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PARLIAMENTARY DEBATES
(HANSARD)

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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 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

Thursday 10 June 2021

The House met in a hybrid proceeding.

Noon

Prayers—read by the Lord Bishop of Carlisle.

Arrangement of Business

Announcement

12.07 pm

The Lord Speaker (Lord McFall of Alcluith): My Lords, the Hybrid Sitting of the House will now begin. Some Members are here in the Chamber, while others are participating remotely, but all Members will be treated equally. I ask all Members to respect social distancing and wear face coverings while in the Chamber, except when speaking. If the capacity of the Chamber is exceeded, I will immediately adjourn the House.

Royal Assent

12.08 pm

The following Act was given Royal Assent:

Finance Act.

The Lord Speaker (Lord McFall of Alcluith): My Lords, Oral Questions will now commence. Please can those asking supplementary questions keep them to no longer than 30 seconds and confined to two points? I ask that Ministers' answers are also brief.

UN Peacebuilding Fund: Financial Support

Question

12.08 pm

Asked by Lord McConnell of Glenscorrodale

To ask Her Majesty's Government what financial support they will provide (1) to the United Nations Peacebuilding Fund, and (2) to other peacebuilding organisations, in 2021-22.

Lord McConnell of Glenscorrodale (Lab): My Lords, I beg leave to ask the Question standing in my name on the Order Paper. In doing so, I draw attention to my entry in the Lords register.

The Minister of State, Foreign, Commonwealth and Development Office (Lord Ahmad of Wimbledon) (Con): My Lords, the United Kingdom has been one of the first and biggest supporters of the United Nations Peacebuilding Fund, the PBF, and its work, being among the top five donors. We recently announced our contribution of £10 million to the PBF for this financial year. The cross-government Conflict, Stability and Security Fund will receive £874 million for 2021-22,

to focus on the link between stability, resilience and security and to work with Governments and civil society on key peace initiatives.

Lord McConnell of Glenscorrodale (Lab): My Lords, the Government's recent integrated review of foreign and security policy quite rightly stated that it was a major strategic objective

"to reduce the frequency and intensity of conflict and instability".

It is therefore astonishing that the Government have reduced the contribution to the UN Peacebuilding Fund from more than £20 million in 2018 and 2019 to £10 million this year, and reduced the contribution to the Conflict, Stability and Security Fund by one-third to the sum that the Minister has just declared.

Do the Government not realise that, in peacebuilding and conflict prevention, trust, learning lessons and long-term consistency are absolutely fundamental, and that when projects such as those in Myanmar, which have been cut by the Government by 100%, are decimated at short notice, that breaks trust and causes instability? Will the Government look again at this and consider the creation of a transition fund that would at least allow these conflict prevention and peacebuilding projects to transition to new funders and allow some continuity so that peace can be maintained?

Lord Ahmad of Wimbledon (Con): My Lords, on the peacebuilding fund, we have retained our contribution at the same level as in the previous financial year. The noble Lord is well aware of the challenges we have faced on funding. I have been dealing directly with our support for multilateral agencies, particularly with the United Nations, and have engaged directly at the most senior level—indeed, I am looking forward to my meeting with the Secretary-General tomorrow, when he is in London for the G7.

I reiterate that the United Kingdom stands very much at the forefront of peacebuilding initiatives. Of course, it is not just about funding but also about the contributions we make in terms of peacebuilders, peace mediators and peacekeepers, as well as our support for training initiatives, through both FCDO funding and the MoD.

Baroness Sugg (Con): My Lords, one issue that UN agencies, other delivery partners, countries that the FCDO works in and parliamentarians are struggling with is transparency over these cuts. The Government have a duty to be more transparent. I am sure my noble friend the Minister will point me to the FCDO annual report. Can he tell me when that report will be published? I still await an answer to my question to the Foreign Secretary on 27 April and to my noble friend on 17 May. Is my noble friend now in a position to tell me when the department will publish the equalities impact assessment?

Lord Ahmad of Wimbledon (Con): My Lords, on my noble friend's second question, we are seeking to do that at the earliest opportunity, but I can reassure her that the equalities assessment across all areas was very much part of our thinking and our decision-making, including across bilateral country spend. We are working

[LORD AHMAD OF WIMBLEDON]

on the annual report and looking to produce it—it will be later this year. When I have a specific date, I will of course inform my noble friend.

Lord Hannay of Chiswick (CB) [V]: My Lords, is the Minister aware that when António Guterres became Secretary-General of the UN—I am delighted that the Minister will be seeing him tomorrow—among his top priorities were conflict prevention and peacebuilding? Our Government supported those priorities, including with resources. Does the Minister recognise that the cuts he referred to today are, in fact, us letting down the United Nations? I suggest that is hardly an auspicious way of recognising the 80th anniversary of that first Atlantic charter, which laid the foundation stone for the establishment of the UN.

Lord Ahmad of Wimbledon (Con): The noble Lord will know that I respect his deep insights into the workings of the UN. However, as I indicated, my experience, through my direct dealings, is that, while these are challenging circumstances, the United Nations recognises the circumstances we are working in and, equally, the importance of the United Kingdom's continued support of the multilateral system, through the UN.

Lord Hain (Lab) [V]: My Lords, surely the noble Lord, Lord Ahmad, must agree with Mark Lowcock, a former Permanent Secretary for the Department for International Development, who said that the Government's aid cuts are “very corrosive of trust” and confidence in the UK globally. This is especially the case in Myanmar, Yemen, South Sudan, Nigeria, the Central African Republic, Ethiopia and Somalia. At least 23 partner organisations from these countries will tragically have to wholly or partly suspend their plans to build peace in these areas of serious conflict.

Lord Ahmad of Wimbledon (Con): My Lords, I accept that, because of the reductions we have had to make, particularly to ODA, there are projects we have previously supported that may or will not receive funding. However, we have specifically targeted our funding. I cite one example of a country the noble Lord mentioned, South Sudan, where a particular focus has been on addressing violence against women and we continue to support initiatives implemented by the UNFPA, UNICEF, UNDP and UN Women.

Lord Purvis of Tweed (LD): My Lords, I declare an interest in that I chair the UK board of Search for Common Ground, the global peacebuilding charity. Last year, the Government said that the centrepiece of their Africa strategy was a pivot to the Sahel because of the issues regarding conflict in the area. But the letter from the Foreign Secretary to the International Development Committee of 3 June highlighted that there will be no UK bilateral support at all to the entirety of north Africa, including Libya, conflict-afflicted Cameroon, Mali and the Central African Republic. What reassurance can the Minister give that the UK will be supporting any bilateral peacebuilding projects at all in those countries?

Lord Ahmad of Wimbledon (Con): My Lords, in our approach to Africa, we are funding specific programmes, working through multilateral partners. As the noble Lord will be aware from his own work, there are countries across the Sahel where France has a key leadership role and we have been looking to complement its efforts. We continue to work across Africa in Burkina Faso, the Lake Chad region and, notwithstanding challenging circumstances, in Ethiopia.

Lord Collins of Highbury (Lab): My Lords, the Minister said that it is not just about funding; civil society engagement is central to the concept of peacebuilding. The United Kingdom must always make room in the UN system for voices from conflict-affected areas. What steps have the Government taken to engage civil society in their peace and security work? Will the Government support proposals to strengthen mechanisms of civil society engagement at the United Nations?

Lord Ahmad of Wimbledon (Con): My Lords, the short answer to the noble Lord's second question is yes. It is an excellent idea; it is something I am pursuing, and I will seek to mention it in meetings with the UN. I can assure him that, internally, notwithstanding the challenging circumstances, we have strengthened our engagement. They have not been easy conversations—I accept that premise—but it is important that we communicate because civil society is an important partner in development support across the world.

Lord Lancaster of Kimbolton (Con): My Lords, I find it depressing that we seem to be judging the UK Government's contribution to peacebuilding and peacekeeping solely by financial input. What about over 40 years of peacekeeping in Cyprus? What about long-range recce in Mali or supporting the UN peacekeeping mission in Somalia? What about the delivery of an engineer battalion and a role 2 hospital in South Sudan over the last five years? What about the doubling of our contribution to UN peacekeeping missions over the last five years? All were at no charge to the United Nations, unlike the contributions of other nations. Should we not be celebrating that as well?

Lord Ahmad of Wimbledon (Con): Suffice it to say that I totally agree with my noble friend.

Baroness Deech (CB) [V]: On 1 June more than 60 parliamentarians signed a letter calling on the Government to support coexistence in the Middle East by committing to the International Fund for Israeli-Palestinian Peace. Given last month's violence, surely this is the time to invest in peace and coexistence in the Middle East. Can my noble friend—the Minister—tell me whether the Government intend to support this fund and whether they will raise the issue at the G7?

Lord Ahmad of Wimbledon (Con): I think the noble Baroness referred to me as her noble friend, and of course we are friends outside the Chamber, beyond the formalities. I can reassure her that the Middle East will be among the key areas of discussion, both bilaterally and collectively within the G7. I will write directly to the noble Baroness on the issue of the fund.

Lord Campbell of Pittenweem (LD): My Lords, once again, I declare my interest as an ambassador for the HALO Trust, whose activities include mine clearance in Afghanistan and elsewhere. Yesterday, 10 of its employees were murdered and 16 injured in a tribal attack. HALO Trust will continue its dangerous but essential work for peacebuilding. Can it count on the wholehearted support of this Government?

Lord Ahmad of Wimbledon (Con): My Lords, the noble Lord refers to yet another tragic event in Afghanistan. As the Minister responsible for our relations in Afghanistan, and I am sure I speak for all noble Lords, we totally deplore the continued targeting of those seeking to assist the progress of Afghanistan, particularly the targeting of those seeking to create peace and stability. The HALO Trust is recognised by all of us for its important work in demining. I assure the noble Lord that we are engaging directly with the HALO Trust, not just on its excellent work in Afghanistan but elsewhere around the world.

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

Youth Justice Statistics Question

12.19 pm

Asked by **Baroness Hussein-Ece**

To ask Her Majesty's Government what assessment they have made of the finding in the Youth Justice Statistics 2019-20, published on 28 January, that more than half of all children in custody in 2020 were from a Black, Asian or minority ethnic background.

Baroness Hussein-Ece (LD): My Lords, not only are children in the criminal justice—

Noble Lords: Ask the Question.

Baroness Hussein-Ece (LD): Sorry—it is so long since I have been in the Chamber. I beg leave to ask the Question standing in my name on the Order Paper.

Baroness Scott of Bybrook (Con): The over-representation of ethnic minority children in the youth justice system, including in custody, is a real concern to the Government. We want people to have confidence in our justice system, and a justice system that is fair and open, with no person suffering discrimination of any sort. We continue to prioritise the understanding and tackling of disproportionality within the youth justice system, which includes practical work on diversion and better support for front-line justice services.

Baroness Hussein-Ece (LD): I thank the noble Baroness for that response and apologise for my hasty intervention. Not only are children in the criminal justice system disproportionately black, Asian or from a minority ethnic background, they are more likely to be in care and extremely likely to have autism-spectrum disorders

and communication difficulties. Just over 40% will reoffend within a year, and self-harm has gone up by 35%. This is compelling evidence of systematic failure and institutional racism. Does the Minister think that this national scandal is an acceptable way to treat children? What joined-up work is being done across government, police and all agencies to effect radical change? Scotland recently stopped treating under-12s as criminals and has moved away from an adversarial system, putting welfare above punishment. Will the Government urgently look at this more humane approach for England and Wales?

Baroness Scott of Bybrook (Con): I am aware that my noble friend the Minister sent a comprehensive response to the Question from the noble Baroness when it was dropped due to Prorogation. However, I will answer the main point of her question. Of course this needs to be a cross-governmental issue: the youth justice system alone can only partially address the inequalities. It is important that we look at poverty, mental ill-health, educational attainment, school inclusion and looked-after children, where many young people from ethnic minority backgrounds also fare worse.

Baroness Lawrence of Clarendon (Lab): My Lords, I draw attention to my interests in the register. The Government have had many decades to address disproportionality in relation to ethnic minorities in the youth justice system, with many young black boys' futures being blighted. Many in your Lordships' House know of the disparity. When will the Government start to take action and stop commissioning more reports to look into the problem in the justice system?

Baroness Scott of Bybrook (Con): I understand the noble Baroness's keen interest in this and all the work that she does, but we are working to strengthen further our understanding of how we can ensure that children from ethnic minorities can be diverted from the formal youth justice system where appropriate. We have secured funding to support ethnic minority children at risk of entering the criminal justice system through sports and other activities, and we are undertaking practical local initiatives on out-of-court disposals.

Lord Paddick (LD) [V]: My Lords, the criminal justice system at every stage disproportionately impacts black people. For example, if you are black, you are eight times more likely to be stopped and searched by the police for drugs, but you are just as likely as white people to be found with drugs. Largely due to minor drugs offences, there are more African Americans in jail than in university in the United States. What are the comparable figures for the United Kingdom? If the noble Baroness does not have the answer to hand, perhaps she could write to me and place a copy in the Library.

Baroness Scott of Bybrook (Con): I thank the noble Lord. I do not have those figures with me, and I will certainly write to him and place a copy in the Library.

Lord Woolf (CB) [V]: I refer to my interests in the register that are relevant to this Question. In particular, I refer to my presidency of the Prison Reform Trust. In view of what the Minister rightly said about the concerns in relation to the statistics referred to in the

[LORD WOOLF]

Question, does she not think that this could be a good opportunity to take positive action, at least to start dealing with the very worrying situation that the statistics reveal?

Baroness Scott of Bybrook (Con): The noble and learned Lord is absolutely right, and that is exactly what the Government, and particularly the Ministry of Justice, are doing. We are looking at the report and putting in place pilot schemes in particular, as well as other measures, to make sure that we are tackling this problem, which we understand is of great concern.

Lord Ponsonby of Shulbrede (Lab) [V]: My Lords, I remind the House that I sit as a youth magistrate in London. I am in no doubt that the noble Baroness has sensed the exasperation of the previous questioners. In February 2021, the Justice Committee published the report *Children and Young People in Custody*. The Government responded to this in April 2021, listing the various measures they had already taken—but they did not include a timetable setting out how they would implement the remainder of the recommendations that have not yet been implemented. When will the Government publish such a timetable?

Baroness Scott of Bybrook (Con): I thank the noble Lord and thank him for the work that he does with the magistrates' service. The Youth Custody Service has refreshed equality plans across its establishments, providing effective practice briefings and training, with a focus on diversity and inclusion. The Youth Custody Service has also put in place a project to improve recruitment and promotion opportunities for ethnic minority staff, and it is embedding a diverse leadership model. So, as noble Lords can see, we are working on it, and I will certainly write to the noble Lord and give him an idea of the timescale for delivery.

Lord German (LD): The Youth Justice Board's analysis of how BAME children are treated makes very salutary reading. Even taking into account all the factors, black children are more likely to be remanded in custody, rather than the alternatives available. They are also more likely to receive a longer custodial sentence than other children. So, in respect of remand, what steps are the Government taking to ensure parity of esteem and treatment for black children? Secondly, as a result of Covid, the Government decided to mix those remanded in custody with those serving a custodial sentence. Have these damaging arrangements now ended, and, if not, when will they?

Baroness Scott of Bybrook (Con): My Lords, we are aware of this concern and are examining it in the context of a departmental review into the use of custodial remand for children, which is shortly to be published. The reforms in the Police, Crime, Sentencing and Courts Bill, which aim to limit the use of custodial remand for children, also have the potential to help reduce the racial disparity in remand decisions.

Baroness Jones of Moulsecoomb (GP): It is impossible to look at these figures for the disproportionate number of ethnic minority children in custody without drawing

the conclusion that the criminal justice system is institutionally racist. However, the problem starts with the police because of their stops and searches. So what is the Ministry of Justice going to do, and how will it approach the Home Office to try to clear up the whole mess?

Baroness Scott of Bybrook (Con): My Lords, the Government fully support the police in the fair and proportionate use of their powers and the lawful use of stop and search. However, we remain clear that no one should be stopped and searched based on race or ethnicity, and extensive safeguards exist to ensure that this does not happen.

Baroness Eaton (Con) [V]: Is my noble friend aware of any geographic or regional variation in the disproportionate sentencing of ethnic minority children?

Baroness Scott of Bybrook (Con): I thank my noble friend for her question. The number of children being sentenced has decreased considerably over the past 10 years. However, we recognise that this decrease has fallen unevenly for children of different ethnicities—which is a matter of concern, as I have said. I do not have the data for different localities at this time, but I will be very happy to respond in writing to the noble Baroness.

Lord Woolley of Woodford (CB) [V]: My Lords, I sat on the David Lammy review into racism within the criminal justice system in 2017, which laid bare the shocking data that 45% of youth incarceration was black, Asian and minority ethnic. Fast forward to 2021, and that has increased to 55%—going the wrong way. Given that we have a thoroughly discredited Dr Sewell race report, I make a plea to the Government to sit down with me and other interested parties and begin to formulate a comprehensive race equality strategy to deal with this and other issues.

Baroness Scott of Bybrook (Con): I am very happy to take that offer to sit down with the department back to it, and I will be in touch with the noble Lord.

Lord Ashton of Hyde (Con): My Lords, I just remind all noble Lords that the recommended time for a question is 30 seconds. If we could all make an effort to keep to that, I will do my best to ensure that Ministers are equally brief.

The Lord Speaker (Lord McFall of Alcluith): My Lords, the time allowed for this Question has elapsed, and we now move to the third Oral Question.

Environment Bill: Royal Assent Question

12.31 pm

Asked by *Baroness Young of Old Scone*

To ask Her Majesty's Government whether they intend for the Environment Bill to be presented for Royal Assent before the 26th United Nations Climate Change Conference of the Parties commences on 1 November.

The Minister of State, Department for the Environment, Food and Rural Affairs and Foreign, Commonwealth and Development Office (Lord Goldsmith of Richmond Park) (Con): My Lords, our landmark Environment Bill was officially reintroduced in the Commons following the Queen's Speech at the start of May. The Bill completed its passage through the Commons and entered the Lords at the end of May. First and Second Reading have been completed. We have publicly committed to Royal Assent by autumn as a key part of our domestic and international environment agenda ahead of COP 26.

Baroness Young of Old Scone (Lab) [V]: My Lords, I thank the Minister. The Environment Bill is big and important, and Peers at Second Reading showed its need for amendment; it must be given adequate time. Does the Minister accept that the Bill would go a lot faster if sensible amendments for improvement were accepted by the Government in a collaborative spirit rather than routinely rejected as if by rote? Would he accept that it would be pretty difficult for the Government to show global leadership at COP 15 and COP 26 if they passed a Bill that is watering down previous environmental commitments—for example, on the office for environmental protection and halting biodiversity, climate and habitat regulations?

Lord Goldsmith of Richmond Park (Con): My Lords, it is absolutely right that this House will want to subject the Bill to full and proper scrutiny, but I hope noble Lords will agree that it represents a giant step forward in environmental protection: whether through biodiversity net gain, record-breaking targets, local nature recovery strategies, conservation covenants or the office for environmental protection. There is a whole package of measures to take us towards a zero-waste society. Of course I will approach debate on the Bill with an open mind, as all Ministers should, but it is already an important piece of work.

Lord Khan of Burnley (Lab): The range of topics raised on Second Reading, coupled with the number of amendments tabled since, highlights the gap we have long identified between the Government's promises and proposals. The Minister has been refreshingly honest about the challenges our climate and ecological system faces, but does he accept that to get this Bill passed in a timely manner and ensure it is fit for purpose, the Government will have to compromise?

Lord Goldsmith of Richmond Park (Con): My Lords, very few pieces of legislation enter the process in exactly the same form as they end it. To that end, a number of changes have been introduced already in the Commons on due diligence obligations—a world first—on dealing with our international footprint, and amendments on the organisation of the OEP and species conservation strategies. A number of amendments have been tabled in recent days for the remaining stages here in the Lords on species abundance targets, nature targets and much more besides. So, of course, the Bill will improve over time.

Baroness Ritchie of Downpatrick (Non-Aff) [V]: Part 2 of the Environment Bill deals with environmental governance in Northern Ireland. Can the Minister specify when the Northern Ireland member of the office for environmental protection will be appointed?

Lord Goldsmith of Richmond Park (Con): My Lords, environment policy is mostly a devolved matter. Although a small number of provisions are drafted for Northern Ireland and Wales only, only half the provisions in the Bill extend beyond England. I cannot answer the question of when that appointment will be made, but I will be sure to inform the noble Baroness as soon as I have that information.

The Earl of Caithness (Con) [V]: My Lords, the Bill will be a success only if it ties in with existing legislation and the proposed planning Bill. Can my noble friend tell us whether there are any plans to introduce it or present a full picture of the jigsaw of environmental legislation, rather than piece by piece?

Lord Goldsmith of Richmond Park (Con): The noble Lord makes a very important point, but it is true of almost all legislation: no piece of legislation can be seen in isolation. The department I stand here representing today is closely involved in the formulation of any planning amendments and changes that are being made. We are absolutely committed to ensuring that the planning changes are completely consistent with the aspirations in the Environment Bill.

Lord Teverson (LD) [V]: My Lords, Clause 24 of the Bill allows the Secretary of State to give guidance to the office for environmental protection that it must take into consideration when exercising its enforcement functions. This seems to completely undermine and take away the independence of the OEP. Will the Government rethink this clause during the Bill's passage through the House?

Lord Goldsmith of Richmond Park (Con): My Lords, the Secretary of State will be able to issue guidance to the OEP to ensure that the organisation retains a focus on the key priorities, but the OEP is just as able to reject that advice. It retains independence, and that independence is confirmed through a number of mechanisms in the Bill that ensure that, whether with financial independence or decision-making independence, it is free from ministerial interference.

Lord Cormack (Con): My Lords, "perfect legislation" is the ultimate oxymoron, but does my noble friend accept this is landmark legislation, so it must be as near perfection as possible? That means that an artificial deadline is far less important than thorough scrutiny? This House must have the chance to do that.

Lord Goldsmith of Richmond Park (Con): Again, the noble Lord makes a very important point, and of course the Bill must be subjected to full and proper scrutiny—as I believe it will in the days and hours that have been given for its scrutiny. We have seven days for Committee, and I have no doubt that that debate will be lively and that the results will be effective in helping us to ensure that it is as close to perfect as possible.

Lord Bilimoria (CB) [V]: My Lords, as president of the CBI, I was privileged to chair the B7, which feeds into the G7 this weekend, which in turn will lead to the B20, the G20 and, eventually, COP 26. Is the Minister aware that one-third of the UK's largest businesses—

[LORD BILIMORIA]

representing a market capitalisation of £650 billion—has already committed to net zero by 2050, leading the world in this transition? The UK Government are urging more businesses to commit to net-zero emissions by 2050 and build back greener ahead of COP 26 in Glasgow in November. Surely, the Government must lead by example and ensure that this crucial Bill is debated thoroughly and passed before then?

Lord Goldsmith of Richmond Park (Con): My Lords, it is absolutely our intention that the Bill be passed before COP 26. I note the comments of the noble Lord. Huge progress has been made since the UK assumed the role of president-designate. We have seen huge success at the G7 with all members committed to net zero and steep emissions reductions in the first part of that target—over the next nine years. We have had commitments on nature in the G7 the likes of which we have never seen before. Of course, we now have to turn those words into action.

Lord Taylor of Goss Moor (LD) [V]: My Lords, I welcome the Government's commitment to a species abundance target. I regard this as even more important than tackling climate change, since the loss of species is irreversible. Will the Government commit to publishing clear tracking data on the reduction in species abundance and on individual species, and to do that in series going backwards as well as forwards, so we can see exactly what is happening and all the public can be properly aware of the significant declines in species in the UK?

Lord Goldsmith of Richmond Park (Con): My Lords, as the noble Lord says, we have seen significant declines in biodiversity in recent decades. For a target to be successful, there needs to be a strong element of benchmarking, and that will be a feature of the measures we bring in.

Baroness McIntosh of Pickering (Con): Given the priority that the Government have given this Bill and the fact that most of the detail will be in regulations, will my noble friend commit to publishing the regulations as the Bill is going through, so we have a better idea of the detail and can scrutinise it as we go along?

Lord Goldsmith of Richmond Park (Con): My Lords, I do not think I am in a position to make that commitment, but I will certainly commit to ensuring that the House is presented with as much information as is possible during the passage of the Bill in order that noble Lords can make informed decisions.

Baroness Boycott (CB): My Lords, there is quite a degree of concern about the new watchdog, the office for environmental protection, and a feeling that it should be strengthened, but it cannot exist as a legal entity until the Bill passes, which leaves a big gap in environmental law enforcement. Indeed, the chair designate, Dame Glenys Stacey, has called that delay "extremely disappointing". Will the Minister outline what the Government are going to do about the delay? Also, in a spirit of collaboration, will the Government agree that they will not resist all noble Lords' proposed changes to strengthen the OEP?

Lord Goldsmith of Richmond Park (Con): My Lords, it is unfortunate that the Bill was delayed. I think most will understand why it was delayed—we have had extraordinary circumstances—but during this pause we have seen a lot of progress, not least the appointment of Dame Glenys Stacey, in addition to the process of beginning to develop those long-term, legally binding environmental targets, as well as consulting on a number of changes, including the DRS. Of course, it is hard to comment on amendments until we see them, but the Government will approach this with an open mind.

The Lord Speaker (Lord McFall of Alcluith): My Lords, all supplementary questions have been asked, and we now move to the fourth Oral Question.

Carers: Support Question

12.41 pm

Asked by **Baroness Wheeler**

To ask Her Majesty's Government what steps they are taking to ensure that carers get the support and breaks they need.

The Parliamentary Under-Secretary of State, Department of Health and Social Care (Lord Bethell) (Con): My Lords, the love, commitment and sheer hard work of Britain's unpaid carers have saved lives and made a huge difference to the country's most vulnerable. The nation is hugely grateful. I completely recognise the impact the pandemic has had on access to support and breaks. Local authorities have an important responsibility to assess carers' needs, and I pay tribute to the efforts of local authorities as we work together to reopen day and respite services.

Baroness Wheeler (Lab): My Lords, I commend to the Minister Carers UK's excellent 40-page report produced for Carers Week. In it, we hear from carers themselves, not just on the lack of essential breaks and respite but on caring during the pandemic, their own health and their worries about when key day care and other services vital to the loved ones they care for, and suspended during lockdown for over a year now, will be reinstated. If he reads the report carefully, he will see the reality of everyday life for thousands of carers. Funding given to councils during the pandemic has not been anywhere near enough for the vital role they have been expected to play, and the funding the Minister repeatedly refers to has simply not reached carers. How will the Government address this appalling situation and ensure that unpaid carers are given the funding and support they need and deserve?

Lord Bethell (Con): My Lords, I too pay tribute to the Carers UK report. I read the very moving personal testimonies in that report and for that reason I took a call with Carers UK this morning in order to understand the recommendations it has made. There is an enormous amount to do. The practical role of the department is to work with local authorities to ensure that day centres and care services are reopened. There are massive infection control issues, but we are working

extremely hard with local authorities to ensure that that reopening can happen quickly so that carers get the support they need.

The Lord Bishop of Carlisle: My Lords, I declare an interest as co-chair of the Archbishops' commission on social care. Given that there are 750,000 young carers in England and that some 27% of them regularly miss school because of their caring responsibilities, can the Minister tell us whether Her Majesty's Government have any plans to identify these children and offer them extra support, not least in the wake of the added disruption to their education that has been caused by the pandemic?

Lord Bethell (Con): My Lords, the testimony from the right reverend Prelate is entirely right and is echoed in the Carers UK report. The point he makes about identification is key. One of the good things that came out of the pandemic is that we made progress on identifying and putting together registers of carers. That was seen in the delivery of the vaccination, when nearly 1.6 million of them received the vaccination early as part of priority group 6. I agree with the right reverend Prelate that more needs to be done on data collection.

Baroness Altmann (Con) [V]: My Lords, will my noble friend join me in commending the work of unpaid carers in this country who have done so much to help through the pandemic? Will he request that Her Majesty's Treasury and the Department for Work and Pensions consider increasing the carer's allowance, which pays anyone caring for somebody less than £2 an hour for at least 35 hours a week of care? The complexity of the current system, with overlapping benefits, would certainly be advantaged by significant simplification. At the moment, people need advice before they understand whether they can claim carers benefit.

Lord Bethell (Con): My Lords, I completely agree with my noble friend on commending the role of unpaid carers. We could not have got through this pandemic in the way we did without them. The system is complex and work is under way at the DWP to try to simplify it. As my noble friend knows from her significant expertise, this is a difficult task but we are very focused on it.

Baroness Pitkeathley (Lab): My Lords, I declare an interest as vice-president of Carers UK, and in that capacity and further to his phone call this morning, will the Minister agree to meet Carers UK and interested colleagues in the House to discuss further the contents of this important report? I know he understands the moral and ethical case for supporting carers, as he has made that very clear on many occasions, but I want to ask him about economic issues. If carers reach breaking point—this report shows that many of them are at that point—and they give up caring, any other form of care costs vastly more, so will the economic contribution of carers be taken into account when proposals for social care reform are brought forward? Might we even hope that they could influence the Treasury?

Lord Bethell (Con): My Lords, I can reassure the noble Baroness that economic considerations absolutely will be borne in mind. It is a huge challenge to take on

the massive economic benefits of unpaid carers, and I will be glad to meet Carers UK—I have in fact already begun scheduling a follow-up meeting to this morning's call.

Baroness Brinton (LD) [V]: Too often, the family carers of children with the most serious and complex health needs are at the back of the queue for care breaks, and many had no breaks during the pandemic at all. Research by Together for Short Lives has found that cash-strapped English local authorities fund just 1% of the care costs of children's hospices which provide these short breaks. Does the Minister agree that the Government need to fill the £400 million funding gap in social care for disabled children as a matter of urgency, to ensure that these carers get the breaks they desperately need?

Lord Bethell (Con): My Lords, as the noble Baroness knows, we have worked very closely with hospices to fill the funding gap that hit them hard during the pandemic, and I pay tribute to those who worked so hard looking after younger vulnerable people. The pressure on care breaks has been intense during the pandemic.

Baroness Donaghy (Lab) [V]: My Lords, 81% of carers are taking on more care since the start of the pandemic and, as the Carers UK report says,

“Most striking is the lack of confidence that carers feel about support in the future.”

Carers UK is calling for a new deal for carers, with an urgent review of breaks provision by the Government, better respite care, an uplift in universal credit and sufficient funds for local authorities to provide support. The Minister has already said he will meet Carers UK, which is very welcome. Will he also be prepared to meet other interested parties to see what can be implemented?

Lord Bethell (Con): The noble Baroness is undoubtedly right that carers have taken on a hugely bigger burden. More carers have been involved in looking after loved ones and families; those already working have worked longer hours; and the kinds of work they have done has been extended because some local authority provision has not been possible during the lockdown and the pandemic. I recognise that it is taking time to reopen many of those services, but I reassure the noble Baroness that we are working hard, we recognise the issue, and the issue of breaks in particular is one that concerns us. I will be glad to meet anyone she recommends.

The Lord Speaker (Lord McFall of Alcluith): I call the noble Lord, Lord Pendry. No? In that case, I call the noble Lord, Lord Dodds of Duncairn.

Lord Dodds of Duncairn (DUP): My Lords, I too pay tribute to the millions of unpaid carers across the country; they contribute and sacrifice so much on a daily basis. We recognise the great demands and burdens that have resulted because of the pandemic. I urge the Minister to think what more can be done to provide these people with breaks. They need them to counter social isolation and loneliness and for their mental and physical well-being. I thank the Government for what they are already doing. What more can be done?

Lord Bethell (Con): The noble Lord puts it very well. Breaks are key. Some 6.5 million carers work flat out throughout the year. It makes all the difference to them if they can have moments of respite when they can lift their heads, conduct their usual tasks and get a little mental clarity. We are very focused on this issue, but I am grateful to the noble Lord for raising it.

