried withdrawal and link draw-down to progress with the peace talks.

Lord Ahmad of Wimbledon (Con): My Lords, my noble friend raises an important point. I assure her that we remain committed to the Afghan defence and security forces, and we will be working closely with all our NATO allies and partners, including the United States, on the peace negotiations currently taking place. On our specific commitment, my noble friend will be aware that we recently committed £70 million towards security, and at the recent pledging summit we committed a further £155 million towards development. We are all hoping for a strong, inclusive Afghanistan for the future.

Baroness Boycott (CB): My Lords, it is well known that we aspire to a free trade agreement with America. Now that President Biden will be in the White House, what will the priorities of such a trade deal be? Will it now be easier to ensure that we keep high environmental standards for all products, particularly food?

Lord Ahmad of Wimbledon (Con): My Lords, we continue to enjoy strong discussions and progress in our trade negotiations with the US. Talks are at an advanced stage, and we remain committed and hopeful that we will complete our substantive negotiations in the first half of 2021. The noble Baroness is right to raise the importance of these issues and the joint shared priorities. We will focus on further strengthening the £230 billion of trade that already exists between the two countries.

Lord Collins of Highbury (Lab): My Lords, President-elect Joe Biden said that an effective foreign policy relies on leading

“not only by the example of our power, but by the power of our example”,

and he has an ambitious first 100 days programme. What are the Government doing to ensure that we work in tandem over those first 100 days? Also, the noble Lord mentioned the invite to COP 26. Could he say a bit more about whether the Government will be prepared to give President-elect Biden an important role at that conference, perhaps including chairing it?

Lord Ahmad of Wimbledon (Con): My Lords, we are proud of being co-chairs of COP 26—the noble Lord is, I am sure, aware that we are co-chairing COP 26 along with our colleagues from Italy. I am sure that as the new Administration come on board, given the commitment they have already shown to COP 26 and the various appointments being made, they will play a leading role in the run-up to COP 26 and at the event itself.

Baroness Benjamin (LD): My Lords, America is a major producer of CO₂ emissions through the burning of fossil fuels. It also has vast deposits of thorium, a safer, cleaner and plentiful alternative to conventional

nuclear fuel. So, did the Prime Minister and President-elect Biden discuss during their call the America’s thorium deposits and how thorium reactors can be deployed? If not, will it be the topic of their next conversation during COP 26?

Lord Ahmad of Wimbledon (Con): My Lords, although I can feed into it, the Prime Minister will decide the nature of the agenda of his conversation with President-elect Biden as he takes office. What I can share is that the incoming Biden Administration have committed to net zero by 2050. The noble Baroness raises an important point about looking at alternatives, and I am sure that that will feature across the board in many conversations between the two countries.

Baroness Hoey (Non-Aff): My Lords, the United States is our closest international ally and friend. I pay tribute to the current American ambassador, Woody Johnson, who has done a great job in building that relationship. Could the Minister please ensure that the British Embassy in Washington is made aware of the importance of the centenary of Northern Ireland in 2021 and does much more to promote Northern Ireland in the United States, just as the Irish Government promote the Republic of Ireland?

Lord Ahmad of Wimbledon (Con): My Lords, first, I agree with the noble Baroness that the ambassador has played an incredible role. Equally, Ambassador Dame Karen Pierce, who is on the ground in Washington, is a very able diplomat whom I am sure will take on board the noble Baroness’s suggestion.

Lord Vaizey of Didcot (Con): My Lords, I was struck that President-elect Biden has made Brian Deese, a climate policy expert, the head of his National Economic Council. Is this not a reminder to us all how important climate change is not just to the planet but to the British economy and the US economy? There are huge opportunities for us to co-operate economically.

Lord Ahmad of Wimbledon (Con): First, I welcome my noble friend to your Lordships’ House—this is the first time he has asked me a question, and I agree with him. The statements we are seeing and the various nominations, which will need to be ratified through the normal process in the US, demonstrate the importance to the incoming Administration of the climate change issue, which we welcome.

Baroness D’Souza (CB) [V]: My Lords, would the Minister agree that the expectation of a full and rapid return to liberal policies by the Biden Administration might be a bit unrealistic? With this in mind, have Her Majesty’s Government as yet held any discussions with the new the Secretary of State and/or his department on a likely China policy?

Lord Ahmad of Wimbledon (Con): My Lords, as the noble Baroness will be aware, the new Administration have not yet taken office, but I am sure we will be discussing a range of important issues, as she suggests.

Baroness Goudie (Lab) [V]: My Lords, I am sure the Minister is aware of the She campaign. Over 400 female climate leaders, including from the United States, have

[BARONESS GOUDIE] called for gender equality in the leadership of COP 26 from all countries, including our own at the top. Can the Minister give an assurance that we will have gender equality in leadership, which we do not have now?

Lord Ahmad of Wimbledon (Con): My Lords, I speak on behalf of my right honourable friend the Prime Minister, and I remember his commitment to this agenda when he was Foreign Secretary. It starts from the bottom up, and his commitment to girls' education demonstrates his commitment to this important priority. I am sure that, as we build up to COP and at the event itself, the point the noble Baroness makes on gender will be reflected in representations not just from the UK but across the globe.

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

Covid-19: Impact of No-deal Brexit on Vaccine Supplies *Question*

12.40 pm

Asked by Lord Bassam of Brighton

To ask Her Majesty's Government what assessment they have made of the impact on supplies of COVID-19 vaccines to the United Kingdom in the event of the United Kingdom's departure from the European Union without a deal.

Lord Bassam of Brighton (Lab) [V]: My Lords, it is extremely concerning that the Government should contemplate no deal in two weeks' time, in the middle of a pandemic, with the serious impact this could have on medical supplies and supplies of Covid-19 vaccines. How many Pfizer/BioNTech vaccines will be in the UK by 31 December? How many government ferries and RAF planes are on standby to bring Covid-19 vaccines into the UK in the event of no deal, and at what cost?

The Parliamentary Under-Secretary of State, Department for Business, Energy and Industrial Strategy (Lord Callanan) (Con): I think the noble Lord forgot to ask the main Question: I shall give him the Answer to that first and then go on to his supplementary. The UK has put in place a number of measures to facilitate trade with the EU beyond the end of the transition period and to avoid impact on vaccine supplies beyond 1 January. The Government have worked with Covid-19 vaccine suppliers to support them with robust contingency plans. If necessary, we will use alternative supply routes and Government-procured freight capacity in line with current government advice.

On his supplementary question, the noble Lord will understand that unfortunately I cannot set out details of commercial arrangements relating to vaccines at the present time, but I can reassure him that part of the commercial arrangements with vaccine developers is a requirement to ensure that vaccines are transported safely and securely to minimise the cost of damage.

Lord Lancaster of Kimbolton (Con): My Lords, as we have just heard, and if press reports are to be believed, Royal Air Force planes are on standby to transport the Covid vaccine in the event of no deal—a perfectly reasonable thing to do under the military aid to the civil authorities rules. However, the rules are very clear that military assets can be used only if all commercial alternatives have been exhausted, so I seek reassurance from my noble friend that those commercial alternatives will be used first.

Lord Callanan (Con): I welcome my noble friend to these Benches. He has acknowledged expertise in this area and, of course, he is quite right: commercial options will be used first, second and third, and the military only as a very last resort.

Baroness Watkins of Tavistock (CB): My Lords, first, I congratulate the Government on procuring the vaccines so urgently needed. Each box contains 96 vials; each vial, five doses: a box is enough to vaccinate 480 people. The value is considerable and illicit drug dealers and criminals have never been more motivated to intercept or steal legal drugs, as the potential profit is far larger, at the moment, than those from heroin and cocaine. For this reason, I welcome the fact that we may have to use the military to ensure that vaccines are delivered safely in this transition period. Can the Minister assure the House that plans are sufficiently robust, in terms of security, to prevent theft?

Lord Callanan (Con): As I said in my previous answer, the use of the military is very much a last resort. I am sure that the noble Baroness will understand that I cannot share details of security arrangements, but I can assure her that we have worked very closely with vaccine suppliers and others to ensure that shipments are properly protected and looked after.

Lord Stevenson of Balmacara (Lab) [V]: My Lords, will the Minister tell us a bit more about the contingency plans? Apparently, there is a Government-procured ferry on standby. We did not have much luck last time. Can he confirm that it is properly equipped to deal with the extreme refrigeration needed? Is there a backup to this contingency plan?

Lord Callanan (Con): The noble Lord makes a very good point. I can assure him that there are a number of backup plans. We have worked very closely with the suppliers and we are confident that the cold supply chain will not cause any problems. Obviously, everybody is aware that this vaccine has to be transported at a temperature of minus 70 degrees, plus or minus 10 degrees centigrade, and the manufacturers have put in place proper supply units that are maintained at that cold temperature and can also be used for temporary storage.

Baroness Ludford (LD) [V]: My Lords, I am involved with the diabetes research charity JDRF. It has been in regular contact with the Department of Health and Social Care and insulin manufacturers, and has been reassured about the stockpiles of insulin being held. The main concern now is around replenishment of supply. We are already reading about freight movement difficulties and with, or especially without, a Brexit

deal, this could well get worse after 1 January. Will the import of the Covid vaccine from January affect the replenishment of supply of essential medicines imported from the EU, such as insulin, and what plans have been put in place to prevent disruption?

Lord Callanan (Con): I can reassure the noble Baroness that there will be no disruption to supply. We have put in place extensive measures to avoid any impact on the supply of essential medicines, in addition to the vaccine, beyond the end of the transition period. The Department of Health and Social Care has put a huge amount of planning work into this, so I think that her concerns are unfounded.

Baroness Meacher (CB) [V]: My Lords, considerable concerns have been expressed about the likelihood of shortages of medicines in the event of a no-deal Brexit. I understand that the Government have done a lot of analysis of the expected impact of no deal. Will the Minister place in the Library the results of that analysis with respect to shortages of medicines if we leave the EU without a trade deal?

Lord Callanan (Con): As I just told the noble Baroness, Lady Ludford, we have put robust contingency arrangements in place; a huge amount of planning has gone into it and we are confident that there will be no disruption to medical supplies.

Lord Roberts of Llandudno (LD) [V]: The arrival last week of the vaccine from Belgium was greeted with great joy in the UK. We know also, for instance, that 98% of our consignments of insulin come from Germany and Denmark. We rely so much on other people and other nations. Can the Minister give me one instance of the benefit there will be for those who rely on medicines after we leave the European Union?

Lord Callanan (Con): We co-operate on medicines supply with countries all over the world, not just in Europe. Those countries also rely on supplies from the United Kingdom, so we are confident that we will maintain good relations with other European and world nations and co-operate on these matters to our mutual benefit.

Lord Mackenzie of Framwellgate (Non-Aff) [V]: My Lords, the great disadvantage of the Pfizer/BioNTech vaccine is the requirement to store and transport it at low sub-zero temperatures; some other vaccines have much easier handling and storing requirements. Is this matter easily included in the specification, thereby making the end product far cheaper and easier to transport and administer?

Lord Callanan (Con): As I said in previous answers, it is clearly a challenge to supply a vaccine that requires such careful handling, but Pfizer has years of proven experience: it has developed packaging and storage innovations for the vaccine, with specially designed temperature-controlled shippers using dry ice to maintain the temperature of minus 70 degrees, plus or minus 10 degrees centigrade.

Lord Bilimoria (CB) [V]: My Lords, we have the Pfizer/BioNTech vaccine available, with more than 137,000 people inoculated in the first week, and we hope to have the Oxford-AstraZeneca vaccine available soon, approved by the MHRA. In due course, when there is widespread availability of the vaccines, will the Minister look at getting businesses to work with the Government and the NHS to have vaccinations take place at large workplaces, including factories, under proper supervision, thus preventing disruption at work and speeding up the rollout of the vaccinations and saving lives?

Lord Callanan (Con): This is a matter, of course, for the Department of Health and Social Care, but we will indeed want to work with businesses, as we have done on the supply of vaccines. We pay tribute to the work of the Vaccine Taskforce, which has done a tremendous job. We have 357 million doses of vaccines from seven leading candidates, some of which are manufactured in the UK and some abroad. We have worked very closely with business and we want to continue to do so in the future.

The Lord Speaker (Lord Fowler): My Lords, all supplementary questions have been asked.

Business of the House

Motion to Agree

12.50 pm

Moved by Baroness Evans of Bowes Park

That, in the event of the Trade (Disclosure of Information) Bill having been brought from the House of Commons, Standing Orders 46 (*No two stages of a Bill to be taken on one day*) and 47 (*Commitment of Bills*) be dispensed with on Thursday 17 December to allow the Bill to be taken through its remaining stages that day and the Committee to be negatived.

The Lord Privy Seal (Baroness Evans of Bowes Park) (Con): My Lords, yesterday the Government introduced the Trade (Disclosure of Information) Bill, which contains important measures to support our ability to use data to secure our borders and support businesses which trade across them. These powers are needed to facilitate the sharing of trade-related data from government departments and public bodies. The Bill replicates clauses contained in the Trade Bill and is designed to bridge the gap between the end of the transition period and the point at which the Trade Bill receives Royal Assent. Clauses 1, 2 and 3 of this Bill, its only substantive clauses, will expire once the corresponding parts of the Trade Bill have been enacted and come into force. Scrutiny of the Trade Bill, including the permanent clauses which would replace this Bill, will continue as soon as we return in the new year.

This small Bill has been brought forward— at very short notice, I accept—in the absence of any other suitable legislative vehicle. The Trade Bill, which, as I have said, will make these provisions permanent, needs more time in your Lordships' House to finish Report. The powers are needed regardless of the outcome with

[**BARONESS EVANS OF BOWES PARK**] the EU, which is why the Government are taking steps to ensure they are in place before the end of the transition period. This new legislation should not be taken as an indicator of any particular outcome. If this Motion is agreed to, the Bill will be taken through all its Lords stages tomorrow.

This House has already done a great deal of work to ensure that the statute book is ready for the end of the transition period. I am grateful to the usual channels for their support in helping make these arrangements for us to consider this additional Bill at such short notice. We have also ensured that the Constitution Committee, which has rightly taken an interest in the fast-tracking of legislation, has been written to with a full explanation of why these measures have been brought forward.

This may also be a convenient point to confirm that, as things stand, my noble friend the Chief Whip anticipates that we will rise for the Christmas adjournment at the conclusion of our business tomorrow and return on Tuesday 5 February—

Noble Lords: Oh!

Baroness Evans of Bowes Park (Con): Sorry, but it is 5 January—we may all wish. A new *Forthcoming Business* will be issued later today. However, I need to be very clear; if developments are such that we are required to meet again before 5 January, the necessary arrangements will be made, whatever they may be.

I wish all noble Lords and members of staff of the House a very merry Christmas. I thank you all for your amazing efforts in what has been an extremely difficult year. I beg to move.

Baroness Smith of Basildon (Lab): My Lords, I am grateful to the noble Baroness for some clarity around dates—or maybe not.

On the Trade (Disclosure of Information) Bill, it is a sensible precaution to take all its stages tomorrow, with that Bill then sunsetted until we can give proper consideration in any way we wish when dealing with the Trade Bill. I think I understand from what the noble Baroness said that there is no desire to lose the Trade Bill, although it has had a gestation period longer than most elephants at the moment. Can she confirm and put it on record that we will return to it?

I question why it is now, on 16 December—I should probably be home having dinner with my husband on our wedding anniversary—the Government have suddenly decided that they have discovered we need these provisions in place in the next few days. I would have thought that would have been evident prior to today or the last few days. Can the noble Baroness clarify why that is?

I do not ever recall a similar statement to this in the over 20 years I have been in Parliament. It is a quite extraordinary announcement. I feel a bit like I am living through a poor parody of Noel Edmonds' "Deal or No Deal", but without Mr Blobby—perhaps we all have our nominations for who Mr Blobby might be. The referendum to leave the EU was in June 2016. In December 2019, the noble Baroness's party fought and won an election on getting Brexit done.

Lord Lilley (Con): Hear, hear.

Baroness Smith of Basildon (Lab): The noble Lord says "Hear, hear", but he must be embarrassed by this—I forgot, he is past embarrassment—because with just 15 days to go, there is no clarity about the terms on which we will engage, do business or co-operate on security with the EU. That is not just an embarrassing position for businesses struggling with the twin challenges of the uncertainties of Brexit and the hokey-cokey of tiers, where they may be in lockdown or shutdown. It is embarrassing for the UK to have got this far.

Most of us in your Lordships' House understand that the worst possible option for the UK would be a no-deal exit from the EU. I appreciate that we have seen some efforts in the last few days to reach a deal, but it was quite extraordinary listening to the noble Lord, Lord Callanan, who has now left the Chamber, saying on the last Question how much effort has gone into securing medical supplies, for example, in the event of no deal. If only so much effort had been put into securing a deal earlier on. A little over a year ago the Prime Minister said, when he was in Dublin for talks, that no deal would be a "failure of statecraft". I really hope that, with just 15 days to go before we crash out of the EU, so dangerously close to the wire, we will not see that failure of statecraft and no deal.

We stand ready to be recalled as and when required to ensure that we do not plunge the UK into a crash-out crisis. I hope that, even before the House rises tomorrow, we may get some clarity on this. There is huge uncertainty across the nation and the Government must bear responsibility for that.

I hope we will have the opportunity tomorrow to pay the usual tributes to staff as the House rises, but I join the noble Baroness in her thanks. The staff of the House and Peers—from the most important Peer in the House, the Lord Speaker, right down to the cleaners who clean our offices, for which we are very grateful, the catering staff, the doorkeepers and everybody—have gone to tremendous efforts to ensure that we can function, in however limited a way. They all deserve a very merry Christmas.

The Lord Speaker (Lord Fowler): That is very kind of the noble Baroness. I call the noble Lord, Lord Newby.

Lord Newby (LD): My Lords, of course I share the noble Baroness's view about the importance of the Lord Speaker and, indeed, all those who have made the House work so well. I have to say, my office has never been as clean as it currently is, and I am extremely grateful for it.

On the Trade Bill, one just wonders what has been happening in the Department for International Trade which meant that it realised there was a gap in the legislation only a few days ago. It has been obvious for ages that we were not going to get through the Trade Bill proper, so it is rather worrying that this panic-stations Bill has had to be introduced.

As for Parliament being recalled at some point between now and the new year, there is of course precedent for Parliament to sit on Christmas Day; in 1654, there was an extremely erudite discussion on a number of major issues, although with a rather thin House. Given that the Government appear to have no idea whether they are likely to get a deal or not—or, if

so, when—could the noble Baroness at least give the House an assurance that Parliament will not be required to sit during the five days, literally over Christmas, when households are able to meet together? We all have plans over Christmas, and some of us would want to come back and give what little scrutiny we can to this very major piece of legislation.

The Lord Speaker (Lord Fowler): Does anyone else wish to speak?

Lord Foulkes of Cumnock (Lab Co-op): My Lords, I participated in a debate in the other House when Parliament was recalled when the Falkland Islands were invaded. However, since I came into Parliament in 1979, through the Falklands and through the resignations of Prime Ministers and all sorts of other crises, I have never known such chaos as we have at the moment. The chaos is not because of the epidemic—in fact, this House has dealt with the Covid epidemic very well and is operating very well, and I pay tribute to all involved—but is the man-made chaos of Brexit. It really is astonishing that we are dealing with this. I endorse everything that my noble friend Lady Smith of Basildon said. It is astonishing that this House, and this Parliament, are dealing with it in this way.

Nevertheless, I take this opportunity of wishing everyone, and particularly the Leader of the House—because she does deserve it—a very merry Christmas.

The Lord Speaker (Lord Fowler): Does anyone else wish to speak? No. I call the Lord Privy Seal.

The Lord Privy Seal (Baroness Evans of Bowes Park) (Con): I thank noble Lords for their comments. I can confirm to the noble Baroness that we will be returning to the Trade Bill. I believe it is scheduled for the first week back, and it will be in *Forthcoming Business* when that is published either later today or tomorrow. I hope that that reassures her concerns.

As I said in my opening comments, I absolutely accept that this has been done at very short notice. I apologise to your Lordships' House for that. I thank the usual channels for their co-operation in dealing with this, because we do need these clauses in place during this short period. At one point we were going to add these to the future relationship Bill, but obviously that has not come forward. To be honest, that is part of the reason why, I am afraid, they have come as a stand-alone Bill.

However, notwithstanding the comments of noble Lords, negotiations are ongoing, and I think we all believe that that is absolutely right. All efforts are being made to secure a deal, and I know that is what we are all hoping for. That is why, although we intend to break tomorrow, we all stand ready to do our duty, should we need to, over the course of Christmas, as the noble Baroness said. I am afraid I cannot say any more than that on timings or anything else, but we will of course keep noble Lords updated. I thank everybody for their patience, and once again wish them a happy Christmas.

Motion agreed.

1.02 pm

Sitting suspended.

Arrangement of Business

Announcement

1.30 pm

The Deputy Speaker (Lord Duncan of Springbank) (Con): My Lords, the Hybrid Sitting of the House will now resume. I ask Members to respect social distancing.

Taxation (Post-transition Period) Bill

Second Reading (and remaining stages)

1.30 pm

Moved by Lord Agnew of Oulton

That the Bill be now read a second time.

The Minister of State, Cabinet Office and the Treasury (Lord Agnew of Oulton) (Con) [V]: My Lords, the Bill was introduced in the other place on 8 December.

At the end of this year, the United Kingdom will leave the European Union's legal jurisdiction and this country will recover its economic and political sovereignty. The measures in the Bill play an important part in those preparations. It sets out a new framework for the UK's customs, VAT and excise systems following the end of the transition period, so that there are clear rules in place for goods moving in and out of Northern Ireland. It upholds our pledge to protect the UK's internal market by ensuring that Northern Ireland goods have unfettered access to Great Britain.

I first turn to measures relating to the Northern Ireland protocol. This Government are committed to providing unfettered access for Northern Ireland businesses to the UK's internal market. That means no tariffs or customs formalities for Northern Ireland goods arriving in Great Britain. Northern Ireland is and remains part of the UK's customs territory. For goods deemed to be "at risk" of moving into the EU, the Bill introduces a framework for charges on goods arriving in Northern Ireland, both from Great Britain and from the rest of the world. The Bill will allow us to put in place decisions made by the joint committee on goods "not at risk" of entering the EU, ensuring that they do not have to pay the EU tariff. It also imposes a charge to UK customs duty on goods that enter Great Britain from Northern Ireland and are not qualifying Northern Ireland goods. The Bill also includes anti-avoidance rules on the use of unfettered access to ensure that it is not legitimate for goods to be routed to Great Britain via Northern Ireland in order to avoid the UK's customs border.

For VAT, the Bill includes mechanisms to ensure that, in so far as is possible, VAT will be accounted for in the same way that it is today in Northern Ireland. Noble Lords will be aware that Northern Ireland is and will remain part of the UK and its VAT system. However, it will continue to align with the EU VAT rules in respect of goods but not services. This is to ensure that trade is not disrupted on the island of Ireland and allows us to meet our commitments under the Belfast/Good Friday agreement. HMRC will continue to be the tax authority for the whole of the UK. While the ECJ will continue to have a limited role where EU directives apply in Northern Ireland, the rules will continue to be policed by HMRC. Businesses will

[LORD AGNEW OF OULTON]

continue to have only one UK VAT registration number and to complete one VAT return each period for all supplies. In implementing the Northern Ireland protocol, the Government have sought to minimise changes to how the rules will operate in practice, as far as possible.

The Bill amends current legislation for excise duty to be charged when excise goods such as alcohol and tobacco are removed to Northern Ireland from Great Britain. This does not necessarily entail additional costs for Northern Ireland businesses and consumers. A credit of the duty already paid on the goods in Great Britain will be set against the duty arising in Northern Ireland, meaning that in almost all cases there will be no further duty to pay. In many cases, businesses move goods in duty suspension, meaning that there is no duty to pay in any case until the goods are released for consumption.

Some further taxation measures in the Bill need to be implemented before the end of the transition period. The Bill introduces a new system for collecting VAT on cross-border goods. This includes moving VAT collection on certain imported goods away from the border and involving operators of online marketplaces at the point of sale. UK consumers will now be able to see a VAT-inclusive price at the point of purchase, making pricing more transparent. In addition, measures in the Bill will remove the VAT relief on imported low-value items, meaning that VAT will be due on all consignments, irrespective of their value. This relief has been subject to long-standing abuse and removing it will build on government efforts to further level the playing field for UK businesses by protecting our high streets from VAT-free imports.

The Bill also includes provision for an increase in the rate of duty on aviation gasoline, which will apply across the UK. Otherwise known as avgas, the fuel is a form of leaded petrol, predominantly used in leisure flying. The Northern Ireland protocol requires that Northern Ireland continues to comply with the EU's energy taxation directive following the end of the transition period. This directive sets a minimum level of duty in euros on leaded petrol used for propulsion. The Government have chosen to apply the change to the whole of the UK to ensure consistency between Great Britain and Northern Ireland. This avoids burdens on business and reduces compliance risks for HMRC. The change made by the Bill will increase the avgas rate by 0.5p to 38.2p per litre from 1 January next year.

To prevent insurance premium tax evasion, the Bill also includes a clause to ensure that HMRC has access to the same anti-evasion tools, regardless of whether an insurer is based in an EU member state. Overseas insurers are liable to pay insurance premium tax where they supply general insurance for UK-located risks. Occasionally, overseas insurers do not pay the insurance premium tax that they owe, so it is important that HMRC has access to tools to deter and tackle IPT evasion. The changes made by Clause 8 remove references to "member states" in current legislation, and allow notices to be issued in the case of a non-compliant insurer based in a member state, without mutual assistance arrangements in place. We do not expect that HMRC will issue liability notices frequently but the ability to issue notices acts as an important deterrent.

Finally, the Bill introduces new powers that will enable HMRC to raise tax charges under the controlled foreign companies legislation for the period from 2013 to 2018. In order to recover state aid in line with a European Commission decision, the changes will enable additional CFC tax charges to be raised for the years 2013 to 2018. The Government are pushing for the decision to be annulled. In the event that it is, Schedule 4 requires the Treasury to make such regulations as are necessary to restore all affected taxpayers to their original position.

The Bill gives businesses throughout the UK certainty about the arrangements that will apply from 1 January next year. It plays a part in safeguarding the unity and integrity of this country and will help to protect our high-street retailers. I beg to move.

1.38 pm

Lord Hain (Lab) [V]: My Lords, I thank the Minister and of course welcome the Bill. However, it reflects a chaotic last-minute scramble by the Government to retreat from their outrageous proposal to break international law in relation to the Northern Ireland protocol of the European Union withdrawal agreement, which was agreed by the Prime Minister and EU leaders in October last year. Among other things, the protocol requires that the UK introduce a framework for customs, VAT and excise after the end of the transition period on 31 December. The Bill before us now reflects the decisions of the joint UK/EU committee set up under that agreement on goods entering Northern Ireland "not at risk" of entering the EU, thereby ensuring they do not have to pay the EU tariff, as the noble Lord explained.

Crucially, the Government are therefore not introducing the so-called "notwithstanding" provisions into the Bill, which, along with those measures also now withdrawn from the UK internal market Bill, would have reneged on that withdrawal agreement.

I therefore welcome the statement made on 8 December by the co-chairs of the EU-UK committee. It is good news for businesses trading across the Irish Sea, as it is estimated that 98% of goods going from Great Britain to Northern Ireland will now be able to do so free from tariffs, irrespective of whether there is a UK-EU trade deal.

However, there remains concern about the imminence of the end of the transition period and the potential for disruption, especially to agri-food products; I would be grateful if the Minister could say something about that in his response. The reported three-month grace period for businesses may at least limit, to some extent, the disruption on 1 January. However, as pointed out by the Institute for Government, the joint committee will need to continue to work on ensuring that the arrangements under the protocol are acceptable to the people, and businesses, of Northern Ireland, who have been plagued by months of stressful and disruptive uncertainty. That is the Government's fault.

No doubt this latest change of direction by the Government demonstrates a recognition of the realpolitik of the outcome of the American election. The Brexiteers' confidence that a trade deal with the US would be an easy win has already been proven misplaced. President-

elect Joe Biden made a very clear statement on 24 November that, if the UK wishes to discuss a trade deal with the US, the Irish border must remain open. In answer to a question from journalists about what he would say to Brexit negotiators, he stated:

“We do not want a guarded border”.

Biden also made his position clear in a *New York Times* interview at the beginning of December, stating:

“I am not going to enter any new trade agreement with anybody until we have made major investments here at home and in our workers and in education.”

In any case, such a deal with the US would have been more political than economically significant. Leaked government forecasts suggest that a trade deal with the US could benefit the UK’s economic output by about 0.2% in the long term—a miserly amount compared with almost half of our trade currently done with the EU, which is at risk unless there is a decent deal.

The advent of the new Administration in the US therefore serves only to underline the fallacies of the magical thinking of hard-line Brexiteers. In debates on this Bill in the other place, they have complained that, under the agreement reached between Michael Gove and Maroš Šefčovič—a vice-president of the European Commission—the EU will be allowed to have its officials permanently based in Northern Ireland to oversee checks on goods crossing the Irish Sea. They protest that this is an infringement of sovereignty, which, of course, they have always mistakenly confused with power. Perhaps we should close all foreign embassies on our soil, in case they also fail this ridiculous sovereignty test.

Is it simply too tempting for us to imagine that there is perhaps a glimmer of light that the Government have finally found the courage to face down the tyranny of their own rabid nationalist Back-Benchers? As the noble Baroness, Lady Cavendish, observed the other day in an article she wrote for the *Financial Times*, in 2016, in the weeks following the referendum result, it became obvious to those in No. 10, like her, that

“there would be a trade-off between sovereignty and market access.”

Yet, she observes, four years later,

“the UK is still trying to wish away the trade-offs, with no coherent vision for future prosperity.”

On the contrary, she says, Britain is “engorged with Covid-led state intervention” with

“few radical policies to help enterprise”.

The Government’s strategy for mitigating the disastrous economic devastation caused by Covid-19, which has reduced the capacity of the UK economy to withstand further shocks, is apparently one of compounding it with a possible disgraceful no deal or, at best, a scrawny thin-deal Brexit. In July, the London School of Economics published a study showing that the business sectors that have escaped the worst fallout from Covid-19—such as manufacturing and services—are more likely to suffer from the effects of Brexit. Furthermore, the damaging economic impact of no deal is shown to be two to three times as great as that of Covid over the medium to long term. We now learn that Ministers have dreamed up Operation Kingfisher to support

“businesses that may be temporarily affected by changes of circumstances that are related to Brexit”.

Where is the economic strategy to generate the necessary revenues to fund all this state aid and the subsequent desperately needed recovery?

My noble friend Lord Adonis reports that a senior German politician confided in him that Chancellor Merkel thought it best, last week,

“not to speak to Johnson ... for fear of damaging British-German relations. It’s like how she managed Trump, by not speaking to him’.”

Last week, both Merkel and Macron refused to take the Prime Minister’s calls—perhaps the ultimate Brexit humiliation for any British Prime Minister for now.

The well-informed commentator Alex Andreou reported on Twitter the Brussels view of Boris Johnson’s behaviour:

“This has led people to split into two camps: There is one school of thought, that Johnson really is utterly clueless. His behaviour at the UVDL dinner last night (a car crash, apparently), has fed that impression. This makes people not want to do business with this government ... The second school of thought, is that Johnson negotiated in bad faith throughout. That his aim was always No Deal and he simply strung 27 countries along, at the expense of a huge amount of work, effort and expense. This makes them not want to do business with this government ... Note that the conclusion is precisely the same under either theory. That whether idiot or fraudster, Johnson is best kept at arms length. Polling in most EU27 shows that being tough with the UK yields a big favourability boost. So, I’m afraid, nobody is riding to our rescue” —

if we do not rescue ourselves, that is. Let us hope that it is not too late for the Government, having looked over the precipice, to step back from the brink of no deal on the wider relationship.

Given the poor state of relations that now exists between the EU and this Government, a thin deal is the most we can possibly hope for. However, as was spelled out by the Centre for European Reform think tank in August, this would at least avoid tariffs and provide the basis for building a deeper relationship in the future.

The agreement reached in the joint committee on the Northern Ireland protocol surely demonstrates the value of constructive compromise, collaboration and partnership in solving the many daunting issues currently facing our country over Brexit. Can this Government conceivably have the humility to admit that, in a shrinking post-Covid global economy, Britain can never prosper alone?

With more positive smoke signals about the negotiations as we debate this Bill, if the UK and the EU succeed in striking a deal, Boris Johnson will inevitably have a high-noon confrontation with the zealots who elected him Conservative leader, but the country will breathe a sigh of relief. I am afraid that, all along, that has been the problem in this sorry Brexit saga: putting dogma and factional fundamentalism ahead of the national interest.

1.48 pm

Baroness Kramer (LD): My Lords, it is astonishing when the most important comment to make about a Bill is that the British Government have changed their mind and do not intend to use it to break international law and subvert agreements in existing treaties. I really

[BARONESS KRAMER]

do not understand what sort of hubris led the Government to attempt to take such a position in this Bill and the internal market Bill, but they have done real damage to Britain's international reputation.

As for the Bill itself, it is troubling that, once again, the Government seek to diminish Parliament's role by doing so much through negative SIs. The Northern Ireland protocol deals with a complex situation with many sensitive political ramifications—the supply chains alone are far from straightforward. A no-deal result to the UK-EU trade negotiations would make matters seriously worse. In those circumstances, Parliament should be fully engaged. Cutting Parliament out is not the way the Government should have moved within the Bill.

Much of the cross-border trade between Ireland and Northern Ireland involves small businesses. The Government's answer to new problems for small businesses, which will be legion, seems to be trusted trader status. I sit on the EU Goods Sub-Committee. Small businesses have told us that the trusted trader scheme is simply not fit for purpose. It is complicated, expensive and disproportionate. It must be reformed, but so far the Government seem deeply resistant and certainly seem not to have addressed such issues in their trade negotiations. Therefore, no change is reflected in this Bill. It is an instrument that most will simply not be able to use.

The Bill also allows for new trade rules to be introduced gradually for supermarket supplies and medicines, and that makes sense. But it would have made more sense if it had been extended far more widely. I and my colleagues have called for a six-month adjustment period for all goods and small businesses that form our trade with the EU. Frankly, in the time of Covid intensifying—I suspect that when the Bill was conceived there was an expectation that it would be meandering away at this point—it is even more imperative to apply a much broader breathing space. I hope the Government will rethink that in these last few days.

Lastly, I will touch on VAT. HMRC has said that, in so far as possible, VAT will be accounted for by businesses and individuals as it is today as goods cross the Northern Ireland border. I attended a virtual webinar held just a few days ago on VAT, including the Northern Ireland border issues. I will admit that I could not follow large chunks of it, but it was easy to draw two conclusions. The first is that this is a real Bermuda triangle, with intense complexity embedded in it. Any business will be taking a real risk if it does not get expert advice to be able to cope, and that will be really challenging, especially for smaller and medium-sized businesses. The other conclusion one came to, which was a happy thought for those involved in the webinar, was that VAT experts had been given job security for life with the complexities that will arise.

We in this House have no say in the future of this Bill, but it is one that touches on serious issues that will shape the future of Northern Ireland and of our union. Despite that limitation, I hope that we will continue to follow these issues. We need to continue to hold the Government to account.

1.53 pm

Baroness Altmann (Con): My Lords, I thank my noble friend for his explanation of the Bill and I certainly welcome it. I congratulate the Government on attempting to reinforce the powers to tackle tax evasion and on seeking to minimise the changes involved. I also welcome, as expressed so clearly by the noble Lord, Lord Hain, and the noble Baroness, Lady Kramer, the decision to pull back from the brink of breaking international law.

As noble Lords will know, I have long been concerned about the position of Northern Ireland. It is important that Northern Ireland goods have unfettered access to Great Britain. These frameworks for the changes have now been agreed with the EU-UK joint committee, as set out in the Northern Ireland protocol. That is good news, but safeguarding the unity and integrity of the internal market is important. However, can my noble friend say when we will get further details on how this will be implemented? Clearly, the view of the joint committee, as established by the Northern Ireland protocol, has now been accepted and I am delighted that the withdrawal agreement and the Northern Ireland protocol will be upheld.

Avoiding no deal is absolutely essential, as is repairing relationships with our European neighbours. May I ask my noble friend what the agreement in principle on the Northern Ireland protocol framework for future customs and tax arrangements means? When will the joint committee set out details and when will regulations be introduced, so that businesses will know what they need to do? We know that the agreement is that Northern Ireland exports to Great Britain will pay EU tariffs only if goods are at risk of moving into the EU. How will this be assessed and checked? How will the money be collected and how will it be policed? We are about to leave in a number of days' time, and we do not seem to know the answers. As the noble Baroness, Lady Kramer, pointed out, the trusted trader scheme cannot be relied on. I also urge my noble friend to consider, if necessary—and perhaps we can see now that it is necessary—delaying further any temporary exemptions from initiation here.