Lord Dubs (Lab) [V]: My Lords, I also join colleagues in paying tribute to the millions of unpaid carers. Even before the pandemic, they were keeping the whole system going. The Minister has paid tribute to their need for respite care. Can this be translated into something tangible? How many weeks respite care can an unpaid carer have? I know unpaid carers who are desperate to have just a small break from their 24/7 commitment and work. How much time should this be? Furthermore, local authorities are in desperate financial difficulties. Surely, there should be some help for them so that they can provide residential respite care and give unpaid carers the chance to continue.

Lord Bethell (Con): My Lords, I cannot provide a direct answer to the noble Lord's reasonably broad question, which illustrates the very wide range of care undertaken by Britain's unpaid carers. As the noble Lord rightly says, some are working 24/7, almost without respite, in incredibly demanding and challenging circumstances, others are dropping in to see a neighbour for an hour or two a day, and there are many permutations in between. It is really important to have local provision so that there is tailor-made support by people who are close and in the community. I am afraid there are not the kind of blanket measures that the noble Lord seeks, which is why we work through charities and local authorities to provide the support that people need.

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

12.53 pm

Sitting suspended.

Official Development Assistance

Private Notice Question

1 pm

Asked by Lord Purvis of Tweed

To ask Her Majesty's Government when they intend to seek parliamentary approval for the proposed cut to the Official Development Assistance budget.

The Minister of State, Foreign, Commonwealth and Development Office (Lord Ahmad of Wimbledon) (Con): My Lords, the Government are committed to returning to spending 0.7% of GNI on official development assistance when the fiscal situation allows. The 2015 Act envisages situations in which departure from the target may be necessary and provides for the Secretary of State's accountability to Parliament through the requirement to lay a Statement before Parliament and, if relevant, make reference to economic and fiscal circumstances. The Foreign Secretary has already committed to doing that.

Lord Purvis of Tweed (LD): My Lords, the Minister had said that the Government would bring legislation forward to amend the Act that I took through this place, and then the Government said that they would not. The Government said that they would give out more information on the fiscal conditions for restoration, but they have not. They said that they would publish reports and impact assessments, but we have yet to see them. Claims that setting a different and lesser target of 0.5% is in line with the Act are false. Assertions that the law allows for proactive changes to the duty to meet 0.7% are wrong and there is no provision in the Act to do that. I have been patient over the last six months—I sometimes think too patient. The Minister responsible for these cuts disagrees with me, as the Member in charge of the Act and who took it through this House. What is the problem with us both allowing Parliament to decide on this?

Lord Ahmad of Wimbledon (Con): My Lords, equally, on the various questions that the noble Lord has asked me, I maintain that the Government remain steadfast. They recognise their obligations under law and their obligations to your Lordships' House.

Lord Collins of Highbury (Lab): My Lords, the Minister repeated the mantra that we have heard many times: that we intend to return to spending 0.7% of our national income on international development when the fiscal situation allows. What specific circumstances will have to be met for the Government to return to 0.7%? Why is it taking six months to define? Give us an answer today.

Lord Ahmad of Wimbledon (Con): My Lords, the noble Lord should recognise—I am sure he does—that, as I have said repeatedly, we have been faced with the worst economic contraction for almost 300 years and a budget deficit of close to £400 billion. It is therefore right that we take time to understand fully what the long-term impact of our financial position will be. As the Chief Secretary to the Treasury made clear this week, we have had to look at a range of fiscal measures, including our situation on debt and borrowing. Last year we borrowed over £300 billion and this year we are forecast to borrow a further £234 billion. We will provide details as we move forward. However, I am sure that, if the noble Lord reflects, he will agree that we are facing very challenging times. Notwithstanding that, we are still among the largest providers when it comes to development support across the globe.

Lord Judge (CB): My Lords, I draw attention to the fact that I have a daughter who works in overseas development, but my question is not directed to the merits or demerits of the government proposal. Following up the question of the noble Lord, Lord Purvis of Tweed, how is it consistent with the sovereignty of Parliament, which is, after all, the pre-eminent constitutional principle that all of us in this Chamber embrace, for an unequivocal statutory obligation on the Executive to be postponed without further reference to Parliament, except through a mere Ministerial Statement? At least with Henry VIII provisions we have the notional fig leaf of parliamentary consent, but this is Executive reliance on Section 3 of the Act and it removes that fig leaf. Is not the sight rather unpleasant?

Lord Ahmad of Wimbledon (Con): My Lords, when I saw the noble and learned Lord's name on the speakers' list, the Henry VIII element came to mind from previous occasions taking legislation through this House. He makes a pertinent point about legislation, but I assure him that we are looking specifically at our obligations under the Act and we are of course taking advice in this respect. I am sure that in due course, we will be able to provide further detail on the return to 0.7%.

Lord Bates (Con): My Lords, British taxpayers can take immense pride in the fact that their funds have helped to save the lives of over 1 million people in the last five years alone, most of those children. The fact that this budget is now being reduced means that tens or hundreds of thousands of lives will be lost. It is a life-or-death issue, and I know that my noble friend cares as much as any of the rest of us about the consequences of these difficult decisions which need to be taken. I will mention just one, and in doing so record my interest as co-chair of the All-Party Group on WaSH. Over 50 million people have depended on UK Aid for clean water and sanitation, which are crucial during the current Covid pandemic. Does my noble friend agree that it would be inappropriate if WaSH programmes were disproportionately impacted by the overall reductions in the aid budget?

Lord Ahmad of Wimbledon (Con): My Lords, first, I recognise the important role that my noble friend has played and continues to play on the development scene, in particular in a specific number of programmes and through his role as co-chair of the APPG on WaSH. Having visited projects in the field, I know the importance of the WaSH programmes. As I am sure my noble friend recognises, that is why we continue to work with the likes of Unilever and the London School of Hygiene & Tropical Medicine. I can also assure him that I am working directly, notwithstanding the challenging reductions we have had to make, with all key agencies of the UN to see how we can optimise the work of multilateral organisations through the UN and indeed complement them through our bilateral programmes in country. The WaSH programmes provide a very good example of what can be sustained and retained, and indeed of prevention of the spread of further diseases and viruses, as we have seen throughout the pandemic.

Baroness Northover (LD): My Lords, exactly how are the Government respecting either the law or this House in the way the Minister said in answer to my noble friend? The Minister knows that the Act allows a reduction in aid spending if the economy contracts, but the Government have gone beyond that. Why, then, do they fear bringing this back to Parliament? He knows the impact this is having on lives—he has just heard an example of that. Does he really think that the British public, when we know of their generosity to Comic Relief, believe that this is the right thing to do? Who ordered that there would be no impact assessments of these cuts, and why?

Lord Ahmad of Wimbledon (Con): My Lords, we fully understand and recognise the implications of the challenging decisions we have made, to which I have already alluded not just today but previously. However,

I am sure that the noble Baroness recognises that we continue to spend a large proportion of our budget on overseas development aid when compared to other countries, including G7 members. Undoubtedly, the temporary reduction has had an impact on the programmes we are carrying out both through multilateral agencies and in country. On impact assessments, as I said in answer to a previous Question, we have done an equality impact assessment to understand important issues in our programmes relating to girls' education, for example. As I also said earlier, we are currently considering the publication of that very equality impact assessment.

Baroness Sugg (Con): My Lords, I deeply regret that the Government were not able to compromise on what is clearly the will of the democratically elected other place. I hope that they are reflecting carefully on Mr Speaker's words about an effective and meaningful vote, as this issue is not going away. One of the consequences of the aid cuts and the ceiling of 0.5% is the limits it places on our response to Covid-19. For example, we have not been able to make a contribution to COVAX since the cuts were announced. I welcome the Prime Minister's focus on global vaccinations at this weekend's G7 summit. However, can the Minister tell me whether any UK donations will be over and above the 0.5%, or will there have to be further cuts to UK aid to pay for them?

Lord Ahmad of Wimbledon (Con): My Lords, as my noble friend will know, the 0.5% reductions that we have made were carried out on a one-year settlement. As a Minister responsible for multilateral agencies in a number of country projects where development assistance plays an important role, we are now working very much with country partners on the basis of the budgets agreed. We stand by the more than £0.5 billion contribution that we have made to the COVAX facility, and I know that my right honourable friend the Prime Minister is looking to further announcements that may be made in the aftermath of the G7 meeting.

The Lord Bishop of Worcester [V]: My Lords, I salute the commitment of the Minister to development, which is much appreciated. However, I was disappointed to hear him say again that we remain among the largest givers in the G7. Surely, that is not the point. The point is that a manifesto commitment of which the Conservative Party could be proud has been broken. The argument marshalled for breaking that promise is the fiscal situation, but it is surely a matter of priorities. Eye-watering amounts of money have been spent on other things; this is a relatively small part of UK expenditure. Furthermore, is that spending not in our own interests? Jesus tells us to love our neighbour as oneself. The implication is that by loving our neighbours we will actually love ourselves better. At the moment, we need to commit more to overseas aid and fighting this terrible pandemic, which, as we all know, is global and not confined just to this country. Other countries are suffering much worse. Surely this matter should be debated by Parliament soon.

Lord Ahmad of Wimbledon (Con): My Lords, on the right reverend Prelate's final point, the debates continue, as has been demonstrated today. As the

[LORD AHMAD OF WIMBLEDON]

Minister responsible for the business of the Foreign, Commonwealth and Development Office, I fully expect that we will return to this matter again. However, I should say to the right reverend Prelate that I, as a person of faith myself, appreciate that it is right to recognise the importance of the role that development assistance has played around the world in standing up for the most vulnerable and in providing people with an opportunity to better their lives. That remains a key priority for this Government. We have had to make some challenging decisions over the past year because of the domestic situation, and I am sure that he recognises the increased level of support that we have given citizens across the UK. Nevertheless, the Government, the Prime Minister, the Foreign Secretary and, indeed, the Chancellor remain resolute that we will return to the 0.7% at the earliest opportunity that the surrounding economic situation allows.

Baroness Hayman (CB) [V]: My Lords, I declare my interests as set out in the register. In response to my noble friend Lord Judge, the Minister said that the department was taking legal advice. Can he give a little more detail on that? Does it reflect a view within the department that it is quite possible that the noble Lord, Lord Purvis, is correct to say that what the Executive is doing is, in fact, illegal? Given that and the strength of feeling on this issue, not least from every living ex-Prime Minister, do not the Government need to respect Parliament and give it a meaningful vote on this issue?

Lord Ahmad of Wimbledon (Con): My Lords, I cannot agree with the premise of what the noble Baroness is suggesting. What I can say to her is to reiterate the point. Of course, the Government take legal advice on a range of issues to ensure that our obligations under the law and to Parliament are being met. As I have said on a number of occasions—and I repeat again—we are fully cognisant of our obligations on both those fronts.

Baroness Sheehan (LD): My Lords, how will the plethora of cut programmes be reinstated once the temporary cuts to the aid budget are restored—or are they lost in perpetuity?

Lord Ahmad of Wimbledon (Con): My Lords, the noble Baroness is right to ask a practical question. I assure her that the approach that we have been taking—I can share this with her directly—looks at the core of projects to ensure that our equities on the ground with multilateral and key partners in delivery are sustained to allow for the ability to scale up as and when the circumstances allow.

Lord Moylan (Con): My Lords, Britain will contribute £10 billion this year to the European Union, which is roughly the same sum as the Government propose to spend on overseas aid. Can my noble friend give an undertaking that, if there is to be a vote on the overseas aid budget in this House, it could be accompanied by a vote on our contributions to the European Union, so that priorities for overseas disbursements could be considered in the round?

Lord Ahmad of Wimbledon (Con): My noble friend presents an interesting proposition. What I will say in response is that, as part of the withdrawal agreement, which was ratified back in January 2020, a financial settlement was agreed on the UK's past obligations as a departing member state from the EU and that, by definition, this does not relate to any future arrangements. The EU and the UK both recognise our financial commitments to each other in this respect.

Lord Alton of Liverpool (CB): My Lords, perhaps I may take the Minister to questions of parliamentary sovereignty, legality and trust. If Governments are permitted to break laws, politicians to break manifesto promises, parliamentarians to break commitments to the destitute and starving, why should anyone take the blindest bit of notice when the United Kingdom proclaims the rule of law and the primacy of Parliament? Before the Prime Minister travels to the G7 summit, I ask the Minister to take the message to him—it is the one he has heard today during these exchanges, but it is from many in your Lordships' House—that this country's word should be its bond, even when that is difficult or inconvenient, and urgently to put right this deeply troubling and, arguably, illegal decision.

Lord Ahmad of Wimbledon (Con): My Lords, as the noble Lord is fully aware, I respect greatly his commitment and passion and, of course, his principles for the issues around our support of the most vulnerable communities around the world, as well as his advocacy for human rights. On a lighter note, he has suggested that I should talk to the Prime Minister before he departs for the G7 summit. The Prime Minister is already in Cornwall, so I cannot promise that I will be able to do that in practical terms. What I will say to the noble Lord is that, as I have said before, I recognise, as do the Government, the important role that Parliament plays, its sovereignty and the importance of standing up for the rule of law. Indeed, as the Minister responsible for standing up for the rule of law, I can assure the noble Lord of my engagement in that directly—as was demonstrated in our support for recent candidatures for the International Criminal Court, for example. That demonstrated the strength and respect for the United Kingdom as a state that stands up for its international obligations and for the international rule of law, and long may that continue.

The Deputy Speaker (Lord Haskel) (Lab): My Lords, the time allowed for the Private Notice Question has elapsed.

Game Birds (Cage Breeding) Bill [HL] *First Reading*

1.18 pm

A Bill to prohibit the use of raised laying or battery cages to keep certain game birds for the purpose of producing eggs; to set minimum space requirements for enclosures for such birds; and for connected purposes.

The Bill was introduced by Lord Randall of Uxbridge, read a first time and ordered to be printed.

Representation of the People (Young People's Enfranchisement) Bill [HL]
First Reading

1.18 pm

A Bill to reduce the voting age to 16 for UK parliamentary elections and all local elections in England.

The Bill was introduced by Lord Adonis, read a first time and ordered to be printed.

Procedure and Privileges Committee
Selection Committee
Deputy Chairmen of Committees
Covid-19 Committee
Membership Motions

1.19 pm

Moved by The Senior Deputy Speaker

Procedure and Privileges Committee and Selection Committee

That Lord Kennedy of Southwark be appointed to the following Select Committees in place of Lord McAvoy: Procedure and Privileges, Selection.

Deputy Chairmen of Committees

That Lord Kennedy of Southwark be appointed to the panel of Members to act as Deputy Chairmen of Committees in place of Lord McAvoy.

Covid-19 Committee

That Baroness Fraser of Craigmaddie and Lord Kamall be appointed members of the Select Committee in place of Baroness Chisholm of Owlpen and Lord Duncan of Springbank.

Procedure and Privileges Committee

That Baroness Goudie be appointed an alternate member of the Select Committee.

Motions agreed.

UK Withdrawal from the European Union (Continuity) (Scotland) Act 2021 (Consequential Provisions and Modifications) Order 2021

Justice and Security (Northern Ireland) Act 2007 (Extension of Duration of Non-jury Trial Provisions) Order 2021

Motions to Approve

1.20 pm

Moved by Viscount Younger of Leckie

That the draft Orders laid before the House on 14 and 26 April be approved.

Relevant document: 1st Report from the Secondary Legislation Scrutiny Committee. Considered in Grand Committee on 8 June.

Motions agreed.

Myanmar (Sanctions) Regulations 2021
Motion to Approve

1.21 pm

Moved by Lord Ahmad of Wimbledon

That the draft Regulations laid before the House on 29 April be approved.

Considered in Grand Committee on 7 June.

Motion agreed.

Town and Country Planning (General Permitted Development etc.) (England) (Amendment) Order 2021
Motion to Annul

1.21 pm

Moved on Tuesday 8 June by Baroness Pinnock

That a Humble Address be presented to Her Majesty praying that the Town and Country Planning (General Permitted Development etc.) (England) (Amendment) Order 2021, laid before the House on 31 March, be annulled because it introduces a significant policy change without being subject to sufficient parliamentary scrutiny; it affects the ability of communities to have a say in important changes to their local areas; and it does not present an effective or sustainable solution to the housing crisis (SI 2021/428).

Relevant document: 52nd Report of the Secondary Legislation Scrutiny Committee, Session 2019–21 (special attention drawn to the instrument)

The Deputy Speaker (Lord Haskel) (Lab): My Lords, as it was not possible to proceed with the Division on the Motion in the name of the noble Baroness, Lady Pinnock, on Tuesday 8 June, I will call the deferred Division on the Motion. The Motion was fully debated and pressed to a Division on Tuesday.

If the Motion of the noble Baroness, Lady Pinnock, is agreed to, I cannot call the Motion in the name of the noble Lord, Lord Kennedy, which will otherwise follow. No further speeches will be heard on these Motions. I instruct the clerk to start a remote Division on the question that Baroness Pinnock's Motion be agreed to.

1.22 pm

Division conducted remotely on Baroness Pinnock's Motion

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Town and Country Planning (General Permitted Development etc.) (England) (Amendment) Order 2021

Motion to Regret

1.35 pm

Moved by Lord Kennedy of Southwark

That this House regrets that the Town and Country Planning (General Permitted Development etc.) (England) (Amendment) Order 2021 (SI 2021/428) will remove the voice of local communities, result in a new swathe of poor-quality housing, and detrimentally impact the prosperity of high streets; further regrets that these changes have been introduced with insufficient parliamentary scrutiny and calls on Her Majesty's Government to withdraw the Order.

Relevant document: 52nd Report of the Secondary Legislation Scrutiny Committee, Session 2019–21 (special attention drawn to the instrument)

Lord Kennedy of Southwark (Lab Co-op): My Lords, in moving my Motion that is before the House, I have a few brief words to say. I do not intend to detain the House for very long, and I intend to divide the House after my remarks.

We had a good debate last Tuesday with many excellent contributions from around the House, but I was struck that there was not a single contribution from the Government Benches other than from the noble Lord, Lord Greenhalgh. There was not one word of support for the position that the noble Lord was taking; it was non-existent. This is the party that talks local and talks about localism and community but votes to prevent local communities, councillors and people from having a say. That is wrong and that is why I tabled this Motion to Regret. I hope that,

when the House divides shortly, it will pass that Motion to reflect how cross the House is with the actions of the Government.

I am confident that, when the noble Lord, whom I like very much, was leader of Hammersmith and Fulham, he would have been jumping up and down if a Government had tried to do what they are doing today, in denying local people their say and riding roughshod over their wishes. I hope that the House expresses its regret over the action of the Government. I wish to test the opinion of the House.

1.37 pm

Division conducted remotely on Lord Kennedy of Southwark's Motion.

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Motion agreed.

Division No. 2

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Today, the Advisory, Conciliation and Arbitration Service has published its report on fire and rehire. I know that this is a matter of great interest to employers and workers up and down the country, and I encourage all Members to read ACAS's report. This Government have always been clear that we do not accept fire and rehire as a negotiation tactic. Workers up and down the country have worked flat out during the pandemic, carrying out essential work to keep our economy going. It is crucial that employers take their responsibilities seriously and act appropriately when it comes to discussions about changing employment contracts.

I have been deeply concerned by reports over the last year that some employers may be turning too soon to firing and rehiring employees and are using this as a tactic in negotiations to put undue pressure on workers to rush into accepting new, and often worse, terms and conditions or face losing their jobs. It is unacceptable and, frankly, immoral to use the threat of fire and rehire as a negotiating tactic to force through changes to people's employment contracts, or for employers to turn to dismissal and rehiring too hastily, rather than continue to engage in meaningful negotiations. We are not talking about something abstract here—this is about people's lives and livelihoods.

At a time when many workers have shown great loyalty and commitment to carry out essential work and keep our economy going in the face of a pandemic, I expect employers to continue to treat their staff fairly and with respect. That is why my department asked ACAS to gather evidence on the practice, so that we could evaluate whether further action is needed at this time. I would like to thank ACAS for its work, which has provided my department with a balanced account, based on insights from employer bodies, trade unions and professional bodies.

The report outlines the circumstances in which fire and rehire can be and has been used, and offers views from a range of contributors on whether and how to tackle the issue. There are different views on whether the practice can ever be justified. For some of the organisations consulted by ACAS, it is never acceptable. For others, in its most legitimate form fire and rehire is a route for employers to avoid redundancies and business failures, after negotiations have been exhausted. However, the report finds agreement that fire and rehire can and should be used only in limited, legally prescribed circumstances. Some thought that this should be further reinforced in law, whereas a number of participants cautioned against new legislation, warning that it may have unintended consequences: it may lead to more redundancies.

This is clearly a complex area. Many of the people ACAS spoke to welcomed non-legislative interventions, such as guidance for businesses, the vast majority of which, I recognise, want to do the right thing. That is why I have now asked ACAS to produce better, more comprehensive, clearer guidance to help employers explore all the options before considering fire and rehire, and encourage good employment relations practice.

Some of ACAS's participants raised concerns that fire and rehire is used by employers to break continuity of service to limit the ability of workers and employees to access their rights, as certain employment rights require periods of continuous employment. The Government have already committed to legislate to extend the time

Employment Rights *Statement*

The following Statement was made in the House of Commons on Tuesday 8 June.

“With permission, Madam Deputy Speaker, I will make a Statement on the latest steps the Government are taking to protect workers' rights, as we look to build back better from Covid-19. That includes our plans to create a single body responsible for state enforcement of employment rights, modernise the regulator of trade unions and address so-called fire and rehire negotiation tactics.

This Government have been absolutely clear that we will do whatever we need to do to protect and enhance workers' rights in this most challenging year. In April, for example, we increased pay for around 2 million workers, and the Coronavirus Job Retention Scheme has already helped to pay the wages of 11.5 million people across the country. We will continue to champion our flexible and dynamic labour market and to maintain the UK's excellent record on workers' rights.

required to break a period of continuous service. That will make it easier for employees to access their rights and also deter businesses from using fire and rehire to engineer breaks in employment in order to deny individuals important employment rights.

Despite the unprecedented government support during the pandemic, this has also been an exceptionally difficult time for businesses. Many businesses have shown an incredible ability to adapt and innovate, and have played a key role in tackling the pandemic. Even so, some employers may need to make difficult decisions, in order to avoid redundancies and to ensure their business can survive and succeed. In those circumstances, employers and employees should always aim to reach negotiated agreements about terms and conditions of employment and exhaust every avenue to achieve this. But the reality is that sometimes, regrettably, negotiations will fail. In these circumstances, employers may need to dismiss staff, and potentially re-engage them. Therefore, any potential reform must be balanced against the possibility of the remedy creating a worse problem than the one it is intended to address: we must be careful not to introduce measures that inadvertently run the risk of businesses going bust, and thus more people losing their jobs.

However, having carefully considered the report, the Government want to send a clear message to employers: even if your business is facing acute challenges, all other options to save jobs and a business should be exhausted before considering the dismissal and re-engagement of staff. I believe that we can achieve this working in partnership with businesses and workers, without heavy-handed legislation.

This House should be left in no doubt that this Government will always continue to stand behind workers and stamp out unscrupulous practices where they occur. That is why today I am also confirming the next steps we will be taking to modernise our labour market enforcement regime. In 2019, the Government published a consultation that set out the benefits of bringing together our three existing labour market enforcement bodies into a single organisation. Today, the Government have published their formal response to that consultation. This new single enforcement body will help the country build back better by taking a smarter approach to the enforcement of employment law. It will make it easier for the vast majority of responsible businesses to comply with the rules. It will ensure a level playing field, through effective enforcement against those who cut corners and exploit workers. Today's government response sets out the overarching details of the new body: responsibility for tackling modern slavery, enforcing the minimum and living wages and protecting agency workers will be brought under one roof, creating a comprehensive new authority.

The new body will go further than current enforcement, enforcing holiday pay for the most vulnerable workers, as well as statutory sick pay. It will regulate umbrella companies, enforce financial penalties against organisations that do not meet requirements to publish modern slavery statements, and run the unpaid tribunal awards penalty scheme.

Protecting workers requires support for businesses, too, so that employers understand how to comply with the rules. This is in addition to effective, visible enforcement action to deter irresponsible employers. The body will

have a spectrum of powers and responsibilities to achieve that, including the ability to issue guidance and compliance notices and levy civil penalties for certain offences, and the power to prosecute the most exploitative employers.

Protecting workers is not just about support for business and effective state enforcement. Trade unions have an essential role in the workplace; I know from my regular close engagement with unions how important their work is. Today, the Government have published our plans to modernise the regulation of trade unions, bringing the certification officer in line with other regulators. These reforms will implement technical measures passed by Parliament via the Trade Union Act 2016, providing reassurance to union members and the wider public.

We are confirming three changes related to the certification officer today. First, we are extending the certification officer's powers to enable her to proactively investigate when a third party raises concerns that a union or employers' association may have breached its statutory duties; we will also expand the powers available to her to conduct those investigations. Secondly, we will give the certification officer the power to apply financial penalties to unions or employers' associations where the most serious breaches are found to have occurred. The sanctions will be targeted only at the small minority of unions that breach their statutory requirements and obligations. Thirdly, we will move the certification to a levy funding model, which will bring the certification officer in line with other regulators such as the Pensions Regulator and the Financial Reporting Council. Proper and fair regulation will ensure that all trade unions and employers' associations conduct themselves to the highest standards.

The United Kingdom has one of the best records on workers' rights in the world, going further than the EU in many areas, and we are determined to build on that record. By modernising our labour market enforcement regime, protecting workers more extensively, supporting businesses to comply with the law and preventing them from being undercut by a minority of irresponsible employers, we can continue to be a high-wage, high-employment economy that works for everyone as we build back better."

1.51 pm

Lord Lennie (Lab) [V]: My Lords, workers face a real crisis of insecurity and a lack of protections, but the proposals announced in this Statement will do little to turn around the record of inaction from the Government. Whether it is dropping the employment Bill, allowing 2 million people to be paid below the minimum wage or indeed leaving the post of Director of Labour Market Enforcement vacant for months, the Government's rhetoric on workers' rights simply fails to match reality. We see this again today.

There is no plan for when the legislation for the single enforcement body will come to Parliament, despite three-quarters of respondents in the consultation stating that the current enforcement system is ineffective. As the Government said that the new body will "significantly improve the Government's ability to protect vulnerable workers and ensure they receive their employment rights", can the Minister confirm that the Bill is a priority and will at least be published this year?

There is no new money to merge three existing bodies into a single organisation with a significantly expanded remit. The consultation response states that the current funding will be “used more effectively”, but more funding for its new responsibilities, such as “enforcement of holiday pay for vulnerable workers”, is yet to be considered. So can the Minister explain how effective the body will be across all its responsibilities without additional support?

The most glaring omission in this plan is that many of the most exploitative employment practices will remain perfectly legal. Bogus self-employment denies millions of workers in the gig economy basic protections and rights. On fire and rehire, the Minister said:

“This Government have always been clear that we do not accept fire and rehire as a negotiation tactic.”

But the weak promise of further guidance only kicks the can further down the road.

Almost three million people—one in 10—have been subjected to fire and rehire since last March. This will not stop until this morally wrong and economically illiterate practice is outlawed. So will the Minister commit to giving workers full employment rights to ensure that everybody has dignity and security at work?

The Statement also reconfirms that the Government are determined to hobble trade unions, which are the best mechanism for protecting workers’ rights. The proposal to give the certification officer powers to commission investigations and fine trade unions even when there has been no complaint from a member—funded by a levy on trade unions—is an attack on working people and seeks to solve a problem that simply does not exist. Why are the Government not following President Biden’s proposals—he is here in the country—to empower trade unions to rejuvenate the American economy and raise living standards? If Ministers really want to do whatever they can to protect and enhance workers’ rights, they need to stop overpromising and start delivering for working people.

Lord Fox (LD): My Lords, I thank the Minister for repeating the Statement. This is a relatively small, long-overdue step towards upholding workers’ rights, and to that extent it is welcome. However, it comes with no parliamentary time allocated for legislation and no new funding.

There was a glaring hole in the Queen’s Speech. After a pandemic that has made life extremely hard for many people, it is disappointing that the Government are yet to announce an employment Bill to strengthen workers’ rights and to make the rules fit for modern working practice.

A single enforcement agency is welcome but, unless we look again at people’s working conditions and the rules in place, this agency—when it eventually emerges—will not be able to deliver the change that people need in their lives. To do that, it needs proper funding. For example, the International Labour Organization recommends that Governments have one inspector per 10,000 workers. In the UK the current funding is for 0.4, so can the Minister tell your Lordships’ House if and when the new agency will be funded to deliver ILO levels of inspection?

When an illusionist is practising their art, the key skill is misdirection. In this case, our attention is in danger of being distracted by decent and welcome words condemning the practice of fire and rehire. Meanwhile, the Government have conflated employment abuses with measures to crack down on trade unions. While there may be some issues in a small number of unions, they are not the cause of the problems faced by so many families. It is sharp employment practice that is taking UK families to the edge, not trade unions, so my next question to the Minister is: how do the Parliamentary Under-Secretary’s words in this Statement help people who right now are being fired and taken back on downgraded working contracts? This Statement condemns the practice, but now the Government have asked for a further report on the subject. This is kicking it into the long grass. When will the Government actually do something to help workers?

More broadly, in October 2016 the Government commissioned Matthew Taylor to carry out an independent review of the UK employment framework. The *Taylor Review of Modern Working Practices* found that the labour market was changing due to the emergence of new business models and different forms of gig economy working; the Minister knows about this very well. It proposed many important measures to help support people’s jobs in those sectors. These measures received a broad welcome, and indeed warm words flowed from the Benches opposite. In their last manifesto, the Conservatives undertook to implement many of the report’s findings—yet it still gathers dust. Mr Taylor became interim Director of Labour Market Enforcement in August 2019, but then in January this year he announced that he was leaving and the role was not refilled. So have the Government abandoned their pledge to implement the Taylor review?

With or without Taylor, things need to change—and quickly. When will we see an end to the toxic practice of delivery workers being required to drive illegally so that they can meet their quotas? When will we see an end to people being forced to skip bathroom breaks? When will nearly two in five workers get more than a week’s notice of their working hours? When will gig economy workers get the wages they deserve—for example, the 20% higher minimum wage for people on zero-hours contracts? Because this is the real world of work that is facing many people right now.

Speaking in the Commons, the Parliamentary Under-Secretary said:

“Nothing is off the table.”—[*Official Report*, Commons, 8/6/21; col. 849.]

Actually, for the poorest, most exploited workers there is nothing on the table. These are words. When will we see some action?

The Parliamentary Under-Secretary of State, Department for Business, Energy and Industrial Strategy (Lord Callanan) (Con): I thank the noble Lords, Lord Lennie and Lord Fox, for their comments. To pick up the final question from the noble Lord, Lord Fox, about the Taylor review and workers’ rights, we have made good progress in bringing forward legislation to protect workers’ rights. We have closed the loophole that sees agency workers employed on cheaper rates than permanent workers, we have quadrupled the maximum fine for

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employers who treat their workers badly and we have given all workers the right to receive a statement of their rights from day one.

We are committed to protecting and enhancing workers' rights. The noble Lord pointed to the Uber Supreme Court judgment. It was clear that those who qualify as workers under existing employment law are entitled to rights such as the minimum wage, and all gig economy businesses should ensure that they are fulfilling their legal responsibilities.

On the employment Bill, which both noble Lords asked me about, I can tell them, particularly the noble Lord, Lord Lennie, who said that the Bill had been dropped, that he is not correct. We are committed to bringing forward an employment Bill to protect and enhance workers' rights as we build back better. We want a high-productivity, high-wage economy that delivers on our ambition, and we want to see workers protected.

With regard to firing and rehiring, the Government have set out a clear and proportionate course of action to address fire and rehire. It is a complex area of law so we have asked ACAS to produce better, more comprehensive and clearer guidance to help employers explore all the options before considering fire and rehire and to encourage good employment relations practice. We are looking closely at the ACAS report. While we are not legislating at this stage, we will continue to monitor the evidence on the use and prevalence of fire and rehire.

Both noble Lords asked me about the funding for the single enforcement body. As with all government funding, that will be considered during the spending review later this year. On the questions about the Certification Officer, it is important to point out that the principle of this in the legislation was passed and agreed in the Trade Union Act 2016. This is merely the enactment of those provisions, and it does no more than give powers to the Certification Officer similar to those that many other regulators already possess in these sorts of areas.

The Deputy Speaker (Baroness Garden of Frognal) (LD): My Lords, we come to the 20 minutes allocated to Back-Bench questions. I ask that questions and answers be brief so that I can call the maximum number of speakers.

2.02 pm

Baroness Falkner of Margravine (CB) [V]: My Lords, I welcome the improved guidance that the Government have asked ACAS to produce on fire and rehire, because it is a balanced position in the impact on employers. However, the Minister will know that without strong enforcement powers a regulator, however much of a super regulator it might be, cannot do very much. He also knows that some of the most egregious abuses are happening within supply chains, not in faraway countries of which we know little but here in this country, in places such as Leicester. So when the Government tell us they are still considering options on a garment trade adjudicator, will they recognise how disappointing that is? Like other noble Lords who have gone before me, I want to press the Minister to get moving on

setting up this body, giving it strong powers and then going so far as to ban goods in shops that are supplied by people who break the law.

Lord Callanan (Con): The noble Baroness makes some good points. I agree with her that some of the appalling treatment in places such as Leicester that was highlighted in press articles is unacceptable. Our response to the consultation sets out the high-level proposals for the single enforcement body. We will be developing more detailed plans for the body's operation and structure in partnership with the existing enforcement bodies. The noble Baroness will be aware that creating the new body will require primary legislation, and timing will depend on the legislative timescale. However, we are committed to ensuring that it has adequate funding for enforcement; we will do that through the spending review, as I mentioned.

The Government have a good record on protecting employment rights enforcement. We have more than doubled the budget for minimum wage enforcement and compliance, which is now over £27 million per year.

Lord Balfe (Con): My Lords, a number of noble Lords have mentioned the warm words in this Statement. The one-third of active trade unionists who vote Conservative will welcome those warm words from this Government.

I have two specific questions. First, when will the proposed changes in the power of the Certification Officer be made public and put in the public domain for us to discuss? Secondly, does the Minister agree that it is important to balance flexibility with effective protection for workers?

Lord Callanan (Con): I thank my noble friend for his comments. The legislation will be introduced shortly, and it is important that we balance flexibility with protections. My noble friend feels very strongly about this issue. It is a dynamic, flexible economy that makes the UK such a fantastic place to work and gives us such relatively low levels of unemployment compared to many other European countries. We are the envy of the world in terms of not only our protection for workers' rights but our flexible economy. The steps that we are taking on enforcement will help the country to build back better by taking a smarter approach to the enforcement of employment law, and will make it easier for the vast majority of responsible businesses to comply with the rules.

Lord Hendy (Lab) [V]: My Lords, the Minister in the other place said yesterday:

"It is unacceptable and, frankly, immoral to use the threat of fire and rehire as a negotiating tactic to force through changes to people's employment contracts",—[*Official Report, Commons, 8/6/21; col. 841.*]

yet in only seven months of last year just short of 3 million workers were subjected to it. There is nothing in the ACAS report to justify not legislating. Can the Minister not accept that these millions of workers merit legislation, not just guidance, to protect them?

Lord Callanan (Con): This is a complicated area of employment law. We want to give employers flexibility to manage their business without producing undue

effects on workers. Sometimes, sadly, it is necessary for employers to introduce changes; the alternative is that they go bust and no one has a job at all. We want to get this right and we want to introduce proportionate responses, but it is a complex area and we will be looking closely at it.

Baroness Stowell of Beeston (Non-Afl): My Lords, has the Minister had the opportunity to consider the relevant employment law that made it possible for a tribunal judge, as reported in yesterday's media, to rule in favour of an employee who was dismissed by his employer for dishonesty in respect of sick leave and sick pay? Of course, the specifics of the case are not something on which it would be proper for the Minister to comment and neither is it a matter for this House. However, I would be grateful for the Government's view on the impact of a ruling such as this one on upstanding employees as well as good employers, especially small business owners.

Lord Callanan (Con): I thank my noble friend for her question. She is correct that it would not be right for me to comment on the specifics of the case without being in possession of all the facts, but it is vital that employees do not abuse their sick leave and pay. If they do, the employer may be able to dismiss them on the grounds of misconduct.

There is a vital balance to be struck to protect employers and employees. As the recent judgment shows, employers must act reasonably in all circumstances, follow the right procedures and conduct appropriate investigations. They should look to the ACAS code of practice on disciplinary and grievance procedures and may want to refer to the guidance on dismissal.

Baroness Blower (Lab): My Lords, for three bodies to become one, legislation will indeed be required, but there is none. Neither is there any commitment to adequate funding, as my noble friend Lord Lennie said. Specifically, why are the HSE and local authority health and safety inspectors not included in the plan for a single enforcement body? Why is there no commitment to increase the existing pathetically low number of inspectors and, regrettably, the equally pathetically low number of notices and prosecutions?

Lord Callanan (Con): The noble Baroness is right: we are not proposing that the HSE become part of the single enforcement body. The HSE is a large, established organisation. Given its size and scope of its functions, and the focus on high-harm incidents, incorporating it into a new body could lead to a shift in priorities away from other employment rights, but we will ensure that the HSE remains a key partner for the single enforcement body. The noble Baroness should be aware that since the start of the pandemic, HSE has carried out more than 243,000 Covid-19 spot checks and responded to more than 22,000 concerns. There are currently around 1,300 workplace spot-checks carried out per day, targeted on those industries whose workers are most likely to be vulnerable to transmission risks.

Lord Stevenson of Balmacara (Lab) [V]: My Lords, can the Minister confirm that the Government's response to the recent court cases on the gig economy—on

issues that concerned the minimum wage, sick pay and holiday pay entitlements—are that no further changes to employment law are considered necessary?

Lord Callanan (Con): We are considering all these matters. We keep these matters under review. We are committed to protecting and enhancing workers' rights. As I said earlier, the Uber Supreme Court judgment was clear that those who qualify as workers, under existing employment law, are entitled to rights such as the minimum wage. All gig economy businesses should ensure that they are fulfilling their legal responsibilities. I think it is important to point out that the gig economy offers individuals flexibility and it can provide opportunities for those who may not be able to work in more conventional ways. Indeed, Government research has indicated that people mostly value the flexibility that it offers—56% of respondents said that. An individual's entitlement to rights at work is determined by their employment status, whether employee, worker or self-employed, and gig economy workers can be classed under any of these, depending on their particular employment relationship.

Lord Lea of Crondall (Non-Afl) [V]: My Lords, we are witnessing the rampant spread of precarious contracts, exemplified by fire and rehire. Has the aphorism that we are moving to a position where instead of a proletariat we have in its place a precariat. In the absence of legislation, where is the levelling-up to come from? In addition to stronger enforcement, which is indeed vital, the trade unions' role itself is vital—more vital than ever. The Minister said he does not want too much legislation, but will he welcome the fact that we now have a growth in trade union membership for the fourth year running? It is hardly the time for proposing, in the words of Frances O'Grady of the TUC, to tie them up in red tape. Rather, should we not be facilitating the negotiation of pro-rata rights for workers' representatives, this being the norm in the most successful European economies?

Lord Callanan (Con): I bow to the noble Lord's superior knowledge of the proletariat and the precariat, or whatever words he used. I do not have strong feelings about any potential growth in trade union membership. People are free to join a trade union if they wish. I would merely point out to the noble Lord that, of course, only a small minority of employees choose to join trade unions.

Lord Davies of Brixton (Lab) [V]: My Lords, I start by telling the Minister that the claim in the Statement that the UK has one of the best records on workers' rights is patent nonsense. We know it and, as a reasonable man, I am sure he knows it too. We also know, not only from the Taylor review, that one thing that could be done to improve the regulation of workers' rights is to eliminate the scope for employers to exploit regulatory arbitrage. Will the Minister therefore give a commitment to reduce the number of categories of workers with different entitlement to statutory rights?

Lord Callanan (Con): I am afraid I just do not agree with noble Lord. We have an excellent record of workers' rights in this country. Of course, the best workers' right

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of all is the right to a job. We have a better record on employment and employment creation than most of the rest of Europe.

Baroness Ritchie of Downpatrick (Non-Afl) [V]: My Lords, can the Minister outline what discussions have taken place with the devolved Administrations to ensure that all workers throughout the UK have full employment rights? Will the recruitment practice of fire and rehire be outlawed once and for all?

Lord Callanan (Con): I can indeed tell the noble Baroness that Ministers and officials from both my department and from the Department for Work and Pensions, hold regular meetings with counterparts in the devolved Administrations to discuss various employment-related issues, including regular reviews of the legislative framework.

Baroness Donaghy (Lab) [V]: The Statement upholding employment rights gives and takes away at the same time. Its praise for ACAS is right. I remind the House that I am a former chair and in receipt of an ACAS pension. As the Minister knows, the Certification Officer is part of the ACAS family, and the proposals in the Trade Union Act 2016 were of such concern that my party raised it at Report. They are not technical measures, as the Statement claims, and third-party claims are an invitation to anti-union newspapers to make mischief. Will the Minister be willing to discuss these points, particularly about the future of the Certification Office, to ensure that this really is about upholding employment rights, not about feeding red meat to his less enlightened colleagues?

Lord Callanan (Con): This is not about feeding red meat to anybody. Some people may be vegetarian and not enjoy red meat. The noble Baroness may not like it, but the principle of the reforms was introduced in the Trade Union Act. We debated it at the time in this House, and the principle was passed then. This is merely the enactment of those provisions, which have previously been agreed.

Baroness Bennett of Manor Castle (GP): My Lords, I draw on figures from *The UK's Enforcement Gap 2020* report by Unchecked. These are figures for the fall in staffing numbers between 2009 and 2019: the Equality and Human Rights Commission, 61%; the Employment Agency Standards Inspectorate, 57%; the Health and Safety Executive, 34%; Her Majesty's Revenue and Customs, 16%. That has rightly been described as a collapse of enforcement. We are told we have to wait until the spending review—apparently what was exposed in Leicester is not a sufficient emergency to require emergency action from the Government—but will the Minister assure me that the department will be pushing in that spending review to at least get funding levels and staff members back to 2009 levels?

Lord Callanan (Con): As I said earlier, of course we will provide the appropriate funding in the spending review. I do not know where the noble Baroness has got her figures from, but we have more than doubled the budget for minimum wage enforcement and compliance.

It is now more than £27 million annually, up from £13.2 million in 2015-16. More than 400 HMRC staff are involved in the enforcement of the minimum wage. In 2021, HMRC concluded more than 2,700 minimum wage investigations and returned more than £16.7 million in arrears to more than 155,000 workers.

Lord Sikka (Lab) [V]: My Lords, in 2020, 347,000 workers did not receive the statutory minimum wage. That has been a persistent problem. The financial penalties have not had the desired effect and clearly need to be strengthened. Will the Minister introduce legislation stating that the penalty for each violation should be not less than the total remuneration of the directors of the offending business? If not, why not?

Lord Callanan (Con): This builds on my answer to the previous question. Since 2015, the Government have ordered employers to repay more than £100 million to a million workers. Over the course of 2020-21, HMRC's Promote team facilitated nearly 800,000 employers and workers to seek further information on the minimum wage. So there is considerable enforcement going on in this space, and I just do not recognise the picture painted by the noble Lord and the previous speaker.

The Deputy Speaker (Baroness Garden of Frognal) (LD): My Lords, all speakers have now spoken. The next business is due to start in less than a minute, so I suggest that instead of adjourning the House, we all just sit quietly and compose other thoughts until 2.20 pm.

Food, Poverty, Health and the Environment Committee Report

Motion to Take Note

2.20 pm

Moved by Lord Krebs

That this House takes note of the report from the Food, Poverty, Health and the Environment Committee *Hungry for change: fixing the failures in food* (Session 2019-21, HL Paper 85).

Lord Krebs (CB): My Lords, it is a great pleasure to introduce this debate on behalf of the Select Committee on Food, Poverty, Health and the Environment. I start by thanking all the members of the committee for their excellent contributions to our inquiry. In particular, I thank my noble friend Lady Boycott, as well as Anna Taylor of the Food Foundation, who first suggested the idea for this inquiry. We were supported by two superb specialist advisers, Professor Martin White from Cambridge University and Professor Elizabeth Robinson from Reading University. We received over 100 submissions of written evidence and heard 44 oral evidence witnesses. Last but not least, I express our gratitude for the support of a truly outstanding team of Beth Hooper, the committee clerk, Sam Kenny, the policy analyst, and Rebecca Pickavance, the committee assistant.

The title of our report, *Hungry For Change: Fixing the Failures in Food*, neatly encapsulates our findings. Our witnesses told us that the food system in this

country is broken and that the poorest people suffer the most as a consequence. In a moment I shall explain in more detail what this means and what we recommended as solutions, but I hope noble Lords we will indulge me if I start with a very short historical digression.

As the historian David Cannadine wrote:

“For most of recorded history ... poverty was not a problem at all: it was a fact of life ... Only ... during the last two hundred years, has it been upgraded from an insuperable and ‘natural’ condition into an intolerable but solvable problem”.

He might have said “in principle a solvable problem”, because in the past 200 years, although we have had the means to eradicate poverty in Britain, we have not done so.

Perhaps the clearest manifestation of poverty is malnutrition. Some 100 years ago, malnutrition in Britain meant starvation. Although we were the richest country in the world in the late 19th century, malnutrition among the poor was rife. The Government took notice when they tried to recruit soldiers for the second Boer War in 1899: 80% of the recruits were deemed unfit to fight and the Army had to reduce the height threshold for recruits from five feet three inches to five feet because poor people were so short as a result of malnutrition. The Government of the day were shocked into action and set up an Inter-Departmental Committee on Physical Deterioration, which recommended that the poorest children in this country should be given free school meals.

Fast forward another 120 years, and today, according to official figures, between one in four and one in five children in this country still live in poverty. This is probably an underestimate, as the Government’s measure is based entirely on relative income and does not consider the cost of living a decent life. Today’s malnutrition associated with poverty manifests itself in two very distinct ways: either poor people cannot afford to buy enough to eat—they are undernourished—or they can afford or get access to only an unhealthy diet, commonly known as junk food, which might fill them with cheap and delicious calories but at the same time contribute to chronic disease and a shortened lifespan. The resulting inequalities are stark. Healthy life expectancy for the poorest decile in this country is about 53 years—nearly 20 years less than for the richest decile. By the age of five, children in the poorest areas are already twice as likely to be obese as children of the same age in the least deprived areas.

Modern malnutrition is not the only factor, but the evidence we heard suggested that it is significant in contributing to these inequalities. The term often used to describe the stress of poverty and food is “food insecurity”, which the *National Diet and Nutrition Survey* defines as

“limited or uncertain availability of nutritionally adequate and safe foods or limited or uncertain ability to acquire acceptable foods in socially acceptable ways.”

The Government have not in the past routinely measured food insecurity, but in March this year the DWP estimated that 13% of children in this country live in low food security and 6% in very low food security.

Nothing that I have said so far is new, but successive Governments have done precious little about it, perhaps because it is often below the radar. Tia from Lancashire, one of our witnesses living with food insecurity, said this:

“You know everyone’s struggling but you just don’t know how much everyone is struggling because no one wants to talk about it. An older person who is struggling doesn’t want to talk about it because they feel embarrassed or they’re embarrassing their kids. Some people don’t want to talk about it in Darwen”—

where she comes from—

“because there is such a stigma.”

The pandemic has underlined the problems of food insecurity and food poverty. Obese people appear to be more likely to die of Covid-19. At the same time, we were told that food bank use—an indicator of food poverty—has risen by 81%.

I turn from describing the problem to some of our proposed solutions. We made more than 50 recommendations. Noble Lords will be relieved to know that I will not go through all of them; I shall highlight just a few. First, on the causes of food insecurity, many of our witnesses referred to universal credit. We were told that the five-week delay in receiving payment and the fact that the amount of benefit does not consider the cost of a healthy diet are major contributors to food insecurity. The Food Foundation estimates that the poorest decile of the population would have to spend 74% of their disposable income to eat according to the government guidelines for a healthy diet. Eating unhealthily is much cheaper. For the richest decile, the figure is just 6%.

Money is important but not the only factor. We also heard that access to healthy food—many people live in so-called food deserts—knowledge, time and the emotional bandwidth to think about diet and health were also important. We acknowledge that other select committees were investigating the universal credit system, but we recommended that the cost of a healthy diet should be included in the calculation of the quantum of benefit. We also recommended that the Government should address the problem of food poverty among those with no recourse to public funds and that the value of Healthy Start vouchers should be increased. Finally, we recommended that the Government should collect data on food insecurity through the *National Diet and Nutrition Survey*.

I turn to the food system. Many of our witnesses told us that the UK food system is not fit for purpose and they called for whole-system change. What does a food system actually mean? It refers to the way food is produced, processed, marketed, sold and consumed—everything from plough to plate. In comparison with other European countries, we eat a relatively high proportion of highly processed food, artfully constructed by the food industry to be cheap and delicious. We as humans are evolutionary programmed to like sugar, fat and salt, as these were essential for survival in our ancient history. It is cheap processed foods, high in sugar, fat and salt—commonly known as junk food—that contribute to dietary ill health and health inequalities.

On the basis of the evidence we heard, we recommended a series of changes to the food system to make healthier choices easy, especially for the poorest people in this country. These included restrictions on the promotion and advertising of unhealthy food—food high in fat, sugar and salt—and greater pressure on the food industry to reformulate highly processed food. We noted that there was good progress in the early days of the salt reduction campaign—I declare an interest as chairman of the Food Standards Agency when that was launched—but

[LORD KREBS]

this appears to have stalled since responsibility for it was taken away from the FSA. We also heard that the soft drinks industry levy had been successful in reducing the sugar content of soft drinks and should therefore be extended to other products.

We felt that local authorities need to be given the powers and incentives to restrict the creation of new fast-food outlets, which are often the only way to get food in the poorest communities. We recommended a mandatory limit on the calories per portion in the out-of-home sector. When we asked a representative of the fast-food sector why it sells such massive portions of chips, he said, very honestly, “That’s because it’s about competition; the bigger the portion, the better value for money the people who shop for it feel that it is.” We concluded that labelling has a role to play but that it is mostly used by those who are least in need of help to improve their diets—the worried well.

Malnutrition starts in infancy, and the life trajectories of poor diet are set early on. I have already referred to the obesity figures for children by the time they are five years old. We made recommendations about school food and childhood nutrition. School meals standards should be properly monitored and evaluated—which they are not—and initiatives to address holiday hunger, as well as the national school breakfast programme, should be properly funded. I am sure that other noble Lords will expand on these points.

I turn briefly to the impact of food on the natural environment. At the time of our inquiry, the then Agriculture Bill was still in progress, and a number of our recommendations relating to it are now out of date. There is no doubt that, in this country and globally, food production is a major contributor to environmental damage—using fresh water, contributing to climate change and to the destruction of natural habitats, as well as the use of pesticides which pollute the environment and damage wildlife.

Three points are of continuing relevance. We recommended that the Government should include environmental sustainability alongside health in its dietary guidelines. As part of this, the Government should develop a plan to increase fruit and vegetable consumption, because we know that the consumption of too much red meat is bad for both health and the environment. Finally in this section, we recommended that the Government should adhere to their commitment to not allowing the importation of food produced to lower environmental standards than that produced in the UK, and not simply offshore the problem of environmental damage. I would welcome unequivocal confirmation on this from the Minister, particularly as I still hear the view from senior politicians that cheaper, lower-standard imported food will be beneficial for poor people in this country.

In concluding my summary of the recommendations, I return briefly to governance. Henry Dimbleby will shortly publish the second part of his national food strategy, following which the Government are committed to publishing a White Paper within six months. According to the Minister,

“This strategy will set out proposals that will aim to ensure that the food system delivers healthy, sustainable, affordable food for all.”—[*Official Report*, 20/10/20; col. 1473.]

How do we know that the strategy will be implemented? We recommended the creation of an independent oversight body, analogous to the Committee on Climate Change, to monitor and report on progress on implementation.

The Government’s response to our report fell broadly into three categories. The first was, “We are waiting for the national food strategy.” Part I of the national food strategy was published nearly a year ago, shortly after our report. It made a number of similar recommendations to ours. I am not aware that the Government have formally responded, and I hope that the Minister will update us. The second category of response was, “We reject the recommendations”—for instance, embedding the cost of a healthy diet in benefit rates; uprating Healthy Start vouchers; improving the poorest schoolchildren’s access to healthy food; giving local authorities more power to restrict new fast-food outlets; accelerating the reformulation of unhealthy food; and establishing an independent oversight body to oversee implementation of the national food strategy. The third category was, “We will consider further action”—for instance, restricting the promotion and advertising of junk food.

Overall, I was, frankly, disappointed by these responses. However, since then, we have seen some developments. Following Marcus Rashford’s campaign, the Government have committed to allocating additional money to support holiday free school meals. I hope the Minister will confirm that this will be a long-term commitment. The Government have announced that they intend to ban adverts for junk food before the 9 pm watershed and online, restrict in-store marketing and require calorie labelling in food outlets with more than 250 employees. I would welcome confirmation from the Minister that these plans will go ahead and some indication of the timeline. Last week, it was reported that, following a legal challenge, eligibility for Healthy Start vouchers will be extended to asylum seekers and immigrants without settled status.

In conclusion, I hope that these recent developments are a sign that the Government are at last taking the issue of poverty, diet, health and the environment seriously. I look forward to the contributions from other noble Lords, and to the Minister’s response. I hope he will update us on progress and assure us that, when it is published, the White Paper will really address the urgent issues in our report. I beg to move.

2.36 pm

Lord Rooker (Lab) [V]: My Lords, it is a privilege to follow the noble Lord, Lord Krebs. I much regret my very early departure, due to health circumstances, from the Select Committee after one meeting in summer 2019. I was looking forward to its work and was not disappointed in the outcome. It is a very good analysis of the food system and its failures, and it provides solution after solution.

Food poverty, health and the environment provide a social picture of the present UK, and it is not a pleasing one. There is not a single one of the report’s recommendations I take exception to, which is more than can be said for the Government. The strong recommendations regarding the universal credit £20 uplift, free school meals, an obesity strategy, commercial incentives on processed foods and long-term food insecurity all require action this day.

I am afraid that the silo-working of government comes through loud and clear in the report. The present Government cannot be wholly to blame for that—it is a culture of which I have first-hand experience. What is more, I do not have the answer, except to say that strong and firm ministerial leadership from the top can have a major effect. We saw that with the programme to set up the Social Exclusion Unit in December 1997. Civil servants from across Whitehall queued up to work there.

Although it deals with England, the report also explores Scotland and Wales. There is far less silo working in the devolved Administrations—at least, that is how it appears from the outside. Certainly, the role of Food Standards Scotland is more holistic than that of the agency in England, because it retains the original remit of food safety, as well as nutrition and health.

I too was disappointed on reading the Government's response to the report, given its flat refusal to consider some poverty issues and a constant refrain of "waiting for Dimbleby". There are some points I refuse to believe or take seriously. Paragraph 129 states:

"The Government are also putting public health at the heart of everything we do."

The evidence is the opposite. One sentence, which I will quote when I conclude, is a massive porky. I am afraid the Government's response to the recommendations on food imports—from paragraphs 133 and 134 onwards—is simply not believable. All the evidence from trade talks points in the opposite direction. In the main, the Government's response is shoddy and second rate.

I accept that the report is a year old, which is nothing in the scale of things. The note for this debate from the excellent Food Foundation is not a year old. I will list just a few of the policy changes it recommends, which support those of the Select Committee. It says that our food environment does not support healthy choices, particularly in low-income neighbourhoods. One in four places to buy food is a fast-food outlet. That is the average; it is higher in low-income authorities. Food and drink advertising is focused on unhealthy options: 17% on confectionary, 12% on soft drinks, 16% on snacks—and just 2.5% on fruit and vegetables.

On the affordability of healthy food, the Food Foundation points out that the poorest fifth of UK households would need to spend almost 40% of disposable income on food to meet the *Eatwell Guide* standards compared to 7% for the well-off. Calorie for calorie, healthier foods are three times more expensive than less healthy foods.

Finally, the Food Foundation finds that children from more deprived families have less healthy diets and experience worse outcomes from the food system. By ages four to six, the most deprived fifth of households are twice as likely to be obese than those in the least deprived fifth. In paragraph 31 of their shoddy response, the Government give a flat refusal to consider the committee's recommendation to embed the cost of the *Eatwell Guide* in the social security system.

I want finally to refer to a key aspect of the consequences of lack of action. I realise that what I am about to say will not go down well in some quarters, but given that healthy eating leads to a healthy, longer life, it is clear that lack of action and attention leads to the conclusion that the Government are not too concerned about people not living longer, especially if they are poorer and maybe less likely to vote for them. The evidence is abundant.

Paragraph 165 of the report states clearly:

"The food environment has a substantially more negative impact on lower-income groups than ... wealthier counterparts, and therefore directly contributes to rising health inequalities."

This is a serious conclusion. The Food Foundation also says in its note that increasing vegetable intake, while reducing meat and sugar, so that everybody gets a five-a-day, could contribute eight additional months to the UK's average life expectancy. The national life tables from the Office for National Statistics, published in September 2020 and after the report, show that life expectancy has slowed in the last decade compared with the previous decade. The ONS's note says that "a marked slowdown in the rate of improvements has been observed since 2011".

According to the Marmot review, life expectancy has flatlined since 2010, which is the first time since 1900. According to Sir Michael Marmot's evidence to the people's Covid review, since 2010 we have lost a decade in terms of the public's health. Marmot's report in 2010, *Fair Society, Healthy Lives*, commissioned by Gordon Brown, was welcomed by the coalition Government, but they did not put any of the principles into practice. There was no interest in doing so. On 17 December last year, the noble Lord, Lord Bethell, said in answer to a question of mine about the stalling of life expectancy that it was "extremely worrying". In fact, I can almost hear Johnson saying, "Poor people are poor because of their own fault and they die earlier as a result of their own lifestyles." The Government's response indicates that they plan to do nothing about this.

The executive summary to the latest Marmot review, *Health Equity in England: The Marmot Review 10 Years On*, states:

"The national government has not prioritised health inequalities, despite the concerning trends and there has been no national health inequalities strategy since 2010."

That brings me to the porky in the Governments response—it is the final sentence:

"The Government of the day is always accountable to Parliament." I do not believe that this Government think that they are accountable. In my, now long, experience in both Houses, they are certainly far less accountable to Parliament than the Government of Margaret Thatcher. Frankly, we all need to wake up to this fact. Otherwise, we will get no action at all, which is at the moment causing poorer people to die earlier.

2.44 pm

Baroness Parminter (LD): My Lords, as with the noble Lord, Lord Rooker, it was a pleasure to serve on the Select Committee, chaired so ably by the noble Lord, Lord Krebs, and staffed by our in-House team and the special advisers. As the noble Lord, Lord Krebs, said, the committee put forward a very impressive bid to tackle this issue holistically and coherently, looking in parallel at the issues of hunger, health and sustainability to try to develop some coherent policies.

My remarks will be brief because I must apologise to the House that I have to leave shortly for a meeting. I shall not be able to listen to everybody's speeches. Therefore, I thought your Lordships should be saved from listening to me drone on.

Like the noble Lords, Lord Rooker and Lord Krebs, I was disappointed by the Government's response. Since the report was published and the Government

[BARONESS PARMINTER]

published their response, there have been several initiatives by the Government in this field, notably in the obesity strategy, where some of the approaches that they look to take will have unintended consequences—but there will be time enough to discuss those when the regulations on calorie labelling come before this House shortly. Other of the Government's initiatives are far more welcome. I am sure that few Members of this House do not look favourably on the provisions in the Environment Bill to mandate weekly collections for food waste, which is an important step forward.

However, the stock response to the report seemed very much to be, “Well, we're waiting for the food strategy from Henry Dimbleby and we will publish a White Paper in due course.” I wish to make one suggestion in regard to that. Our recommendation 51 was:

“The Government's White Paper ... must include a definitive outline of what constitutes a sustainable diet with regards to health, social and environmental impacts. It must be accompanied with a graded ... plan and communications strategy to move towards this diet.”

Choice is what we have in this country, and choice is what people should have in their diets, but I contend that it is the role of a responsible Government to give advice to individuals as consumers about what constitutes a diet that will support their health and the health of the planet. Since our report and the Government's response were published, the Government have accepted as the sixth carbon budget the recommendations of the Climate Change Committee, outlining that they support the delivery of a target of a 78% reduction on 1990 levels by 2035.

However, the Climate Change Committee was absolutely clear that a fundamental tool to achieve that target was a 20% shift away from meat and dairy towards more plant-based diets. We have yet to see the Government's net-zero strategy, which will show us in some detail how they intend to deliver their new, welcome target for 2035, but it is hard to see how they would achieve it without taking forward the recommendations of the Climate Change Committee on diets. Not only should they accept those recommendations but, as the committee said:

“An effective strategy to tackle awareness of the climate impacts of what we eat is an essential part of our pathway.”

That was something that our committee made absolutely clear: that, as we move forward, the Government need to communicate clearly with the public, educating them about what constitutes a sustainable and healthy diet. When the Climate Assembly was brought together to look at how we can bring people along with us on the journey towards net zero, it was very strong on the need for people to be supported, educated and communicated with about the issues of a sustainable diet. It focused particularly on the areas of education, procurement and waste.

I can hear the Minister now saying, “Oh, it's fine. She's saying things which are all about the national food strategy and we can just say, ‘It's lovely to hear what the House is saying and, of course, we will reply in due course.’” I am expecting that, so why did I bother to make my one point today? I made it because, before we get to the White Paper following the national food strategy, we need to address this issue of communication.

Of course, Public Health England has been disbanded, and, by this autumn, we will have a new centre for health promotion, which will be an in-house department—part of the Department of Health and Social Care. Therefore, there is a genuine question that needs to be answered now—I hope that the Minister will respond to this in his remarks at the end—about what Defra is doing now in terms of discussing the constitution of that new body to make sure that the issues around sustainable diet will be addressed at the same time as the laudable aims for tackling the nation's health, making sure that the resources are there, the connections are made and the remit includes the issue of sustainability so that we can make those joined-up solutions. It will be a wasted opportunity if, by the time we come to the Government's response in their White Paper, this new body, which will have significant resources to promote public health, has been set up and it is too late to include sustainability in its remit.

2.50 pm

Baroness Sanderson of Welton (Con): My Lords, it was a privilege to serve on the committee that produced this report. It was my first experience of a committee in this House, and it set a very high standard. I too would like to thank my fellow members and pass on sincere apologies from my noble friend Lady Sater, who is so sorry that she cannot be here with us today to contribute, as she did so ably during our inquiries. I know that we are all grateful to our chair, the noble Lord, Lord Krebs, and I personally thank him for his patience, courtesy and, above all, his wisdom and knowledge, which were key to producing such an insightful and, I hope, constructive report.

As others have mentioned, we had a wide-ranging brief, but today I will focus on one aspect already mentioned by the noble Lord, Lord Krebs: childhood food poverty. It is more than 80 years since George Orwell famously wrote, in *The Road to Wigan Pier*:

“Twenty million people are underfed but literally everyone ... has access to a radio. What we have lost in food we have gained in electricity. Whole sections of the working class who have been plundered of all they really need are being compensated, in part, by cheap luxuries which mitigate the surface of life.”

I wonder whether we have to ask ourselves: has enough really changed since then? Look under the surface and an estimated 11 million people, including around 2.8 million children, are living in poverty in the UK today. Look further still and you come to food poverty and food insecurity—the inability to secure food of sufficient quality and quantity to enable good health and enable you to participate properly in society.

According to the latest official data, approximately 1.1 million children are living in households classed as “food insecure”. For those children, the consequences of not being able to put decent food on the table can be literally life-changing. Food insecurity can cause anxiety and affect children's academic attainment and therefore their future prospects—and, of course, it affects their physical health.