I also congratulate the Government on ensuring that online marketplaces must charge VAT and on removing the low-value exemptions to help British businesses and reduce tax avoidance. I welcome, too, the measures to prevent evasion of insurance premium tax, with Clause 8 allowing HMRC to issue liability notices. This should help to ensure that EU insurers do not continue, as in some cases they have, to try to avoid the insurance premium tax.

I finish on an issue that has proved extremely contentious: the abolition of tax-free shopping for overseas visitors. Thousands of people come here to shop and this risks driving wealthy international shoppers elsewhere for their purchases and other expenditure, which would generate tax revenue in the UK through visits to hotels, restaurants and places of entertainment. I believe that France and Italy are already advertising for the business of these wealthy overseas tourists and shoppers. The Government's estimates have been shown, even by the OBR, to be flawed. The suggestion is that this could save £500 million. However, the OBR suggested that this £500 million estimate in the spending review

is significantly overstated and the figure may be £195 million at best, but this is highly uncertain because it does not assume particular behavioural change by those customers who would clearly be likely to go elsewhere. Indeed, the Centre for Economics and Business Research estimated that this change in VAT, opposed by the tourism, culture, hospitality and retail sectors, as well as by airports such as Heathrow, could lead to 138,000 job losses and a potential loss of revenue to the Treasury of £3.5 billion, rather than a net saving.

Hanbury has estimated that this will not just hit London and the south-east. In terms of the Government's levelling-up agenda, it would appear that Manchester, Liverpool, Leeds and Edinburgh risk losing their current benefits of more than £200 million of tax-free sales last year. The removal of this VAT incentive is something for which I have struggled to find any support in any quarter. I therefore ask my noble friend to take back to his department the extreme concerns on this issue.

Overall, however, I welcome the Bill, hope we will be able to avoid any kind of no-deal outcome and look forward to a successful 2021.

1.59 pm

Lord Bruce of Bennachie (LD) [V]: My Lords, the Bill is welcome for the practical measures it contains, but more for the notwithstanding clauses that have been omitted and were previously threatened. In a way, it is another tortuous step along the way to deliver the easy Brexit that the Government, or their Brexit-controlling cabal, promised. I well remember the Prime Minister during the election, in a draughty-looking warehouse in or near Birmingham, promise that there would be no new paperwork or charges between Great Britain and Northern Ireland. In fact, the “oven-ready deal” proved anything but. The only oven-ready thing about it is that it was stuffed.

Having agreed the deal that Theresa May negotiated, we then got the United Kingdom Internal Market Bill, with its law-breaking clauses now dropped. Why? It was because the EU-UK joint committee met and agreed a way forward. This was always the way it should have been resolved, without the threat of breaking international law or resorting to the latest ploy of gunboat diplomacy. I just wonder how hard the Government are working to alienate everybody that we need to have on side for trade, co-operation, security and all the other things that a respecting nation needs.

Arch-Brexiters in the Commons tried to reinstate this approach yesterday. It appears that they are still deluded in the belief that sovereignty is an absolute. It can be only if the country puts itself in solitary confinement—an uncomfortable place for a trading nation with a historically massive balance of payments deficit. Facing reality, the Government have now agreed, as they always had to, that at-risk goods will be properly monitored, that Northern Ireland will conform to EU rules on, as a case of detail, aviation fuel duty, and that the rest of the UK will follow suit for “consistency”. Is this a taste of things to come? I suspect it is. Similarly, there is agreement on aspects of VAT, but can the Minister explain the implications for online sales under £15 in Northern Ireland? Do Northern Ireland residents have to pay VAT on online purchases when GB residents do not?

Can we now hope for the dawn of pragmatic common sense and an acceptance of reality? The Prime Minister advocated cakeism, and it appears that Michael Gove believes that it is being delivered, but for Northern Ireland. He seems to be supported by the Foreign Secretary. We have been told that Northern Ireland is in a wonderful position, effectively being in the UK and the single market. This is an enviable position that the majority of businesses in Great Britain wish to be part of, but they cannot be.

The rest of us—the 99.8% of the economy that does not depend on catching fish—want to know where the dust will settle. Even in fishing, the catchers and processors have conflicting interests. If we want to continue trading profitably with the EU, which takes nearly 50% of our exports, we have to accept that there will be EU rules and we will need to accept those rules if we want to secure access. That has always been the case for third countries. We will no longer have a say in shaping those rules but, as the EU states have pooled their sovereignty to make the rules, we can reject them only at a price. We have the right to choose, but there is a price to pay.

Ironically, we are choosing to trade under WTO rules. We have far less influence over these than when we were members of the EU. Indeed, the WTO is a pretty dysfunctional organisation in dealing with disputes among its members. The Government are urging businesses to prepare to end transition in 15 days' time. Ministers claim that they are trying to provide certainty, but the opposite is the case: how can people prepare for the unknown against a background of promises that it would all be quick and easy? This Bill is necessary, but more legislation is required. We still do not know under which terms, if any, we will leave the EU, and businesses are expected to adapt to unknown rules and regulations, which the Government cannot explain, which are complicated and for which they will probably have to pay for expert advice.

I was astonished, the day after the Prime Minister claimed that there would be no new rules, regulations or paperwork, to go on to the government website and see that its advice was to contact HMRC to get a registration, to take advice on customs requirements and to consider whether you need to employ customs staff or a customs agent. The contradiction was there for all to see on the very day that the Prime Minister made his absurd claim, which everybody knew was unsustainable.

The Bill is necessary. Thankfully, it is limited compared to what it would have been, but it is symptomatic of the bungling incompetence that characterises the Government in delivering an ideological ambition that is deeply damaging to the interests of this country and has left the world looking on in astonishment at how the UK took leave of its senses.

2.05 pm

Lord Sharpe of Epsom (Con) (Maiden Speech): My Lords, it is an honour and privilege to make my maiden speech in this important debate. I had rather hoped to be able to give my speech during the CHIS Bill's passage through your Lordships' House, as this is a subject on which I have some specialist knowledge, but my carefully laid plans were undone by contact

[LORD SHARPE OF EPSOM]

with a gentleman who had tested positive for the dreaded virus so, in spite of a negative test, I was condemned to two weeks' self-isolation. This was not much fun, although it left me with a refreshed appreciation for my family, who have to put up with me all the time. I found two weeks of my own company a most severe test. I am pleased to report that the gentleman in question has made a full recovery.

I arrived at your Lordships' House at an odd time. I have watched, listened and attempted to learn, but the conditions are far from ideal for a new boy. Arriving during Covid is like trying to assemble a complex jigsaw puzzle, but without the picture on the box. At the outset, therefore, I give thanks to a number of people who have helped me paint the necessary picture. Noble Lords on all sides of the House have extended to me a very warm welcome. The doorkeepers and staff of the House carry out their responsibilities with such good cheer. I have to say how skilled the doorkeepers are at seeing through my cunning facial disguise every day. My noble friend Lady Secombe has generously shared her many years of experience of your Lordships' House, and last, but by no means least, I thank my two supporters at my introduction in October—my noble friends Lord Taylor of Holbeach and Lady Pidding.

I was particularly honoured that my two noble friends introduced me, as they are also predecessors of mine as chairmen of the National Conservative Convention, by which route I arrived at your Lordships' House. For those of you who do not know, the national convention's antecedents date back to 1867—to Disraeli's time and that of the Second Reform Act. The National Union, as it then was, formed with the explicit intent of reaching out directly to the newly enfranchised voters created by that Act. Over the past 153 years, and no doubt to the regret of some of your Lordships opposite, it has been remarkably successful.

Joking aside, there is an important point to be made here, and more so in these troubling times, and that is that the foundations of our civil society and democracy require the active participation of many selfless volunteers from all walks of life and parts of our United Kingdom, and from every political persuasion. I am sure that your Lordships agree that, without them, many of the things that we take far too easily for granted would not happen and, whether we agree politically or not, we would be the poorer for that. So it has been a privilege and a pleasure to represent those from my side of the argument. I thank them and commit to continuing to represent them and all those who volunteer in your Lordships' House.

My other life, the remunerated part, involved a lengthy career working in the stock markets of the world, which took me from Hong Kong to Tokyo, New York and back to London. I look forward to returning to the subject of financial markets and regulation in the new year, but I also look forward to contributing to the inevitable debates in this House on Hong Kong. I lived there for a decade and started life as an inspector in the Royal Hong Kong Police. That was a long time ago, and much has changed—not, I fear, for the better—but I have a great affinity for Hong Kong and its people and, having served in some of the more remote places in the New Territories,

considerable experience of the pace and rhythms of life outside the glittering towers of Central and Kowloon. I owe these people a lot, this country owes them a lot, and I look forward to making the case that we must continue to demonstrate that.

In pursuing this career that has spanned much of the world, I have been lucky enough to gain a cultural understanding of a number of places, and that has shaped my views on our world and our place within it. As a consequence—and this is very relevant to the debate today—I am an optimist, bullish about our great nation's future. It is perhaps a little hard to see the wood for the trees right now, but we should not forget the words of the second US President, John Adams:

“Every problem is an opportunity in disguise.”

We have the opportunity to demonstrate leadership in many different areas, and I hope to make the case that large parts of the world will respond favourably if we make the most of those opportunities. Having observed the proceedings in your Lordships' House over the past month and, indeed, past half hour, I have reluctantly concluded that this may not be the majority attitude here, but I think that this Bill highlights the positive difference that your Lordships can and, I have no doubt, will continue to make.

We need this Bill: it ensures that we are legally prepared to leave the EU. It sets out a framework to prepare for all outcomes of the free trade agreement negotiations with the EU, and of the Joint Committee discussions on the implementation of the Northern Ireland protocol. It ensures the smooth continuation of business following the end of the transition period. The Government have made it very clear that they are committed to providing unfettered access for Northern Irish business to the rest of the UK's single market, protecting progress made under the Belfast/Good Friday agreement. It is clear to me that this Bill will form a vital part of our preparations as we prepare to become a fully sovereign trading nation, and I have no hesitation in supporting it.

I thank noble Lords for indulging me with this speech and I look forward to taking my responsibilities seriously and contributing to the debate here on those subjects that I have outlined, and perhaps others where I have experience, perspective and knowledge.

2.11 pm

Baroness Pidding (Con): My Lords, it gives me immense pleasure to follow the excellent maiden speech of my noble friend Lord Sharpe of Epsom. Our friendship goes back some 15 years, when we worked side by side as volunteers in the Conservative Party. As my noble friend mentioned, both my noble friend Lord Taylor of Holbeach and I have had the privilege of being chairman of the National Conservative Convention, the position that my noble friend Lord Sharpe currently holds. And what a superb chairman he is, leading from the front, motivating, encouraging and cajoling, but never asking fellow volunteers to do something that he would not do himself.

There are few parts of this country that my noble friend Lord Sharpe and I have not campaigned in together, and I am certain that his passion for democracy and volunteering will continue for years to come. I

know, as I have witnessed first-hand, how much my noble friend likes nothing more than a good debate on the doorstep. Now that he is here in your Lordships' House, he has found a new forum for debate. This outlet will probably be a great relief to his family.

Talking of family, it would be remiss of me not to mention my noble friend's wife Fiona, son Charlie and daughter Kate, who, over the years, have given their unstinting support to his voluntary work and, on occasion, have got involved too. As is so often the case in working for any voluntary organisation, it has meant his absences on many an evening or weekend.

As noble Lords will have heard from his speech, in my noble friend we have a great addition to our House. We have heard only a snapshot of the experience that he will bring. Not only does my noble friend have a notable background in the world of finance and the unique experience of being an inspector in the Royal Hong Kong Police, but there is so much more. He is well travelled and is even a published historian. In the coming months, when we are able to move beyond this dreaded virus, more noble Lords will, like me, find my noble friend to be the most genial company, and I know that he will prove to be a real asset to these red Benches.

Turning to the business before us today, the Taxation (Post-transition Period) Bill is a crucial step on the road that the United Kingdom must take as we prepare for the end of the transition period at the end of this year. I know, and hear today, that there are noble Lords who see this as a cause for melancholy, whereas others, like myself and my noble friend Lord Sharpe are optimistic for the opportunities that Brexit will bring to the whole of the United Kingdom, Northern Ireland included.

Throughout the negotiations, Northern Ireland has been the focus of much debate. This has caused anxiety from many in the United Kingdom who hold the union dear. However, the most affected are the British citizens who live in Northern Ireland or those whose livelihoods rely on trade and the movement of goods between Northern Ireland and the rest of the United Kingdom's internal market. This has inadvertently harmed businesses, which are rightly concerned about the legal and practical state of regulations and tiresome taxes governing their trade with the European Union and the rest of the United Kingdom. Reassuring words of politicians have had little impact in soothing this concern. This Bill, however, represents action, ensuring that Northern Ireland will not be left behind or forgotten. It provides legal certainty for the customs, VAT and excise systems in Northern Ireland after the end of the transition period. This legislation will also help deliver the commitment made by this Government to deliver unfettered access for Northern Ireland businesses to the rest of the UK internal market and protect progress made under the Belfast agreement.

As the United Kingdom leaves the European Union, we must do our best to provide the assurances and support needed for businesses to prosper across the country. This is particularly true of SMEs, which are the backbone of the United Kingdom's economy and which millions of citizens rely on for work. I am glad to see that this Bill has this at its core.

The Bill is no silver bullet but, along with other Bills currently making their way through Parliament, it will create a clear pathway for the whole of the United Kingdom to pass through this transition period, weather any possible storms and emerge stronger and ready for the opportunities awaiting us. Like my noble friend Lord Sharpe of Epsom, I give this Bill my full support.

The Deputy Speaker (Lord Faulkner of Worcester) (Lab): The noble Baroness, Lady Jones of Moulsecoomb has withdrawn, so I call the noble Baroness, Lady Ritchie of Downpatrick.

2.16 pm

Baroness Ritchie of Downpatrick (Non-Aff) [V]: My Lords, it is a pleasure to follow the noble Baroness, Lady Pidding, and to welcome the noble Lord, Lord Sharpe of Epsom, who has just made his maiden speech. I look forward to working with him as he stated that he looked forward to working with all noble Lords around the House.

I thank the Minister for his explanation of the Bill, whose purpose is to implement various aspects of the Northern Ireland protocol relating to customs duties, VAT and excise. While welcoming the provisions of the Bill, I note that it would have been a different position if there had not been a resolution on the operation and implementation of the Northern Ireland protocol in the UK/EU Joint Committee negotiations last week. The protocol will not contain provisions to disapply provisions within the protocol; that agreement has been achieved in the Joint Committee on export declarations for goods moving from Northern Ireland to GB and the application of state aid under the protocol. Notwithstanding that, I have some questions for the Minister.

First, can the Minister provide assurances that this Bill is consistent with the Northern Ireland protocol in all aspects? It is important to remember why the Northern Ireland protocol is in place—it is to prevent a hard border on the island of Ireland between Northern Ireland and the Republic of Ireland. It is also meant to act in accordance with the principles of the Belfast/Good Friday agreement to build on the peace with political, economic and social stability and to continue to foster reconciliation on the island. It is vital, therefore, as it contains those necessary ingredients to enable that to happen.

I hope that there is a zero-tariff trade deal and that that is achieved as quickly as quickly as possible. I implore both the UK and EU to arrive at a deal; I did not want to leave the EU but realise the need for a proper and adequate trade deal so that business can be conducted which will not undermine or hinder trade opportunities and provide goods to customers at affordable prices. Lest we be in any doubt, no deal will not be beneficial for the UK, Northern Ireland or the Republic of Ireland or in fact the wider European Union. I note that the Government, through the debate on the United Kingdom Internal Market Bill, have followed on from the agreement in the Northern Ireland protocol to ensure that qualifying Northern Ireland goods have unfettered access to the UK internal market. This is welcome because it provides assurances to businesses and consumers alike.

[BARONESS RITCHIE OF DOWNPATRICK]

The protocol applies the EU's regulations on traded goods, customs and VAT on goods to movements into and out of Northern Ireland. As I have already said, this is to ensure that there is no hard border across the island, to protect the integrity of the EU single market and the customs union, and to respect Northern Ireland's position within the UK's customs territory and the UK internal market.

The protocol sets out in depth the parts of the EU's *acquis* on goods that are to be given effect to and provides that the protocol will have the characteristics of EU law in terms of precedence and direct effect. This ensures that the legal rules on traded goods, VAT on goods, and customs processes not only are the same in Northern Ireland as the Republic of Ireland but will be enforced in similar ways. Of course, the decision on the continued application of the protocol arrangements on traded goods in Northern Ireland will be for the Northern Ireland Assembly to take on a cross-community basis every four years. I have a query about that, because that is not the true application of that particular facility in the agreement itself.

This legislation, which is to be given its Second Reading today, will give effect to the necessary implementing arrangements on VAT and customs. I understand that associated delegated legislation will need to be put in place quite quickly. Therefore, could the Minister indicate the schedule, framework and content for that delegated legislation?

This legislation also has several consequences, and I have certain questions in that respect. Since it prescribes through provision for taxation and VAT measures, how will the Bill and the Government deal with anti-avoidance? How will that work in the agri-food sector in particular? On the one hand, the Trade and Agriculture Commission, which is to be put on a permanent basis for at least three years through the Trade Bill, will underpin food standards. How will the Government ensure that inferior food products do not come into Northern Ireland to take advantage of the protocol?

How will the legislation prevent organised crime? What work will be carried out with the Police Service of Northern Ireland, other police constabularies, the Gardaí in the Republic of Ireland, and Interpol to underpin those standards and prevent avoidance measures? What will be the role of the National Crime Agency? With HMRC, what are the established practices for identifying and targeting those involved in avoidance measures to ensure that it does not happen?

When will the infrastructure at the ports of Derry, Larne, Belfast and Warrenpoint be in a state of readiness and operation? Where will the officials be based? Where will the EU officials operate from? Will they work alongside officials from HMRC? Has the recruitment of customs agents taken place? When will they take up post at the ports?

Will the Minister ensure that more details are set out on how duties and tariffs might be rebated through regulations under the Bill? For the avoidance of doubt, could he confirm that fish landings at Northern Ireland ports will no longer be subject to tariffs under the Northern Ireland protocol?

I realise that there were several questions there that the Minister might be able to answer today. If he is not able to do so, I would appreciate answers in writing and a copy being placed in the Library of your Lordships' House.

While welcome, this taxation Bill comes at the end of a long process that many of us felt deeply unhappy about. I hope that there will be full implementation of the Northern Ireland protocol and that the people of Northern Ireland and the island of Ireland, where I live and have worked for many years, will be able to benefit and that there will be an end to this long, very sorry saga.