Replace Orwell's “underfed” with “undernourished” and consider that children living in deprived areas are around twice as likely to be obese, with all the far-reaching implications that that entails. Of all the troubling

evidence that we heard during the course of our inquiries, the most shocking came from Health Minister Jo Churchill, who told us:

“One in 10 children enters primary school obese, and that rises to one in five by the time they leave”.

I still struggle to come to terms with that statistic. In the years when we should be protecting our children the most—when they are at the beginning of their lives, with their futures ahead of them—we are failing them.

Our report made clear that there are three public food programmes, as mentioned—Healthy Start vouchers, free school meals and holiday hunger initiatives—that should be extended and reformed if we are to set about fixing this problem. The Government deserve credit for the changes that they have since made: they have increased the value and implementation of Healthy Start vouchers, and the DfE has announced an extension of funding for school breakfast clubs until 2023.

There have also been various interim measures, as government, local authorities and schools have had to deal with the fallout of the pandemic. However, while coronavirus has highlighted and indeed exacerbated the issue of childhood food insecurity, as we gradually make our way back to normal life, we still need long-term solutions to these problems. They were here long before Covid hit and will be here long after if we do not do something about them.

To this end, and with regard to Healthy Start vouchers, I ask my noble friend the Minister to clarify whether the recent increase is a one-off or whether the vouchers will be linked to the consumer price index, as recommended in our report? It is fantastic to see so many retailers boosting the value of these vouchers and offering various connected promotions. How do the Government intend to continue raising awareness of the scheme, particularly for individuals, as it is this that will ensure proper take-up?

On breakfast clubs, while the extension of funding is most welcome, the eligibility threshold remains the same, potentially excluding many of those in need. Could my noble friend confirm whether the Government will look at this and whether there is any intention for the National School Breakfast Programme to train facilitators to enable schools to access external funding in the future, which was the Government’s original intention, to sustain the scheme into the future?

Breakfast clubs are there to address a specific problem: quite simply, children are coming to school hungry, which inevitably affects their performance throughout the day. Holiday programmes fulfil a similar role, catching those most in need, when the schools are not there to provide for them. I welcome the Government’s initiative to extend the holiday activities and food programme across 2021, but I also ask the Minister whether work is ongoing to assess the need in the longer term? As I said, the threat from Covid may recede, but this particular problem is not going away.

Finally, I will address free school meals. This is a complicated area but, in a nutshell, by changing the eligibility rules from all those claiming universal credit to those with a net annual income of below £7,400, there is an understandable worry that many thousands of children will fall through the net. The Government say that the new rules will result in approximately

50,000 more children from low-income households becoming eligible. This may be the case, but the rules also mean that significantly more children—approximately 160,000, according to the Institute for Fiscal Studies—will now be excluded from free school meals.

We were quite modest in what we asked of the Government, simply suggesting that they outline how they intend to mitigate the impact of their eligibility proposals. However, in the *National Food Strategy*, Henry Dimbleby went further, recommending that the Government should:

“Expand eligibility ... to include every child (up to the age of 16) from a household where the parent or guardian is in receipt of Universal Credit (or equivalent benefits).”

I agree with him.

It is not just about who receives free school meals but how they receive them. One young girl from Blackburn told the committee’s researchers:

“Because it was such a small school, everyone was friends with each other but I never wanted to use my free school meals because sometimes you had to go in with a massive pink slip to get them and I just felt too embarrassed so I sometimes got my mum to put money on my card so I could use that instead.”

No child should have to feel ashamed in this way. I ask my noble friend the Minister not only whether he will consider Henry Dimbleby’s proposals but whether the Government will look at how free school meals are administered?

There are many other questions that could be asked and many recommendations from our report that have not yet had a considered response. At the time, this was because the national food strategy had not then been published. Now that part 1 of that strategy has been completed, with part 2 due in the summer, I hope that the committee will receive the response that this report not only deserves but requires, given the urgency of many of the issues it has raised.

2.58 pm

Lord Sentamu (CB): My Lords, I am thankful to Members of your Lordships’ House who sent me their best wishes when I was created, by Her Majesty the Queen, Baron Sentamu of Lindisfarne in the County of Northumberland and of Masooli in the Republic of Uganda.

“Masooli” means “plentiful place of maize”; it is the village where I was born and grew up. Today is my birthday, and it would have been Prince Philip’s 100th birthday. He rests in peace and will rise in glory. Lindisfarne needs no explanation, save to say that Aidan of Lindisfarne’s great passion was to help everyone in Anglo-Saxon Northumbria, especially the poor, to encounter Jesus Christ, His compassion and His friendliness. He greatly valued education and the development of young people.

Therefore, I am honoured to be delivering my “maiden” speech in this debate on *Hungry for Change*. I thank the Committee and all those who worked hard to bring this to our attention. Already three of its members have spoken and I associate myself with their views. This report covers many burning issues facing us today of poverty, social justice, and education.

There comes a time in the life of a nation when a great crisis challenges a thoughtful Government to reimagine not only their own vision of themselves as a

[LORD SENTAMU]

governing body but their vision of the kind of nation that they hope to govern in future. It is an opportunity for radical reassessment, calling for courage, imagination, and a readiness to set in motion practical actions which will have transformative outcomes in serving the well-being and flourishing of all. The United Kingdom is not short of people who are hungry for change and have good ideas, but it is short in discerning the ways of achieving sustainable change and stability. This report hints at it. Therefore, let us keep to task. I am very grateful for it.

In the first half of the last century, the crises we faced were two world wars, a pandemic, and the Great Depression of the 1930s. The result was a brave and radical reimagining, with some of the blessings that we enjoy today: the development of the “welfare state”—a phrase coined by Archbishop William Temple, instead of Beveridge’s “social insurance”—the great liberalising Education Act, and a National Health Service, the continued safety of which has been a key part of our Covid-19 response.

In the early years of this century, we have experienced two crises which offered similar moments for reflection, action, and reform. It could be argued that the financial crisis of 2007-08 was an opportunity missed for radical reform. I believe that austerity was the wrong medicine, and that it was applied for far too long. The second crisis is the Covid-19 pandemic. May we all learn the lessons and act on them. I am glad that our National Health Service is now the National Health Service and social care—so a full implementation of the Dilnot report is a must.

Thankfully, no one now talks about how there is no “money tree”. The furlough scheme and support for people’s livelihoods has lifted our gaze to the horizon of hope. We are all in this together, in word and in deed, in ordering our society, our politics, our economy, with well-being and human flourishing as our aim. As the late Lord Jonathan Sacks said in the introduction to his book, *Morality: Restoring the Common Good in Divided Times*:

“Societal freedom cannot be sustained by market economics and liberal democratic politics alone. It needs a third element: morality, a concern for the welfare of others, an active commitment to justice and compassion, a willingness to ask not just what is good for me but what is ‘good for all of us together’. It is about ‘Us’, not ‘Me’; about ‘We’, not ‘I’.”

He goes on to say that we need some kind of moral community

“for there to be a society as opposed to a state. States function on the basis of power. But societies function on the basis of a shared vision of what unites the people who comprise it. Societies are moral communities. That was Lord Devlin’s argument at the beginning of the great liberalisation debate in 1957.”

Even before the financial challenges and loss of livelihoods over the past year due to the various lockdown restrictions, the statistics for food banks told their own story of poverty, hunger, income inequality and the need to change. Just as the Covid-19 pandemic is a global challenge, food poverty is truly global, affecting the third world here, too, in the United Kingdom. Poverty—food poverty in particular—long predates the problems of the pandemic. It is good that the committee has already produced this comprehensive study of the elements which underlie the problems and

is making serious proposals for change and reform. For example, paragraphs 68 and 69 of the report refer to the staggering increase in food bank use. This crisis of hunger is real. Marcus Rashford’s campaign calls us to slay this dragon together for the sake of our children—so well done, Marcus.

Consistently, research has shown that children need a good diet to learn effectively. When children come to school without having eaten properly, they are less likely to learn, thrive and progress, and their future chances will be impaired. That is why breakfast clubs were set up, so that those who are not getting a proper diet could be given the necessary advantages to help them flourish.

Last year, I led a debate in your Lordships’ House on income inequality. It was a debate of unanimity. Today, this report focuses on the dangerous consequences of food inequality and draws our attention to the costs of a healthy diet. We have heard in the last year of parents wondering if they can give their children more than bread and potatoes, and whether they should go without food themselves, or heating, to feed their families. How heart-breaking is that? Please, may the report’s recommendation in chapter 3 receive further assessment, so that practical proposals for radical change are brought forward.

A dismaying table at paragraph 173 on page 65 challenges all of us to have courage and imagination for our future, and the will and determination to see it through to its conclusion. Her Majesty’s Government has learned during the Covid-19 challenge that big government solutions are important for big problems. Free vaccination for all is a good example. Can the lessons learned be applied to government action for the health and well-being crisis? I pray that they can and will, and may it be soon, promising less and delivering more. This is a vital report which we want to take seriously. May the committee continue to work out practicalities which resolve. I congratulate the committee on this wonderful report.

3.07 pm

The Lord Bishop of St Albans [V]: My Lords, I warmly welcome the former Archbishop of York, the noble and right reverend Lord, Lord Sentamu, on behalf of these Benches and the whole House. It is a great privilege to follow him in today’s debate, on his return to the House, and I am sure that his wisdom, compassion, and insight, will be valuable as we move forward in this new parliamentary session.

Hungry for Change outlines the challenges in health and production underlying our food system. Like others, I pay tribute to Marcus Rashford for his campaign last summer in extending the national voucher scheme. I also wish him and the entire English football team good fortune for their opening Euro 2021 match against Croatia this Sunday.

Food poverty remains a serious issue here in the UK, one which has been exacerbated by the economic hardships endured by low-income individuals during the Covid crisis. The Department for Work and Pensions HBAI statistics for 2020 identify 5 million people, including 1.7 million children, as experiencing food insecurity, and half of them had very low food security.

Part of the problem is the lack of non-credit based lifelines for people facing financial crises, forcing them to incur debt to pay for essentials. Often this is not a one-off situation but the result of chronic income shortages, particularly where social security payments are reduced to pay debts.

Christians Against Poverty reported that 37% of its clients have sacrificed meals due to debt. A further 56% have borrowed money to pay for food, clothing and other living costs. There is a health and human cost to this. Christians Against Poverty reported diabetic clients relying on sugar water because of insufficient food and parents who avoided eating dinner so that their children could eat each night. Surely this should not be happening in a country as developed and wealthy as ours.

As identified in the *Hungry for Change* report, repayments of advance payments for universal credit often leave people without enough money for food, let alone a healthy diet. However, deductions for rent, utilities or council tax arrears, court fines or benefit overpayments also contribute to insufficient funds. As of January 2021, Citizens Advice estimated that “over 3.5 million people are currently behind on council tax”, largely due to lost income from the Covid pandemic.

The interconnectivity of health, food poverty and financial well-being calls for more generous repayment terms for both universal credit advance payments and other arrears, allowing for affordable repayments on an extended timeframe. The cap of 25% standard allowance does not factor in individuals who are already required to use part of their standard allowance to pay a rent top-up in cases where money provided for housing costs has been reduced.

One innovative way to deal with the issue of health and financial insecurity is the Centre for Responsible Credit's Financial Shield programme currently being piloted in Lambeth and Southwark. The programme works within the existing NHS framework with GPs and community groups to identify individuals suffering poor health outcomes relating to debt. In particular, its joint debt protocol seeks to prevent creditors from competing for repayments from impoverished individuals. It organises repayment under a single recovery protocol, giving the debtor time and space without the threat of enforcement, which could further affect their health. Tackling the issue of arrears will inevitably lead to better health outcomes. Levelling up in the post-Covid era will require innovative mechanisms and ideas like the Financial Shield to tackle issues like debt and income insecurity that lead to poor diets.

On the production side, it is important that agriculture and food production are not treated in isolation but seen in the context of the overall sustainability of the rural economy and rural communities. Although agriculture is no longer the major source of employment it once was in rural areas, it continues to have a major impact on the overall economy and sustainability of rural areas. It is why the new environmental land management scheme, or ELMS, provides great significance to rural areas and the overall rural economy. We need to align the interests of our farmers and rural communities in tackling the issues of climate change and biodiversity loss.

Already, some of the pilot ELM programmes have raised concerns about ensuring the viability of farm businesses while delivering the vital landscape protections set out in the ELMS. Farmers want to do the right thing for nature but will need proper incentives, clarity of guidance and assistance. So I hope the Government will continue to monitor the situation and get this right when introducing the full scheme in 2024.

The increased focus on the importance of rural areas in providing natural capital and sustainable supply chains presents opportunities to create new, greener jobs. The *Hungry for Change* report focused on the need for stable and secure funding for research and development. I believe it would be a real boon to make rural areas the focus of this new infrastructure as part of a wider strategy to revitalise the rural economy. It is important the Government recognise the vital nature of rural economies in being at the very centre of the green revolution and come forward with a strategic vision for the rural economy that incorporates agriculture and food production, as promised in their response to the Lords Rural Economy Committee.

3.14 pm

Lord Whitty (Lab) [V]: My Lords, it is a bit daunting to follow a Bishop and an ex-Archbishop. I wish to congratulate the noble and right reverend Lord, Lord Sentamu, on the rare achievement of a second maiden speech in this House. I served on the committee too, and I would like to pay tribute to the way the noble Lord, Lord Krebs, conducted the committee and marshalled the views, not only of a heterogeneous committee, but also of a wide range of witnesses. I would also like to put on record my thanks to the staff in producing this report.

Food, from farm to fork, is by far our largest single industry. It has repercussions for difficult areas of public policy on health and diet, the local and global environment, air, water and soil quality, our nature, countryside and biodiversity. It is noticeable that the distribution of the benefits and detriments in the way we deliver food creates severe social inequalities and some serious health dysfunctions. Healthy food is often not affordable, particularly among our poorest communities.

In this report, we have attempted to deal with all aspects, with recommendations that will involve several departments beyond Defra and the Department for International Trade. The same will be true of the report we hope to see shortly from Henry Dimbleby, the second stage of which I hope the Government will treat rather more seriously than their response to this report has yet shown. Our media is unaccountable: for some reason, the noble Lord, Lord Krebs, received rather less media attention than Marcus Rashford for his recommendations on school meals and universal credit. The Government did at least respond in part to that.

I wish to focus on a less obvious and more mundane aspect, which is the institutional one. My points relate to the structure of the food system as a whole and the ineffectiveness of the regulatory structure and enforcement we currently have. Our specific recommendations range from more effective local planning controls for retail outlets right through to the creation of an independent

[LORD WHITTY]

body analogous to the Committee on Climate Change. One key proposition is that we should reverse the decision made a decade ago and give the responsibility for nutrition, labelling and reformulation back to the Food Standards Agency.

At present, our regulatory system on food is concentrated on the two ends of the food chain—farmers and their methods, and consumer protection. Underlying the totality of the chain is the domination in the middle of it by major, often multinational, corporate players who largely escape criticism. The regulation on farmers is arguably about to become more complex through the new subsidy system replacing the CAP, which most of us support. The operation of public goods will be extremely complex, and the proposed ELMS and related interventions on agriculture to deliver public goods will inevitably involve a very sophisticated form of regulatory intervention. At the consumer end, both the Government and the report propose more sophisticated systems of labelling and consumer protection for safety and nutritional reasons. Again, those will need to be implemented in a way that improves the consumer experience rather than confuses the consumer. Between those two, regulation is and will be much less.

However, this market is hugely dominated by a limited number of large companies in the middle: the big supermarket retailers—obviously; the big processors and manufacturers; the big wholesalers and importers; and the big catering chains and food service companies. Although there is a market distortion in terms of a tendency to both oligopoly and oligopsony, it is in those fields where the decisions of those large companies determine the nature, quality and standards to which food is produced, the availability of it, and the price, and therefore affordability, to the ultimate consumers. Standards formulation and pricing conditions and, of course, advertising—the primary information that goes to consumers and smaller retail outlets—are dominated by the priorities of those companies.

There have been previous interventions. The relationship between the big supermarkets and farmers and other first-line producers were supposed to be regulated, or at least overseen, by the groceries code. To be fair, some of the standards and contract formulations have significantly improved for small producers, but not only has enforcement been extremely light-touch, but the reality is that the groceries code deals with only a small part of the issue and is largely confined to the large supermarkets dealing directly with primary producers, whereas the reality is that virtually the whole of our largest sector, the food chain as a whole, is a markets and competition issue, with wider repercussions for consumer protection and health and environmental impacts.

Given the externalities we have been concerned about in this debate, on the environment and on health, we need to take further steps. To take two examples, advertising expenditure by the large companies in the food chain is 40 times larger on confectionery than it is on fresh food and vegetables. No wonder our consumer diets are so far from ideal. The balance of market power between processors and primary producers means that, for most farmers, there is no profit without subsidy, and the new agricultural regime will not change

that. The office of the Groceries Code Adjudicator is inadequate to the task. We need a much more effective body and, although the report does not spell this out in detail, it points inexorably in that direction.

I have a final point. Trade is a vital part of our food chain and imports provide us with key products, but when most assessments of sustainability in our food system emphasise the desirability of shorter supply chains, the Government's emphasis is to prioritise a trade deal with Australia—one which potentially undermines our environmental and welfare standards and which appears to be concluded without a view from the safeguarding mechanism we all agreed in the process of delivering the Agriculture Act: the statutory Trade and Agriculture Commission. If we go down that road, it will not improve the health and diet of our nation, nor will it improve the environment. It may drive out a few livestock producers, but it will provide no solution to the problem that this report identifies.

3.22 pm

Baroness Janke (LD) [V]: My Lords, the importance of this Select Committee report cannot be overestimated, and I too thank the noble Lord, Lord Krebs, for his chairmanship and leadership of the committee. I also thank my fellow members and the staff for their diligence and enthusiasm throughout the meetings of the committee.

There is no doubt that food, its quality, access and affordability, is fundamental in its impact on people's lives, especially for children, as it not only affects their present well-being and health but will be a major determinant of their future lives and, indeed, their health and life expectancy. Yet, as the evidence in this report points out, and other Members have also pointed out, large numbers of children do not get enough to eat. They live in families that cannot afford enough food to feed them, let alone afford a healthy diet. I shall limit my remarks today to some of the recommendations relating to chapter 3 of the report and the Government's response.

The report recommends:

"The Government should embed consideration of the cost of the Eatwell Guide into calculations of benefit payment rates ... the Government should undertake a fuller assessment of the cost of a healthy and sustainable diet. The cost of the Government's dietary guidance should be built in as a reference point to consideration of government interventions, including those relating to welfare and public food provision."

This seems to me to be a very important recommendation and, as others have said, we are disappointed by the Government's response to it.

The report points out that families already disadvantaged are penalised through the benefits system.

"The Food Foundation estimate ... that only 53% of households spend at least enough to follow the Government's Eatwell guidance."

As the noble Lord, Lord Krebs, has already said, the report also stated that

"the poorest decile of UK households would need to spend 74% of their after-housing disposable income on food to meet the cost of the Eatwell Guide."

This seems absolutely breath-taking. What on earth is the purpose of recommending a diet that cannot be afforded by those who most need it? The Government must seek a fuller understanding on whether their

dietary guidance is affordable if they are at all serious about fighting obesity. Healthy food costs much more, calorie for calorie, than unhealthy food, so it is no surprise that the poor suffer not only deprivation but threats to their own health from obesity through not being able to afford anything more than cheap food.

The report says:

“There are a series of hurdles to overcome to access a healthy diet.”

These mean that

“it is significantly harder for people with a lower income to access a healthy diet. The current food system requires much more of people with fewer resources.”

Yet the Government say in their response:

“To embed the consideration of the cost of the Eatwell Guide into the calculation of benefit and pension rates would require an amendment to the up-rating primary legislation.”

Really? Is this such a barrier to being able to include this in calculations of benefit to ensure that people receiving benefits are not excluded from healthy food as well, as so many other things? For these reasons, the Government say they will not be including the cost of the Eatwell Guide in the calculation of benefit rates. I believe this is a very damning indictment of this Government. What we are really saying here is that people who cannot afford food should not have access to a healthy diet, and I believe that most of us would consider that totally unacceptable.

The report says:

“The Government should be fully aware of the cost of eating the diet it recommends, and the ability of different demographic groups to access this diet. To underpin any national food strategy, the Government must, in its 2021 review of benefits rates, commit to giving its dietary guidance—the Eatwell Guide—a firm place in the development of policy.”

I believe this is crucial to any future food policy.

“Written evidence from the Government stated that income-related benefit rates: ‘Derive from a review in the 1980s’ rather than being based on a ‘single mathematical calculation or historic set of rules’. This means that benefits are not based on an understanding of how much things cost or a representative household budget.”

Again, the Government’s response is at best underwhelming and at worst quite shocking:

“PHE will explore options on assessing the cost of a healthy balanced diet”.

I suspect that most of us would think Public Health England probably has quite enough on its plate at the moment and that there really is a clear need for action. We heard repeatedly from people giving evidence to the committee that the Government have carried out repeated consultations, investigations and inquiries, and that much has been written, yet little is being achieved.

“Given the enormous economic cost to the NHS and wider society of failing to encourage healthy diets, we find it puzzling that the Eatwell Guide is not used by the Government in the calculation of benefit payment rates. Ensuring that the large (and, recently, dramatically increasing) number of people in receipt of universal credit are able to afford a healthy diet could be a sensible economic step”.

we are told in the report.

The fact that healthy food is not affordable by poorer families particularly penalises the poor, and disadvantaged children will suffer the future costs of poor health and the threat of obesity in adulthood. Not including the cost of food in the calculation of benefit is a huge mistake that will be paid for in costs

to the NHS of this regressive and damaging policy. Should not any policy of recovery from the pandemic include measures to invest in the health of our nation, in terms of reform of our food systems, as this report proposes? We should be using this opportunity of building back better to face up to the issues of food insecurity, diet-related ill-health and food sustainability described in this report. The report provides not only a vision of what could be achieved but a comprehensive plan for achieving it, and I very much hope we will pursue its objectives into the future.

3.29 pm

Lord Hannan of Kingsclere (Con): My Lords, perhaps I may add my voice to those who have welcomed back the noble Lord, Lord Sentamu. His has always been an original and powerful voice, often raised on behalf of those who have no other voice. Its echoing around this Chamber will enrich and elevate our counsels.

I also thank the noble Lord, Lord Krebs, for bringing his trained scientific mind to this important issue. I wanted to focus on one statistic that he quoted from the report, which was that in order to follow the recommended dietary guidelines, for the richest 10% it would require 6% of their post-housing disposable income, and for the poorest decile 74%. Please bear those figures in mind when we hear people talking dismissively of cheap food. When did “cheap” become an insult? The fall in price of high-quality and nutritious food has been transformative for people around the world. One rarely hears the word “cheap” used in that way by the 70% of human beings who cannot yet afford a washing machine.

Of course, the price of food is not the sole or even the main determinant of poverty. One could argue that the price of housing and the knock-on impact is more immediate. Indeed, one could argue that poverty is bound up with a number of other non-economic factors such as substance abuse, family breakdown and poor educational qualifications. However, the thing about the price of food is that we can do something about it easily and at no real cost to anyone else, because all we need to do is remove some of the obstacles between the suppliers and the people who want to get it.

I am struck by how often there seems to be a mismatch in the way in which people discuss this issue. Noble Lords in this Chamber and many more outside will talk, on the one hand, about the need to address food poverty and then, moments later, make a paradigm shift and start talking about how dangerous all these trade deals are, and how we need to protect our domestic farmers and markets and to keep prices up. It is as though there are two circles that do not overlap—but they should do. The idea that it is progressive and humane to be in favour of cheaper food but somehow cold, capitalist and heartless to be in favour of free trade would have seemed utterly bizarre at almost any moment in the past 200 years.

Free trade was always a progressive cause and seen as a way to end the racket whereby poorer people subsidised wealthier people. If you consider free trade’s great exponents, they were all, by the standards of their day, what we would now call progressives. The Adam Smiths and the David Ricardos were campaigners

[LORD HANNAN OF KINGSCLERE]

for abolition, a wider franchise and reforms of the Poor Law. All over Europe there was a strong overlap between people who favoured freer trade and people who favoured the reduction of monarchical and aristocratic power, the extension of the franchise and so on.

Let me quote, more or less at random, the leader of the National Agricultural Labourers' Union in 1884, who said:

"The natural effect of Protection is to restrict trade, and restriction means less of everything for the working classes."

That would have been a recognisable Labour sentiment well into the mid-20th century. Philip Snowden used to talk about that as the "free breakfast table" because he understood that the best way to improve the lives of people on low incomes would be to remove the unnecessary costs that were there to protect domestic cartels. Why has that changed? Why do we now have this peculiar debate whereby we have, if one likes, gone back to those pre-modern notions of protection? It is natural, almost inevitable, in politics for there to be a shift from consumer to producer interests, especially where those producers are either politically connected or have a sentimental hold on the imagination.

Part of that, I have to say, seems to be a little bit of nostalgia about having left the European Union. I am struck by how many people, including some noble Lords, make the argument that we should have absolutely unrestricted free trade in food with the 27 countries of the EU but not really with anyone else. It must be one or the other. We heard a little hint of that from the noble Lord, Lord Whitty, a moment ago when he was talking about freer trade with Australia somehow being bad for consumers in this country. Australia has exceptionally high food and welfare standards. The idea that restoring the commercial relationship that we had with Australia before the 1970s is somehow going to be deleterious to British consumers is seen as absurd by British consumers, as a mountain of polling evidence shows.

Then there is the biggest change. I go back to what the noble Lord, Lord Krebs, said in another passage of his speech about our being attracted to salt and sugar because we have those ancient instincts. That is absolutely right. We have those caveman heuristics—intuitions that were evolved for an altogether hungrier world. We are not designed for this life of skyscrapers and super-abundance. One of those instincts is a deep genetic desire to hoard food. We want to be able to see it and to know that we are able to get through the winter. The idea of depending on strangers for food that we cannot see, which is the basis of a modern economy, does not come naturally. It offends our inner caveman.

For that reason, it is always possible to get a certain amount of popular support by saying, "We should be self-sufficient. We should grow more of our own stuff". One would be speaking to and for all those Neolithic inner cavemen wandering the savannahs of Pleistocene Africa. The trouble is that every country that has tried to do that has made itself not just poorer but hungrier. I illustrate that with examples from two ends of the spectrum. The country that has most obsessively pursued self-sufficiency in food and elevated it to the supreme

governing principle is North Korea. It is called Juche. Everything that is imported can be substituted. The country at the other end of the scale, which imports everything, barely produces one edible ounce and relies on imports for its food, water and electricity, is Singapore. It has the cheapest and most secure food supplies in the world. Where would you rather live, my Lords? Where would you rather be as a person in the bottom decile? North Korea is the last place that has manmade famines; Singapore is a place where people simply would not recognise a debate like this about absence of food.

It is our role as a Chamber to overcome the misleading algorithms inherited from our hunter-gatherer past. We are here as an upper House precisely to be a cool, rational and cautious voice, to stand against those intuitive but sometimes incorrect promptings. That is why I hope that this House will take the opportunity to restate its support for freer commerce, especially in those commodities that make up the biggest share of the income of the poorest people. Free trade is the ultimate mechanism of poverty reduction, conflict resolution and social justice.

3.38 pm

Baroness Greengross (CB) [V]: My Lords, I welcome the report of the Select Committee on Food, Poverty, Health and Environment addressing the important issue of failures in food. I also thank the noble Lord, Lord Krebs, for his introduction to this debate and fully support the points he made.

During the pandemic, there have been programmes that ensure access to food for many who were unable to leave their homes during lockdown. For those deemed clinically extremely vulnerable or "shielders", many programmes were set up around the country to ensure that they did not go without food or other essential supplies. However, we know that for non-shielding vulnerable people, many of whom were over the age of 70, those programmes were not available. A survey conducted by Independent Age in May 2020 found that 48% of people in that group were struggling to access food during the first lockdown.

Ensuring that people have access to healthy food is an essential component of prevention in healthcare. Preventing many serious and avoidable long-term health issues resulting from poor diet requires collaboration across government departments, local authorities, third-sector organisations, community groups and the business community. An example of this is local planning. Local authorities should have the power to restrict the number of unhealthy food retailers. At the same time, local and central government should set policies that help to make healthy food options available in all UK communities.

It would be very easy to see only business, and specifically food retailers, as part of the problem. I welcome the recommendation in this report to work with the food industry to reform and reduce salt, sugar and unhealthy fats. Engaging the talent and creativity of the business community and working closely with food producers and retailers are key to improving diets. The role of government should be to foster an environment that incentivises businesses to support healthy diets as part of healthy living. Food

producers and retailers are as important to the prevention agenda as the NHS. Through such a partnership there is a real opportunity to meet the Government's guidelines of halving childhood obesity by the end of this decade. As part of a broader campaign of prevention, there is an opportunity to reduce the diagnoses of many preventable diseases. Given this, I hope the Government's 2019 manifesto commitment to support people to live "at least 5 extra healthy, independent years of life by 2035, while narrowing the gap between the experience of the richest and poorest" remains a priority. But it has been largely ignored until now.

A key component of prevention is a healthy diet and nutrition. It is common knowledge that the prevalence of conditions such as high blood pressure, cardiovascular disease, type 2 diabetes and many cancers can be reduced through a good diet. Conversely, these conditions can be exacerbated through diets with high levels of sugar, salt, saturates and calories and low amounts of fruit and vegetables.

During the Covid-19 pandemic, we know those with underlying health conditions, such as type 2 diabetes or lung problems, are at a greater risk of hospitalisation or death if they catch the virus. As part of any preparations for future pandemics or similar public health crises, better resourcing of prevention is going to be critical. Ensuring we do all we can to prevent food insecurity and promote healthy diets is a key health priority and will help prepare our society for any future pandemics. Therefore, high-profile education programmes and collaboration across public and private sector bodies are absolutely essential, and they must be speedily introduced.

3.43 pm

Baroness Lister of Burtsett (Lab) [V]: My Lords, I congratulate the committee on its report and welcome its unequivocal message that food insecurity is "a symptom of poverty"—which is the focus of my contribution.

As it happens, I spoke yesterday at the launch of an in-depth study of food poverty by Rebecca O'Connell and Julia Brannen of UCL's Institute of Education. Like the committee, they underlined the importance of food as a symbolic as well as a material resource—one which

"mediates social relations and can bestow social status", with implications not just for health but for how people, especially mothers, are judged.

But recognition of the importance of food must not detract from the key message that, in the committee's words:

"Food insecurity is a consequence of poverty."

The same message comes from charities such as the Trussell Trust, which has documented the growing reliance on food banks, especially among disabled people and lone mothers, who the UCL research found to be among the most deprived households.

The Trussell Trust is clear that the problem lies not in access to food but in the growing number with insufficient resources to afford an adequate diet. The committee warns:

"The Government should not be reliant on charitable food aid to plug the holes in the welfare system" which

"is failing to provide adequate support to people in the lowest income groups."

The committee was clearly shocked by some of the evidence it received, leading it to conclude that

"there are many children in this country living with constant or intermittent hunger"—

one end of a "spectrum of food insecurity" in which people in poverty find it increasingly difficult to access a healthy diet.

Since the report, the evidence has accumulated further. Underlying it is a worrying increase in deep poverty, to which the Social Metrics Commission, among others, has drawn attention. Indeed, the latest official data show that two-thirds of the growing number of children in poverty are in deep poverty. According to analysis by Leeds University, children in larger families and from black, Asian and other minority ethnic backgrounds are particularly at risk. Trussell Trust data show that 95% of people referred to food banks in early 2020 could be classified as destitute.