2.24 pm

Baroness Suttie (LD) [V]: It is always a pleasure to follow the noble Baroness, Lady Ritchie of Downpatrick. I agree with so much that she said. I also congratulate the noble Lord, Lord Sharpe of Epsom, on his extremely thoughtful maiden speech.

I suppose one thing we can say with a degree of certainty about the Bill is that it could have been worse. In that sense, it is to be welcomed. If the Government had not changed their position on Part 5 of the UK Internal Market Bill last week, we could have faced an extremely unwelcome piece of legislation. As it is, we find ourselves with just two weeks to go before the end of the transition period, debating a long and complex Bill without clarity on either the context or much of the content.

On the context to this Bill, we still do not know whether there will be a deal. We should recall that no deal would have a particularly brutal effect on the Northern Ireland economy. With only two weeks to go until the end of the transition period, we know that parliamentary scrutiny of the content of any deal that is now agreed will be very limited, and so much of the content of the Bill before us today will be delegated to future regulations. It does not give us a feeling of confidence that there will be much transparency in this process.

As others have remarked, it is an irony that so much of the Brexit debate was about taking back control and moving away from a system of imposed regulations that we were unable to amend. Yet, at the 11th hour, it is at least welcome that attempts are being made to make the Northern Ireland protocol work in practice. However, there remain a great many unanswered questions.

The Minister will know that, last week, the Northern Ireland trade groups warned that, in spite of the £200 million trader support service, businesses would not be ready to deal with the new border processes, computer systems and bureaucracy in time for 1 January. Can the Minister say what additional measures will be put in place to protect Northern Ireland households from significant price rises and potential shortages or delays to the many highly complex supply lines? As other noble Lords have said, the Minister will also know that there is particular concern in the agri-food sector in Northern Ireland about products of a lower standard coming into Northern Ireland and taking advantage of the protocol. Can the Minister say when we will see detail on exactly how measures to avoid this will work in practice?

It also remains unclear how non-qualifying goods will be determined and how they will be distinguished as they move from Northern Ireland to Great Britain. Can the Minister say what the operating model will be for this process? What mechanisms will be put in place to distinguish between Northern Ireland goods and goods from the rest of the EU, including the Republic of Ireland? The Minister will know that there is particular concern in the food and drink sector that cheaper or non-authentic versions of quality products may be able to reach the UK market in this way.

There is now so little time left to resolve so many problems before 31 December. We are ultimately in this situation because, from the outset, the Government promised a series of incompatible things—a trilemma, as my friend Stephen Farry MP has called it. The Government consistently said that the whole of the UK must leave the customs union and the single market, that special status for Northern Ireland was ruled out, and, correctly, that there should remain no border on the island of Ireland. It was the Government who insisted on these red lines, but it is now the people and businesses of Northern Ireland who risk paying the price.

2.29 pm

Baroness McIntosh of Pickering (Con) [V]: My Lords, I give a very warm welcome to my noble friend Lord Sharpe of Epsom and congratulate him on his first-class maiden speech. How lucky we are to benefit from his broad experience in so many different fields. He is very welcome indeed. I also congratulate my noble friend the Minister on bringing forward the Bill, albeit at this late stage, but without the “notwithstanding” clauses.

I want to press my noble friend the Minister on certain issues that are not on, or not immediately apparent and clear on, the face of the Bill. As he will be aware, we on the EU Environment Sub-Committee were very fortunate this morning to take evidence from those concerned with the agri-food sector and goods moving into Northern Ireland from continental Europe from 1 January. Is he minded to acquiesce to their request for a period of grace for a minimum of two months, but ideally of between two and six months, which others referred to as a period of adjustment, given the months of uncertainty and continuing lack of clarity, even with the publication and debate of the Bill today? Can the Government clarify the status of the UK global tariff regime? It was published in May, but we heard from a witness today that there is still a lack of customs data, trade statistics and tariff availability for imports.

Also, as others have mentioned, the trusted trader scheme will play a vital role, particularly in Northern Ireland, in preparing the flow of goods and unfettered access to which the Government are committed, which I applaud. With a budget of £2 million to fund the scheme, can my noble friend confirm that all 800 staff have been hired and trained and are ready to give the advice that will be required? Customs clearance will be required for all goods entering Northern Ireland from England, Scotland and Wales. What is the state of preparedness within HMRC regarding the additional 220,000 forms? Have all the necessary customs agents been appointed and trained, and are they in place and ready to go?

Regarding the abolition of tax-free shopping for overseas visitors, what is the up-to-date assessment of the loss of this trade for major stores not just in London but across the United Kingdom—in Birmingham, Manchester, Cardiff, Belfast and Edinburgh? What will the damage be? Does my noble friend share my concern that this will be removed from the UK market and that all the trade from which we have benefited over so many years will go to Paris, Amsterdam and Frankfurt, our near neighbours?

I end with specific requests flowing from the Bill. The first, as I set out at the beginning, is for a period of grace of between two and six months, to ensure that those asking to abide by the rules, which are not yet clear, will have the time to make themselves familiar with them, so that they can apply them from perhaps 1 April or 1 June. Also, can my noble friend confirm the status of the UK global tariff regime for imports? On the question of equivalence on phytosanitary measures, can he look at whether it should be veterinary surgeons alone who issue these environmental health certificates that will be required, or whether others might be more suitable, given the current shortage of vets, to enable these certificates to be issued in time?

Finally, can my noble friend give us a programme of when the implementing instruments will be in place so that we have a position at least to familiarise ourselves with them? I welcome the Bill and wish it a fair passage through Parliament.

The Deputy Speaker (Lord Faulkner of Worcester) (Lab): My Lords, the noble Lord, Lord Desai, and the noble Baroness, Lady Wheatcroft, have withdrawn, so I call the noble Baroness, Lady Bennett of Manor Castle.

2.34 pm

Baroness Bennett of Manor Castle (GP): My Lords, I was going to say that it was a great pleasure to follow the noble Baroness, Lady Wheatcroft; as former newspaper editors we could both have reflected on how there was once a silly season where we were not dealing with such serious issues this close to Christmas—but I have said it anyway. I also welcome the noble Lord, Lord Sharpe of Epsom, to this House. I declare my position as co-chair of the All-Party Group on Hong Kong. There may be many things on which we do not agree, but I hope that we can agree on ensuring the rights of those Hong Kongers who wish to come to the UK, and on standing up for Britain’s position as a signatory to the joint declaration on Hong Kong.

I wish to start my reflection on the Bill with a couple of numbers. There are 112 pages, 29 pages of Explanatory Notes, and, depending on how you count it, four or five working days until Christmas. I feel I am repeating myself but it must be said, reflecting the words of the noble Baroness, Lady Kramer, who is not currently in her place: after a horrendous year, small-business people might have been thinking of winding down and finally getting a bit of a break, but they will have to plough through all that paperwork and seek expert advice at this point in the year. I usually try not to repeat what others have said in your Lordships’ House, but I must join many others in celebrating the Government’s U-turn on the “notwithstanding” provisions of this Bill. That a UK

[BARONESS BENNETT OF MANOR CASTLE]

Government could be planning to break an agreement that they signed only 12 months ago will long resonate on the world stage. Every time we hear from the Government Benches, as we do so often about amendments to Bills, “This does not have to be on the face of the Bill” and “You can trust us, we’ve said this is our policy”, we can reflect on where we are today.

We must also reflect on the Brexit ultras having to face up to reality. The “easiest negotiations in history” is a phrase that we must remember being said. Drawing a couple of parallels, I reflect on Erasmus Wilson, the Oxford professor who said in 1878:

“When the Paris exhibition closes, electric light will close with it and no more will be heard of it”,

and the president of the Michigan savings bank saying to Henry Ford:

“The horse is here to stay but the automobile is only a novelty, a fad”.

We are in that territory, for this legislation lays bare the emptiness of “taking back control”. Your Lordships’ House is passing this Bill in one day, while the other place passes the new Trade (Disclosure of Information) Bill which, as of last night, no one had even had the opportunity to read. We will do our best to scrutinise so many things, but as we have been seeing, particularly in the Grand Committee, statutory instruments are being looked at that modify previously passed Brexit statutory instruments. I fear we will see the same cycle again early in the New Year.

I join the noble Baroness, Lady Altmann, in welcoming the modest measures in this Bill against tax dodging. I hope that this is the sign of much more to come from the Government Benches. It tackles a very small part of the issue; there are very large factors to be tackled here. I am happy to see the increase in aviation and gasoline tax, but it is nowhere near enough, particularly after the disastrous ruling in the Supreme Court today on Heathrow expansion. Flying is the most carbon-intensive form of travel, but it is undertaxed and inadequately dealt with in the Paris agreement.

In reflecting on that, I also note that today sees the tragic but terribly important coroner’s conclusion that air pollution was a cause of Ella Kissi-Debrah’s death at the age of nine. It is the first time that such a finding has been made in the UK. I ask the House to take a moment to pay tribute to her mother, Rosamund, for her long fight to get this medical reality recognised.

I shall finish with a question for the Minister. I do not know whether, at this late hour, he can ride to the rescue of Boris Johnson in offering an explanation of how the people of the UK will benefit from Brexit: those people who, right now, are making a weary trudge to the food bank to get food for Christmas; the self-employed who have been left for so many months without any money at all through the gaping holes in the Government’s Covid rescue packages; and the weary teachers struggling to provide education and security for their pupils amid the chaos. How will they gain from Brexit, whether it is no deal or the scantily patched-together thin deal that is now our best hope? We know that the surfers of disaster capitalism, the hedge fund traders and the purveyors of fancy financial instruments will benefit from the chaos—they always do. A few people will profit and the rest of us will pay.

2.41 pm

Lord Bhatia (Non-Afl) [V]: My Lords, this Bill will implement customs, VAT and excise obligations arising under the Northern Ireland protocol. The terms of the withdrawal agreement and the Ireland/Northern Ireland protocol create a unique status for Northern Ireland. It remains part of the UK’s customs territory but will continue to apply the EU’s customs code, VAT rules and single market rules for goods after the transition period, which ends on 31 December 2020. The Government are legislating in the United Kingdom Internal Market Bill to ensure that qualifying Northern Ireland goods have unfettered access to the UK internal market.

Article 8 of the protocol deals with EU VAT and excise provisions relating to goods that will continue to apply in Northern Ireland. However, HMRC will continue to be responsible for the operation and collection of the revenues that will not be passed on to the EU as VAT exemptions and reduced rates applying to Northern Ireland.

Clause 3 of the Bill amends the Value Added Tax Act 1994 to implement the obligation under the protocol. HMRC and the Treasury have explained that these provisions will ensure that the movement of goods between Great Britain and the Isle of Man and Northern Ireland will be treated as imports and exports. However, co-ordinating mechanisms will ensure that, as far as possible, VAT will be accounted for by businesses and individuals as it is today.

The Government have said that they will follow the UKIM Bill to make it clear that no tariffs will be payable on goods moving from Great Britain to Northern Ireland unless those goods are re-destined for the EU market or there is a genuine and substantial risk of them ending up there. The Government should not forget that the UK has signed an international agreement on Northern Ireland, which is part of the UK. Any breach of this agreement would damage the UK’s reputation internationally. It would also lead to the break-up of the United Kingdom.

2.44 pm

Lord Fox (LD): My Lords, over the course of this parliamentary term, we have seen the introduction of many things. Although the Government have not invented content-free legislation, they have certainly furthered that process through the liberal use of secondary legislation following primary legislation which is unable or unwilling to set things out in exact detail, and we are faced with that again today.

On a slightly more frivolous note, this Bill introduces, or highlights, the way in which a word like “notwithstanding” can suddenly be vested with some sense of terror, like a shark arriving on a beach. We are glad that the “notwithstanding” clauses were not, in the Government’s view, necessary in this Bill, so there is a little piece of brightness there.

The sunny optimism of the noble Lord, Lord Sharpe of Epsom, was very welcome. We welcome him to this House and look forward to his wisdom, and perhaps his anecdote—I am sure that there is plenty lurking there somewhere. I would call into question his maxim that every problem is an opportunity in disguise. As a former chief executive of the Liberal Democrats, I am quite able to give evidence of why that is not true.

I thank the Minister for his very clear explanation of the nature of the Bill. When I looked at it, I set out with the notion that it is the plumbing, which it is. It is easy to dismiss the plumbing, but then you think about what the world was like before we had plumbing and what it is like when we do not have plumbing and you realise that it is important. That is why the Bill is important and why we welcome it. Given the nature of our role in this House, I will seek clarification on some of the issues rather than make what could be called a traditional Second Reading speech.

The Bill sets out a new framework for customs, VAT and excise duty for goods moving in and out of Northern Ireland. The Minister was very clear, and said twice in two different ways, that Northern Ireland is, and remains, part of the UK customs territory, but on the second occasion he followed it with a big “however”. That “however” is that EU rules for goods but not services will apply in Northern Ireland. Therefore, it remains part of the UK customs territory but it also remains part of the EU customs territory, and there is a dichotomy in that process. That adds complication such that a £200 million scheme is required to help people with it. Like others, I ask the Government to update us on whether that scheme is ready to run.

The complexity lends itself to the six-month adjustment period that my noble friend Lady Kramer introduced. For the benefit of the noble Baroness, Lady Bennett, and others, I should explain that my noble friend is a member of the Economic Affairs Select Committee, and there is a protocol that allows those who have important Select Committee meetings not to sit through the extent of the debate.

The big question set out by the noble Baroness, Lady Altmann, my noble friend Lady Suttie and others concerned non-qualifying goods. We understand that there will be such goods but we do not know what they are and what the criteria are for creating them. We are not sure of the process for communicating what they are and we have no idea about the timing. This is not an abstract debate; it is about real people, with products, trying to understand what they need to do. Like them, I see adverts on my television every night telling me to get ready. Can the Minister tell us what they are getting ready for? What goods will be non-qualifying, and when will people know? That is really important and, again, it begs the question about delaying implementation so that people really can get ready, because that is what they want to do.

The Minister mentioned the role of duty suspension. It is an interesting role and one that I had not talked to the Minister about before. It would be interesting to know whether any of the rules around duty suspension are changing and whether the Government considered changing some of them, perhaps to add or remove friction from the system.

The Minister also talked about the removal of VAT relief on low-value items, and that is a welcome area. I would be interested to know whether the Minister can tell us what the expected increase in tax take is for that, and indeed what extra enforcement will be required to get that tax through the door. It strikes me that there could be an awful lot of different transactions that, in the end, add up to not much take. But I accept the Minister's point that levelling up the playing field for

our high streets across the country is really important. This is a very small measure but I would not overestimate its effect. A lot of things are happening to our city-centre and town-centre shops, and this is just one small element of them. My noble friend Lady Suttie and the noble Baroness, Lady Ritchie, talked about measures to manage shortages and potential price rises, and perhaps the Minister could set out what those would be.

My noble friend Lady Kramer and the noble Baroness, Lady Altmann, raised the issue of the trusted trader scheme. A lot of hope has been vested in this scheme but, without shooting too cheap a shot, our evidence of tracing schemes thus far has been relatively disappointing, to say the least. How can we be sure that this system will stand up to expectations? The accepted wisdom of many is that it is a small scheme that will not facilitate the sort of trade we are looking for.

Finally, a number of your Lordships raised the issue of removing tax-free shopping for foreign visitors. Here, without debating the issue, one needs to know what the facts are. Can the Government publish the cost-benefit analysis that I am sure they must have carried out before publishing such an important change in the rules? Can they explain how the difference in tax raised, which would have had to extend to EU visitors, is weighed against the economic effects on tourism and trade from foreign visitors? That number is very important and when we see it, I am sure we will be better able to understand why the Government have made this decision. Without those numbers, one might imagine that they just put a damp finger in the air and tried to work out which way the wind was blowing.

This is important plumbing, but it is inexplicable why we have had to wait this long so that businesses can get ready. I understand that we had to get through the internal market Bill, but that ran very late. Businesses need to be ready and for that, they need to know what they have to do. The Bill is essentially content-free. The real detail comes with the regulation and the secondary legislation. When will we see that? When will businesses know what they have to do so that they can continue to trade? It is up to us and the Government to make sure that they know what they have to do.

2.52 pm

Lord Tunnicliffe (Lab) [V]: My Lords, I am grateful to the Minister for introducing this Bill and to all noble Lords who have taken part in this debate. Before I turn to my broader contribution, I welcome the noble Lord, Lord Sharpe of Epsom, to your Lordships' House and congratulate him on his maiden speech. He gave an interesting insight into his career, and I share with him the belief that a varied career in different areas adds a roundness. I also congratulate him on his refreshing optimism. I say that because, as far as I can tell, apart from that expressed by the noble Baroness, Lady Pidding, his was the only optimism in the House today. Concern over the Bill varied from “chaotic” in my noble friend Lord Hain's case to more careful concerns, but even those whose concerns were least had issues with the lack of detail.

The noble Baroness, Lady Kramer, was the first to bring up the issue of international reputation, and I thought the comment of the noble Lord, Lord Bruce,

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that we were alienating everybody was very insightful. The final step in alienation was the announcement of our gunboat proposals. Surely, somehow, we have to learn that if we are to live with our neighbours, it makes quite a lot of sense to be polite when we talk to them. There was also an almost universal welcome for what is not in the Bill, particularly the “notwithstanding” clauses.

When reviewing proceedings from the other place, I was struck by how few of the speakers focused on the detail and how many saw it as an opportunity to air other concerns and grievances, particularly in relation to the Court of Justice of the European Union. Our debate has been just as wide-ranging, which is perhaps inevitable given the recent twists and turns in the trade negotiations.

The Bill has been presented as an essential piece of the jigsaw to ensure readiness for the end of the transition period—an event that will take place just over two weeks from now. As the shadow Chancellor made clear, we support the timely passage of the Bill, as it is important to minimise any disruption. This does not mean, however, that we endorse the Government’s approach to the negotiations on our future relationship with the EU. Given the importance of this legislation, it is disappointing that it was published so late in the transition period and received such little consideration in the Commons. It seems it was held back specifically to give the Government the option of breaching an international agreement, which reflects just how poorly this entire process has been managed.

Thankfully, a deal was done on implementation of the Northern Ireland protocol, but not before the Government had ordered their MPs to put controversial clauses back into the United Kingdom Internal Market Bill. As my colleague, Pat McFadden, said in the other place:

“It is one thing to play ping-pong with the House of Lords, but quite another to play ping-pong with yourself.”—[*Official Report, Commons, 9/12/20; col. 925.*]

The decision finally to drop the offending provisions from both Bills is a relief on many levels, particularly for those among us who care about the UK’s standing in the world. Far from providing the certainty that businesses and consumers need, this is yet another framework Bill that leaves much of the detail for later. We will have to wait for the Treasury to bring forward the full details of customs and excise duties, for example. Colleagues of mine in the Commons fought valiantly to get precise dates from Ministers but none were forthcoming. Can the Minister offer anything new on timings and sequences for the forthcoming regulations? If they will not be in force on 1 January, does that mean that some duties will be applied retrospectively? What forbearance might companies expect, given these extremely tight timelines?

Another area where we have had little detail is that of customs agents and intermediaries. Several weeks ago I asked the noble Lord about progress towards recruiting 50,000 new customs staff, a commitment which is frequently mentioned by Ministers when they discuss Brexit preparedness. The Minister helpfully clarified that these are industry recruits rather than

civil servants, and, like colleagues across government, he was unable to provide figures. Indeed, he referred to the oft-cited 50,000 figure as

“a bit of a finger in the air, to be honest”.—[*Official Report, 19/11/20; col. 1602.*]

Now that a little more time has passed, is he able to confirm today which way the wind is blowing on that matter?

In the Commons, the Exchequer Secretary pointed to the free-to-use Trader Support Service as evidence of the Government’s support for business. Some 18,000 firms were said to have signed up for this tool. Can the Minister confirm what proportion of businesses which regularly move goods to Northern Ireland this represents?

As a result of the recent Joint Committee outcome, we now have a trusted trader scheme, providing a grace period for supermarkets. While this represents a significant step forward, again, it has come incredibly late in the day. The Northern Ireland Retail Consortium has long expressed concern about business readiness for these changes, while the Food and Drink Federation has voiced what many are thinking: that the process has been a shambles. Even with this agreement, the absence of an overarching trade deal would increase costs for businesses and communities in Northern Ireland. Returning to my point about the early clauses of the Bill, we cannot be sure what these costs will be until the Treasury publishes further information. Can the Minister confirm that, when fleshing out the detail, the department will remain mindful of Northern Ireland’s economic position vis-à-vis the rest of the UK?

We had all, parliamentarians and the public, hoped to have clarity on trade agreements long before now. Indeed, we expected to be dealing with the implementation legislation this afternoon. I had certainly not anticipated the possibility of taking my turkey out of the oven while the Government are still cooking their so-called oven-ready deal. Even at this late stage, and with festive good cheer in mind, let us hope the Prime Minister will finally deliver on his pledge to the British people, enabling us to focus on other issues as we move into 2021.

3.01 pm

Lord Agnew of Oulton (Con) [V]: My Lords, thank you for your thoughtful contributions to this debate. I shall try to address the issues raised but first, I shall briefly review the achievements of this Bill.

At its heart, the legislation seeks to ensure that businesses across the United Kingdom can continue to trade unhindered after the end of the transition period. The Government are determined to uphold the commitments to the people of Northern Ireland under the Northern Ireland protocol and to protect the progress made under the Belfast/Good Friday agreement. The Bill will help support these commitments by providing legal certainty for the customs, VAT and excise systems in Northern Ireland after the end of the transition period. It enables us to put in place decisions made by the Joint Committee on goods not at risk of entering the EU.

I start with the noble Lord, Lord Hain, who asked about the “notwithstanding” provisions. The UK Government set out on 17 September that Parliament

would be asked to support the use of provisions in Clauses 44, 45 and 47 of the United Kingdom Internal Market Bill and any similar subsequent provisions in a Finance Bill only in circumstances where the fundamental purposes of the Northern Ireland protocol would be undermined. These clauses were introduced as reasonable steps to create a safety net so that the Government would always be able to deliver on their commitments to the people of Northern Ireland in the event that a negotiated outcome could not be reached in the Joint Committee. However, following intensive and very constructive work over the past few weeks by the UK and the EU, we now have an agreement in principle on all the issues in relation to the protocol on Ireland and Northern Ireland. As we have mutually agreed solutions, the Government have not included these elements in the Bill.

The noble Lord, Lord Hain, and others asked about agri-products. The Government have outlined in their Command Paper that there are no plans for any new bespoke customs infrastructure in Northern Ireland or at ports in GB to implement the protocol. We have always acknowledged that there would need to be some additional controls on agri-food movements between GB and Northern Ireland to reflect the island of Ireland's existing status as a single epidemiological unit, but we have also been clear that these new processes could never be allowed to put food supplies to Northern Ireland at risk. That is why the deal we have reached with the EU and the support we have put in place do what is necessary to protect and preserve GB-NI agri-food trade from 1 January.

The noble Lord, Lord Hain, also asked about a US trade deal. It was always going to be a complex thing to implement, which is probably why the EU has not achieved it yet, but we will of course continue to pursue it with vigour.

The noble Baroness, Lady Kramer, asked about the complexity of the Northern Ireland VAT rules. In implementing the Northern Ireland protocol, the Government have sought to minimise changes to how the rules will operate in practice as far as possible. There will be very few practical changes for the vast majority of traders in Northern Ireland, and this is clear from the HMRC guidance on VAT under the protocol which was first published on 26 October. Businesses will continue to use their current VAT number, HMRC will continue to administer the VAT system for the whole of the UK, and businesses will continue to complete their single VAT return and account for VAT in the same way as they do today, including where they sell goods between GB and NI.

On authorised traders, the Government have consistently underlined the importance of specific solutions for authorised traders, such as supermarkets, which have stable supply chains, comprehensive oversight of warehousing and distribution operations and move prepackaged products for retail sale solely into Northern Ireland. In particular, it is essential to take account of the time it will take for those operations to adapt to the SPS requirements of the protocol, including the required certifications and authorisations. This has been a priority throughout discussions with the EU, and the arrangements that have been agreed provide a sensible, phased solution. This means that authorised

traders, such as supermarkets and their trusted suppliers, will benefit from a grace period through to 1 April 2021 from official certification for products of animal origin, composite products, food and feed of nonanimal origin and plants and plant products. The UK Government and the Northern Ireland Department of Agriculture, Environment and Rural Affairs will engage in a rapid exercise to ensure those traders are identified prior to 31 December, so they can benefit from the grace period. The Government will not discriminate against small suppliers or between companies in implementing these practical measures.

My noble friend Lady Altmann asked about tax-free VAT for visitors—indeed, a number of other noble Lords asked the same question. The Government have been clear that they recognise the contribution that the VAT retail export scheme, or VAT RES, has made to international tourism and retail in the UK. However, there was not a choice to maintain VAT RES as it is today. The choice was between extending the scheme to EU residents or removing it completely, as WTO rules specify that goods bound for different destinations must be treated in the same way. Fewer than one in 10 non-EU visitors to the UK use VAT RES, and it is not a policy for discussion in this debate. The rules on VAT RES are not contained in the Bill.

The noble Lord, Lord Bruce, asked about small-value online sales in Northern Ireland. The Northern Ireland protocol means that Northern Ireland will continue to align with the EU VAT rules in respect of goods but not services. However, Northern Ireland is and will remain part of the UK's VAT system. Changes to accounting for VAT on goods supplied to Northern Ireland are in most cases identical to the changes for supplies in Great Britain. Businesses selling goods to a GB or NI customer will see little if any difference in accounting for their VAT. Low-value consignment relief, the important VAT relief for goods valued at £15 or less, will be removed in both GB and Northern Ireland.

The noble Baroness, Lady Ritchie, asked for assurance that there is consistency between the Bill and the Northern Ireland protocol. The powers in the Bill allow us to implement the Northern Ireland protocol in a way that is consistent with our obligations. She also asked about fish landings. There will be no new SPS requirements for UK-flagged vessels with their port of registration in Northern Ireland when landing fishery products into Northern Ireland or into EU ports. This will be the case regardless of the location from which such products are caught.

On enforcement and anti-avoidance between NI and GB, HMRC will enforce these provisions through risk-based checks and random spot checks. HMRC will also conduct behind-the-border intelligence-led investigations, focusing in particular on high-risk traders and high-risk commodities. It will have the power to prosecute anyone who tries falsely to claim unfettered access for their goods. Wrongly claiming goods status is a form of tax evasion which HMRC will treat as seriously as any other.

The noble Baroness also asked about the EU presence in Northern Ireland. We have reached an agreement with the EU on practical working arrangements which will enable EU officials to exercise their rights under Article 12 of the protocol. These arrangements recognise

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our position that there should be no permanent EU mini-embassy in Northern Ireland, nor any concept or perception of joint controls. All processes required under the protocol would be carried out by UK authorities. We will ensure that these principles are fully upheld as the arrangements are put into practice from the end of the transition period.

The noble Baroness asks about the certainty that HMRC will have systems ready for 1 January. HMRC has committed to having systems in place to deliver the protocol and facilitate the flow of trade between Great Britain and Northern Ireland. That will include ensuring that electronic declarations for both fiscal and regulatory purposes can be received and processed, while high-risk internal delivery is on track to deliver a functioning model by the end of the transition period.

The software system for the Customs Declaration Service is live and can accept all import and export declaration types. Its minimal viable product has been successfully delivered, all critical core functionality is embedded and it is fully compliant with the union customs code legislation. The CDS has been scaled to be able to process Northern Irish protocol declarations, including GB traders, to move across. The vast majority of additional delivery for the Northern Ireland protocol for CDS is in a live-testing environment. Feedback from our delivery partners has been positive on functionality, although they continue to flag that end-user readiness for the end of December remains extremely challenging. That is why the Government have established the trader support service. It is worth adding as a little further reassurance that the CDS system has been in existence for some time; it is not in any way a brand new system. The changes that are being added are to deal with the dual tariff system under the Northern Irish protocol.

The noble Baroness, Lady Suttie, asked about non-qualifying goods. The Government are delivering unfettered access in two phases. In the short term, our priority is continuity for trade groups. Therefore, the current definition for Northern Ireland qualifying goods is expansive and includes any goods in free circulation in Northern Ireland. In the long term, our priority is to focus the benefits of unfettered access on Northern Irish businesses. Therefore, we will lay a new definition of Northern Ireland qualifying goods that includes only goods moved by businesses established in Northern Ireland. In the long term, additional protections will be in place for Northern Irish agricultural goods.

In the agri-sector, the rules ensure that our Northern Ireland qualifying goods can have unfettered access into GB; all other goods will have to undergo standard UK import processes, regardless of what route they take. The Secretary of State for Agriculture, Food and Rural Affairs is working with the Northern Ireland Executive to design additional protections for Northern Ireland's farmers and other agricultural businesses. These will be designed with the consent of the sector and involvement of the Northern Ireland Executive.

The noble Baroness, Lady McIntosh, asked about the issue of temporary equivalence on phytosanitary measures. There will be no equivalence of SPS standards after the transition period between the EU and the

UK, including for GB goods entering Northern Ireland. All agri-food goods will require an export health certificate, which must be verified by a veterinary practitioner before goods arrive at the border control post for full SPS border checks.

The noble Baroness was also concerned about the abolition of free VAT. I think that I have addressed it, but I can add some additional information. We consulted on the change and specifically asked for evidence on the impacts of withdrawing the scheme. This evidence was assessed alongside the fiscal and economic impacts and balanced against the policy objectives in the area. HMRC has also published a tax information impact note. The OBR, the fiscal watchdog that reports to Parliament, has now published its independent and up-to-date assessment for fiscal effects, which confirms the Government's conclusion that withdrawal of VAT relief will raise a significant amount of revenue for the Exchequer, with a limited behavioural response and negligible impact on visitor numbers.

The noble Baroness, Lady McIntosh, also asked about the UK global tariff. The Government have today taken the necessary steps to bring into legal effect the UK global tariff, having just earlier this afternoon laid the relevant statutory instrument before Parliament as part of a wider legislative package. The UK global tariff will replace the EU's common external tariff as the UK's most favoured nation tariff from 1 January 2021. It is simpler to use, greener and cuts red tape and other unnecessary barriers to trade. It is also tailored to the needs of the UK economy, backing British business to compete on the world stage.

The noble Lord, Lord Fox, also asked about the removal of VAT relief. Just to build on my earlier comments, the OBR has forecast that these changes will raise over £300 million a year over the next five years—that is £1.6 billion over the scorecard period. Approximately two-thirds will come from improving collection and tackling non-compliance through the new VAT treatment of cross-border goods. The final third of the revenue comes from the removal of low-value consignment relief, which will end widespread abuse of this relief.

The noble Lord also asked about the rules on duty suspension. We have kept the rules in relation to the movement of excise goods and duty suspension between GB and NI as close as they are now, to reduce the burden on excise businesses and maintain the important controls that we have in place to prevent excise fraud.

A number of noble Lords asked about the role of the trader support service, or TSS, in Northern Ireland. I can provide some level of reassurance that we now have nearly 20,000 traders registered with it; that splits almost half and half between NI-based and GB-based businesses. We always calculated that there would be around 12,000 NI businesses that would need these services, so we are now at a very high proportion of those. They are receiving weekly bulletins from the TSS on readiness. The TSS call centre is rapidly standing up: it commits to have around 700 people—one noble Lord thought it was 800, but it will not be quite as many as that—and all offers have been made, and the numbers are arriving on a weekly basis. The current number working this week is something in the order of 250, with more arriving rapidly; I shall ask officials to

correct me if I am wrong on that number. They will also be able to assist with advice on the complexities arising from the joint committee agreements that we have recently made, but we are encouraged by the progress being made.

The noble Lord, Lord Tunnicliffe, asked a number of questions. On the timings and sequencing of forthcoming regulations, the EU-UK joint statement made last week sets out that an agreement has been reached in principle regarding the implementation of the Northern Ireland protocol. As part of that statement, this agreement is in principle, and the resulting draft texts will be subject to respective internal procedures in the EU and the UK. Once this is complete, a joint committee will be convened formally to adopt them. Further details, including regulations, will be set out in due course, before the end of the transition period.

The excise statutory instruments covering Northern Ireland will be laid in Parliament as soon as possible following Royal Assent. Those statutory instruments will come into force from 11 pm on 31 December and apply from that point onwards. Any new excise change that arises as a result of the excise clauses in this Bill will apply from that point onwards.

The noble Lord asked about forbearance. On customs, we recognise that mistakes happen, even when a business has taken care to meet its obligations, particularly in a new environment. HMRC will be taking a supportive approach and will not charge a penalty if a business has taken reasonable care to get its tax right. Where honest mistakes happen, HMRC will be stepping in to help customers put things right, but taking tougher action on deliberate, fraudulent behaviour. Financial penalties will generally be reserved for those who are able to comply but deliberately choose not to. HMRC will also take a supportive approach on excise. We will not charge a penalty if a business has taken reasonable care to get its excise tax right. Again, where honest mistakes happen, HMRC will step in to help customers put it right, while taking tougher action on deliberate fraud.

The noble Lord, Lord Tunnicliffe, asked about progress on the recruitment of customs agents. Building on my earlier comments, when thinking about readiness it is helpful to think about the capacity to make declarations, instead of the actual number of staff involved. A number of customs intermediaries have invested in improving their computer systems over the past year. We have made financial assistance of some £80 million available to them; we are still allocating grants at the moment. The sector is varied and made up of a number of business models, including specific customs brokers, freight forwarders and fast-parcel operators, all of which will require different numbers of staff to complete declarations and provide their services.

I am conscious of time. The noble Lord, Lord Tunnicliffe, asked about the proportion of businesses regularly moving goods between Northern Ireland and GB. He correctly pointed out that over 18,000 firms have registered. The TSS outreach is ongoing; the call centre I referred to a few moments ago is outbound in conversation with traders daily. He also asked about fleshing out the detail of the Joint Committee. The

agreement we have reached in principle means that we can establish arrangements which protect internal UK trade from tariffs, regardless of whether we have a wider free trade agreement or not. Further details on implementation will be set out in due course.

I finish by welcoming my noble friend Lord Sharpe to the House and thank him and the noble Baroness, Lady Pidding, for their picture of optimism. I know that is a minority view in this House, but I share it; I believe that we have huge opportunities to take. The noble Baroness, Lady Bennett, asked for concrete examples: one is the reform of rules on procurement, on which we published the formal consultation yesterday. This allows us to completely replumb—to use the terminology of the noble Lord, Lord Fox—the way this country carries out public sector procurement, which is worth some £290 billion a year. It will enable us to ensure that SMEs and areas not normally given preference in the UK can have a much fairer crack of the whip.

I have sought to answer noble Lords' questions to the best of my ability. As is regularly the case, many of the expert interventions illustrate the significant value of the ongoing scrutiny of this House. If I have missed a point of substance in my closing remarks, noble Lords should contact me and I will respond in the normal way.

Bill read a second time. Committee negatived. Standing Order 46 having been dispensed with, the Bill was read a third time and passed.

3.24 pm

Sitting suspended.

Energy White Paper *Statement*

The following Statement was made in the House of Commons on Monday 14 December.

“With permission, Madam Deputy Speaker, today we have published the energy White Paper setting out how we will power our net zero future. This document is a labour of love, and I pay particular tribute to the Minister for Business, Energy and Clean Growth, my right honourable friend the Member for Spelthorne (Kwasi Kwarteng), who has done an enormous amount of work in putting it together; he has been working on it since last year. I also thank previous Ministers who have worked on this; of course, we are now delivering it.

The White Paper sets out immediate steps to achieve our climate ambitions, to deliver on the Prime Minister's 10-point plan, to create jobs and, of course, to protect the most vulnerable in society by keeping bills affordable as we transition to net zero. It also allows us not only to build back better from Covid-19 but to build back greener.

We make this transition with consumers at the heart of it, because I understand, as I think we all do in this House, how difficult things are as we recover from Covid; for many people, every penny does indeed count. That is why the White Paper sets out at least £6.7 billion of support over the next six years for vulnerable and fuel-poor households. That includes the green homes grant, which could see lower-income

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households save up to £600 a year on their energy bills, and it includes extending the warm home discount scheme to 2026 to cover 750,000 extra households, giving those eligible at least £140 off their electricity bills each winter.

We will also tackle “loyalty penalties” once and for all by offering simpler methods of switching, including automatic switching. We will consult on rolling out opt-in switching, where consumers are offered cheaper tariffs and invited to take them up. That follows successful Ofgem trials. We will also consult on opt-out switching, which would automatically move consumers to cheaper tariffs unless they told us they did not want that to happen.

We have set out a vision of the future for us all—a future where smart appliances charge at the cheapest price, where one can sell electricity from one’s car back into the grid, and where hydrogen heats homes. We will go further, to ensure that the energy system works for consumers. We will introduce competition in the building and operation of onshore networks to drive down costs and increase investment and innovation, all ultimately benefiting consumers.