I have to say that I find the Government's response to the committee's concerns about poverty shockingly inadequate. Other than replying to specific recommendations, they in effect ignored all the underlying messages about poverty and hunger. Of course, most of the poverty-related recommendations were rejected, though I do welcome the commitment to the continued inclusion of food security questions in the Family Resources Survey. The most recent such data showed that, even before the pandemic, over two-fifths of universal credit households had experienced high or very high levels of food insecurity in the previous 30 days. Such a finding must surely lead the Government to reconsider the decision to end the £20 uplift in the autumn, as called for by the Food Foundation and many others. The welcome original introduction of the uplift was a tacit acknowledgement that UC is too low.

As already noted, the committee recommended:

"The Government should embed consideration of the cost of the Eatwell Guide into calculations of benefit payment rates ... Written evidence from the Government stated that"

these benefit rates

"derive from a review in the 1980s."

I do not recall that review being published but, given that it was 40 years ago and that UC was presented as such a fundamental reform, and given the growing evidence of hardship and food insecurity among those reliant on UC, is it not time the Government undertook another review of the adequacy of benefits? I would welcome the Minister's thoughts on that.

In drawing attention to the growing number of children whose families need to turn to a food bank, the Trussell Trust notes the role played by the two-child limit and benefit cap in the increased food insecurity experienced by larger families. In a recent QSD, I asked the noble Baroness, Lady Stedman-Scott, what assessment the Government had made of the impact on child poverty of the refusal to rethink the two-child limit—condemned by three of the UK Children's Commissioners as a clear breach of children's human rights. I also asked for a review the benefit cap as a matter of urgency, as called for by the Economic Affairs Committee back in December. She simply restated the Government's position without answering

[BARONESS LISTER OF BURTERSETT]

the question about a poverty impact assessment. I take it from that that the Government have made no such assessment. Is the same true of these policies' impact on food insecurity among children? If the Government fail to carry out such assessments, it raises serious questions about their stated commitment to tackling child poverty and food insecurity. Just yesterday, over 150 children's organisations published a statement calling for a cross-government vision for childhood, starting with a long-term solution to child poverty, which is sadly lacking at the current time, when paid work is increasingly failing to provide protection against poverty.

Turning to the Government's response to three other committee recommendations: first, I am afraid it is simply not good enough to bat away the call for an urgent overhaul of the five-week wait for UC with the claim that no new claimant need wait five weeks, given the availability of advance payments. The committee had already anticipated that response when citing the Trussell Trust's description of it as a choice between "destitution now or destitution later"

and concluding that

"the repayment of advances still creates significant problems."

Both the Economic Affairs Committee report and the Work and Pensions Committee report, published subsequently but referenced by the committee, reached similar conclusions and suggested how the five-week wait could be overhauled. Given the Economic Affairs Committee's observation that the wait

"is the primary cause of insecurity"

in UC, and the growing evidence of the hardship it causes, I call on the Government to think again.

Secondly, the committee rightly notes the particular vulnerability of those with no recourse to public funds, highlighted too by the Trussell Trust as at "particular risk of destitution" and in the UCL research which found such families were

"living in situations of extreme uncertainty and insecurity."

The book quotes one child, not entitled to free school meals because of the rule, as saying the pain in his stomach from hunger

"was like I got stabbed with a knife and it's still there."

Thankfully, the Government extended entitlement to some no-recourse families during the pandemic and are currently reviewing the situation for the longer term. In a recent Commons debate, the Under-Secretary of State for Education said the department hoped to report back "soon". Is the Minister able to say how soon, given that that is a rather elastic term in the government lexicon? However, welcome as this review is, it goes only a small way towards ensuring that those with no recourse to public funds

"are able to access sufficient, nutritious food",

as called for by the committee.

Finally, the report underlines the importance of school meals and makes a number of recommendations which there is not time to go into. However, I draw attention to part 1 of the report of the *National Food Strategy*, published shortly after the committee's report. Among other things, this called for free school meals to cover all children in families on UC, as already mentioned by the noble Baroness, Lady Sanderson, and for the provision of meals during all school holidays,

demands which received the support of 1.1 million members of the public when included in a petition by Marcus Rashford, who, as already mentioned, has done so much to shame the Government into action. In their response to the committee report, the Government say that they will respond to the food strategy review within six months of its final report. That is all well and good, but how many more children will suffer hunger in the meantime? The title of the report we are debating today, *Hungry for Change*, suggests an urgency that is absent from the Government's response to it. I hope that, in his reply, the Minister will acknowledge the need for urgent action to address widespread food insecurity and the poverty underlying it, particularly among children.

3.52 pm

Lord Empey (UUP) [V]: My Lords, I too was privileged to be a member of this committee and, like other noble Lords, I put on record my appreciation of the sterling chairmanship of the noble Lord, Lord Krebs, and the excellent support the committee received from its clerk, analysts, administrative assistants and special advisers. I believe that the committee was held at the right time. Clearly, huge issues are building up and they have all been exacerbated by subsequent events, the pandemic and the way things have developed in the 12 months or so since we reported.

Little did I think when I signed up for this debate that we would be discussing cavemen and hunter-gatherers, who seem to have come on to the agenda. However, I understand on what that is based. Normally, I would say that people should be free to eat what they want, buy what they want, and so on. That is all well and good, but the evidence that the committee received, which in many respects was quite shocking, illustrated that this is not an area where the state itself can merely be an observer. The noble Lord, Lord Rooker, made some controversial remarks earlier in the debate. I would not go as far as he has but, having represented an inner-city area for over 25 years, I have seen at first hand how a cycle develops. We may have a standard image of somebody cooking at home and so on, but those lifestyles have changed and gone and have been replaced by fast-food outlets.

An advertisement in my former constituency that caught my eye was for the "gut-buster" at £4.99. In other words, as was pointed out, it is for the maximum: a large portion of chips, and the bigger, the better. That is how products are marketed. The facts are that products that are high in calories are those that sell because they are cheaper and people get at least a feeling that they have eaten something and it will keep them going. The price is due to the nature of the products that are sold at that price point, but I point out that it is not simply about supermarkets; there are many other wholesalers, street vendors, and so on. As was pointed out, the recommended diets, which cost up to 74% of disposable income for some groups, are completely irrelevant, and in fact the difference between that and the reality is almost grotesque. That we do not take that into account in the calculation of UC makes me feel that perhaps we would do as well not even to publicise it, because the gap between the reality and the ideal is so great.

School meals was one of the issues that came up, and of course that got an exceptionally high profile as a result of the pandemic and the campaigns to keep school meals going during the summer months. However, there is an issue with school meals, which is that of stigma. In many cases, where you have schools where pupils go to lunch together and some are in receipt of free school meals and others are not, it creates circumstances where in some cases parents, to save their children embarrassment, do not even take up the opportunity or offer of free school meals. To make school meals more universal would be one way of avoiding that and ensuring that people get at least one decent meal a day.

We heard evidence that teachers were helping some pupils coming in in the morning who had clearly not had a proper breakfast. We know that if children do not receive adequate nutrition, their capacity to learn is dramatically reduced. There is widespread evidence to support this proposition. When one looks at the costs in an area of ignoring these issues, where obesity is out of control, we have huge long-term health issues. Not only do people suffer a shorter life, as the noble Lord, Lord Rooker, pointed out, but the quality of that life dramatically deteriorates with age. If people are obese, they have huge mobility issues, you have the requirement perhaps for electric wheelchairs and people getting vehicles, and of course more frequent admissions to hospital, and so on. A vast cost is building up in the health service as a result of ignoring these issues.

The evidence was clear that the sugar levy had worked, but I think the state will have to intervene further with regard to salt and other matters. I would much prefer that people were able to make their own choices, but the reality is that, with the way things are in our society at the moment, that is not working.

It would be useful for the committee, under the new rules that the House is introducing on follow-up to committees, if, in a year's time or whenever, we had some sort of follow-up to this to monitor progress. It is easy to bat off a committee's report by saying "We'll have a look at this and report back", but the truth is that inertia in these matters is a very powerful force.

The noble Lord, Lord Hannan, made another point about having access to low-cost food imports and not having to ensure that we are self-sufficient. I understand his argument but he will recall what happened to this country during World War Two: there was a direct attempt to starve us out. There has to be a balance, because there is quite clearly a national security imperative to ensure that we at least have the capacity in extremis to keep our people fed.

Again, I thank the chair and am grateful for the backup support that the committee received. The question is out there, but will we do anything about this? I believe that only sustained, consistent pressure will ensure that we deliver an outcome that will help those people who are struggling to feed their families today.

4.01 pm

Baroness McIntosh of Pickering (Con): I add my congratulations to the noble Lord, Lord Krebs, and all the members of the committee for the excellent work that they have done and the recommendations they have brought before us, and thank them for the

opportunity to debate these issues today. I welcome back to this House the noble and right reverend Lord, Lord Sentamu; it is good to see him back in his new position and we warmly welcome him today.

I want to respond to some of the issues that have been raised, taking a more global and outward-looking approach. In particular, I am delighted that so much of the work done by the committee chimes with, as the noble Lord, Lord Krebs, indicated, the work of Henry Dumbleby in his report, which I will come to in a moment.

I always rise to the opportunity presented when my noble friend Lord Hannan of Kingsclere lays down a challenge, to which I shall respond. My noble friend said that free trade is a progressive cause. I would go further and say that it is a little like communism: it sounds excellent in principle but is very difficult to achieve in practice. He asked why a number of us, and I include myself in this regard, would like to see unrestricted free trade with the EU and no other trade with others. Of course, we went further than free trade: we were in a single market and a customs union. I am not quite sure why we have to keep repeating this, but that is the state that we are in. Why, as my noble friend asked, do I take that particular view? I am always mindful of my late mother spending her formative years under German occupation in Copenhagen having her freedom and liberty stolen from her, and I know that was experienced by the parents of many others across the Chamber. I believe that at the time, pooling our sovereignty was a very natural way forward.

Why do I see problems with countries such as Australia that my noble friend Lord Hannan does not foresee? It is very clear that Australia does not produce meat to the same high standards—which both my noble friend Lord Hannan and I, as MEPs at the time, were party to imposing—that our producers in this country have to meet. In my time, it was the sow stall and tether ban that we introduced unilaterally. That put 50% of pig producers out of business in this country, which I do not think was the intention of the law. Australia, regrettably, does not meet those high standards. It allows much longer distances for animal transport than we would possibly allow in this country or any other part of the EU's remaining membership. It uses pesticides such as paraquat, which we have banned in this country and in the EU, and tolerates hormones in beef production, which not only do I find unpalatable but is something that I think British consumers will not tolerate. It is fair to say that these issues must be brought to the table when we discuss any free trade and lowering of tariffs with countries such as Australia.

Other reasons for us to do free trade with countries in the EU are that they are there, they are close, we have historic and cultural links, and environmentally it makes sense that we do not transport animals or wine halfway around the world. Our carbon costs are lower by trading with our near neighbours. I thought that was one of the principal policies of TTIP and why in particular the Pacific Rim countries trade so well together: they have a natural affinity and partnership there. That does not prevent us from doing deals with them, but we realise that there are additional costs that we will have to meet.

[BARONESS MCINTOSH OF PICKERING]

I am delighted that the report addresses issues such as self-sufficiency and food security. It also touches on the issue of Covid. I pay my tribute not just to those in the farming community who work extra hours in all weathers but to those working in supermarkets and the supply chains to make sure that the shortages that were much feared at the start of the pandemic never materialised. How the question of import substitution and increased self-sufficiency will play out now that we have left the EU is something that remains to be seen.

I understand from reports, notably in the *Grocer*, that the department has replied privately, sotto voce, to the interim *National Food Strategy: Part One* from Henry Dimbleby and his team. I urge the Minister—we have worked together before and I am delighted to see him back in this place—to ensure that the Government publish that and to endeavour to ensure that his department, as other noble Lords have pleaded, brings all the strands of the legislation together, particularly the Agriculture Act, the Environment Bill and the Trade Act, as well as all the benefits under the DWP, along with the Department of Health and Social Care, to make sure that we tackle food poverty and food security.

I pay tribute to those such as the Yorkshire Agricultural Society who do such good work in opening up the countryside to schoolchildren and indeed adults to demonstrate where our food comes from. What I regret in this debate more than anything else is the fact that towns, cities, market towns, countryside and rural life are further apart today than ever in my lifetime. I look at countries such as Ireland and to a certain extent Scotland and Denmark, where there is a very strong link with the production of food and the food industry. Even rural and urban France are not that close, but the food production industry and farmers in France are heard much more clearly than farmers would argue they are in this country. That is something we are very mindful of.

One policy that I am particularly worried about is the recent government consultation on animal movement. If that were to jeopardise in any way the ability of our farmers to get their meat to market or indeed the future of country shows, large and small, across the country, that would be a very regrettable move. I hope the Minister will take this opportunity to say there will be no legislation that could lead to any ban that would mean further difficulty in accessing abattoirs or that the future of our country shows might be in doubt.

I support the words of the noble Lord, Lord Krebs, by drawing on recommendations 5, 6 and 7 in the interim *National Food Strategy: Part One* from Henry Dimbleby and his team. It says very specifically that:

“The Government should only agree to cut tariffs in new trade deals on products which meet our core standards.”

That to me is key. Whether it is regarding animal welfare, animal health or environmental production, we must make sure that having—dare I say?—clobbered our farmers with these increased costs, which our consumers support, we do right by them by ensuring that any imported foods meet the same high standards.

The report says in recommendation 6 that:

“The Government should give itself a statutory duty to commission an independent report on all proposed trade agreements”,

and goes on to say that the timing is key. I record my disappointment that the new trade and agriculture commission is not in place at a time when many of these trade agreements are going through.

Finally,

“The Government should adopt a statutory duty to give Parliament the time and opportunity to properly scrutinise any new trade deal.”

If colleagues are right and free trade is the brave new world, why should we be shy about debating it? Let us look at the issues. Let us not bring them out at the last possible minute, but embrace them, scrutinise them properly and make sure that we do right by those who work in all weathers to bring food to our table—our forgotten heroes, the farmers and food producers of this country.

4.10 pm

Lord Curry of Kirkharle (CB) [V]: My Lords, I also thank the noble Lord, Lord Krebs, and his committee for their extraordinarily valuable and challenging report. It covers and makes recommendations on many of the key strategic challenges we face, not just in the United Kingdom, but globally. I draw attention to my interests recorded in the register. In particular, I chair the Prince’s Countryside Fund and the Cawood Group, which provides analytical services to the agri-food, environmental and waste sectors. I am also president of Social Farms & Gardens. I welcome back the noble and right reverend Lord, Lord Sentamu, and thank him for his speech. As a Northumbrian living not so far from Lindisfarne and very close to the history of St Cuthbert, I welcomed his comments.

First, while the Government’s response to the report is welcome, it is easy to delay action on a number of key concerns while waiting for Henry Dimbleby’s stage 2 report. The Government are fuelling an expectation that Henry will address the issues, and I am sure he will, so we can anticipate a positive and clear response from the Government after his report is released. I hope the Minister appreciates that he will have the task of managing our expectations.

I focus on a number of related issues. The fundamental challenges that the report highlights have already been mentioned in this debate: child poverty, healthy school meals, food insecurity, the composition of processed food, obesity and dietary health, and a net-zero environmental impact from food production. Many of these have been accentuated by Covid and lockdown, but have been trending worse and worse for at least two or three decades, perhaps longer. Successive Governments have tried to intervene in a variety of ways, with limited success, so all the evidence suggests that tinkering at the edges will not succeed.

It is almost 20 years since I was part of an obesity taskforce—and look at how much worse the problem is now. This is an embarrassingly acute crisis. The report highlights the serious societal cross-cutting issues and all government departments need to commit to a strategic plan to address them. If ever there was a need to see evidence of joined-up government action, it is now, on these issues.

Let me refer to some specifics. First, on public procurement, in the 2000s, I spent years working with local authorities, contractors, schools, hospitals, et cetera,

along with the noble Lord, Lord Whitty, trying to promote sustainable and healthy sourcing of food. It is hard work to change a culture driven by economics that has no regard to the impact it might be having on health or the environment, but it is possible. It requires sustained effort and ongoing monitoring. It beggars belief that we spend billions on the procurement of public food for a wide range of institutions from prisons to government departments and everything in between—schools, hospitals, et cetera—without having clear national specifications on nutritional and environmental standards. Government can directly influence this and numerous local initiatives have succeeded for at least a while, but it requires sustained discipline and constant oversight to become firmly embedded within policy and systems. I would like the Minister to comment on that.

I also endorse the comments of the right reverend Prelate the Bishop of St Albans, and the noble Baroness, Lady McIntosh of Pickering, in stressing the importance of retaining a viable family farm network in the management of our countryside and ensuring that the market for healthy sustainable food is not undermined by cheap lower-standard imports. Like the noble Baroness, Lady McIntosh, I would be failing in my responsibility if I did not refer to the current uncertainty around the Australian deal and the lack of opportunity to scrutinise it by the trade and agriculture commission, which has not yet been established, and to debate it in this House. I endorse what the noble Baroness said in response to the noble Lord, Lord Hannan, about free trade deals. I desperately want to sign a free trade deal with Australia, provided Australian farmers are subject to the same standards that we are. That would be good. I just remind the noble Lord that Singapore does not have any farmers to worry about.

Secondly, we have all been shocked by how many households and individuals have become dependent on food banks. In an advanced society like ours, this is a serious indictment. However, I am not of the view that this is a perfect indicator of poverty levels, but others who have spoken on this topic are much better qualified than I am. It is a complex issue and will not simply be resolved by throwing more cash at the problem, although this may be necessary. To undertake an analysis of what a sustainable and healthy diet would cost and how it relates to current levels of benefits and universal credit would be useful, but other measures are also essential to address the fundamental problems that we face.

I have been impressed by the work of Christians Against Poverty, for example, which was mentioned earlier in the debate by the right reverend Prelate the Bishop of St Albans, and its work to help willing households and families, in crisis, to better manage their weekly budgets, recover from indebtedness and, I hope, eat healthier diets in the process. This help, together with access to healthy raw ingredients and the ability to prepare and cook healthy meals, is essential if this issue is to be addressed and dependence on food banks and the consumption of processed unhealthy food is to be reduced. I encourage the Government to help and support such bodies undertaking this crucial service.

Finally, I address a hobbyhorse of mine: that of helping schoolchildren to better understand the importance of food—where it comes from, how to prepare it, how it

can influence their health and how incredibly important their decisions are when they are filling a shopping basket. Visiting the countryside and farms to see how food is grown, how animals are cared for and why food production is an important function of farming businesses and the management of the countryside are important influences. They also begin to have their minds opened to environmental issues, what sustainability means and how their decisions and their families' decisions can make a real difference to their carbon footprint. Linking these experiences to cooking in schools—domestic science or whatever the topic is called—and integrating curriculum lessons and projects over a wide range of subjects, which can be done, will influence their attitudes and diets, and begin to reverse the current trends for this and future generations.

Wherever possible, we should endeavour to link local sourcing to procurement of food for local schools, and encourage schools to visit the farms that supply them. Inner-city schools are more of a challenge, but I have hosted thousands of inner-city schoolchildren on my farm and they have hugely benefited from the experience. It all makes complete sense to me and it works, but it requires effort on the part of the Government, Defra, the Department for Education and local authorities all working together. Being an optimist, I live in hope that it might be possible to deliver this on a national scale. As far as Defra is concerned, it is essential that public access within ELMS includes educational school visits, and that all farms that are equipped and willing to host school visits are encouraged to do so, with this included within the scope of the definition of public good, not just for the higher-tier scheme, but for all three tiers. I hope the Minister confirms this.

In conclusion, I restate that we are facing the consequences of decades of worsening trends. It will take decades of concerted effort to turn these around and reverse what we are seeing around us every day. That will be achieved only if this Government and future Governments commit to an integrated programme of action, across all departments, and apply it locally as well as nationally.

4.20 pm

Baroness Ritchie of Downpatrick (Non-Aff) [V]: My Lords, it is a pleasure to follow the noble Lord, Lord Curry, who has such a tremendous background in farming and food. I welcome the noble and right reverend Lord, Lord Sentamu, to your Lordships' House on his return and his second maiden speech.

I congratulate the noble Lord, Lord Krebs, on securing this important debate and commend him on chairing our scrutiny committee and publishing our report, *Hungry for Change*, in July last year. I was proud to join the committee in February 2020 as the pandemic situation was unfolding, because that was an important test whereby it was possible to assess the resilience of our food system. In May and June we had several remote meetings of the committee to deal with our report and take further evidence from government Ministers, including Health Minister Jo Churchill.

I agree with other noble Lords—the noble Baroness, Lady McIntosh of Pickering, and the noble Lord, Lord Curry—that there should be commendation, praise and support for our food producers, whether of

[BARONESS RITCHIE OF DOWNPATRICK]
the land or of the sea. We should support a viable farming industry and a viable fishing industry. In that respect, it is therefore important that we as the House of Lords and Parliament be allowed to scrutinise those trade deals, because I am in no doubt that the quality of our food produce of the land and the sea is equal to, if not better than, that of the produce we may import. It is important that those safeguards are in place and, for that to happen, parliamentary protocol and parliamentary accountability are absolutely vital.

Our committee found that:

“The UK’s food system—the production, manufacture, retail and consumption of food—is failing.”

We made a series of recommendations to which other noble Lords have referred. They were all

“built around the central aim of ensuring that everyone, regardless of income, has access to a healthy and sustainable diet.”

There are stark contrasts in the way that people experience food. The report argued:

“For many people, food is the source of considerable anxiety. Significant numbers of people are unable to access the food they need, let alone access a healthy diet.”

It also highlighted that the NHS spends billions of pounds every year

“treating significant, but avoidable, levels of diet-related obesity and non-communicable disease.”

In addition, our report revealed that:

“The food industries, manufacturers, retailers and the food services sector, perpetuate the demand for less healthy, highly processed products. This not only impacts on public health, but also inhibits efforts to produce food in an environmentally sustainable way.”

The report made significant recommendations, focused on the need to initiate routine levels of food security; to make urgent changes to universal credit; to factor in the cost of a healthy diet to benefit rates; to publish consultations on

“proposals to impose restrictions on the marketing, advertising and price promotion of less healthy foods”;

to step up

“efforts to encourage the food industry to reformulate its products to reduce harmful levels of salt, sugar and unhealthy types of fats”;

to extend and reform Healthy Start vouchers, free school meals and holiday hunger programmes; and to create a standardised framework for every public good outlined in the agriculture legislation. We push and urge the Government to ensure they stand by their commitment not to

“compromise on ... high environmental protection, animal welfare and food standards”

in trade agreements, to which I have already referred; and to establish an

“independent body, responsible for strategic oversight of the implementation of the National Food Strategy.”

Notwithstanding that the Government in their response are moving along our trajectory, they seem a little dilatory about implementing our recommendations. Last year they published their *Childhood Obesity* report; I urge the Government to implement their own recommendations. In other respects, they reacted only when Marcus Rashford shamed them into doing so in his campaign to end child food poverty and feed vulnerable children over the summer vacation amid the economic disruption caused by Covid.

Sadly, there are no real commitments on addressing the needs of the food environment or reformulation, and no engagement with the recommendation to return responsibility for nutrition labelling and reformulation programmes to the Food Standards Agency. I ask the Minister, whom I welcome back to the Dispatch Box—when we were all in the other place, he was a very good agriculture and fisheries Minister—why this is the case. Can he explain the delay in addressing these issues amid a pandemic that has exposed the fragility and insecurity of our food system?

There needs to be a root-and-branch review of the whole benefits system and a permanent uplift to universal credit. I commend the work of the noble Baroness, Lady Lister, in this regard.

In 2021 the Food Foundation published its report, *The Impact of Covid-19 on Household Food Security*, which in many ways chimed with recommendations in our report. It stated that

“more people are food insecure now than before the pandemic ... Households with children have been hit hard, with many ... still falling through the cracks in support ... Existing support schemes have made a difference, but gaps have meant many people still struggle to eat adequately.”

Its recommendations, mirroring those in our report, include that the Government should review free school meal policy across the UK and ensure that

“no disadvantaged children are missing out on the benefits of a Free School Meal ... Food insecurity levels are high among those in work and those on benefits”.

There is a need to increase wages, to retain the £20 uplift to universal credit and to remove that five-week wait. There is a need for proper governance structures to be in place to have

“oversight on food insecurity tracking or responsibility to tackle it.”

There has been considerable analysis of the problems with food security and insecurity and the need for people to be able to access nutritious food. There is Mr Dimbleby’s first report—we look forward to his second—our report and the report from the Food Foundation. My fear is that we could become paralysed by analysis. We now need to see the Government working with the Food Foundation, Parliament, local government and education and health authorities to bring forward and implement proposals to ensure greater accessibility to environmentally sustainable food for all at a reasonable cost.

We all need to work together to develop a food system that is resilient to systemic shocks and to safeguard our people. We need a benefits system fit for purpose that will help people climb out of poverty. We need wages to be uplifted so that those in work can afford to purchase good-quality food, and to reduce the reliance on food banks. Can the Minister outline how he, working with colleagues, intends to do just that and to implement the recommendations in our report as a matter of urgency, so that a resilient food system is accessible to all in our society?

4.30 pm

Baroness Osamor (Lab) [V]: My Lords, it is an honour to follow the noble Baroness, Lady Ritchie of Downpatrick. I also thank and welcome the noble and right reverend Lord, Lord Sentamu, back to the House, and congratulate him on his maiden speech.

I thank all the members of the Select Committee—I was one of them—the staff, those who gave evidence, and the chair, the noble Lord, Lord Krebs. Their excellent work, if implemented, will save lots of lives, keep us healthy and stop those who harm us through the food we eat, the environment we live in and so on. Daal, as we say in Igbo: thank you.

Most people agree that post Covid-19 will not be business as normal, but a new normal that will take on board what the report is calling for: change. People are hungry for change and they want the failures in food fixed. They do not want any harm done to them through their food.

In the London Borough of Haringey, where I live, children and young people under the age of 20 make up 20.4% of the population. Some 10.8% of children aged four to five and 23.1% of 10 to 11 year-olds in Haringey are classified as obese. Obesity in Haringey costs our NHS more than £81 million a year. Two-fifths of all the children in Haringey were living below the poverty line in the lead-up to the pandemic. Their families lack the income to buy the food they need.

Haringey's coalition against obesity, made up of local businesses, churches and voluntary organisations, is working with Haringey Council to defeat obesity and save our young people. At the same time, it is working very hard to maintain a viable and vital local economy. Its mission was to stop takeaways targeting school pupils. Put pupils' health first: stop the scourge of takeaways setting up on the doorsteps of our schools.

The Government could implement the outstanding proposals from the childhood obesity plan without delay. They could introduce mandatory reporting requirements for food businesses on metrics relating to sustainable and healthy diets. They could implement the outstanding proposals from the 2020 obesity strategy.

On fast food outlets, the Government's response says:

"Councils should support the role that town centres play at the heart of their communities and promote their long-term vitality and viability. They will need to consider the interaction with the location of existing high streets, shopping parades and local shops as rigid exclusion zones could serve to undermine the viability of such long-standing retail uses."

Where is the evidence? That is the question I ask the Minister.

4.34 pm

The Earl of Devon (CB): My Lords, it is a pleasure to welcome the noble and right reverend Lord, Lord Sentamu, to the Cross Benches. I hope he finds them as supportive as I have. It is also a pleasure to speak in the Chamber once more. It has been a very long year since last I was here, and a similar length of time since this excellent report was first published. The 12-month delay to this debate has only increased its urgency.

My appreciation goes to my noble friend Lord Krebs and the whole committee for producing such an excellent and insightful report in the teeth of the pandemic. The inequalities of which they write have been brutally exposed by Covid-19's assault on those with poor diet and related ill health. There could not be a more important time to consider its conclusions and to press for the change that our nation is so hungry for.

As many have said, in reply the Government will doubtless repeat their reliance on the national food strategy, which is due to provide its second and concluding report at some point this year. The work of Henry Dimbleby and his team is to be welcomed and applauded, but we must be wary of the Government kicking the can by delegating their responsibility to bodies that will report at some future point. Assuming that the national food strategy reports later this year, the Government have a further six months to respond, so we will not see those details until the summer of 2022. With every month of delay, inequalities and ill health build. This delay will be fatal for many.

I note my interest as a Devon farmer—not quite Neanderthal but with some feudal origins. I am also a member of the advisory board of the South West Food Hub. I will restrict my focus to issues of food production, education and procurement.

As your Lordships are well aware from the Agriculture Act and the Environment Bill, never in recent times has there been more upheaval in policy and funding for land management. The loss of basic area payments and the introduction of ELMS heralds a sea change in how our rural environment is funded, providing public money for public good and moving focus away from the provision of food. Your Lordships will recall many hours debating the 10 ELMS purposes in Section 1(1) of the Agriculture Act, none of which include the provision of food—the basic purpose of agriculture for a millennium. Section 1(4) does require the Secretary of State to

"have regard to the need to encourage the production of food",

but it is a secondary concern—it is a "regard". British farmers are now predominantly environmental land managers.

Add to this elements of the Environment Bill, such as local nature recovery strategies and biodiversity net gain, and we have additional incentives pushing farmers away from the production of food towards the provision of ecosystem services. These worthy developments risk fundamentally altering our land use, and I request that the Minister reaffirm the Government's commitment to the principal role of farming being the provision of locally sourced, sustainable and nutritious food for the benefit of the British people. If that is not the case, we need to know.

At the same time as these major upheavals are impacting farming, the Government are pursuing a trade policy focused on establishing a post-Brexit free trade network at seemingly any expense. The import of lower-cost, lower-standard agricultural products are at the heart of those negotiations. At this very moment we are in an arm wrestle with Australia over its desire for access to British consumers for Aussie red meat, providing an existential competitive challenge to the British pasture farmer.

Although I agree with the report that we need a dietary shift to less and better-quality meat, that shift should not be to meat produced to lower welfare and environmental standards imported at considerable carbon cost. This would not improve the diet of the British public. Indeed, it might make meat even cheaper and thus increase its consumption, moving us yet further from the Eatwell guidelines. Rather than subjecting

[THE EARL OF DEVON]

our high-quality livestock production to an uneven playing field through unbalanced trade capitulations, our Government should be banging the drum for grass-fed British meat and dairy as the highest-quality and most sustainable natural protein available. Will the Minister confirm that British livestock farming will not be sacrificed by the noble Lord, Lord Hannan, on the altar of free trade?

The story of our food and the sustainable natural heritage from which it derives needs to be better told. Professor Dasgupta's recent report on the economics of biodiversity is adamant that environmental education is key to restoring an understanding of our natural world. The Government have not responded to that recommendation, and I wonder whether the Minister can let us know whether they intend to do so.

I applaud the Government's efforts to increase public understanding of a healthy diet, and to making health education compulsory for state-funded pupils. If the Government are able to do that for human health, would it not be reasonable to expand the syllabus to include our planetary health, thereby providing all state-funded pupils with the environmental education Professor Dasgupta considered essential? This would enable them to adopt both a healthy and an environmentally sustainable diet.

As the noble Lord, Lord Curry, has noted, public food procurement is the one area in which the Government could have the quickest and most fundamental impact on public health and sustainable food production. I note the Government's commitment to using public sector procurement to improve the quality of food, as well as supporting local communities, improving nutrition and sustainability.

The South West Food Hub is a community interest company working in partnership with the Crown Commercial Service to deliver a new approach to public sector food procurement, known as the future food framework. The aim is to support small and medium-size producers in the region to sell directly to public sector institutions, ensuring that hospitals, schools, prisons, the armed services et cetera are eating healthy and locally produced food procured at a consistent and affordable price. The scheme both minimises food mileage and maximises the opportunity for those consuming the food to engage with and understand its production. Will the Minister confirm the Government's support for the work of the South West Food Hub and its ground-breaking pilot with the CCS?

Finally, there has been much talk of obesity and the Government's obesity strategy. As a member of the National Plan for Sports and Recreation Select Committee, I just add that we will be addressing another aspect of the obesity crisis—as the noble Lord, Lord Krebs, well knows—with a view to encouraging greater activity and well-being for those who we hope will be enjoying a healthier and more balanced diet. I congratulate the Liaison Committee for its joined-up thinking in that regard.