We will also minimise the grid connections to our offshore wind farms, which I know is important for many colleagues here, including off the coast of East Anglia, to protect our beautiful coastal landscapes and save consumers up to £6 billion by 2050. We will use data to search for cheaper and more innovative ways to power our homes, transport and businesses by publishing the UK’s first energy data strategy in the spring. This will all help to create a fair deal for consumers and protect the fuel poor, and it will give us warmer, more comfortable homes as we transition to net zero.

This White Paper comes at a vital time for rebuilding our businesses. It reinforces commitments made in the 10-point plan to deliver a green recovery. Our plans in the White Paper could support up to 220,000 jobs by 2030 in clean industries such as carbon capture, usage and storage, offshore wind, and electric vehicles. Indeed, many of the jobs created will be in our industrial heartlands, supporting our promise to level up the whole country and leave no one behind. Now is the time to seize these opportunities.

Clean energy is at the heart of our transformation from a fossil fuel-based energy system to one that will deliver net zero. Low-carbon electricity will be a key enabler for net zero as we change the way we travel and heat our homes. That is why we have reaffirmed our manifesto commitment to 40 GW of offshore wind, including 1 gigawatt of floating wind, by 2030, which will support up to 60,000 jobs by 2030; it is why we have committed to work with industry in aiming for 5 gigawatts of hydrogen by 2030, which will unlock £4 billion in investment and support up to 8,000 jobs; and it is why we are supporting the deployment of power with CCUS by 2030, putting in place the framework required to mobilise investment.

Of course, nuclear power continues to be an important source of clean, reliable and safe energy that, as part of our net zero mix, will help to result in lower costs to consumers. But with the existing nuclear fleet largely retiring over the next decade, we need further new

capacity, so I have confirmed today that we aim to bring at least one large-scale nuclear project to the point of final investment decision by the end of this Parliament, and the Government will enter negotiations with EDF in relation to the Sizewell C project in Suffolk. These commitments will be subject to full Government, regulatory and other approvals, including of course, very importantly, value for money. The Government will negotiate this in the best interests of the British people, ensuring low-cost, secure and clean energy over the lifetime of the project.

Today, we are also publishing responses to the consultation on the regulated asset base funding model used in many significant infrastructure projects. Such a model could help to secure private investment and drive down costs for consumers in the long run. We will continue to explore a range of options, including the potential role of Government finance during construction, provided that there is clear value for money for consumers and taxpayers.

I have also been impressed by the response of businesses to our calls to decarbonise. To support them in this endeavour, I am today confirming a new and ambitious UK emissions trading scheme, which will be in place from 1 January 2021. This new UK carbon market will be the foundation on which UK businesses achieve net zero emissions. It is also more ambitious than the EU system it replaces. From day one, the cap on emissions allowed will be reduced by 5%, and we will consult in due course on how to align it with net zero. We have also committed to explore expanding the scheme to further sectors, and will continue to progress our aspirations to lead the world on carbon pricing in the run-up to COP 26 next year.

In conclusion, this White Paper sets out a historic suite of measures to deliver our net zero ambitions. Fuelling the drive to 2050, as we move out of the shadow of coronavirus, these measures open the door to exciting new opportunities for our country. Taking action now ensures the UK is set on the path to ending its contribution to climate change, while giving UK industry new opportunities and creating jobs as we build the economy of tomorrow. I commend this Statement to the House.”

4.30 pm

Lord Grantchester (Lab): My Lords, for those watching on catch-up TV, this is the Government’s White Paper introduced in the Commons on Monday. I start by congratulating the Minister on bringing forward this energy White Paper in 2020. His department has indeed done well, after all this time, to fulfil frustrated expectations, and we recognise its importance.

As Emma Pinchbeck of Energy UK says:

“Today’s White Paper is a hugely significant step in the transformation of our energy system”.

The White Paper sets out a historic suite of rhetoric, hyperbole and slogans, but it does have many of the good intentions needed to take on the climate challenge and look to the horizon of energy objectives by building positive, realistic steps, being bold and aggressive, and providing platforms for future development to fill the gaps in our abilities at the moment. But it needs to deliver good solutions in a fair and honest way, sensitive to the needs of everyone across all our communities.

In this regard, is the Minister satisfied that the White Paper pays enough regard to the rural aspects of energy and is sufficiently rural-proofed where infrastructure and access to power are limited?

We can be pleased with much that is included here as a necessary first next step. It fills some of the holes in the scattergun 10-point environment plan, and points towards the many more strategies needed in 2020 but which can now come forward only in 2021.

We welcome the support needed to help vulnerable and fuel-poor households over the next six years and the plans for a simpler method of switching energy suppliers through smarter applications. The biggest challenge is to get the buy-in and behavioural change needed so that people do not feel disadvantaged and neglected. When will the Government publish their fuel poverty strategy?

The key elements of the future energy mix set out here are that of at least 30% wind and a doubling of nuclear, with further investments in new technology developments and decarbonisation. Much will depend on the integration of technologies—for example, carbon capture and storage alongside hydrogen power development—but the £1 billion promise of a cluster of carbon capture and storage solutions merely replaces the error-strewn cutbacks of previous Conservative Governments. It is good that the Government learn from their mistakes, even if they may learn slowly.

Much comment has been generated by announcements concerning the nuclear sector. The announcements last week, followed by the White Paper details, will go a long way towards helping relations with the French in the Government's present negotiations, especially concerning EDF and Sizewell C in Suffolk. This will secure a dependable baseload of energy for London and the south-east. However, the Government have yet to state their preferred funding model, with further delays before progress can be made. With the lack of appetite to pay for another nuclear plant, is the Minister concerned that the pace of change needed points rather more to the development of small modular reactors through the demonstrator advanced modular reactor—AMR—to unlock the potential £300 million private sector match funding? SMRs have the advantage of being factory reproduced, being positioned adjacent to cities of 400,000 to 500,000 and leading to many more UK-based jobs. The agility of rolling out seven of them would match one Sizewell C, with far less disruption to coastal communities. They would also be far less vulnerable to attack or cyberintervention.

The energy White Paper is clearly deficient in the creation of jobs and the retraining and reskilling that would be required. The widespread view is that the £160 million investment in ports is merely a drop in the ocean compared with the scale of the need. Has the Minister's department a proper plan to develop the new skills required for those in fossil fuel industries? Will the department work with trade unions and colleges to develop this plan with the Department for Education?

This integration and companion development of technologies also points to a far more ambitious plan for wind, CCS and hydrogen to work alongside each other. The ambition must be to meet the challenges of heating the nation's homes and buildings with hydrogen gas.

Years ago, the Government abandoned the zero-carbon home standard due in 2016 and still there is no date or plan for new homes to be zero-carbon. Today, 80% of the buildings that will still be standing in 2050 have already been built. Yet the Government have still to come forward with comprehensive retrofit plans for insulation and heat conversions. Does the Minister commit to working with local authorities to develop a comprehensive street-by-street plan to be published next year?

It is disappointing that the White Paper continues to ignore tidal power, after the very useful Hendry review, and the jobs it would create. The White Paper continues also to underplay the clear need for energy storage development, long regarded as a solution for intermittent renewable generation. Yet again, it continues to ignore the call for the inclusion of international aviation and shipping in the targets, as recommended by the Committee on Climate Change.

With a clear need for a zero-carbon power sector by 2035, and for carbon pricing, there is still a lack of clarity to the plans needing to be implemented in merely a few weeks' time in the new UK emissions trading scheme, due to start in January.

The Government need to recognise the need for a series of right decisions to be taken more quickly. Monday's Question on the advice of the Committee on Climate Change highlighted how, already, the Government's nationally determined contribution is out of date. With the delays in publication, this White Paper should now meet the fourth and fifth carbon budgets, but the pace of change needed is accelerating. The remorseless warming of the climate continued into 2020—this year—regardless of the world economy suffering the shock and falls in economic activity following the pandemic. Regrettably, the White Paper is nowhere near the requirement set by the Climate on Climate Change to meet the sixth carbon budget. I finish by asking again: what plans do the Government have to fill in the gap between this White Paper and the sixth carbon budget? Those plans will be needed for COP 26.

Lord Oates (LD) [V]: My Lords, I welcome the ambition and vision set out in the White Paper; however, as the Minister will be aware, ambition and vision are necessary but not sufficient conditions for success. What we need now is attention to detail and practical, credible implementation plans. Sadly, the White Paper lacks them.

First, while it rightly emphasises the need to secure a fair deal for consumers, the White Paper fails to set out credible means of doing so. Can the Minister tell us why the paper envisages the cost of decarbonising our energy system continuing to be piled on to electricity bills? It should be borne fairly across the economy, because placing the transition costs on bills is both highly regressive and counterproductive if we want, as the paper rightly suggests, to shift from gas use to electricity. Will the Government correct this omission and act to reduce electricity bills by shifting this burden?

Secondly, the White Paper places an emphasis on expanding offshore wind generation. I welcome that, but there is no reference in the Statement to onshore wind generation, one of the cheapest forms of generation available, and it is referred to only fleetingly in the paper. Can the Minister explain this?

[LORD OATES]

Thirdly, nuclear continues as a government obsession, even though it is now ruinously expensive compared with non-carbon sources of energy. The physical engineering requirements for nuclear have always been extremely challenging, but the financial engineering required is now impossible. And yet we continue, despite the fact that, over 60 years since the UK's civil nuclear programme began, we still have no means of safe, long-term storage of high-level nuclear waste—waste that is deadly for longer than any human civilisation has ever survived. How can the Minister justify such an economically and morally illiterate policy?

Fourthly, the White Paper envisages 5 gigawatts of hydrogen capacity by 2030. Can the Minister clarify whether this is green or blue hydrogen CCUS and tell us who will assume long-term liability for CO₂ storage under the Government's plans for carbon capture and storage? Does not this liability issue further underline why our focus should be on green hydrogen? Does the Minister recognise that we need to invest heavily now in contracts for difference to further drive down the rapidly reducing costs of green hydrogen in the way that was done previously on wind generation?

Fifthly, the Government have relied in their Statement on the ability of home energy efficiency upgrades to reduce domestic energy bills. The Liberal Democrats agree that energy efficiency measures are critical to tackling emissions and reducing bills, but this is another area where government action falls short of its rhetoric. The Government told us that the Green Homes Grant would deliver 600,000 home energy efficiency upgrades by the original end date in March next year. It is likely to be a fraction of that. Can the Minister tell us the actual numbers that will be delivered by that date?

My noble friend Lord Stunell, a former DCLG Minister with huge experience in this area, could have told the Government that this would be the case. In fact, he did tell the Government—repeatedly. Does the Minister not recognise that there is no hope of upgrading the 28 million homes that need it unless we have a long-term investment programme that provides industry with the confidence to invest in the recruitment and skills training required?

Finally, will he agree to consult my noble friends Lord Stunell and Lord Foster of Bath, who, as former Ministers, both have extensive experience in this area and could help the Government prevent mistakes like this reoccurring in the future?

The Parliamentary Under-Secretary of State, Department for Business, Energy and Industrial Strategy (Lord Callanan)

(Con): I thank the noble Lords, Lord Grantchester and Lord Oates, for their comments, particularly the noble Lord, Lord Grantchester, who was fairly positive in pointing out some of what he agreed with. He said that the Statement was largely positive, with some good solutions, and that he was pleased with much of it—although he did have some critical questions, which I will come to. The noble Lord, Lord Oates, was slightly less positive, and had some questions which I will attempt to address as well.

Both noble Lords raised the issue of poorer households, and they were right to do so. We have set out measures that will help households manage their energy consumption

and keep bills fair and affordable, providing financial support for the most vulnerable and low-income households of at least £6.7 billion over the next six years. That includes the Green Homes Grant that the noble Lord, Lord Oates, referred to, which could see lower-income households save up to £600 a year on their energy bills, and the warm home discount scheme through to 2026 to cover 750,000 extra households. I understand the ambition that the noble Lord, Lord Oates, wishes us to meet, and I think we are making a good start, even if we do not perhaps match exactly what he would like to see.

Both noble Lords raised the subject of low-carbon electricity, which is vital. We are committed to fully decarbonised electricity generation by 2050. The current trajectory should see us largely decarbonised in the late 2030s. They both also referred to offshore wind power, and we have a manifesto commitment of 40 gigawatts of offshore wind, including 1 gigawatt of floating wind, by 2030, which will support up to 60,000 jobs.

Both noble Lords raised the important subject of hydrogen. We are aiming for 5 gigawatts of hydrogen capacity by 2030, which will unlock £4 billion in investment and support for up to 8,000 jobs. That is why we are supporting the deployment of power with CCUS by 2030, as the noble Lord, Lord Oates, referred to.

Nuclear power was raised. We believe that nuclear power continues to be an important source of clean, reliable and safe energy as part of our net zero mix. It will help result in lower costs for consumers. With the existing nuclear fleet largely retiring over the next decade, we do need further capacity. That is why the Government are entering into negotiations with EDF on the Sizewell C project in Suffolk, with a view to making an investment decision on a large-scale nuclear project before the end of this Parliament.

The noble Lord, Lord Grantchester, asked about the Committee on Climate Change's advice on carbon budget 6. It is fair to say that, across the majority of our policies, our ambition to 2030 is broadly equivalent to that set out in the Committee on Climate Change's advice. The White Paper actually goes further than the CCC in the deployment of low-carbon hydrogen production by 2030. We believe that our NDC is in line with its recommendations. Consistent with that ambitious plan, we want to create the space for companies to innovate and find new and better ways to achieve this target. As always, we remain grateful to the CCC for its advice. We will set out our approach to its reports and to achieving our emissions reductions targets in the net zero strategy next year.

The issue of SMRs was raised by the noble Lord, Lord Grantchester. I agree with him that this is an area that will be fruitful in the future and one that we need to move forward with and support.

4.47 pm

Lord Howell of Guildford (Con) [V]: My Lords, I declare my interest in this area as in the register. This is a highly impressive and very ambitious programme, not least on the nuclear front, which the Minister has just been talking about. I want to ask about carbon-free home heating. There are 23 million homes in the United Kingdom—so the White Paper says—connected to

the gas grid for heating, hot water and cooking. If, as we have been told, it will cost between £5,000 and £8,000 to convert each one, and if the whole national gas grid has to be upgraded to accommodate the smaller hydrogen molecules, we are talking about an astronomical sum of money and decades to complete it. Does my noble friend agree that a lot more reassurance is needed for all householders about how much it will cost each of them and how much disruption there will be in every home, and that this really is the best use of resources in the main task of combating global climate change?

Lord Callanan (Con): I am grateful to my noble friend for his comments and particularly for his comment that the White Paper is highly ambitious. He might want to speak to the noble Lord, Lord Oates, on that. Of course, he is right to point out the immense challenge that faces us in decarbonising heat and buildings. We will publish our heat and buildings strategy next year, but there are a number of elements to that: investing in building insulation through schemes such as the ECO scheme and the Green Homes Grant; and investing in the production of hydrogen and in the various experiments and research and development on the potential for hydrogen to replace gas in the domestic grid. My noble friend is perfectly right that this is ambitious. It is an area that needs further work and study, but we are making progress. A new heat network transformation programme is launching next year, starting with £122 million of funding, which was confirmed at the spending review. The White Paper is laying the foundations for reducing the emissions from buildings, which we will build on in the study next year.

Baroness Hayman (CB) [V]: My Lords, I declare my interests as set out in the register. The Secretary of State in the other place spoke of unleashing private sector investment to fulfil the ambitions of the White Paper. To provide the legislative and regulatory clarity and certainty necessary to stimulate that investment, particularly in the wind sector, will the Government commit to act swiftly to bring forward the legislation promise on energy competition networks? Will they ensure that our net-zero commitments are at the heart of the new energy planning framework promised for next year?

Lord Callanan (Con): The noble Baroness makes some very good points. I cannot give her the specific reassurances she wants; I understand her ambition for this sector, but the process of legislation is subject to parliamentary time, agreement with the business managers, et cetera. I have noted her points, and we will bear those comments in mind when planning the legislative programme.

The Lord Bishop of Salisbury [V]: My Lords, I very much welcome the energy White Paper. One thing we have learned during this pandemic is the importance of the local. What assessment have the Government made of the further potential of local solar, wind and micro hydro energy schemes and of what finance might be needed to facilitate their collectively enormous potential? Given the comments in the other place about the lack of rural infrastructure for energy, might

the Minister find it helpful to consider the possibility of churches being places for siting bidirectional charging points for electric vehicles?

Lord Callanan (Con): I thank the right reverend Prelate for his support. It is an interesting suggestion; I think I am correct in saying that the grant system for the production of charging points is available to churches, but if it is not I will certainly write to him on that. He is right that we need to transform the energy delivery system from one that was designed for large nodes in a fossil fuel world to a much more diversified system of national and local energy production. His comments are well made.

Lord Rooker (Lab) [V]: I am very pleased to see the Statement—the White Paper is winging its way to me at the moment. I am a bit disappointed that there was no mention in it of a potential barrage scheme or about the potential of small modular reactors. Could the Minister expand on those issues? The news about Sizewell C is excellent, but, if it is going to replicate Hinkley in the main, as I understand it will, why will it take so long? Can we not do some regulatory and other approvals in tandem? Speed is of the essence here, without skimping on safety. It should not take decades from the decision to go ahead to get the power out of a nuclear power station. I urge all speed on this.

Lord Callanan (Con): The noble Lord's comments are well made. We all find frustrating the length of time it takes to do anything in this country with the planning system and all the approvals needed, but safety is critical. We must make sure that everything is safe, has the proper approvals and goes through all the proper planning processes, et cetera. I accept his disappointment about barrage systems, but the key point is that these are all different systems with different considerations and investment appraisals. Some of these schemes were extremely optimistic; we have to try to select systems and projects that are good value for money, but we always bear all these systems in mind and are interested in future schemes coming forward for investment appraisal.

Baroness Sheehan (LD): My Lords, the Government's policy to extract every last drop from our part of the North Sea is incompatible with our net-zero target, the Paris Agreement and our leadership of COP 26 next year. When will the Government follow Denmark's lead and stop for good the issuance of new licences for oil and gas exploration and plan instead for a just transition so that jobs and communities in Scotland and the north-east are protected?

Lord Callanan (Con): I know the noble Baroness has strong feelings on this because she has asked me this question before. She should bear in mind that hundreds of thousands of jobs are dependent on the North Sea. We are delivering the North Sea transition deal, providing support for the people and communities most affected by the eventual move away from oil and gas production. We are supporting the transition of skills and supply chains for a clean energy transition and focusing export finance on low-carbon opportunities internationally. Many companies producing in the North Sea are committed to the net-zero challenge, so, rather

[LORD CALLANAN]

than just say that they cannot produce any more, we need to work to help them in the transition away from fossil fuel production.

Lord Lansley (Con) [V]: My Lords, the White Paper refers to the creation of a net-zero hydrogen fund. As my noble friend knows, achieving production of clean hydrogen at a commercially viable scale is challenging but necessary if we are to achieve the switch to hydrogen fuel in our heavy goods vehicle fleet. Can my noble friend say whether the fund will enable us to achieve that objective of switching HGVs to hydrogen?

Lord Callanan (Con): My noble friend is right to point out the scale of the challenge. We are investing £240 million of capital co-investment in low-carbon hydrogen production, which was committed to in the spending review. That is just one of the measures that will support our ambition for five gigawatts by 2030. The hydrogen strategy package, planned for next year—I am sure my noble friend will follow it with great interest—will set out more details in this space, including how we intend to leverage private sector investment through business models to satisfy the demand he suggests.

Lord Broers (CB) [V]: My Lords, I congratulate the Government on the most realistic energy plan we have seen in recent years. It realises that in the generation of electricity it is essential to sustain nuclear power or CCUS to address the problem that renewables are intermittent. The many applications of batteries are included without making the mistake of proposing that they can back up renewables on a national scale. It also includes the important role that hydrogen can play in storage and as a fuel. However, although there are tens of graphs in the accompanying document showing what will be realised in many different circumstances, I was unable in the short time available to find some of the essential data underlying these calculations. Where can these be found? For example, how were the additional costs of CCUS and the total cost of renewables, including their back-up, derived?

Lord Callanan (Con): The noble Lord asks some very pertinent questions on the back-up detail and some of the graphs provided in the White Paper. I think it would be a more productive use of the House's time if I wrote to him with the details he requests.

Lord Whitty (Lab) [V]: My Lords, I welcome the fact that we now have a strategy, but, on domestic heating, how do the Government plan to engage with the 23 million households currently supplied by gas, whose boilers, appliances and radiators will need to be retrofitted in double-quick time? What is the Government's approximate timetable for the key decisions that will be required on the development of green hydrogen production and the introduction of hydrogen-based grids?

Lord Callanan (Con): Like a number of other contributors, the noble Lord points out the importance of hydrogen. It is a potential key option for decarbonising heating, but it also needs to be looked at alongside the potential for heat pumps, heat networks, et cetera. We

are developing all these options simultaneously, ensuring that we have the best available option for consumers and preparing the ground for the strategic decisions on these areas that will need to be made in the mid-2020s. On hydrogen heating, as I said, we are supporting a range of research, development and testing projects designed to help determine the feasibility of using low-carbon hydrogen as an alternative to the use of natural gas for heating. However, these are long-term decisions. We will publish the heat and buildings strategy next year. If the noble Lord is a bit patient, he will see the hydrogen strategy in the new year as well.

Baroness Walmsley (LD) [V]: My Lords, will the Government focus on green hydrogen production for heavy transport and industrial use, and phase out other types of hydrogen production as soon as possible? Our gas infrastructure for homes is currently unsuitable for pure hydrogen. What is the cost of upgrading it and how does that cost compare with installing heat pump networks, which are safer, deliverable now, cheaper and require less generating capacity than other available options?

Lord Callanan (Con): The noble Baroness is right to point out the challenges but, of course, what we require is probably a combination of all these different strategies. Further work will be needed to understand the full extent of the changes that are required to transition the national gas infrastructure to carry hydrogen and to understand the associated costs. Not all properties are suitable for the use of heat pumps, but we are working closely with the gas industry and stakeholders to develop a programme of works to assess the safety, feasibility costs and benefits of using low-carbon hydrogen as an alternative to natural gas.

Baroness Hooper (Con) [V]: My Lords, I welcome the White Paper and the Prime Minister's avowed intention to make the UK the Saudi Arabia of offshore wind power; indeed, I welcome the White Paper's target of 40 gigawatts of offshore wind by 2030. However, this will clearly require the construction of many more huge wind turbines. Can my noble friend tell us about the supply chains for the construction of offshore wind turbines? How much of the technology and manufacture will be uniquely British, and how much will we be dependent on imports?

Lord Callanan (Con): My noble friend makes a very good point. We will invest in the growth of the UK's renewable manufacturing base to stimulate the UK's supply chain. We will also support the delivery of the industry's target of 60% of UK content in offshore wind projects by 2030 through requiring developers that are awarded a contract for difference to honour the supply chain plan that they put forward. We will put the UK at the forefront of manufacturing for wind turbines and, to support this growing industry, we will invest £160 million in modern ports and manufacturing infrastructure, providing high-quality jobs in our coastal regions.

Lord St John of Bletso (CB): My Lords, in welcoming this White Paper and its ambitious programme, I declare my interests as disclosed in the register.

Given that 30% of UK households do not have access to off-street parking and it will take significant investment to upgrade electric vehicle charging infrastructure to meet future demand, what plans do the Government have to invest in hydrogen-powered infrastructure that is likely to be much more accessible and sustainable? Would it not be sensible for Her Majesty's Government to invest more in technologies that would allow them to leapfrog battery-driven technologies straight into green hydrogen ecosystems?

Lord Callanan (Con): Of course, huge amounts of money have been invested by both the Government and industry in the development of fuel cells, which are required for the use of hydrogen in vehicles. Again, I suspect that we will use a combination of technologies. Clearly, electric vehicles will have a huge role to play but, if fuel cell technology advances and the costs of hydrogen production come down, we will hopefully be able to have more vehicles powered by hydrogen as well.

Lord Berkeley (Lab) [V]: My Lords, the Minister just said, in response to another question, that nuclear will be clean, cheap, reliable, safe and lower cost. He will be aware that of the three EPR designs for nuclear reactors, one at Hinkley Point, one in Finland and one at Cap de Flamanville in France, the costs of the one at Flamanville have quadrupled since 2007, up to €12.4 billion today, and they do not expect generation to start until 2023. I understand the French Government have said they will not build any more of this type of reactor until they see whether this one works. Would it not be better to go for smaller-scale nuclear generation than continue with a new nuclear power station when we have not even got Hinkley Point anywhere near running?

Lord Callanan (Con): I know the noble Lord is a sceptic as regards large-scale nuclear power; we have said that we will enter negotiations with EDF on the Sizewell C project but it will be subject to full government regulatory and other approval. Of course, value for money will be crucial. In addition, as I said earlier, we will be advancing support for SMRs at the same time.

Lord Greaves (LD): Like my noble friend, and like the previous speaker, I am mystified by the Government's obsession with large nuclear, which is going to be neither clean, safe, secure nor value for money. However, I want to ask about small modular reactors, which are the latest flavour of the month. How many does the Minister expect to be operating throughout the world within the next five years? What is the timescale for actual, practical design of a British version, and when would he expect manufacturing to start?

Lord Callanan (Con): Of course, AMRs have not yet been commercially deployed anywhere in the world and we are at the earliest stages of research and development, but we recognise their potential for decarbonisation. The Government have ambitions to deploy an AMR demonstrator, a prototype reactor, by the early 2030s. Additionally, we will be allocating £385 million to support the development of both SMRs and AMRs.

Lord Walney (Non-Aff): It is now two years since the Toshiba NuGen deal in west Cumbria collapsed. Small modular reactors are very welcome but are still many years off, so what are the Government doing to maintain the world-class nuclear skills base in that county and prevent it dissipating?

Lord Callanan (Con): Coming from the north myself, albeit from the north-east and not the north-west, I understand the challenges that the noble Lord refers to. The commitment is to enter into negotiations regarding the Sizewell C project in Suffolk, but we keep all these options regarding nuclear power at different sites under review. First, we will see how this goes and then move forward with SMRs and AMRs as well, which do have potential. I am sorry that I cannot give the noble Lord a commitment at the moment, but we keep these options under consideration.

The Deputy Speaker (Baroness McIntosh of Hudnall) (Lab): I am afraid that the 20 minutes allocated for Back-Bench questions have now elapsed.

Arrangement of Business

Announcement

5.10 pm

The Deputy Speaker (Lord Faulkner of Worcester) (Lab): My Lords, the Hybrid Sitting of the House will now resume. I ask Members to respect social distancing.

Online Harms Consultation

Statement

The following Statement was made in the House of Commons on Tuesday 15 December.

“Mr Speaker, we now conduct a huge proportion of our lives online. People in the UK spend an average of four hours and two minutes on the internet every day, and we know that for children it is even longer. That technology has improved our lives in countless ways but, as honourable Members on both sides of the House know, too many people are still exposed to the worst elements of the web: illegal content, racist and misogynistic abuse, and dangerous disinformation.

Those interactions may be virtual, but they are causing real harm. More than three quarters of UK adults express concerns about logging on, while a declining number of parents believe the benefits for their children of being online outweigh the risks. Trust in tech is falling. That is bad for the public and bad for the tech companies, so today the Government are taking decisive action to protect people online.

Through our full response to the online harms White Paper, we are proposing ground-breaking regulations that will make tech companies legally responsible for the online safety of their users. That world-leading regime will rebuild public trust and restore public confidence in the tech that has not only powered us through the pandemic, but will power us into the recovery.

I know that this legislation is highly anticipated on both sides of the House. I want to reassure honourable Members that, when drafting our proposals, I sought

to strike a very important balance between shielding people, particularly children, from harm and ensuring a proportionate regime that preserves one of the cornerstones of our democracy—freedom of expression. I am confident that our response strikes that balance.

Under our proposals, online companies will face a new and binding duty of care to their users, overseen by Ofcom. If those platforms fail in that duty of care, they will face steep fines of up to £18 million or 10% of annual global turnover. A number of people, including Ian Russell, the father of Molly Russell, have expressed concerns about that point; I want to reassure him and Members of this House that the maximum fine will be the higher of those two numbers, and platforms will no longer be able to mark their own homework.

To hold major platforms to their responsibilities, I can also announce to the House that they will be required to publish annual transparency reports to track their progress, which could include the number of reports of harmful content received and the action taken as a result. This will be a robust regime, requiring those at the top to take responsibility. I can therefore confirm that we will legislate to introduce criminal sanctions for senior managers, with Parliament taking the final decision on whether to introduce that. Of course, we hope not to use those powers, and for tech companies to engineer the harm out of their platforms from the outset, but people should have no doubt that they remain an option and we will use them if we need to.

Together, those measures make this the toughest and most comprehensive online safety regime in the world. They will have a clear and immediate effect: a 13-year-old should no longer be able to access pornographic images on Twitter; YouTube will not be allowed to recommend videos promoting terrorist ideologies; and anti-Semitic hate crime will need to be removed without delay. Those are just a few examples, but the House will take a keen interest in the details of the legislation, so I shall lay out a few key areas of action.

Our first focus is on illegal content, including child sexual abuse, terrorism and posts that incite violence and hatred. Sadly, many Members present today have been the target of online abuse, some of which might have been illegal, such as threats of violence. Unfortunately, that is particularly true for female Members of the House. This is not a problem suffered only by people in the public eye; close to half of all adults in the United Kingdom say that they have been exposed to hateful content online in the past year.

Under the new laws, all companies in scope will need to take swift and effective action to remove criminal posts—if it is illegal offline, it is illegal online. Users will be better able to report this abhorrent content and can expect to receive more support from platforms. Crucially, the duty of care will apply even when communications are end-to-end encrypted. Encryption cannot serve as a protection blanket for criminals. Given the severity of certain threats, Ofcom will also be given powers to require companies to use technology proactively to identify and remove illegal content involving child sexual abuse or terrorism—that is a power of last resort.

Of course, not all harmful content is illegal. Every day, people are exposed to posts, images and videos that do not break any laws, but still cause a significant amount of harm. We all know that cyberbullying can ruin a child's life, but I want first to address one particularly horrific form of legal content. Sadly, too many Members present will be aware of cases in which children are drawn into watching videos that can encourage self-harm. Some find themselves bombarded with that content, sometimes ending ultimately in tragedy. It is unforgivable that that sort of content should be circulating unchecked on social media. Given the severity of its consequences, I believe that there is a strong case for making it illegal.

I can therefore announce that the Government have asked the Law Commission to examine how the criminal law will address the encouragement or assistance of self-harm. This is an incredibly sensitive area. We need to take careful steps to ensure that we do not inadvertently punish vulnerable people, but we need to act now to prevent future tragedies.

Many Members are particularly concerned about the effect online harm has on children. We have reserved our strongest and toughest protections for them. All companies will need to consider seriously the risks their platforms may pose to children and to take action. They will no longer be able to abdicate responsibility by claiming that children do not use their services when that is manifestly untrue—we all know examples of that—and we also expect them to prevent children from accessing services that pose the highest risk of harm, including online pornography. Cutting-edge age assurance or verification technologies will be a vital part of keeping children safe online.

At the same time, we are going further than any other country to tackle other categories of legal but harmful content accessed by adults. Major platforms will face additional obligations to enforce their own terms and conditions against things such as dangerous vaccine misinformation and cyberbullying. Where the platforms fall short, they will face the legal consequences.

I know that some honourable Members are worried that the regulations may impose undue burdens on smaller, low-risk companies, so I can reassure them that we have included exemptions for such companies. As a result, less than 3% of UK businesses will fall within the scope of the legislation.

In this House we have always ardently championed freedom of expression. Robust and free debate is what gives our democracy its historic strength. So let me be clear: the purpose of the proposed regime is not to stop adults accessing content with which they disagree. It is not our job to protect people against being offended. I will not allow this legislation to become a weapon against free debate. Therefore, we will not prevent adults from accessing or posting legal content. Companies will not be able arbitrarily to remove controversial viewpoints, and users will be able to seek redress if they feel that content has been removed unfairly.

Nor will I allow this legislation to stifle media freedoms or become a charter to impose our world view and suppress that of others. I can confirm that news publishers' own content on their sites is not in scope, nor are the comments of users on that content. This legislation is targeted exactly where it needs to be and tightly focused

on delivering our core manifesto pledge to empower adult users to stay safe online while ensuring that children are protected.

We have engaged extensively to get to this point and this process is by no means over. We want all parliamentarians to feed into this significant piece of work and will continue to listen to their concerns as we go through pre-legislative scrutiny and beyond. However, I am confident that today's measures mark a significant step in the continual evolution of our approach to life online, and it is fitting that this should be a step that our country takes. The world wide web was, of course, invented by a Brit, and now the UK is setting a safety standard for the rest of the world to follow. I commend this Statement to the House."

5.10 pm

Lord Stevenson of Balmacara (Lab) [V]: My Lords, we welcome moves to protect children and the vulnerable online. We have been calling on the Government to introduce legislation in this area for several years. Their recent record, particularly on age verification, has been—let us call it—patchy. The Statement says that the UK will lead the way with online harms legislation, and we agree that this is a once-in-a-generation chance to legislate for the kind of internet that we all want to see—one that allows access to information, entertainment and knowledge on an unparalleled scale but at the same time keeps children and vulnerable adult citizens safe, and allows people to control the kind of content that they and those for whom they are responsible see online. Social media platforms have failed for years to self-regulate and we must not miss the opportunity afforded by the forthcoming legislation.

We welcome the announcement that Ofcom will be the regulator in this area. The duties to be allocated to it play to its founding principles, which require it to have regard to users of the services that it regulates as both consumers and citizens. We endorse the duty of care approach to regulation, which, if properly legislated for, has the potential to transform the way in which companies relate to their users. The excellent work done on that approach by the Carnegie UK Trust—in particular, Professor Lorna Woods and William Perrin—should be recognised. We support the measures announced in the Statement that seek to protect and enhance freedom of expression. In general, in so far as we can judge the Government's current legislative intentions, there appears to be a workable and effective scheme of regulations here—but they should get on with it.

As to our concerns, does the Minister agree that the essential principle in play is that what is illegal in the real world must be illegal in the virtual world? However, the corollary is that we need to be clear that our existing laws are fit for purpose and up to date. What plans do the Government have in this complex area? The test for regulatory or criminal actions is to be "reasonably foreseeable harm" to individuals, and criminal acts. What happens to concerns about systems? If we lose focus on social networks, harms to society arising from disinformation or other threats to the integrity of the electoral process, for example, may not be in scope. That simply does not make sense. Does she agree that limiting the regulator to cases where individual harm has to be proven seems unduly restrictive?

Only the largest and riskier companies will fall into category 1. If they do, they will need to reduce the chance of harm to adults which, though not illegal, will presumably involve working with the regulator to reduce such harms as hate speech and self-harm. However, many of the most egregious examples of such activity have come from small companies. Why is size selected as a basis for this categorisation?

The financial and other penalties are welcome but there must be concerns about reach and scope, as many of the companies likely to be affected are based outwith the UK. Also, can the noble Baroness explain why the Government are not insisting on primary legislation to ensure that criminal liability will attach to senior executives for serious and repeated breaches of the law? Can she explain precisely what is meant by the move to the novel concept of "age assurance"? Age verification was the preferred option until recently. Has that now been dropped? Can we be assured that some means will be found to include fraud and financial scamming, possibly through joint action between regulators such as the FSA?

Finally, it is proposed that Ofcom will be empowered to accept "super-complaints". That is welcome but it references the recent failure of the department to review in time the need for a similar power in the Data Protection Act. Can the noble Baroness update me on progress on that situation and confirm that this legislation could be used to redress it?

Lord Clement-Jones (LD): My Lords, over three years have elapsed and three Secretaries of State have come and gone since the Green Paper, in the face of a rising tide of online harms, not least during the Covid period, as Ofcom has charted. On these Benches, therefore, we welcome the set of concrete proposals we finally have to tackle online harms through a duty of care. We welcome the proposal for pre-legislative scrutiny, but I hope that there is a clear and early timetable for this to take place.

As regards the ambit of the duty of care, children are of course the first priority in prevention of harm, but it is clear that social media companies have failed to tackle the spread of fake news and misinformation on their platforms. I hope that the eventual definition in the secondary legislation includes a wide range of harmful content such as deep fakes, Holocaust denial and anti-Semitism, and misinformation such as anti-vax and QAnon conspiracy theories.

I am heartened too by the Government's plans to consider criminalising the encouragement of self-harm. I welcome the commitment to keeping a balance with freedom of expression, but surely the below-the-line exemption proposed should depend on the news publisher being Leveson-compliant in how it is regulated. I think I welcome the way that the major impact of the duty of care will fall on big-tech platforms with the greatest reach, but we on these Benches will want to kick the tyres hard on the definition, threshold and duties of category 2 to make sure that this does not become a licence to propagate serious misinformation by some smaller platforms and networks.