4.41 pm

Baroness Gardner of Parkes (Con) [V]: My Lords, I congratulate the noble and right reverend Lord, Lord Sentamu, on his maiden speech.

There is so much to support in this report, and I hope that together the Government, the National Health Service, schools and charities can act together on the recommendations to help ensure that healthy food is available to everyone and that food waste is eradicated. It is also interconnected with food production, with too much focus on unhealthy processed food and food wastage worth £200 billion a year. Even teaching adults and children how to cook a healthy meal and how to reuse left-over food is part of this equation.

It will come as no surprise that food poverty has been at its peak during the coronavirus pandemic, with more people from all walks of life accessing food banks. The work done by the likes of the Felix project, which delivered 29.1 million meals to Londoners in a year since the first UK lockdown, has been so important. A founder of the Felix project, Justin Byam Shaw, said:

“The Covid epidemic has created a dramatic hunger crisis in the UK, not seen perhaps since the 1930s ... In 2020, The Felix Project delivered 8,600 tonnes of good food to 980 local charities and schools—completely for free. As a result, 260,000 Londoners were given food every week and 43,000 tonnes of greenhouse gases were stopped from polluting the planet in the form of wasted food.”

More than 2,000 volunteers gave their time and more than 500 businesses donated their surplus food, ranging from farms to supermarkets and others.

The work of the Felix project is just one of many great examples of charitable work, but it also highlights a fundamental flaw in how much food is being discarded. We need to look at how we can stem this flow and get people and retailers to better manage their food and supplies. It has been found that where councils introduce food waste collections, people have been shocked to see what they throw away and either buy less or use their food more wisely. WRAP does much work in the area, particularly with businesses and manufacturers. We need to work together to make a real difference.

I have spoken before of the need to retain the £20 universal credit payment introduced during the Covid lockdowns. This remains critical to many families to help them feed their children. Research has shown how important proper meals are to school children, helping them to concentrate in lessons. Whether this is free via school meals or through their parents, it is vital that we ensure that children receive proper meals—through their school holidays, too. I ask the Government to look at how this can be achieved.

The Deputy Speaker (Lord Faulkner of Worcester) (Lab): I am unable to call the noble Lord, Lord Parekh, so I call the noble Baroness, Lady Bennett of Manor Castle.

4.45 pm

Baroness Bennett of Manor Castle (GP): My Lords, it is a great pleasure to follow the noble Baroness, Lady Gardner of Parkes, my fellow Australian-born female Peer in your Lordships' House. That will become somewhat relevant later. I also welcome the noble and right reverend Lord, Lord Sentamu, back to your Lordships' House. The last time we met, I believe we were talking about Yorkshire devolution, so I look forward to having future conversations on such matters.

I join pretty well all noble Lords in congratulating the noble Lord, Lord Krebs, and his committee on a spectacularly weighty report that really deserves the paper it is printed on. That is not something that can always be said. I join him, the noble Baronesses, Lady Parminter and Lady Lister, and many others in expressing strong disappointment at the Government's response to the report. "Thin" is, I think, the adjective that has been used. I would probably go further and say "derisory". However, I take one piece of consolation from reading the Government response. It seems to have evaded that incredibly powerful directive being delivered to all Government output. It does not seem to contain the phrase "world-leading". That is quite telling, because it reflects the fact that even this Government cannot apply the phrase "world-leading" to the UK's food system—the broken food system that this report so clearly identifies.

We find ourselves in a very curious constitutional position. The Government's response says that we all have to wait for Mr Dimbleby's report. I am not quite sure what place Mr Dimbleby has in the British constitution, but it seems to be a very important one, according to that.

However, I hold great hopes for Mr Dimbleby's work, and I very much look forward to it, but I have a small disagreement with the words from Henry Dimbleby quoted in this report, in which he says of the food system, "it is almost impossible to act on it ... without creating winners and losers."

The word I question in that sentence is "creating". What we have is a food system that now has some truly spectacular winners: the supermarkets, the multinational food manufacturers, the fast-food companies, the seed and agrochemical companies. It also has some truly spectacular losers, as many noble Lords have outlined, starting with the children of the UK who are losing out with a dreadful quality of diet. Our public health is losing out very spectacularly—and, of course, our environment. It has often been said that Mr Dimbleby is producing England's first ever food strategy. I would say that this is not the first food strategy, it is the first written-down food strategy. Our strategy for decades has been to allow multinational companies and supermarkets decide what we eat, and we can see the results in this report.

However, I want always to look forward and be positive. I want to pick out some words from the report by the National Farmers Union. Philip Hambling talks about the traditional "three-legged stool" of sustainability, in that it has economic, environmental and social legs. It is already clear from what many other noble Lords have said that the social leg has not so much been broken off as smashed to smithereens, given the level of food poverty in the UK. In fact, I would say that this is not food poverty; it is simply poverty. This has been covered very well by other noble Lords. The noble Lord, Lord Krebs, compared the situation 100 or so years ago with the disastrous situation we are in now, saying that somehow, we have been through a cycle and ended up in a similar position. I will draw a further parallel. Back then, our food system was starving many millions of people in India, in the Empire. Today, there is more than enough food for everyone to be fed, but nearly 1 billion people regularly go to bed hungry.

I turn to an issue that no one else has yet referred to today. We need to acknowledge—particularly the Minister who is now speaking for the Government—that this should all be seen in the context of COP 26 and our chairing of it. Repairing our food system is surely part of our responsibility in that role.

That brings me back to Australian issues. The noble Lord, Lord Whitty, the noble Earl, Lord Devon, and the noble Baroness, Lady McIntosh, all referred to the potential for an Australian free trade deal. I refer to paragraph 469 of the report, which states:

"Food imports must be required to adhere to the same environmental and health welfare standards that are in the UK."

Most other noble Lords have rightly expressed concern about the impact on British farmers of food imports from Australia, particularly meat imports, but I raise the question of the environmental impact of producing those food imports, along with the animal welfare impact. A week or so ago I wrote a piece for the *Yorkshire Post* reflecting on the fact that not only are my origins Australian, but my first degree was in agricultural science. I worked on Australian farms, and I told some tales from those farms and their animal welfare standards then. I should warn noble Lords not to read them over breakfast. However, I can also tell noble Lords that I was significantly pulling my punches, because there are some things that you simply cannot write in a national or regional newspaper.

Are the Government considering the environmental and animal welfare impacts in terms not only of competition but the state of the world? Is it appropriate to take food from a production system based on the ecocide and genocide of white settler capitalism in Australia that continues to be utterly destructive and profoundly damaging to the environment?

I want to put a couple of more questions to the Minister, given the department he represents, and given that the UK will be chairing COP 26. A former Secretary of State of that department, Michael Gove, was keen on agroecology and agroforestry. Although the report does not use the term "agroecology", it does refer to farming systems that would fit the agroecological model. As the new Minister, does the noble Lord intend to push agroecological approaches, particularly given the emphasis the report places on the importance of research and development? Is he keen to see far more research and development in the agroecological area?

I stress that I want to be positive, so I thought I would take that three-legged stool idea and construct a new one that the Government might find attractive and be prepared to adopt. I will reframe the report in my final two minutes. I shall refer to "three Ps" that I hope the Government will at least in theory agree to adopting. The first "P" stands for productivity. I hear often from the Benches opposite the desire to improve the productivity of the UK. Can the Minister say whether there has been any consideration of, or reports on, the impact of our poor diet on the UK's productivity? We hear a lot about the impact on health, and we know that obesity, heart disease, diabetes and all such diseases pose a significant problem for public health. I would posit that they also have a significant impact on the productivity of this country. The Government might like to think about that.

[BARONESS BENNETT OF MANOR CASTLE]

The second “P” is prosperity. The noble Earl, Lord Devon, talked about the South-West Food Hub and how exciting efforts are being made in local food production, bringing huge opportunities to small independent businesses and local traders in order to spread prosperity around the country. That fits very much with the Government’s levelling-up agenda.

The final “P”—I admit I am stretching the “Ps” a little here—is polarity. The levelling-up agenda talks about dealing with regional inequalities in the UK. We have poles of wealth and poles of poverty. If we have strong food systems in every region of the UK—small independent businesses, local greengrocers, markets and cafes all being supplied with local food—what you will have is economic circulation.

These are my suggestions for the three-legged stool, framed in a form that the Government might like. Much of this report could be implemented in that direction, so I hope that the Government will reconsider their response.

The Deputy Speaker (Lord Faulkner of Worcester)

(Lab): I cannot call the noble Baroness, Lady Boycott, so I will call the noble Baroness, Lady Scott of Needham Market.

4.53 pm

Baroness Scott of Needham Market (LD) [V]: My Lords, I join with all those who have congratulated the noble Lord, Lord Krebs, and his committee and team on producing a report that is remarkably broad and deep. It has been impeccably researched and contains clear recommendations that still stand, despite the time lag since it was written. I also want to congratulate the noble and right reverend Prelate, Lord Sentamu, on his second maiden speech and to wish him a happy birthday. I hope that we can finish our debates early enough for him to enjoy what is left of it.

It does not matter how often you read this report or the evidence that goes along with it: there is always something new to shock and sadden you. That we are still having this debate some three-quarters of a century after Beveridge identified want as one of the “great giants” to be slayed should make us all stop and wonder where our collective system of government has gone wrong.

Much in the personal evidence and testimony is pretty heart-rending, but for those who are of a less emotional disposition than I am, there is also a huge amount of evidence about the cost to the public purse of poor diet in its various forms: an estimated £6 billion to the NHS. Public Health England has predicted that UK-wide costs attributable to obesity alone will reach £9.7 billion by 2050, with wider costs to society being estimated to reach almost £50 billion by then. According to the Sustainable Food Trust, for every £1 spent in shops by UK consumers, another £1 is spent by taxpayers in associated costs. As the report states, continuing with business as usual actually makes no economic sense.

Over the past 15 months we have seen government intervention on a scale we could never have imagined before. Levels of public expenditure and restrictions on our personal liberty have been accepted by the

public, by and large, because they can see the need for drastic action at this time of crisis. But as the report demonstrates, failure in the food—[*Inaudible*—and has been accelerated by the pandemic. None of the proposals suggested by this report, by noble Lords today or by any of the groups that have given evidence come anywhere near to government intervention on the scale we have seen in the last year, but what they do require is an act of will.

One of the things that comes across clearly in the report, and which has been raised by a number of noble Lords, is that while there is no shortage of data, very little of it is being collected by the Government. They simply do not have any benchmarks or data. The committee received a lot of evidence. The noble Baroness, Lady Lister, identified how the Government either do not know about, or are not saying anything about what they regard as, problems in the food system. For example, the food security assessment was last published as a complete document in 2010. It would be helpful to hear from the Minister about this.

There also appears to be a massive disconnect between the Government’s aspirations on one side and their actions on another. A number of noble Lords have raised the point about the standards for a healthy diet and a benefits system that puts such a diet far beyond the reach of recipients. Another example is the childhood obesity plan, which makes recommendations that are very hard for poor families to follow. Five years on, childhood obesity levels are rising—this point was made by the noble Baronesses, Lady Sanderson and Lady Osamor. As my noble friend Lady Janke said, if you are an obese child, you are much more likely to be an obese adult, so this is an ongoing cost.

The Government are putting a lot of store by their levelling-up agenda, which is usually seen in a geographical context, with solutions that are based on investment in physical infrastructure. However, we need levelling up within communities as well because, even within prosperous communities, there are areas of deprivation and individuals in serious need. Where I live, the Suffolk Community Foundation has done some remarkable work in producing a report called *Hidden Needs*, which describes the poverty that exists even in a relatively prosperous county such as Suffolk. Diet-related ill health is much more likely to affect those in lower-income groups, and it is reasonable to accept that those who are struggling to afford to eat are struggling to afford to eat properly.

As we have heard in today’s debate, and in the report:

“Food insecurity not only damages physical health but also causes social harm bringing profound anxiety and stress to families and can affect children’s school attendance, achievement and attainment.”

I know that the Government will argue that creating jobs in deprived areas would deal with this, but it is worth noting that food poverty is not just an issue for the workless. Pre pandemic, the biggest growth in food bank use was among people who were working in either low-paid or unpredictable zero-hours-type jobs. As we have heard, child poverty has risen from 3.6 million to 4.1 million since 2010, and seven out of 10 of those children live in a family where at least one parent is working.

Others argue that it is possible to retrain and upskill workers out of poverty. I am very much in favour of doing both, but the fact remains that we need workers in jobs that we tend to call “unskilled”. It cannot be right that people who are doing these jobs, many of whom we simply could not do without—the pandemic has really highlighted their value to society—can work full time in those sectors and still rely on food banks to feed their families.

As the report sets out, food insecurity is largely a “consequence of poverty”. The idea that we could somehow trade our way out of it and that buying cheap food would solve the problem simply flies in the face of the facts in this report and others. As the report also sets out, and as we have heard clearly from the noble Lord, Lord Curry, the noble Earl, Lord Devon, and others, this is not just a matter of food insecurity and poverty. There is a fundamental problem with our whole food system. Evidence from the Food Foundation, the London School of Hygiene & Tropical Medicine and others has shown that the least healthy diets actually produce more carbon emissions than the most healthy ones.

As the noble Baroness, Lady Gardner of Parkes, pointed out, there are still high levels of food waste in the UK. An estimated 10.2 million tonnes of food and drink are wasted virtually at the farm gate. This is worth £20 billion, and to that we can add food waste at every stage, through production, retailers, the food service sector and consumers.

Many noble Lords, including the right reverend Prelate the Bishop of St Albans and the noble Lord, Lord Whitty, in particular, have talked about the link with agriculture and the Environment Bill. These are based on principles of, first, public money for public goods and, secondly, the polluter pays. So I would be interested to hear the noble Lord’s thoughts about how those principles can be reflected in our attitude to food.

In 2014, I chaired a committee looking into the subject of food waste; it was the first time that this had ever been done, and the resulting report got attention right across the world. As a result, I was asked to speak at conferences across Europe. Inevitably, the subject of food banks came up in discussions, and it is worth reflecting on the fact that this is not just a UK problem. What struck me was the reluctance of all Governments, everywhere, to admit that some of their citizens are going hungry. No Government seem to want to admit that they are not meeting one of the basic needs of the people whom they are elected to serve—and that is the big problem because, if you do not admit that there is an issue, you will never put it right and the problem will get worse.

The Government always say they are world leading. We have not heard it today, but I have no doubt we shall in weeks to come. They could show genuine leadership in this area by acknowledging that there is a problem of food poverty. They could develop metrics to measure it and then create an action plan to deal with the worst of these problems, so that we are not debating this in 75 years’ time.

There are many immediate measures, outlined in this and in other reports, that could be taken to ameliorate the situation. Scrapping the five-week wait

for universal credit, retaining the £20 uplift, reforming the scheme for paying back advances, and having another look at the free school meals system so that it does not rely on a campaign by a young footballer every time we have a school holiday—all these could be done relatively quickly and without primary legislation.

Other changes, such as reforming the food system, will take longer, but the Government could show leadership. The vaccination programme has shown us that when all the different sectors in our society—from government, through to academia, business and the charity sector—pull together, we can achieve a huge amount. This is something we could tackle.

5.06 pm

Baroness Jones of Whitchurch (Lab): My Lords, I welcome the noble and right reverend Lord, Lord Sentamu, to his new role and thank him very much for his contribution.

I too want to pay tribute to the noble Lord, Lord Krebs, and to all noble Lords who worked on this report. As others have said, it stands out as a hugely authoritative piece of work to which we can return again and again for its in-depth analysis and for the quality of its recommendations.

I share the frustration of others that it has taken a year to have this debate—a year in which the Covid crisis has caused terrible death and devastation. But it is a testament to the report that its recommendations are as fresh and relevant as ever, which is why the Government’s response—which seemed complacent at the time—seems even more inadequate now. I hope that, having had time to reflect, the Minister will be able to provide a more optimistic account of the actions that the Government are now prepared to take. I also thank the Food Foundation for its important and continuing work on these issues.

Of course I am aware that the Government’s default position is that these issues are being dealt with in the national food strategy report, due to be published shortly. But this does not mean that all policy needs should be put on hold. Many of the proposals, both in this report and in part 1 of the Dimpleby report, published last year, are urgent. They relate to the aftermath of the Covid crisis and the need to address the health and poverty issues thrown up by the pandemic.

The *Hungry for Change* report says:

“The crisis has exposed the fragility of many people’s economic situation and exacerbated many of the problems relating to poverty, food insecurity and health inequalities.”

And, as Henry Dimpleby said in the introduction to part 1 of his report:

“These recommendations are urgent, specific and carefully targeted. In this period of acute crisis, they could save many thousands from hunger, illness and even death.”

So can the Minister say what has happened to the more immediate, pressing recommendations in these reports? Is it the case—as the noble Baroness, Lady McIntosh suggested—that a response to the first part of Dimpleby has already been sent? If so, I think we should all like to see it. I hope it is not the intention to leave all the issues to be addressed in the White Paper that is promised six months after the second report. Action is needed now.

[BARONESS JONES OF WHITCHURCH]

In particular, I would highlight three issues which will not wait another year. First, as the report points out, food insecurity is

“a consequence of poverty and the economic and social failures that sit behind it”.

Eleven years of government failure have left our country ill-prepared for a job and welfare crisis. A recent report from the Trussell Trust shows that 700,000 households used a food bank last year, with a 49% increase in the number of children supported via that route and 95% of people referred to food banks categorised as very deprived or destitute. Even before the pandemic, the Joseph Rowntree Foundation found that 2.4 million people were living in destitution, unable to afford the essentials to eat and keep warm. These underlying inequalities have now been thrown into sharp relief by Covid, with debt and destitution rising and the number of children living in poverty increasing by a third. As the report points out, we cannot address poverty and food insecurity separately; they are intrinsically linked.

Clearly, the welfare system is broken. I absolutely agree with the report's submission that:

“The Government should not be reliant on charitable food aid to plug the holes in the welfare system”—

a point made powerfully also by my noble friend Lady Lister. That is why the recommendations in the report which address the failings of universal credit, particularly the five-week wait—which puts people into debt from which they cannot recover—are so important. It is why it is important to extend the £20 uplift in universal credit, a policy which the Government failed to support in a recent vote. It is also why we need a plan to address that fact that eating well, and embracing the *Eatwell Guide*, is unrealistic for many low-income groups and financially out of reach for many.

I was therefore very disappointed to see the Government's response to these proposals, which is best described as “Thank you but, no, we have no plans to address these issues.” It symbolises a hardness and cruelty at the heart of this Government's thinking which belie all the talk of levelling up, a point made powerfully by my noble friend Lord Rooker. I hope the Minister will be able to reassure the House that the links between poverty and poor diet are now better understood, that detailed monitoring of and collection of data on food insecurity will continue, and that the link between universal credit and food bank use will be properly addressed.

Secondly, the Covid experience illustrated starkly the role that school food plays in supporting childhood healthy eating. The image of children going hungry when the schools were closed, and the heroic efforts of Marcus Rashford to get the Government to continue funding lunchtime food, is a stand-out feature of our experience in the past 12 months. All the evidence shows that good food is essential for learning, and all the talk of levelling up will not work if children are hungry. The free school meals system increasingly excludes children who would previously be eligible. The Dimbleby report recommends expanding eligibility to every child from a household in receipt of universal credit. The existence of holiday hunger continues to blight us. Even now, the Government are proposing to feed children on free school meals for only 16 of the

30 weekdays during the upcoming summer holidays. We need an urgent rethink of the system to ensure that every child has a hot meal once a day, and that breakfast clubs and holiday activities have the funding to fill the void in demand.

Again, the Government's response on these issues was complacent, at a time when poor children are being left behind in the education system. The resignation of Kevan Collins, the education recovery commissioner, is a damning indictment of their meagre education catch-up plan. I hope that the Minister can reassure the House that steps will be taken to ensure that access to good, nutritious school food for all will be part of a more ambitious and urgent catch-up plan.

Thirdly, as the report points out, Public Health England has made a clear link between obesity and Covid, with a disproportionate number of patients in intensive care categorised as morbidly obese. There is an urgent need to address diet-related ill health and the consequences for the individuals and society. It is vital that we increase public understanding of what constitutes a healthy and sustainable diet. We need to address the difficult but essential challenge of encouraging the nation to eat less meat and more plant-based products.

The report makes some really important recommendations on the labelling, advertising and promotion of food, mandating maximum calories per portion, action to reduce sugar and salt, and the voluntary and regulatory measures needed to underpin these changes. We need to be clear with industry that, if it does not respond swiftly and comprehensively, regulatory action will follow—including fiscal levers and levies where necessary—although, as my noble friend Lord Whitty said, addressing this with multinational manufacturers and retailers is a much more difficult challenge.

I am pleased that the Government acknowledge action needs to be taken in their response, but as ever, their reliance on long consultations and even longer implementation dates does not reflect the urgency of the public health issues we now face. The Government's obesity strategy published last year is welcome as far as it goes, but that needs to be underpinned by a degree of urgency and with targets and measurements of success to deliver a real shift towards healthy and sustainable diets.

Finally, I am conscious that I have been able to cover only a small part of the more comprehensive report. We look forward to the publication of part 2 of the *National Food Strategy* and the debate that will follow. I hope the Government will give it the weight and seriousness I am sure it will deserve. I hope as part of their response they will feel able to follow up part of this report's recommendation to establish

“an independent body, analogous to the Committee on Climate Change”

to deliver the strategic oversight of the implementation of the national food strategy, ensuring the comprehensive change in eating habits and food policy that the nation deserves.

5.16 pm

The Parliamentary Under-Secretary of State, Department for Environment, Food and Rural Affairs (Lord Benyon) (Con): My Lords, I thank the noble Lord, Lord Krebs, for initiating this important debate and I thank all

noble Lords for their contributions. What was absolutely apparent from the members of his committee who spoke was the respect they have for him and his chairmanship. It was so good to hear so many of the members of his committee contribute to our debate and I am grateful to them for bringing forward such an interesting report—the *Hungry for Change* report.

I fully admit that I have a difficulty here today, because I will irritate your Lordships if I hide behind the publication of future documents such as the Dimpleby report and the food strategy. However, I would be wrong to pre-empt those reports by prejudging them and saying too much at this stage. I hope your Lordships will humour me if I try and sail a middle course.

As highlighted in the committee's comprehensive report,

"Food should be a source of enjoyment, good health and cultural expression".

It is paramount that our food system delivers safe, healthy and affordable food for everyone, regardless of where they live or how much they earn. This Government are committed to ensuring that our food system is built on a sustainable and resilient agriculture sector so that we and future generations can continue to access good, healthy and sustainable food.

I will try to tackle as many of the points that have been raised in the debate as possible. I apologise if I cannot answer everybody, but if I cannot, I will try to write to them. The noble Lord, Lord Krebs, raised a very important point. Since the start of the pandemic, government departments have come together to co-ordinate support for the most vulnerable. For example, the food for the vulnerable ministerial task force was set up a year ago to respond to some of the initial challenges of Covid-19 for a limited time with a defined remit. The task force membership spanned departments across government including the Ministry of Housing Communities and Local Government, the Department for Work and Pensions and Ministers from the devolved Administrations.

The task force was instrumental in putting support for the most vulnerable in place. That included £63 million for the local authority grant scheme, delivered by Defra with support from MHCLG, to enable local authorities to provide further support for individuals struggling to afford food and essential items. There was £10.5 million for the food redistributor FareShare, £1.8 million for the Covid-19 emergency food redistribution scheme, £3.4 million to support individual charities through the food charity grant scheme and much more. Of course, the billions that have been spent on measures such as furlough have supported family incomes and therefore have contributed to tackling food poverty.

The noble Baroness, Lady Parminter, raised a straightforward question, and I assure her that Defra is working closely with departments across Whitehall, including the Department for Health and Social Care and Public Health England. Defra has been feeding into discussions around the setting up of the office for health promotion to develop a White Paper when it is established. As part of these discussions, we are setting out a plan to ensure that the food system is sustainable and affordable, and that it supports industry and innovation and encourages healthy diets while protecting animal health and welfare.

The Government's food strategy White Paper will cover the entire food system from farm to fork, building on work already under way in the agriculture and fisheries Acts, and the Environment Bill, as well as docking into wider government priorities, including build back better, levelling up, our net-zero strategy and our obesity strategy, which I will come on to.

The noble Lord, Lord Rooker, made a powerful speech. I respected him when he was a Minister, but I simply cannot agree with him here. It would be an appalling situation if what he suggested was true, and I absolutely refute it. I would not be part of such a Government. It was an extraordinary allegation to make.

Like everyone in this House, I welcome the noble Lord, Lord Sentamu, to his place here, as he returns for his second maiden speech. I wish him a happy birthday. He made a very powerful speech. He said that it is about "us", not about "me". The state does have a role. We often talk about big state versus small state, and there are times when many of us leading comfortable lives do not want the state taking all our taxes and interfering with us, but if you are poor and cannot afford to feed your children, you need loads of state, and it is about getting that balance right. He was absolutely right to raise that point.

The noble Lord, Lord Whitty, showed a great understanding, as we would all expect, of the food chain, and gave that very important statistic that 40 times the amount of money spent on advertising is spent on confectionary than is spent on fruit and veg. If noble Lords want to see the direction of travel that the Government are going in, and why they are asked Henry Dimpleby to do this work, they should look at Henry Dimpleby's TED talk. It is nine minutes long and absolutely brilliant, because it talks about the holistic nature of the problem.

My noble friend Lord Hannan gave us a history lesson. I had the privilege of representing Newbury, a seat that was lost by the Conservative Party in the free trade election of 1906, when there was a bit of negative campaigning by the Liberal candidate—I know that is hard to believe—which suggested that the sitting MP, Mr Mount

"wants you to pay more for bread",

because he was opposed to free trade. Mr Mount lost his seat, a factor that was well remembered by his great-grandson, David Cameron, and which made him so passionate about free trade. The noble Lord is right however, that we have to do it in the right way, and we must recognise the cost of bringing food from all over the world, not just in terms of what it costs individuals but what it costs our planet. We want to ensure that the Government's policy about the standard of food that is produced is weighed in the balance as well. My noble friend Lady McIntosh made a very important point about the crisis—I put it like that—between lack of understanding about town and country, a point that was well supported by the noble Lord, Lord Curry. If I was not here and had not accepted this job, I would be at home with 800 schoolchildren visiting my farm today. I have left my wife in charge, so I will pay a price for that later.

The noble Lord, Lord Curry, made a very important point about obesity, as did my noble friend Lady Sanderson, the noble Baronesses, Lady Ritchie, Lady

[LORD BENYON]

Osamor and Lady Scott, and of course the Opposition spokesperson. This year is the 30th anniversary of the first obesity strategy; there have been 14 government obesity strategies, introducing more than 700 policies but, since then, we have worse health outcomes related to diet, worse physical activity and worse mental health. Four out of five death and disability causes are diet-related. This is a social justice issue, a point well made in the Centre for Social Justice report, a brilliant piece of work chaired by my noble friend Lady Jenkin. This looked abroad at where success has achieved results, in places such as Amsterdam, and has fed through to an obesity strategy by implementing our policies and seeing them as part of an exciting, evolving long-term policy plan to improve population health. This can be the time when we break the decades-long cycle of repeated policies of little meaningful change. This is the opportunity we have to really tackle this problem. The Government's obesity strategy is different from its predecessors and it is one that, with our support, will work.

The noble Baroness, Lady Bennett, made a characteristically powerful speech, but I say to her that in our changes to the farming system, we are now able to encourage all sorts of different farming activities. Next week, there is the Groundswell event, promoting regenerative farming. No longer will farmers be narrowly pathed down a route prescribed by a common agricultural policy that has been disastrous for our ecosystems and our health as well. This is an opportunity to get this right and we are determined to do it.

The noble Baroness, Lady Scott, made a very important point about levelling up within communities. As Rural Affairs Minister, I take this very seriously. The rural poor are very often hidden from our eyes because they live in relatively affluent communities. The noble Baroness was absolutely right to point out that levelling up is not something that is just north-south or geographically important, which is why the Government and the committees, on some of which I sit, are really keen to make the point that we are looking for poverty wherever it exists, to tackle it and to end it. And, yes, we admit there is a problem. There is a problem when any single person is prevented from having a healthy diet out of poverty, and we are determined to tackle it. I say to the noble Baroness, Lady Jones, that there is an urgency. The interim report that Henry Dimbleby wrote was responded to by the Secretary of State, but we will respond more fully as his main report is published and we will keep the House informed about that.

Tackling poverty in all its forms is a key priority of this Government. This includes ensuring that everyone has access to food. During the last year, significant support has been given to the economically vulnerable as part of the Government's Covid-19 response. As I said earlier, this has included increasing the value of Healthy Start vouchers; the national rollout of the holiday activities and food programme; Covid support grants through local authorities; and direct funding to support food aid organisations. Building on the significant support given to the most vulnerable during the pandemic, the Government will continue to monitor food insecurity regularly. As part of the Agriculture Act we have included a new requirement to lay a comprehensive report on UK food security before Parliament by the

end of this year and at least once every three years thereafter. The report will cover a range of current issues relevant to food security, including global food availability; supply sources for food; food supply chain resilience; household food security and expenditure on food; and food safety and consumer confidence.

I have already spoken about obesity, but it is one of the greatest long-term health challenges this country faces. Living with obesity reduces life expectancy, increases the chances of serious diseases such as cancer, heart disease and type 2 diabetes. Covid-19 has brought this into even sharper focus, as excess weight increases the risk of serious illness and death from the virus.

The Government launched their obesity strategy a year ago, which sets out the actions to empower people to make informed and healthier choices about the food they purchase. It includes introducing calorie labelling on menus in cafes, restaurants and takeaways and restricting the advertising of high-fat, salt and sugar products being shown on television and online before 9 pm. This is not just about childhood obesity; this is about tackling the problem throughout society.

In response to the noble Lord, Lord Krebs: part 1 of Henry Dimbleby's review of the food system was published in July last year and contained recommendations relating to the Covid-19 pandemic and the time preceding the end of the transition period. Several of these recommendations were aimed at addressing food insecurity, including the expansion of the holiday activities programme, as I have said. Having already taken steps to adopt some of the recommendations from the first report, we look forward to considering recommendations from the second.

Now that we have left the European Union, the Government are working to ensure that our food is produced more sustainably and that our environment is left in a better state than we inherited it. We published the agricultural transition plan in November 2020, which sets out our plans to gradually reduce and stop untargeted direct payments and invest the money freed up to pay farmers to improve the environment, animal health and welfare and reduce emissions. We will also provide significant grants to support farmers to invest in equipment, technology, and infrastructure that will improve their productivity in a sustainable way. I make this point to the noble Earl, Lord Devon: we want to ensure our farmers are supported to grow food in a way that also delivers environmental improvements. We are introducing three environmental land management schemes that reward farmers and land managers for producing public goods—the sustainable farming incentive, local nature recovery and landscape recovery. Together, these schemes are intended to provide a powerful vehicle for achieving the goals of the 25-year environment plan and our commitment to net-zero emissions by 2050, while supporting our rural economy.

A number of your Lordships mentioned food waste. As your Lordships will know, the UK is—I am going to say it—a world-leader in tackling food waste, from educating the public on reducing food waste in our homes to making our supply chains greener. We are consulting this year on introducing regulations that would make the reporting of food waste volumes mandatory for food businesses of a certain size. By ensuring businesses are publicly reporting their food

waste, we hope they will act to reduce it. The Environment Bill, which had its Second Reading in this House on Monday, will ensure that we go further to ensure less of our food is wasted. The Bill will ensure that councils operate weekly separate food waste collections to prevent food waste from going to landfill or being incinerated.

On trade, the UK is rightly proud of our food, health and animal welfare standards and environmental protections. As set out in our manifesto, we will stand firm in trade negotiations to ensure any future trade deals live up to the values of farmers and consumers across the UK.