I welcome the confirmation that Ofcom will be the regulator, but the key to success in preventing online harms will be whether Ofcom has teeth. Platforms

[LORD CLEMENT-JONES] will need to demonstrate how they have reduced the “reasonably foreseeable” risk of harm occurring from the design of their services. In mitigating the risk of “legal but harmful content”, this comes down to the way in which platforms facilitate and even encourage the sharing of extreme or sensationalist content designed to cause harm. As many excellent bodies such as Reset, Avaaz and Carnegie UK have pointed out—as the noble Lord, Lord Stevenson, said, the latter is the begetter of the duty of care proposal—this means having the power of compulsory audit. Inspection of the algorithms that drive traffic on social media is crucial.

Will Ofcom be able to make a direction to amend a recommender algorithm, how a “like” function operates and how content is promoted? Will it be able to inspect the data by which the algorithm trains and operates? Will Ofcom be able to insist that platforms can establish the identity of a user and address the issue of fake accounts, or that paid content is labelled? Will it be able to require platforms to issue fact-checked corrections to scientifically inaccurate posts? Will Ofcom work hand in hand with the Internet Watch Foundation? International co-ordination will be vital.

Ofcom will also need to work closely with the CMA if the Government are to protect vulnerable victims of online scams, fraud, and fake and misleading online reviews, if they are explicitly excluded from this legislation. Ofcom will need to work with the ASA to regulate harmful online advertising, as well. It will also need to work with the Gambling Commission on the harms of online black-market gambling, as was highlighted yesterday by my noble friend Lord Foster.

How will this new duty of care mesh with compliance with the age-appropriate design code, regulated by the ICO? As the noble Lord, Lord Stevenson, has mentioned, the one major fudge in the response is on age verification. The proposals do not meet the objectives of the original Part 3 of the Digital Economy Act. We were promised action when the response arrived, but we have a much watered-down proposal. Pornography is increasingly available and accessible to young people on more sites than just those with user-generated content. How do the Government propose to tackle this ever more pressing problem? There are many other areas that we will want to examine in the pre-legislative process and when the Bill comes to this House.

As my honourable friend Jamie Stone pointed out in the Commons yesterday, a crucial component of minimising risk online is education. Schools need to educate children about how to use social media responsibly. What commitment do the Government have to online media education? When will the strategy appear and what resources will be devoted to it?

These are some of the yet unanswered questions before the draft legislation arrives, but I hope that the Government commit to a full debate early in the new year so that some of these issues can be unpacked at the same time as the pre-legislative scrutiny process starts.

The Parliamentary Under-Secretary of State, Department for Digital, Culture, Media and Sport (Baroness Barran) (Con): I thank both noble Lords for welcoming this full response to the consultation. I am happy to echo them both in their thanks, in particular to Carnegie

UK and the important work it has done. We hope very much that the Bill will bring us into an age of accountability for big tech.

In response to the point made by the noble Lord, Lord Stevenson, what is illegal in the real world should indeed be illegal in the digital world. This Bill, when it comes, will help us move towards that. He raised the question about the focus on individuals. Obviously, the level of harm—in terms of the more individuals who are impacted—will be relevant to the sanctions that Ofcom can enforce. But he also raised a wider and very important point about trust in our institutions; clearly, social media and big tech platforms are institutions where the level of trust has been tremendously eroded in recent years. We want to restore that, so that what the big tech platforms say they will do is actually what happens in practice.

Both noble Lords asked about the category 1 companies, how those are defined and whether we will miss important actors as a result of that definition. Category 1 businesses will be based on size of audience but also on the functionality that they offer. For example, the ability to share content widely or to contact users anonymously, which are obviously higher-risk characteristics, could put a platform with a smaller audience into that category 1. Ofcom will publish the thresholds for these factors, assess companies against those thresholds and then publish a list of them. To be clear, all companies working in this area with user-generated content have to tackle all illegal content, and they have to protect children in relation to legal but harmful content. We are building safety by design into our approach from the get-go.

The noble Lord, Lord Stevenson, asked about criminal liability; we are not shying away from it. Indeed, the powers to introduce criminal liability for directors are, as he knows, being included in the Bill and can be introduced via secondary legislation. We would just rather give the technology companies a chance to get their house in order. The significant fines that can be levied—up to 10% of the turnover of the parent company or £18,000, whichever is higher—are obviously, for the larger tech companies, very substantial sums of money. We think that those fines will help to focus their minds.

The noble Lord, Lord Clement-Jones, talked about legal but harmful content. This is a very important and delicate area. We need to protect freedom of expression; we cannot dictate that legal content should automatically be taken down. That is why we agree with him that a duty of care is the right way forward. He questioned whether this would be sufficient to protect children. Our aim, and our number one priority, throughout this is clearly the protection of children.

The noble Lord, Lord Clement-Jones, asked a number of questions about Ofcom. I might not have time to answer them all now, but we believe that the Bill will give Ofcom the tools it needs to understand how to address the harms that need addressing through transparency reports, and to take action if needed. Ofcom will have extensive powers in order to achieve this. He also mentioned international co-ordination. We are clearly very open to working with other countries and regulators and are keen to do so.

Both noble Lords questioned whether the shift from age verification to age assurance is in some way a step backwards. We really do not believe that this is the case. We think that when the Bill comes, its scope will be very broad. We expect companies to use age-assurance or age-verification technologies to prevent children accessing services that pose the highest risk of harm to them, such as online pornography. The legislation will not mandate the use of specific technological approaches because we want it to be future-proofed. The emphasis will be on the duty of care and the undiluted responsibility of the tech companies to provide sufficient protection to children. We are therefore tech neutral in our approach, but we expect the regulator to be extremely robust towards those sites that pose the highest risk of harm to children.

The noble Lord, Lord Clement-Jones, also asked about our media literacy strategy, which we are working on at the moment.

The Deputy Speaker (Lord Faulkner of Worcester) (Lab): My Lords, we now come to the 20 minutes allocated to Back-Bench questions. I urge noble Lords who wish to participate to keep their questions short, so that we can get in as many of the 16 who have asked to participate as possible.

5.27 pm

Baroness Sanderson of Welton (Con): My Lords, in clamping down on anonymous abuse online, what can be done to ensure those who need anonymity, such as victims of domestic or sexual abuse, can still have the protection of seeking help anonymously?

Baroness Barran (Con): I thank my noble friend for her question. We do not intend to ban anonymity online for the very group who she talks about, or for whistleblowers and others, as this would interfere with their safety, privacy and freedom of expression. Our approach is to make sure that platforms tackle abuse online, including anonymous abuse. This is a very challenging area and we are aware that many people in public life, for example, suffer extensive anonymous abuse. It is an area that we will keep under review, but without sacrificing in any way the safety of those who need anonymity to be present online.

Baroness Kidron (CB) [V]: My Lords, the arrival of the Government's response is most welcome, particularly its focus on young people. However, its focus on user-generated content, company size and the large number of exceptions move it away from the earlier and more flexible focus on assessing risk and preventing harm wherever it might be found. Concerningly, it leaves the system open to being gamed as companies redesign themselves to be out of scope rather than to prevent harm. How do the Government intend to tackle problems of explicit and violent content, which is widely reported on remote learning platforms, if edtech is out of scope? How do they intend to limit access to commercial porn sites that try to avoid regulation by not having user-generated content? Can she confirm that any company that introduces strangers who are adults to children via automated friend suggestions will be brought into scope, whatever the nature or size of the service?

Baroness Barran (Con): My Lords, the noble Baroness raises important points. I stress that we really believe that we have broadened the scope of this legislation substantially from what was previously proposed. The new regime will capture the most-visited pornography sites and pornography on social media, so we think that the vast majority of sites on which children might be exposed to pornography will be within the scope of the legislation.

In relation to the noble Baroness's specific points, I say that the situation with learning platforms has obviously changed dramatically this year, with Covid and the use and extent of remote learning. The principle that we were following was that there were already safeguarding and regulatory regimes in place within education, but we will obviously keep that dialogue open. On commercial pornography sites that do not host user-generated content, in most cases the user-generated and commercial content—if I can call it that—are closely intertwined, as the noble Baroness knows, so measures such as age verification or age assurance would be in place on those sites that would prevent underage access.

In relation to the noble Baroness's final point, yes, those sites would be in the scope of the Bill, both because of the nature of the user interaction and because those services would need to assess the likelihood of children accessing them and therefore to have appropriate safeguards in place.

The Lord Bishop of Oxford [V]: My Lords, I declare my interests, particularly my membership as a board member of the Centre for Data Ethics and Innovation. I sincerely congratulate the Government and other agencies such as the Carnegie UK Trust for these proposals, the way in which they have been developed and their substance. They have a very simple ethical code at their heart: if something is illegal or harmful offline, it should be illegal and considered harmful online. The protection of children is paramount; refinements will be needed, but the main direction is right. The proposals break new ground. I only hope that there will be a due sense of urgency as they are taken forward. I understand the need to focus the legislation, but given the decision to rule fraud and certain other areas out of scope—which will no doubt continue to be debated—when will we see an overall digital strategy so that we can see this Bill as part of a whole?

Baroness Barran (Con): Part of the reason for defining the scope in a way that excludes, for example, fraud is that it is not typically user-generated content; it is also the result of the point that the right reverend Prelate makes about speed of implementation, which is obviously paramount. The Government have recently announced a new national data strategy, which I am happy to share with him if he has not already seen it.

Lord Davies of Gower (Con): I also congratulate the Government on bringing forward this White Paper. It is time that those who generate such depravity and abuse of children are challenged. It is an issue in which I have a particular interest because during the 2017 general election campaign, when I fought to retain my parliamentary seat, together with my family I was

[LORD DAVIES OF GOWER]

subjected to a torrent of abuse online from anonymous contributors. Try as I might, I was unable to obtain the assistance of the leading social media companies to take action, so I have a simple question. In the response to the White Paper, the Government talk of

“setting codes of practice, establishing a transparency, trust and accountability framework and requiring ... companies to have effective and accessible mechanisms for users to report concerns”.

If this process is to be effectively policed, what additional resources will be provided to the regulator to enable an effective investigative and prosecuting regime to enforce against not just the social media companies but also the perpetrators? What oversight will there be to ensure that companies are not marking their own homework?

Baroness Barran (Con): We are absolutely committed to the era of “marking their own homework” being over. We will obviously make sure that Ofcom, in particular, is sufficiently resourced in terms of capacity for the incredibly important task that it faces. Where Ofcom needs specific expertise—for example, a skilled person’s report—we are committed to that being made available.

Baroness Benjamin (LD): My Lords, today I was contacted by a very concerned mother, who asked me two questions which I would like to put to the Minister. First, why have the Government decided to seek to protect children only from user-generated pornography when, back in 2015, they committed to stop children’s exposure to harmful sexual content online by requiring age verification to access all sites containing pornographic material? Secondly, how will the Government protect children from user-generated pornography through fines on sites based abroad, when they are not subject to our law enforcement? I plead with the Government, in the interim, to implement Part 3 of the Digital Economy Act. This would protect children from pornographic sites based outside the UK, through its blocking provision, until the proposed watered-down version of age assurance becomes law, which could be in two to five years.

Baroness Barran (Con): I understand the concerns raised by the noble Baroness and by the mother to whom she has spoken. There are not many parents in the land who have not had some of her concerns. We are focusing on user-generated content because we believe that will capture the vast majority of pornographic and inappropriate behaviour that children witness. However, as I said in response to an earlier question, we will keep it under review. Our ambition is to keep children safe. Ofcom has business disruption and ISP blocking within its powers, which would prevent children in this country seeing international content.

Viscount Colville of Culross (CB) [V]: My Lords, I too welcome the Government’s White Paper. However, I have two concerns. The first is that the proposed regime of duty of care puts the onus of responsibility for dealing with legal but harmful content on the platforms alone. There seem to be few sanctions on the individual user who creates the harmful content. Surely the new legislation should contain a requirement for the platform’s terms and conditions to contain a regime for it to suspend serial creators of harmful content. My other concern is that, once the platforms

have deleted material, it disappears for ever. As a result, information from posts which are found to be criminal, once deleted, is subsequently unavailable for investigators and police who need to access crucial evidence to prosecute crimes. Will the Minister ensure that the legislation includes a requirement for a safe, secure, digital area to be created by platforms where illegal, deleted material can be stored for future legal use?

Baroness Barran (Con): In response to the noble Viscount’s second point, I will definitely take back to the department his suggestion about the retention of illegal content. He made a valid point about the duty of care, but companies will need to set out in their terms and conditions what the categories of content are and what acceptable behaviour is on their site. The regulator will expect them to take action against just the sort of people to whom the noble Viscount refers.

Baroness Morgan of Cotes (Con) [V]: My Lords, it was very welcome to see the Government’s response published yesterday, and I offer my congratulations to my noble friend and her fellow Ministers for doing so when so much else is going on. The misinformation about the Covid vaccine demonstrates just why these proposals need to be put into law as soon as possible. How soon will the Bill be ready to be published? Will we see it early in the new year? Will the draft secondary legislation be published alongside the draft Bill, and how long will both Houses and the public have for pre-legislative scrutiny?

Baroness Barran (Con): The legislation will be ready next year. We will make final decisions on legislative timings nearer the time, but I think that my noble friend will have heard that the Secretary of State is minded to carry out pre-legislative scrutiny. I appreciate that some time has been taken on this. As my noble friend knows, we have taken a deliberately consultative approach on the Bill but are now working at pace to implement it.

Lord McNally (LD) [V]: [*Inaudible.*]

Lord Parkinson of Whitley Bay (Con): My Lords, the noble Lord needs to unmute himself. I am afraid that we still cannot hear him, so perhaps we should move on to my noble friend Lord Vaizey and see whether we can return to the noble Lord, Lord McNally, later.

Lord Vaizey of Didcot (Con): My Lords, those are big shoes to fill. I begin by congratulating not only the Minister but her incredibly hard-working officials who have produced this exemplary template for online regulation. I make these points only for emphasis, as so many brilliant questions have already been asked. As we seize long-overdue control of our fish, can we at least reach out to our former European partners, who have just published the Digital Services Act, to ensure that we do some joined-up thinking on online regulation in the UK, Brussels, Ireland and, I gather, Canada? Can we also, as the noble Lord, Lord Clement-Jones, pointed out, do joined-up thinking domestically between Ofcom, the ICO, the CMA, the age appropriate design code and any other acronym that I can quickly think of?

Baroness Barran (Con): My noble friend makes important points. Of course, we are co-operating with all the different three-letter acronyms that he mentioned and maybe many more—who knows? In all seriousness, there is also a balance to be struck in the delivery of this important legislation.

Baroness Grender (LD): My Lords, this is a welcome move, if achingly slow. I have just a couple of questions. First, in Annex A, companies are expected to assess themselves on whether their service is likely to be accessed by children. What level of confidence does the Minister have that companies will reveal themselves as having access to children? For instance, WhatsApp has changed its age limit twice since 2018. Is she confident that they will be honest about the number of children under the ages of 16 or 13 using their services? Does she accept that the decision to exempt online news organisations leaves open a back door to online harm? Under these proposals, the *Daily Mail* is still able to share the video of the Christchurch mosque attack, which Google and Facebook are not. Will she take a look at that issue?

I am aware that if my noble friend Lord McNally were asking a question right now, he would suggest that the pre-legislative scrutiny should be done by a Joint Committee. My plea on that—I declare an interest as a member of one of the relevant committees that will scrutinise this—is that speed is of the essence. Unless we are able to scrutinise swiftly, we leave many vulnerable to the internet. This has been too long in the making.

Baroness Barran (Con): On the noble Baroness's first point, I understand why she asks about it and we have given the matter careful consideration. Platforms will need to prove that children are not accessing their content by sharing any existing age verification or assurance information, by reviewing the data on their users. They will need to evidence that in a robust way to satisfy Ofcom. I shall take back the point regarding the Christchurch video. I know that my right honourable friend the Secretary of State talked about how he valued the expertise of both Houses, so I hope that is a warm note regarding scrutiny.

Lord McColl of Dulwich (Con) [V]: Because of its focus on user-generated content, it is quite clear that the online harms Bill greatly weakens the protection afforded to children in relation to assessing pornographic websites. This House determined that this should be provided through Part 3 of the Digital Economy Act, as the noble Baroness, Lady Benjamin, mentioned. Who has pressed the Government not to implement Part 3? What should I tell a concerned father who contacted me this morning, saying, “The Government promised to protect children from pornographic websites, not just user-generated content on pornographic websites”?

Baroness Barran (Con): I understand my noble friend's concern but, as I said to the noble Baroness, Lady Benjamin, the vast majority of pornographic content that children come across is on social media rather than online pornography sites, and those online sites are often intertwined with user-generated content. So we are confident that the vast majority of content will not be accessible to children.

The Deputy Speaker (Lord Faulkner of Worcester) (Lab): I call the noble Lord, Lord McNally, again.

Lord McNally (LD) [V]: My Lords, not guilty, but happy to get in. Earlier this year, the noble Lord, Lord Puttnam, chaired a committee of this House which produced the report *Digital Technology and the Resurrection of Trust*, about the damage caused to our political and democratic system by online harm. The Government are choosing to ignore this. Does that not leave a massive stable door in the legislation? Will she assure me that the noble Lord, Lord Puttnam, will be able to give evidence to pre-legislative scrutiny to make the case for action in this area?

Baroness Barran (Con): The issue of political and democratic trust is obviously incredibly important. As I mentioned, trust has been severely eroded by social media companies and other platforms. By restoring that trust and managing the content that could be physically or psychologically harmful, we will help to narrow that gap.

Lord Morrow (DUP): Do the Government really believe that this House, which passed Part 3 of the Digital Economy Act 2017 to give effect to the Conservative manifesto commitment of 2015, would accept the much weaker proposal set out by the Government yesterday for protecting children from accessing pornographic websites? The Government seem to think that, because they now propose to do things to address other online harms, including access to pornography on Twitter, we would somehow be prepared to overlook the fact that they propose putting children in a more vulnerable position with respect to their protection from pornographic websites. I urge the Government to adjust their course and ensure that the protections in their online harms Bill are just as robust as those in Part 3 of the Digital Economy Act, and to implement Part 3 in the interim so that children can be protected while we wait for the online harms Act.

Baroness Barran (Con): I shall avoid repeating what I have said already on this issue. The focus in the Bill will put the responsibility on the platforms to have strong safety measures to protect children from accessing pornographic and other inappropriate content. If they do not do that, parents and children can report them and Ofcom will take enforcement action.

Trade (Disclosure of Information) Bill

First Reading

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

United Kingdom Internal Market Bill

Returned from the Commons

The Bill was returned from the Commons with the amendments agreed to.

House adjourned at 5.49 pm.

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