We have said a lot about Henry Dimbleby and his reviews, but it is evident that food has an impact on all areas of our society—our economy, our environment and our health. It was for this reason that in 2019 Michael Gove, in a previous position, commissioned Henry Dimbleby to carry out a comprehensive review of the food system to help ensure it delivers healthy, affordable food, is resilient in the face of shocks and restores and enhances the natural environment. I want to thank Mr Dimbleby, on behalf of my department and others across Whitehall, for his tireless work. He really is an innovative thinker, and I will commend his report when it comes. From conversations I have had with him, it seems it is going to be ground-breaking.

I want to assure noble Lords that this Government are wholeheartedly committed to listening to Mr. Dimbleby's recommendations set out in both parts of his independent review. These will inform our own food strategy White Paper, which we have committed to publishing within six months of Henry Dimbleby's final report.

Defra is working with colleagues across Whitehall to ensure that the entirety of the food system is covered within the White Paper. It will build on work already under way in the Agriculture Act, Fisheries Act and Environment Bill, as well as on wider government priorities, including the others that I mentioned earlier.

I should make one final point to the noble Earl, Lord Devon. The question of meat and diet was raised by a number of noble Lords. There is a challenge for the farming community, and for us, to make the distinction between “good meat” and “bad meat”. Good meat is locally produced and grass-based. We have studied Stéphane Le Foll's “4 per 1000” presentation to the Paris talks. It is a fantastic way in which to lock up carbon and deal with agriculture's emissions. It is entirely virtuous to eat locally produced, grass-fed meat. Bad meat comes from a long way away, is often grown on feedlots and has a terrible impact on the environment in so many ways. That is a challenge that we have to face. We have to educate people about what the difference is. We can prove that meat is not bad but can be a real force for good in tackling climate change and our food miles.

I want to end by thanking noble Lords for taking part in this debate and for raising some extremely important points that I will take back to Defra and colleagues across Whitehall. I will look at *Hansard* and write to noble Lords to follow up on questions that I have been unable to answer.

The food system is complex and requires careful work to ensure that the nation has access to a healthy, sustainable and affordable food supply. Such work is

no small feat, which is why our food strategy White Paper will see the Government leading pioneering, cross-cutting policies to establish the UK as a global leader, using a holistic, government-wide approach to transforming the food system. It is urgent and we are managing to do this at a time when we are introducing new farming systems, and dealing with Brexit, trade issues and the pandemic. But this issue is a priority for this Government and for my department. I eagerly anticipate the recommendations that will be set out in Henry Dimbleby's report and discussing the food strategy White Paper with noble Lords in the coming months.

5.37 pm

Lord Krebs (CB): In concluding, I thank all noble Lords who have taken part in this debate for their excellent contributions. We have heard many well-thought-out and passionate remarks, and I am sure that the Minister can be in no doubt about the strength of feeling and interest in this topic from across this House.

I particularly thank and congratulate my noble and right reverend friend Lord Sentamu for his thoughtful speech, and wish him happy birthday. I wrote down two comments that he made. The first was to reimagine the kind of country in which you want to live and the second was to come up with practical proposals for radical change. I hope that, when we finally see the food strategy in the White Paper, it embraces those two thoughts.

I also thank the Minister for his reply and, at the same time, as this is my first opportunity, I congratulate him on his appointment as Minister in Defra. I am very much looking forward to working with him in the future. He warned us that he might disappoint slightly by alluding to the national food strategy, rather than giving us the answers here and now. He did indeed postpone the answers to a few questions, but he generally tried to respond to some of the points made. Towards the end, I noticed, he succumbed to the temptation to refer to the national food strategy as “world-leading”, despite the cautionary note sounded by the noble Baroness, Lady Bennett.

In closing, I return to the question of governance. Henry Dimbleby's work will no doubt be excellent. From looking at part 1 and talking to him, from time to time, I know that he is thinking deeply and innovatively about these problems, but there is a danger that, like other very good reports, it all ends up in a filing cabinet. That is why we were so keen to have independent scrutiny of the implementation of Dimbleby, through the White Paper and food strategy. The Government rejected our proposal to set up a new quango. I can see why; it is anathema for Governments to create quangos that then cause trouble. I still believe that would be the best mechanism but, as an olive branch, I offer an alternative for the Minister to take away.

The problem with food is that it does not come top of the agenda in any government department, except one—the Food Standards Agency. This is a non-ministerial department with food as its central priority. In closing, I ask this question for consideration: why not charge the Food Standards Agency with the task of monitoring and reporting on progress in implementing the national food strategy? It would not involve creating

[LORD KREBS]
a new quango, and would help to ensure that we keep our eyes on the prize of tackling the costly and debilitating blot on our society that is food poverty.

Motion agreed.

House adjourned at 5.41 pm.

Grand Committee

Thursday 10 June 2021

The Grand Committee met in a hybrid proceeding.

Arrangement of Business

Announcement

2.30 pm

The Deputy Chairman of Committees (Baroness Healy of Primrose Hill) (Lab): My Lords, the hybrid Grand Committee will now begin. Some Members are here in person, others are participating remotely, but all Members will be treated equally. I ask Members in the Room to respect social distancing. If the capacity of the Committee Room is exceeded or other safety requirements are breached, I will immediately adjourn the Committee. The time limit for the following debate is one hour.

Payment and Electronic Money Institution Insolvency Regulations 2021

Considered in Grand Committee

2.30 pm

Moved by Baroness Penn

That the Grand Committee do consider the Payment and Electronic Money Institution Insolvency Regulations 2021.

Relevant documents: 1st Report from the Secondary Legislation Scrutiny Committee

Baroness Penn (Con): My Lords, the UK's payment sector has changed rapidly over the last decade, with an increasing use of card, mobile and electronic wallets to make payments. Firms today range from small remittance firms on the high street to fintech giants with millions of customers.

The growth of the payment sector has offered opportunities to UK businesses and consumers, with many using payment and electronic money institutions not only to make payments but as their transactional banking provider, to access their salaries and savings. Customers are now able to make faster, cheaper and more secure payments. However, as the sector has grown, this has increased the number of customers exposed to risk if these firms fail and enter insolvency.

There is evidence that the existing insolvency regime for payment and electronic money institutions is suboptimal for customers. Recent administration cases involving these types of firm have taken years to resolve, with customers left without access to their money for prolonged periods of time and receiving reduced money as a result of high distribution costs. This legislation therefore proposes to introduce a new special administration regime for payment and electronic money institutions and an extension of provisions under the Financial Services and Markets Act 2000 to these firms. The new regime is modelled on the 2011 special administration regime for investment banks.

HM Treasury conducted a public consultation during December and January and received useful responses from a number of trade bodies, relevant firms and other interested parties. Officials also met with industry groups before and after the consultation and spoke with the Banking Liaison Panel.

These changes will help to make managing insolvency of a firm quicker and clearer, ultimately leading to customers receiving their funds more quickly and giving continuity and confidence to consumers and businesses in the event of a payment and electronic money firm being put into insolvency. The legislation also corrects a minor defect in the recent legislation which transposed and onshored the Bank Recovery and Resolution Directive II.

The special administration regime for payment and electronic money services is a new insolvency process that provides consumer protection objectives and a toolkit for insolvency practitioners to aid them in efficiently managing an insolvent payment or electronic money institution. The key provisions of this regime include: bespoke objectives for an insolvency practitioner to ensure the return of customer funds as soon as reasonably practicable, to engage with the relevant authorities and to either rescue or wind up the institution in the best interests of creditors; continuity of supply provisions that will allow an insolvency practitioner to keep the firm's key functions operational for customers; provisions to ease the transfer of business processes such that a new firm can take on the incumbent's business and provide continuity for customers; and bar date provisions to allow the insolvency practitioner to set a deadline for consumers to claim and thus enable an earlier distribution of customer funds.

I note that additional work is required to apply the special administration regime to firms located in Northern Ireland and partnerships or limited liability partnerships located in Scotland. Around 1% of the 1,300 UK payments and electronic money firms are located in Northern Ireland, and there are no firms that are partnerships or LLPs based in Scotland. The Economic Secretary has written to his counterparts in the Northern Ireland Executive and Scottish Government, committing to rectify this as soon as is practicable in future legislation. In the interim period, consumers will still benefit from the changes to the Financial Services and Markets Act and from the protections offered to the 99% of eligible firms, as it does not matter where in the UK the customer is located.

The instrument also provides for Part XXIV of the Financial Services and Markets Act 2000 to be applied to payment and electronic money institution insolvencies. The extension of these provisions will provide the FCA with the same powers to participate and protect consumers in an insolvency process for these sectors as it does for other FCA-supervised firms. This includes the right for the FCA to speak at court hearings regarding the insolvency and a requirement for the administrator to work with the FCA during the insolvency process.

These regulations will provide a modern and effective insolvency process for a world-leading British financial services sub-sector, inspiring confidence from investors and customers alike. I therefore hope that the Committee supports them, and I beg to move.

The Deputy Chairman of Committees (Baroness Healy of Primrose Hill) (Lab): I call the next speaker, Lord Davies of Brixton. Oh, we cannot hear him, so we will adjourn for five minutes.

2.35 pm

Sitting suspended.

2.40 pm

Lord Davies of Brixton (Lab) [V]: My Lords, many thanks to the Minister for her introduction and the opportunity to consider the regulations. I welcome the opportunity to say something about a continuing subject of interest: the significant shift to electronic money that has led to these regulations. As outlined by the Minister, the background to these regulations is the rapid change over recent years with people increasingly using cards, mobiles and electronic wallets to make payments. This shift is now unstoppable and, in general terms, is to be welcomed. The ease of using online technology is a good thing so long as no one gets left behind—but perhaps that is a subject for another day.

We have the Chancellor's ambition for a digital economy and, only three days ago, the Bank of England published an important discussion paper, *New Forms of Digital Money*. The paper notes:

“Over the past decade, there has been rapid innovation in how people make payments ... The use of physical cash in payments continues to decline, and demand for convenience, especially with regard to e-commerce, has fuelled public appetite for digital payments. Fintech firms, and in some cases big technology firms, are developing alternatives to traditional forms of money.”

The Bank's paper also notes, crucially in this context, that

“Presently, payments typically rely on the use of either cash or deposits held in commercial banks —referred to as ‘commercial bank money’. If new forms of digital money are to become widely used as a trusted form of retail payments, it is essential that the public can have the same confidence in them as they have in existing forms of money”.

I take it that the Government's intention in introducing these changes is to help to protect customers in the event of a payment or electronic money institution being put into insolvency, and I welcome that. This in turn will strengthen confidence in the payment and e-money sectors, by improving customer and market outcomes.

I understand that these draft regulations, if made, will create a new special administrative regime for payment and electronic money institutions. The Explanatory Memorandum states that this new regime

“will give insolvency practitioners administering ... insolvencies” at these institutions

“an expanded toolkit. This will allow the insolvency practitioner to keep an insolvent institution operational with the aim of ensuring continuity for consumers and prioritising the return of their funds.”

The Explanatory Memorandum then says that the draft regulations

“will also extend the full suite of Financial Services and Markets Act 2000 ... Part 24 provisions to all payment and electronic money institutions entering the standard insolvency process. This will provide”

the FCA

“with specific powers to participate and protect consumers in the event of an insolvency of a payment or electronic money institution as it does for other FCA supervised firms.”

The implication is that these powers will go well beyond what is in these regulations, so perhaps the Minister could say something about what putting these regulations into a wider context might involve. What is it envisaged that the FCA will undertake that goes beyond these regulations?

I fully support the objectives of the regulations. The return of funds as soon as is reasonably practicable, the timely engagement of system operators and the emphasis on the best interests of the creditors are all obviously right. I admit that, to a considerable extent, I have to take it on trust that the 75 pages we have before us will achieve these objectives. However, it is also clear that they depend in practice on what is meant by “reasonable”, “timely” and “best interests”. Initially, I assumed that these terms will be interpreted by the administrator and are not unique to these circumstances. Can the Minister tell us anything about what discussion of guidance there might be about what these terms mean in the specific circumstances of these institutions? Is this something that will be left to the courts in the end?

Having these objectives set out in the Explanatory Memorandum and the regulations leads to another question: are there any circumstances involving an insolvency where these three objectives do not apply? I do not claim to be an expert in this area. Are there insolvencies where it is not intended that they should be resolved as soon as is reasonably practicable? Are there insolvencies where timely engagement is not appropriate?

More specifically, can the Minister tell us a bit more about the way in which Regulation 12(10) will be used? This relates to small institutions and the wording involves a double negative, which leaves me at a bit of a loss. Do we have information on what specific provisions will be applied to small institutions?

Finally—this is proof that I am paying attention—I can point out what I assume is a typo in the Explanatory Memorandum. Paragraph 3.1 refers to “s34”, which I take to mean the correct Section 234. Even without the typo, I must admit that I struggled with this paragraph. It certainly gives the impression that the Treasury is grasping at straws here, with what appears to be some recursive reasoning. This suggests that, at some stage, despite the statement that these regulations do not need to be consolidated, it would be a good idea to start again—particularly given the growing importance of this area of regulation.

2.48 pm

Lord Tunnicliffe (Lab) [V]: My Lords, I am grateful to the Minister for her introduction of these regulations, which are substantial in length and complexity. The underlying principle, however, is relatively simple and one that we support. I am also grateful to my noble friend Lord Davies of Brixton for keeping us company this afternoon, albeit from a safe distance. The speakers' list may be short but it is perfectly formed.

Insolvency is a tricky topic. Different rules apply to different forms of insolvency, and such processes are often complex and slow. This inevitably adds to the already strong emotions experienced by all parties when a business relationship breaks down. It is also clear from the reference in paragraph 7.14 of the Explanatory Memorandum that, in extremis, the stability

of the UK's financial system may be at risk. As the Explanatory Memorandum notes, payments in the UK are undergoing rapid transformation, with electronic payments ever more popular. There is a clear justification for this new special administrative regime and the new FCA powers that come with it.

The consultation carried out prior to the regulations being laid cited only a small number of insolvency cases among payment and electronic money institutions. Nevertheless, those cases have been drawn out over many years and, as a rule, customers have not received the money due.

I hope that the Minister will forgive me for raising a contentious issue so soon after the passage of the then Financial Services Bill. Does she agree that concerns around consumer detriment in the insolvency context add to the case for a general duty of care on financial services firms? Can she provide a quick update on work by the Treasury and FCA in that area?

A key part of the special administration regime and its expanded toolkit is how so-called asset pools should be treated. Among other things, the regulations deal with the reconciliation process and impose bar dates on claims for relevant funds. While that is all helpful, what does the Minister expect to happen when asset pools are, for want of a better phrase, too shallow for customers to get their money back? What path to recourse, if any, will customers have if they disagree with the court's determination that the administrator has taken all reasonable measures to initiate contact with affected persons? What additional powers, if any, does the special administrator have compared with those enjoyed under the present regulations? Further, who pays the remuneration and cost of the special administrator? Does any money for such payments come out of the asset pool?

Yesterday, my right honourable friend Pat McFadden asked in the other place why, given the rapid increase in the use of payment and electronic money institutions, they are not covered by the Financial Services Compensation Scheme. He rightly observed that disparities in which institutions are covered by the FSCS mean significant gaps in consumer protection levels. What plans, if any, do the Government have to explore that?

Finally, the Government intend to introduce an additional set of new insolvency rules, in due course, to deal with procedural issues and so forth. Is the Minister able to offer any clarity on the anticipated timescales?

2.53 pm

Baroness Penn (Con): My Lords, I thank both noble Lords for this short but productive discussion on the statutory instrument. This is an important issue and I am glad to have had the opportunity to debate it. They raised a number of points that I will try to cover.

I hope that a potential duty of care or other new duty towards consumers is not too contentious. As the noble Lord, Lord Tunnicliffe, will know, the Financial Services Act required the FCA to consult on whether it should make rules providing that authorised persons owe a duty of care to consumers. In accordance with that, the FCA launched a consultation in May on clear proposals to raise and clarify its expectations of firms' actions and behaviours, and on any necessary changes to deliver them. The consultation proposes a

new consumer duty that seeks to set higher and clearer expectations for the standard of care provided by firms to consumers. The FCA is seeking stakeholder views on its proposals in the ongoing consultation, which is due to close on 31 July.

The noble Lord, Lord Tunnicliffe, also asked what would happen in an insolvency process where asset pools were too shallow for consumers to get their money back. Although the changes made through the statutory instrument will help to ensure that consumers get more of their money back more quickly, the regime will not be able to correct for any previous safeguarding failures that would cause consumers to receive less than all their money back. While the regime should help to make administration more efficient, it cannot itself prevent customer loss if the asset pool is too shallow for any distribution to be made.

The noble Lord, Lord Tunnicliffe, also asked what paths to recourse, if any, consumers would have if they disagreed with the court's determination that the administrator had taken all reasonable measures to initiate contact with affected persons in the case of the use of the bar date provisions. I am not aware of any further recourse for a customer who feels that the administrator has not taken all reasonable measures to initiate contact with affected persons. However, there are safeguards provided within the regime, such as the objectives of the administrator and the Financial Conduct Authority's scrutiny of the administrator in its role.

The noble Lord also asked who pays the remuneration and costs of the special administrator, and whether they come out of the asset pool. The rules that will be made subsequent to this SI will consider which costs are to be paid out of the institution's assets and which are to be paid out of the asset pool. However, the regulations set out that where costs are incurred due to safeguarding failures, they will in the first instance come from an institution's assets. If an institution's assets are insufficient to meet these costs, the remaining money will come out of the asset pool.

Both noble Lords raised questions about the Financial Services Compensation Scheme. Payments and e-money firms are not currently covered by the FSCS, as they rightly identified. However, funds held by payment institutions and e-money institutions are required by legislation to be protected via safeguarding. These insolvency regulations will complement and enhance the consumer protections provided by the existing safeguarding regime. Indeed, on 18 May the FCA sent a DCEO letter to all e-money institutions setting out its concerns about those institutions comparing their services to traditional banks, or holding themselves out to be an alternative to banks in their financial promotions. It has asked e-money firms to write to their customers within six weeks to remind them that their money is protected through safeguarding and that FSCS protection does not apply in those cases.

I referred to the further rules that need to be made for the special administration regime, and the noble Lord, Lord Tunnicliffe, asked about the timing of further statutory instruments on that matter. We expect them to be laid in Parliament later this year, following which the changes to the regime are expected to come into full effect.

[BARONESS PENN]

The noble Lord, Lord Davies, asked about the interpretation of the three objectives for this process. In May, the FCA published further guidance for insolvency practitioners. The special administration regime allows the FCA under certain circumstances to direct the administrator to prioritise a particular objective. Further, if an insolvency practitioner is unclear, it can apply to the court for direction if any meanings are not clear in administering the scheme.

The noble Lord, Lord Davies, was correct in identifying a typo in the Explanatory Memorandum. I apologise to him for that. I do not have the substance of his inquiry on that point before me, so I undertake to write to him and the noble Lord, Lord Tunnicliffe, if there are any remaining questions that I have not answered. With that, I commend the instrument to the Committee.

Motion agreed.

3 pm

The Deputy Chairman of Committees (Baroness Healy of Primrose Hill) (Lab): The Grand Committee stands adjourned until 3.05 pm. I remind Members to sanitise their desks and chairs before leaving the Room.

Sitting suspended.

Arrangement of Business

Announcement

3.05 pm

The Deputy Chairman of Committees (Baroness Healy of Primrose Hill) (Lab): My Lords, the hybrid Grand Committee will now resume. Some Members are here in person, others are participating remotely, but all Members will be treated equally. I ask Members in the Room to respect social distancing. If the capacity of the Committee Room is exceeded or other safety requirements are breached, I will immediately adjourn the Committee. The time limit for this debate is one hour.

Financial Markets and Insolvency (Transitional Provision) (EU Exit) (Amendment) Regulations 2021

Considered in Grand Committee

3.06 pm

Moved by Baroness Penn

That the Grand Committee do consider the Financial Markets and Insolvency (Transitional Provision) (EU Exit) (Amendment) Regulations 2021.

Relevant documents: 3rd Report from the Secondary Legislation Scrutiny Committee

Baroness Penn (Con): My Lords, prior to the end of the transition period, the Treasury undertook a significant programme of legislation, introducing more than 65 statutory instruments under the European Union (Withdrawal) Act 2018. As noble Lords will know, these SIs covered all the essential legislative changes that needed to be in law to ensure we had a coherent and effective financial services regulatory regime at the end of the transition period.

This statutory instrument amends a transitional regime created in an earlier financial services EU exit instrument. It is intended to ensure that the transitional regime continues to provide continuity for UK firms, as was originally intended. The instrument, broadly speaking, concerns insolvency-related protections that are provided to systems under the EU settlement finality directive, or SFD. In this instance, these systems are financial market infrastructure such as central counterparties, central securities depositories and payment systems, which provide essential services and functions relied on by the financial services sector.

Prior to the end of the transition period, if an EEA-based system was designated under the SFD it received specific protections in insolvency law. For example, where a designated system had received funds or securities from a system user—for example, a UK bank—those funds and securities could not be clawed back in the event of the UK bank being subject to insolvency proceedings. Importantly, this framework ensured that these vital elements of the financial plumbing were not at risk when individual members were in insolvency procedures. Now that we have left the EU, providing such insolvency protections is sometimes also a requirement for UK firms' continued membership of these systems. Designation is therefore important, as it facilitates the smooth functioning of, and confidence in, financial markets.

Under the SI that we are amending today, a UK framework was established for designating any non-UK system so that it can receive settlement finality protections under UK law. It also established a temporary designation regime to provide settlement finality protections for a period of three years to existing designated EEA systems that intended to submit an application under the UK's framework. The purpose of temporary designation is to allow time for applications to be processed by the Bank of England, while ensuring continuity of access for UK firms to relevant EEA systems.

However, there is a requirement in the temporary designation regime for EEA systems to submit an application under the UK framework by 30 June 2021; they will otherwise lose UK insolvency protections. This instrument amends the consequences for EEA systems failing to submit an application by this deadline. Instead of immediately losing settlement finality protections under the temporary designation regime, EEA systems will retain protections for an additional two years. This ensures that UK firms using those EEA systems have sufficient time to put mitigants in place should access to those systems be impacted.

The Treasury has worked closely with the financial services regulators in the drafting of the EU exit instruments amended by this instrument. We have also engaged extensively with the financial services industry on the instrument to which this SI relates. I also note that the Secondary Legislation Scrutiny Committee has reported on this SI as an instrument of interest.

In summary, the Government believe that the proposed legislation is necessary to ensure continuity for UK firms following the end of the transition period. I hope noble Lords will join me in supporting these regulations. I beg to move.

3.10 pm

Lord Bhatia (Non-Aff) [V]: My Lords, the memorandum for this instrument has been prepared by the Treasury. It contains information for the Joint Committee on Statutory Instruments. The Explanatory Memorandum says:

“This instrument is being made in order to ensure there is a coherent and functioning financial services regulatory regime”
in the UK

“following the end of the Transition Period ... This instrument makes amendments to an earlier financial services EU Exit instrument”
which will address

“deficiencies in retained EU law arising as a result of the UK’s withdrawal from the EU, in line with the approach taken in other financial services EU exit instruments under the European Union (Withdrawal) Act 2018”.

It continues:

“To ensure the legal framework for settlement finality protections continued to operate effectively after the end of the TP, the FM&I Transitional SI introduced a Temporary Designation Regime”

which will ensure

“that non-UK systems benefitting from Settlement Finality Regulations ... protection ... at the end of the TP will continue to do so for three years from that point. The purpose of the TDR is to allow time for applications from such EEA systems under the UK SFR to be considered by the Bank of England. In order for systems to begin to benefit from the TDR, they were required to notify the Bank of England before the end of the TP that they wished to enter the regime. In order to remain in the TDR, EEA systems are required to submit an application to the Bank of England for SFR designation within 6 months following the end of the TP”.

This SI will amend

“the consequences for systems failing to submit an application within 6 months. Instead of immediately losing settlement finality protections under the TDR, systems will retain protections for a period of 30 months following the end of the TP. This ensures that UK firms which are using EEA systems that fail to submit an application for designation under the UK SFR, will have sufficient time to find alternative providers should those systems choose to stop providing services to UK firms”.

3.13 pm

Baroness Bowles of Berkhamsted (LD) [V]: My Lords, first, I declare my interests in financial services as in the register, in particular as a director of London Stock Exchange plc. I thank the noble Baroness for the introduction to this instrument. I do not have any objections, as it is pragmatic.

I guess we always knew as we waded through the sea of Brexit SIs—I think it was said there were 65—that updates and possible extensions would be needed. Although, I am not sure that it was understood, or at least clear to us at the time, how often such changes and extensions would come along and why, but this is one of them. For settlement finality, originally there was to be a separation between those intending to be part of a continuing UK settlement finality system—which had to give notice by the end of this month, with the Bank of England having until 2023 to deal with their applications—and those which did not give such notice and would cease to be part of the system.

That always was a cliff edge in the absence of other measures to ensure migration for those that were going to remain in the system and would therefore have the transitional provisions in place. There did not seem to be any system to manage that migration and

make sure that it happened. Now we have until 2023. Both the systems that will join the UK procedures under the Bank of England and those that will be leaving still have until 2023 to enjoy those protections in the event of insolvency.

My concern is whether this will be the end of the story. I accept that migration from one system to another takes time, and I know only too well that industry was slow to make a start, expecting that there would be some kind of ongoing relationship with the EU that would make things all right on the night. Can the Minister now say with any degree of certainty that there will not be a repeating pressure for the 2023 end date to be extended yet again for the systems that are not transitioning into the UK regime? In connection with that, how will businesses using those systems know when it is safe to jump? Will lists of those that have and have not applied to the UKSFR be made public so that there is knowledge about where to move to if you are going to change from system to another? If that does not happen then surely some businesses will come back crying in 2023, saying that they have not done it yet. What will be the response and what monitoring of progress will take place to make sure that does not happen?

As part of that, when will the Bank of England have approved the applications? Will it not be necessary for businesses to know that they have approved systems to transfer to, rather than ones simply awaiting approval? If not, they may fear that they will go to one that is not going to get approval and they will have to change yet again. Until there are approvals, will there not always be reluctance to move and further cliff edges? What incentive is there to move from this run-off system into an as yet unauthorised system that is waiting among the applicants?

I do not really see that this is the end of the legislative story. I do not disagree with what is being done here, but I still do not see that it solves the problem of what the future picture will be for ensuring that everybody has their businesses in the right place. I do not know whether the Treasury has an overview of this now that there has been more time to work out how things are measuring up post Brexit, to make sure that we end in the right place by 2023—or, if needs be, by 2025 or some other date. But it cannot just be “never, never”, where we never manage to get businesses onboarded to the right system and we are therefore always up against a deadline and another extension always come along. I approve of and agree with the pragmatism of our regulators but if it is used to the extreme then, in the end, one undermines the credibility of having separately running UK systems. I wonder whether anything can be said to reassure us that we are not just part of a continuing cycle that will repeat until some far time in the future.

3.19 pm

Lord Tunncliffe (Lab) [V]: My Lords, I am grateful to the Minister for introducing this SI and to other colleagues who have spoken. As she outlined, the instrument essentially extends protections under the temporary designation regime to give UK firms more time to find alternative providers. This is deemed necessary to ensure continuity of service in cases

[LORD TUNNICLIFFE]

where domestic firms rely on EEA systems that miss the 30 June deadline for applying to the Bank of England for designation under the UK settlement finality regulations.

While we certainly do not oppose giving UK firms time to

“put proper contingency plans in place”,

as the Explanatory Memorandum puts it, the need for this measure once again calls into question the Government’s approach to Brexit and the practical impacts of their lack of preparedness for our new relationship with Europe. For example, having been desperate to implement their own customs regime, we have debated statutory instruments which immediately disapplied certain rules and procedures, and Ministers had to extend grace periods due to lack of readiness on the ground.

In today’s newspapers, we have read about the continued difficulties around the operation of the Northern Ireland protocol, with talks led by the noble Lord, Lord Frost, supposedly close to breaking down. This would be concerning enough without the reports of unprecedented diplomatic steps taken by the Biden Administration due to their fears for the peace process.

I return to the broad topic of the statutory instrument. Could the Minister provide an update on negotiations with the EU in the field of financial services? Measures such as these are designed to keep the show on the road in the absence of the comprehensive financial services agreement that the Government have promised. While they may afford firms more time to plan, does the Minister acknowledge that it is hard for different parts of the sector to do so when facing so much uncertainty?

3.22 pm

Baroness Penn (Con): My Lords, I thank both the noble Lord and the noble Baroness for their contributions to this debate and for their ongoing participation in debates on financial services and the expertise they bring to them.

As the Committee will know, the Treasury took extensive action to provide certainty for firms around the end of the transition period, and the Government continue to engage extensively with industry. I hope the Committee can rest assured that the Government will continue to do what it takes to ensure that the UK remains the best place in the world to do financial services business.

I am happy to provide the noble Lord, Lord Tunnicliffe, and the noble Baroness, Lady Bowles, with an update on the negotiations with the EU on financial services, although I note that the provisions within this statutory instrument are not subject to any further negotiations or equivalence decisions. Indeed, the EU does not have an equivalence process or a third-country regime for settlement finality, thus the UK created the third-country regime to designate non-UK systems as part of the original statutory instrument.

However, on the broader question of ongoing negotiations on financial services, technical discussions with the EU on the text of the memorandum of understanding on financial services regulatory co-operation have now concluded. The MoU, once signed, will establish the Joint UK-EU Financial Regulatory Forum, which will serve as a platform to facilitate dialogue on financial services issues, including our respective frameworks

and any discrete equivalence issues or changes. This is an important step forward in normalising the future relationship on financial services between the UK and the EU. The Treasury is now working to operationalise our future relationship with the EU on financial services, on the basis of the trade and co-operation agreement and the MoU.

In reply to the noble Baroness, Lady Bowles, I say that the original design of the temporary designation regime was to allow three years for the Bank of England to assess all applications for permanent designation under the UK regime. The amendment proposed in this SI does not change that, and we still expect all applications to be assessed by the end of 2023. We expect UK firms that are members of EEA systems which enter into the run-off regime to put contingency plans in place to ensure that they are prepared for any actions that those systems may take as a result of losing UK insolvency protections on 30 June 2023.

The Bank of England publishes a list of all EEA systems that are in the temporary designation regime. The list currently published is of those who notified to enter the regime. After 30 June, only those which submitted an application will remain and a new list will be published so that firms using the services of these organisations will be aware of who has entered the application process, and who has entered the run-off period and does not seek to be designated.

I thank the noble Lords and the noble Baroness once again for this short debate. I commend this instrument to the Committee.

Motion agreed.

3.26 pm

The Deputy Chairman of Committees (Baroness Healy of Primrose Hill) (Lab): The Grand Committee stands adjourned until 3.40 pm. I remind Members to sanitise their desks and chairs before leaving the Room.

Sitting suspended.

Arrangement of Business

Announcement

3.40 pm

The Deputy Chairman of Committees (Baroness Healy of Primrose Hill) (Lab): My Lords, the hybrid Grand Committee will now resume. Some Members are here in person, others are participating remotely, but all Members will be treated equally. I ask Members in the Room to respect social distancing. If the capacity of the Committee Room is exceeded or other safety requirements are breached, I will immediately adjourn the Committee. The time limit for the following debate is one hour.

Carbon Budget Order 2021

Considered in Grand Committee

3.41 pm

Moved by Lord Callanan

That the Grand Committee do consider the Carbon Budget Order 2021.

Relevant documents: 1st Report of the Secondary Legislation Scrutiny Committee (Special attention drawn to the instrument)

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

(Con): My Lords, I beg to move that this draft order, which was laid before the House on 21 April 2021, be approved. The UK was the first country to enter legally binding long-term carbon budgets into legislation, introduced in 2008 as part of the Climate Change Act. Carbon budgets are set with a view to meeting our target of reducing the UK's net emissions by at least 100% by 2050. So far, five carbon budgets have been set in law, setting our decarbonisation path through the last decade and the next.

This statutory instrument sets the sixth carbon budget, which will limit the net amount of UK greenhouse gas emissions for the period from 2033 to 2037. The Government are proposing to set the sixth carbon budget at 965 million tonnes of carbon dioxide equivalent, which would reduce greenhouse gas emissions by 78% by the 2033-37 budgetary period, compared to 1990 levels. This is in line with the latest science as the level recommended by our statutory expert advisory body, the Climate Change Committee, and is endorsed by the devolved Administrations.

This is a highly ambitious target and marks a decisive step towards net zero by 2050, achieving well over half of the emissions reductions required between now and 2050 in the next 15 years. It builds on the momentum of our new nationally determined contribution under the Paris Agreement to reduce emissions in 2030 by at least 68% compared to 1990 levels—the highest reduction target made by a major economy to date.

For the first time, the sixth carbon budget will also incorporate the UK's share of international aviation and shipping emissions; an important part of the Government's decarbonisation efforts will be to allow for these emissions to be accounted for consistently. We will bring forward the necessary legislative proposals to include these emissions formally, which we aim to do as soon as practicably possible and within one year.

Setting the level for carbon budget 6 is an important step on the path to meeting net zero but we recognise the need to put in place clear actions to meet it. Once the budget is set in law, we will bring forward further policies and proposals. The net-zero strategy, to be published before COP 26, will show how we intend to meet this ambitious target as well as our nationally determined contribution along the way, setting out the Government's vision for transitioning to a net-zero economy by 2050.

We have already seen the effects of climate change on our planet. Without further preventive measures, this will only get worse. The arguments for decisive action are overwhelming and the consequences of inaction stark. It will lead to rising temperatures and sea levels, extreme weather, damaged ecosystems and reduced productivity of crops. Co-ordinated global action is critical to cutting emissions and mitigating the potentially catastrophic effects on the environment and economies across the world.

The sixth carbon budget demonstrates the UK's continued leading role in tackling climate change. This target ensures that we are acting consistently with the Paris Agreement temperature goal: to limit global warming to well below 2 degrees centigrade and pursue

efforts towards 1.5 degrees centigrade. Importantly, it will allow us to call credibly on others to increase their own efforts, including at this year's COP 26 summit.

Our ambition to protect the planet goes hand in hand with supporting economic growth across the UK. Between 1990 and 2019, we have grown our economy by more than three-quarters. At the same time, we have cut emissions by more than 40%—again, faster than any other G7 country.

The UK continues to be world-leading in tackling climate change: for example, more than quadrupling renewable electricity generation since 2010, with low-carbon electricity overall now giving us more than 50% of our total generation. The net-zero transition has huge potential to support jobs in low-carbon industries, building on the Prime Minister's 10-point plan which will mobilise £12 billion of government investment, and potentially three times as much from the private sector, to create and support up to 250,000 more green jobs by 2030.

The sixth carbon budget is a further demonstration of this Government's dedication to the green industrial revolution and positions the UK as a global leader in green technologies of the future, such as carbon capture and hydrogen. We acknowledge there will be significant costs in reaching this target, but it is clear the cost of inaction is much higher. The Stern review estimated the impacts of unmitigated climate change to be equivalent to 5% to 20% of global GDP.

The net-zero transition also brings significant benefits and opportunities, such as economic growth and jobs in new green sectors, reducing air pollution, enhancing biodiversity and reducing the risks of catastrophic climate change. We expect costs to continue to fall as green technology advances, industries decarbonise and private sector investment grows. Setting the sixth carbon budget will provide a clear signal to businesses, investors and the international community on our efforts to decarbonise.

We understand that ambitious plans across all sectors of the economy are needed to reach our targets. These plans will build on strong recent progress, such as the Prime Minister's 10-point plan, as well as sector strategies such as the *Energy White Paper* and the *Industrial Decarbonisation Strategy*. We will bring forward further bold proposals in the coming months, including a comprehensive net-zero strategy to cut emissions and create new jobs and industries across the country, going further and faster towards building a stronger, more resilient future and protecting our planet for this generation and those to come.

I conclude by stressing the paramount importance of the sixth carbon budget in our efforts to cut emissions and strengthen our strong climate leadership ahead of COP 26. I hope noble Lords will support the statutory instrument. I commend this draft order to the Committee and beg to move.

3.47 pm

Lord Lansley (Con): My Lords, I am pleased to follow my noble friend and to thank him for his clear and concise explanation of the Carbon Budget Order and, in particular, for what he said about the ambitions

[LORD LANSLEY]

that will support it by way of decarbonisation strategies and the promotion of a green industrial revolution. These are tremendously important.

As a Conservative, to go all the way back, I was Margaret Thatcher's last director of research. I am proud of the fact that the Conservative Party has been for 30 years, with perhaps the slight exception of George Osborne as Chancellor of the Exchequer, consistently promoting a clear understanding of the necessity of tackling climate change and delivering on challenging climate change objectives.

I want to make a point about delivery. As paragraph 115 of the impact assessment states

"the policies required to meet the sixth carbon budget levels are as yet undecided".

All the things that my noble friend referred to are tremendously important and I thoroughly subscribe to the need for us to deliver on carbon capture and storage. I just know, from personal experience, that we spent 20 years trying to deliver that with a commercially sustainable design. We need to deliver new nuclear generation and the limitations we have on that at present are obvious to all. We need to deliver on much more efficient energy storage and hydrogen capacity, and a strategy that enables us to convert to hydrogen in many of our transport systems. All those things are tremendously important and we cannot operate without them; at the same time, we are going to need dramatic fiscal incentives, and those are the points to which I want to refer.

My noble friend Lord Young of Cookham quite rightly pointed in a previous debate to the anomaly of our subscribing to challenging, ambitious decarbonisation targets while at the same time maintaining a freeze on fuel duty. We cannot carry on like this. In a previous debate in Grand Committee, I talked about the necessity of, for example, giving stamp duty relief on energy-efficiency measures in homes. I hope we will see something done on that, because the green homes grant did not work, which is the point we were making at the time.

On 19 May, we had the first auction under the UK Emissions Trading Scheme. I will focus on the importance of developing that as a basis for our decarbonisation strategies and creating a powerful fiscal incentive for decarbonisation. Clearly, this can work; we have seen in the power generation sector that the carbon price support at £18 per metric tonne has enabled us to drive out coal from power generation, but it is not set at a level that will enable us to reduce and eliminate gas-fired, fossil fuel-fired power generation. We need to increase the carbon price support level.

If we are serious about this, we need to accelerate the process of phasing out free allowances under the emissions trading scheme. We need to ensure that the ETS cap on carbon emissions each year is sustaining downward pressure. At the moment, it is in fact set at a higher level than the carbon emissions levels in 2019 and 2020. We must go further and faster. We should raise the floor price from £22; without much notice being taken, the Chancellor raised it from £15 to £22 back in November. We must continue to raise it.

The likely result of all these measures is that we will have a substantial increase in carbon price under the emissions trading scheme. Our industry cannot sustain

that unless we have international alignment and, if necessary, carbon border adjustments. The European Union is presently—next week, I think—issuing further detail on its planned legislation for a carbon border adjustment. In the G7 and our international negotiations, it is more important for us to align carbon pricing and the emissions trading schemes than to align corporation tax rates. That is where we should be putting our effort in Carbis Bay. If we can bring other leading economies—mostly notably the Americans, but the Chinese have not yet committed—to an aligned emissions trading scheme, we can escape the trap of carbon border adjustments, which would lead to an endless succession of non-tariff barrier arguments between countries, interfering with free trade.

We really have to see the UK take a lead in the months ahead. We took a lead in Europe on the emissions trading scheme; we must now take a lead alongside Europe and, more importantly, the United States and other leading economies, in creating a carbon pricing and emissions trading scheme which is applicable and effective globally—ideally without carbon border adjustments, but we must legislate for them if necessary.

3.54 pm

Lord Moynihan (Con): My Lords, it is a pleasure to follow my noble friend Lord Lansley, 30 years on from when we were both working for Margaret Thatcher. I was Minister for Energy, making a series of energy transition speeches, launching the first non-fossil fuel obligation order. Indeed, this issue has been about for many decades.

There are three issues relating to this order that I would like to draw to the attention of the Grand Committee and the Minister. The first, covered in the outstanding report from the Secondary Legislation Scrutiny Committee, focuses not on the carbon budget which, as has been noted, brings a welcome addition in the form of the inclusion of emissions from international aviation and shipping; instead, it emphasises the need for a much clearer policy framework to clarify government thinking on the policies that will be needed to deliver this and other carbon budgets.

I would be grateful if my noble friend the Minister could confirm when the Government intend to publish the net-zero strategy and say whether it will cover cross-departmental policies to include a significant electrification of sectors such as transport, heating and industry; the continued decarbonisation of the power grid; substantial improvement to energy-efficiency measures in all sectors; large-scale deployment of low-carbon hydrogen carbon capture and storage and GHG removal technologies; increased switching to low-carbon fuels, such as hydrogen or biomass in sectors that are hard to electrify, such as industry, heavy transport, aviation and shipping—to which he referred—and implementation of available abatement options across all sectors that deal with natural resources, for example through afforestation and low-carbon farming practices.

Without such policies—and I appreciate that a number of them have already been touched upon and announced, but not comprehensively, in advance of Glasgow—we will not be able to reach net-zero emissions by 2050. I am sure that my noble friend the Minister will appreciate that for the Committee to agree to this

order it is always preferable to be able to review and analyse the mechanisms to be deployed to meet its admirable objectives. In a sense, without that, the order is exposed as a worthy objective but of no further consequence.

As part of that analysis, the second issue that I wish to raise with the Minister is exploratory in nature and follows on from the comments made by my noble friend Lord Lansley. There is no doubt that the increase in atmospheric CO₂ and other greenhouse gases is the greatest challenge that the world faces and it is truly global. CO₂ respects no boundaries. The CO₂ emitted in the UK will have exactly the same impact in, say, India as that produced locally and vice versa.

Many informed experts, including Sir Dick Olver and Simon Ayers, propose that a collection of leading nations promote a global scheme of capped production allowances, co-ordinated not at the level of emitters, which burn fossil fuels for their specific processes, but at the levels of producers of fossil fuels by reference to GWP content. The production allowance is to be progressively auctioned or levied by a periodically updated fee so as to deliver the cap. As has been very clearly stated by my noble friend Lord Lansley, to succeed this has to include the US, China and the European Union. Whichever form of policy we implement, it has to be global.

I believe that producer-level action has a number of clear and significant advantages and think we should still closely study them. One advantage is that the constituency is relatively constrained. There are some 100 global dominant producers; emitters number orders of magnitude higher. Another advantage is that producers are predominantly global and this would therefore facilitate global adoption. They or their customer chains are inescapably engaged with global trading and financial, consumer and political networks, which provide leverage to secure universal producer participation without the contravention of Paris sovereignty principles.

The advantage is the realisation of substantial production allowance proceeds at the international level whose allocation can incentivise participation in a scheme for the developed world as the least-cost route to securing our future and proceeds to selectively mitigate the impact of the carbon price. The developing world would see significant net inflows under such a scheme as proceeds are eventually allocated likely by population. Finally, producer nations would assist with the inevitable social and economic cost of economy adaptation. The production-level cap on carbon pricing ensures comprehensive, uniform application and no leakage for hard-to-monitor emissions. It is still worthy of consideration while we move forward with the revised European scheme and our response to it. I would appreciate hearing today from my noble friend the Minister whether there is an appetite for a production-level cap on carbon pricing.

Finally, and in raising this issue I declare an interest as chairman and partner of Buckthorn Partners LLP, which invests in the energy transition space, there is real concern that with the impending ban on gas-fired boilers in new-build properties from 2025—which is, as we always counted in the run up to the Olympics Games, only a matter of 180 Mondays away—an important requirement is to move to heat pumps.

Yet if you run a spell-check on Taylor Wimpey's latest annual report, there is not a single reference to heat pumps in the document. That is not a criticism of Taylor Wimpey; it applies across the board to many of our leading housebuilders. Even the Department for Business, Energy and Industrial Strategy states that "in many cases the up-front costs of low carbon technologies, such as heat pumps, are currently higher than the technologies they replace."

So if we are going to end gas in new builds, what are the alternatives that are cost-competitive and practical, overcoming a broad range of barriers, including technical, market-pricing, behavioural, regulatory and socio-political? I would very much appreciate it if the Minister has any observations on this and can cast light on these questions because they will be critical to any new home standard guidance that the Government are looking to work on and will no doubt publish in the near future.

4.01 pm

Lord Lilley (Con) [V]: My Lords, it is an extraordinary indication of the priorities of this place that we are considering, briefly, for one hour, with just half a dozen of us taking part, one of the biggest budgets that this Parliament has ever imposed on the British people. The nonchalance with which we embark on breathtakingly complex technological projects and impose those burdens on our fellow citizens I find extraordinary.

The impact assessment states that the cost of this budget will be £651 billion. Can the Minister confirm that that is on top of the costs of the previous five carbon budgets? I will not question the reliability of those figures. They are clearly as uncertain as they are huge and depend on as yet non-existent technologies coming on-stream, and I do not recall any large projects, from Channel Tunnel to HS2—you name it—that has ever come in on time and within budget. Why we should assume the huge array of projects comprising this sixth carbon budget will come in within the sort of cost estimates we have here, I do not know.

Ultimately, all those costs will fall on households—£41.1 billion a year, we are told. That is £1,500 per household per year. Most of those households earn a good deal less than we in this place do. It means that they will have to replace their cars with more expensive cars and dispose of their existing fossil fuel cars for a fraction of what they would otherwise get. It means they have to replace their fossil fuel boilers with heat pumps, at great cost and before they have even had to insulate their homes to ensure that they get a reasonable level of heat, though probably nothing like what they were getting when they relied on gas. It involves us doubling the electricity-generating capacity in this country so that fossil fuel power can be replaced by electric power.

What about the benefits? They are put in this document as even greater—more than £900 billion, as I recall—but none of those benefits will be enjoyed by the people who are paying the costs. The Minister quoted the noble Lord, Lord Stern, as saying that the cost of doing nothing was, I think he said, "equal" to 5% of GDP; actually, he said that it was "equivalent to" 5%.

However, that is taking costs over centuries ahead and smoothing them over the years, regardless of the fact that most of those costs will not accrue for

[LORD LILLEY]

centuries. Even in the most pessimistic forecast by the noble Lord, Lord Stern—the 95th percentile worst forecast—the cumulative costs of doing nothing are less than the cumulative benefits of the early stages of the warming of the climate until beyond 2200. So nobody in this century will benefit from postponing global warming. People in future centuries will but, again, according to the figures from the noble Lord, Lord Stern, those people will be many times better off than us; even the inhabitants of Africa will be better off than we are now, and that is taking into account the impact of climate change on biodiversity and the environment as well as the market costs of its impact on the economy.

The cost-benefit analysis rightly says that there is a consensus among scientists that we are experiencing global climate change and that this is predominantly due to carbon dioxide and other warming greenhouse gases. That is true; no one disputes that. It then goes on to refer to “catastrophic consequences”. There is very little in the IPCC reports that suggests that there will be catastrophic consequences. If I thought that doing little or nothing or taking a more moderate approach would put at risk the existence of the human race—as Extinction Rebellion implies by its very title—or even cause its immiseration, almost no cost would be too great to avoid that.

However, the IPCC does not say that. In fact, in its economic chapter, it states:

“For most economic sectors, the impact of climate change”—that is, if we do nothing—

“will be small relative to the impacts of other drivers ... Changes in population, age, income, technology, relative prices, lifestyle, regulation, governance, and many other aspects of socioeconomic development will have an impact on the supply and demand of economic goods and services that is large relative to the impact of climate change.”

So, we talk ourselves into fear, claiming that it is based on science, and ignore the main body that we set up to provide us with evidence and forecasts.

Will it be economically and politically possible to put these things through? Initially, the answer is of course yes because the costs will be in the future, but that future is rapidly approaching. I remind noble Lords that every time the cost of trying to mitigate climate change becomes a political issue—be it the gilets jaunes in France, when Macron wanted to put a few extra pence on the cost of diesel, the impact in Holland, where a party that did not even exist became the largest in the municipal elections because it opposed the costs of climate change, or Australia, Canada—Ontario and so on—the public have reacted against the burdens that we so nonchalantly impose on them. I hope that we think twice, thrice, even four times, before we go ahead.

4.08 pm

Lord Sarfraz (Con): My Lords, it is a privilege to follow such experienced and distinguished noble Lords. I declare my interest in agricultural technology as set out in the register.

The monsoons will shortly start in south Asia. Traditionally, the arrival of the monsoons begins with a festival to celebrate nature and express gratitude for

all that the planet gives us, but things are different now. As the climate has changed, so has the mood on the subcontinent. Sadly, the rains that give sustenance have become floods that take lives. So as we think about our carbon budget today, we are reminded of those living with the real effects of climate change around the world.

Our carbon budget is part of an international balance sheet. For us to achieve net zero, carbon offsets must work too. Despite a false start a decade ago, this time round, the voluntary carbon market can be a real success. For this to happen, we need to make some improvements—and quickly. Currently, the entire system of carbon offsets is extremely complex and needs specialist advisers and consultants to navigate it. This desperately needs to be simplified, standardised and made accessible so that income from carbon offsets can directly benefit those changing their practices—particularly those using nature-based solutions and those in low-income countries. This must be done without compromising the quality of credits; the Taskforce on Scaling Voluntary Carbon Markets has proposed a very good set of core carbon principles, which are a useful framework to verify credits. The verification and validation of carbon savings also need to be digitised so they can be rolled out at scale.

We must also recognise that the voluntary market is voluntary, and the institutional investors driving it must be supported. We must fully support the voluntary carbon market. Does my noble friend the Minister agree that we have a duty to make sure that this market works for everyone?

4.10 pm

Lord Oates (LD): My Lords, I thank the Minister for his clarity in introducing this order. I welcome it, the ambition it sets out and the decision to follow the Climate Change Committee’s recommendations—particularly its recommendation to include the UK’s share of international aviation and shipping. I was concerned that that was not included in the order before us; I am grateful for the Minister’s reassurance that it is simply because of differing statutory deadlines. He said in his letter to me that it would be laid in due course, which was a worryingly vague term, but he has given some clarity today. I thank him for that.

We urgently need to address these issues, not least around aviation. On that point, we are still awaiting the publication of the Government’s net-zero aviation policy. However, the Climate Change Committee has already told us that adequate airport capacity already exists to meet the future levels of demand that are compatible with a pathway to net zero. Does the Minister agree that, until the Government have developed their net-zero strategy for the sector—including a national strategy for airport capacity—the only responsible approach is to impose a moratorium on all airport expansion? If he does not agree with that, can he explain how we can have any chance of meeting the sixth carbon budget unless we are able to take the decisions that are consistent with it?

As I said, the Liberal Democrats very much welcome the ambition of these targets, but we remain concerned that the Government seem much more ambitious about target-setting than they do about action-taking. I do

not know whether I am becoming more conservative in my old age or the noble Lord, Lord Lansley, is becoming more liberal, but I agreed with every word—I was going to say almost every word—he said. He will be pleased to know that quite a lot of it is in the Liberal Democrat manifesto.

The noble Lords, Lord Lansley and Lord Moynihan, made the point that delivery is key now. We have had a whole series of target-setting. We have the net-zero target, which I welcome. We now have the 78% target by 2035; we had the 68% target by 2030. These are all good things to point towards. However, they are worthless if we do not actually take action to get there. The noble Lord, Lord Moynihan, said that, without that action plan, they are nothing more than a worthy objective—I agree. It is good to have worthy objectives but it is important to have action.

I agree 100% with the noble Lord, Lord Lansley, that fiscal incentives are absolutely critical. We have to start shaping our fiscal system to take into account what is the biggest economic and existential threat to us. We cannot just keep putting it off. We cannot keep taking decisions that are entirely contrary to the targets we set. The consultation on air passenger duty that the Government have embarked on is completely the wrong approach. We should be reflecting much more along the lines that have been taken in France: they are restricting domestic flights where train journeys can get you there within two and a half hours, I think it is. We should place that on all carbon-emitting domestic flights but we should have an exemption for all clean technologies. That would also be a way of advancing clean technologies in the aviation sector.

We cannot go on with a situation where, in 2016, we scrapped the net-zero carbon homes standard. Again, I agree with the noble Lord, Lord Lansley, that one of the good things about climate change policy in this country is that it has been, in general, cross-party. The one real exception was George Osborne's occupation of the Treasury where, despite a guarantee that they would be the greenest Government in history, throughout the time of the coalition Government, the Treasury was the major obstacle and a lot of promises were made in that regard. I am glad that we have moved on from that time, but we must get back to what should have been the 2016 target.

As the Climate Change Committee points out, since then, we have built a huge number of houses that are going to have to be retrofitted. That makes no sense at all. We have to tackle the building sector. I know the complications and difficulties in that, but we must learn from the mistakes we have made in the past and not keep repeating them. I know that the Minister agrees on that. I suspect that the Treasury is again the problem. The stamp duty relief that the noble Lord, Lord Lansley, mentioned is an idea that must be implemented. We must get on with this stuff to give people incentives; even then, it will be very difficult.

I agree with the noble Lord, Lord Lilley, on one point, if not on many others: that there is a nonchalance about how we are going about this. We must get on with this and we have to be clear about what it means.

This morning, I was speaking to sixth-form students at a Roman Catholic girls' school. Among the many questions they asked was, "When are adults really

going to understand the urgency for action?" I hope that the Minister will understand the urgency for action, not just target-setting.

4.18 pm

Lord Grantchester (Lab): I am grateful to the Minister for introducing this order today. It is not a moment too soon. We are in the midst of a climate and environmental emergency, and all steps to meet the challenge are welcomed and encouraged.

The strengthening and development of policies are clear imperatives and follow the pathway of Labour's ground-breaking Climate Change Act 2008. The Conservatives slowed momentum following the majority Cameron victory in 2015 with the result that the UK is no longer on track to meet the fourth and fifth carbon budgets for the years 2023-27 and 2028-32. This carbon budget—the sixth, for 2033-37—necessarily has to reset the pace. I am grateful to the Climate Change Committee for its purposeful determination in recognising the problems and coming forward with robust recommendations. Inevitably, the Government's slow realisation and slow pace mean that this budget demands deeper and more stringent action to get the UK back on track, not only to meet the old targets but to meet the new pressing targets and the international obligations of the Paris Agreement 2015.

I congratulate the Government on resetting the targets and legislating for net zero by 2050. Following the recommendations of the Climate Change Committee, this order is the next step towards determining that pathway by setting the carbon budget—the maximum volume of greenhouse gas emissions that can be emitted—for the period 2033-37.

Let us recognise that although this is a small step, it is a crucial one. Now the Government must bring forward their policies and proposals for the UK to achieve this. That means the Government must close the existing £22.4 billion gap in net-zero spending, according to Green Alliance, for the duration of this Parliament. They cannot do this through wishful thinking or self-congratulatory soundbites. This is the decisive decade for climate action. The substantial majority of UK emissions must be cut by the end of the 2020s, as the world must get to net zero well before 2050.

The CCC's recommendations include a more ambitious scenario of 87% rather than 78% reductions by 2035, based on greater public engagement and faster innovation, which reflects the urgency of the situation and the nation's capacity to respond. Gaps must be filled. I am grateful to the CCC for recommending for the first time making international aviation and shipping—responsible for 10% of UK emissions by 2018 figures—now subject to domestic inclusion in this budget, and to the Government for finally recognising this clear imperative.

Net zero will involve big changes to everybody's daily lives. The UK can reach the target and stem climate change only with the support of the public, companies, business, the Government and all their agencies, and the devolved Administrations. I thank the International Energy Agency for its international net-zero pathway modelling on a global scale, identifying the annual additions of renewable energy needed, the

[LORD GRANTCHESTER]

energy efficiency increases necessary and the technology that is ready or near to market. It recognises battery and energy storage as vital areas for urgent development.

The Government must come forward with far more than a scattergun 10-point plan. Carbon Brief has recognised that, while the UK has committed £8 billion to green recovery this year, Germany has invested £38 billion and France £31 billion, and the US has committed \$1 trillion to green initiatives under the President's green infrastructure plan. The totality of the scattergun 10-point plan promises only £54 billion of public and private investment over the next 10 years put together. Green Alliance estimates that policies announced in 2020 will lead to only 26% of the reductions necessary to get the UK on track to meet its 2030 target.

At the time of the scattergun 10-point plan announcement in November 2020, the Government had a plethora of missing strategy documents which will be needed to map out the necessary policies within a framework to produce a comprehensive agenda so that industry and the public can respond. With the CCC's recommendations now accepted and enacted in this order, the Government must issue these policy statements as soon as possible.

I thank the Minister for responding with the Government's energy White Paper and the industrial decarbonisation strategy. Clearly, this order necessitates urgency for the net-zero strategy, which will need to be supplemented by the transport decarbonisation plan, the hydrogen strategy and the heat and buildings strategy, among other things such as a public engagement plan, discussed in your Lordships' House recently. The Government have promised the necessary net-zero finance review from the Treasury in September.

The noble Lord, Lord Lansley, identified carbon capture and storage, and the noble Lord, Lord Moynihan, identified heat pumps for new homes. Plus, a comprehensive plan now has to be set out, ruling out anomalies in carbon pricing. Can the Minister confirm that the urgency of the situation will be met with the publication of all these strategy documents, with policies, before COP 26 this November? Does he recognise the value of being ready to provide leadership to the conference? Can he tell the Committee how the Government propose to tackle the requirement to include international aviation and shipping in this sixth carbon budget? This is necessarily part of transport, but will it be addressed separately, as it is clearly a more difficult challenge that must now be faced?

The noble Lord, Lord Oates, spoke of the initiatives put forward by the French Government. Will this Government come forward with better solutions for energy efficiency following the collapse of the green homes grant scheme? How do they propose to encourage the uptake of electric vehicles, especially by low and middle-income families, and to remove the up-front costs barrier? Does the Minister favour Labour's plan to offer interest-free loans for new and used electric vehicles? How will the Government accelerate the rollout of charging points in streets?

Labour calls for a green economic recovery, with the delivery of high-skilled jobs in every part of the UK as part of the drive towards a decarbonised—

Baroness Scott of Bybrook (Con): Can I remind the noble Lord of the seven-minute speaking limit?

Lord Grantchester (Lab): I can see that it is 24 seconds past the minute. I have another 15 to 20 seconds to speak, and then I will finish. I thank the noble Baroness, though, for reminding me that the clock is ticking.

Will the Government come forward with a new skills plan? With so many issues to cover and so much urgency needed for ambitious plans, I am pleased to approve the order before the Committee.

4.25 pm

Lord Callanan (Con): First, let me thank noble Lords for their valuable contributions to the debate. I hope that I will be able to provide in my response all the necessary assurances that will enable noble Lords to approve the statutory instrument before us.

As I stated in my opening speech, this SI will set a world-leading target in line with the independent expert advice of the Climate Change Committee and is supported by all four Governments of the UK nations. Carbon budget 6 is an important step towards meeting our 2050 net-zero target, building on our NDC to reduce our emissions in 2030 by at least 68% compared to 1990 levels. It will strengthen our position as a global climate leader going into our G7 and COP 26 presidencies, highlighting our commitment to taking decisive action against climate change. In addition to showing the world that the UK is serious about protecting the health of our planet, it will help to seize the opportunities and benefits that the net-zero transition will bring, not only reducing the risks of catastrophic climate change but leading to economic growth and jobs in new green sectors. The UK can position itself as a global leader in green technologies of the future.

My noble friend Lord Lansley made a number of important points on how we will implement the range of ambitious policies that will be needed as we transition to net zero. He rightly highlighted the need for a clear focus on the delivery of new measures across, for example, carbon capture, energy efficiency and hydrogen. He also highlighted the importance of using all possible policy levers across government to meet our ambitious targets. I agree with him that targets are in and of themselves insufficient. Our net-zero strategy, which is to be published before COP 26, will set out bold proposals to make progress across the economy. We will also set out further proposals throughout the year—for example, our heat and buildings strategy and the transport decarbonisation plan. This will be a bold and ambitious programme of the co-ordinated action needed to end the UK's road transport greenhouse gas emissions by 2050 and, at the same time, ensure that the transport sector plays its part in delivering our legally binding carbon budgets.

My noble friends Lord Lansley and Lord Moynihan raised the important issue of carbon pricing. The UK is a strong supporter of carbon pricing and a pioneer of carbon markets through both domestic action and our support for the uptake of carbon-pricing schemes around the world. Putting a price on carbon is recognised as an important element of climate change mitigation. It provides a cost-effective and technology-neutral

way to reduce emissions, mobilising the private sector. It can of course also offer social and biodiversity benefits.

As COP president, the UK is fully committed to reaching a successful outcome on carbon trading rules at COP 26. This is a fundamental element of the Paris Agreement, enabling parties to co-operate to achieve higher ambition in both adaptation and mitigation actions. We will build on the good progress made at COP 25 in Madrid, working with all parties towards a successful outcome in Glasgow.

In response to my noble friend Lord Lilley, who rightly raised issues about the costs of the transition, I can say that the costs cited in the impact assessment include the full costs and benefits of the transition to net zero. I recognise that we need to manage the costs of this significant transition carefully but, overall, we expect the costs to be outweighed by significant benefits: reducing polluting emissions as well as bringing fuel savings and improvements to air quality and enhancing biodiversity.

It is of course important that we consider the impacts on the most vulnerable when decarbonising our homes. We are offering additional protections to the vulnerable and fuel poor. The expanded warm home discount and the energy company obligation will provide around £6 billion of support to low-income and vulnerable households between 2022 and 2026—an increase of more than £1.7 billion over that period. Over the last year, we have committed over £1 billion of energy-efficiency funding through the local authority delivery scheme, the home upgrade grant and the social housing decarbonisation fund. This will fund home improvements for low-income households now and over the next two years. Her Majesty's Treasury is soon to publish its net-zero review and BEIS a call for evidence on energy consumer funding, fairness and affordability, on the costs of reaching net zero and ensuring fairness and affordability in the energy system. These will all inform the Government's approach to achieving transition in a way that works for households, for businesses and, of course, for the public finances, while at the same time maximising our economic growth opportunities.

In response to the noble Lord, Lord Sarfraz, who asked about carbon off-sets, the UK is working through international fora to set the foundations for a credible global carbon trading system rooted in environmental integrity. As COP president, the UK is fully committed to reaching a successful negotiated outcome on carbon trading rules at COP 26. The UK's international climate finance is strengthening the international carbon market, helping to reduce emissions and leverage additional investment.

In response to the noble Lord, Lord Oates, who highlighted the importance of delivery and some important considerations, again, we know that setting a target is only a first step and that further action is of course needed. Ahead of COP 26, we are setting out ambitious plans across many key sectors of the economy. These will build on strong recent progress on the Prime Minister's 10-point plan and will culminate in our net-zero strategy, to be published later in the year.

I am pleased that the noble Lord welcomed the inclusion of international aviation and shipping in the carbon budget, as that of course allows for those

emissions to be accounted for consistently with others. The Government take the matter of aviation and their commitments on the environment extremely seriously and the expansion of any airport must always be within the UK's environmental obligations. By taking immediate steps to drive the uptake of sustainable aviation fuels and investments in R&D to develop zero-emission aircraft, and developing the infrastructure of the future at our airports and seaports, we will make the UK the home of green ships and green planes.

Through the Aerospace Growth Partnership, industry and government have made a joint funding commitment of £3.9 billion for aerospace research and development from 2013 through to 2026. This includes the FlyZero project to study in depth the potential for zero-emission aircraft. We are also investing £125 million in the future flight challenge to enable the use of new forms of green and autonomous aircraft. Further work on sustainable aviation fuels and air traffic control is co-ordinated by the Department for Transport and our partnership with industry through the Jet Zero Council. The Government are planning to consult shortly to update our position on aviation and climate change.

In response to the points made by the noble Lord, Lord Grantchester, who emphasised the points that a number of other noble Lords made about the importance of policy action, I agree that urgent action is needed to address the threat and help secure the UK's long-term economic security. That is why we are committed to these world-leading targets, and we will bring forward further plans shortly to meet them.

The independent advisers, the Climate Change Committee, are clear that their recommendations have been explicitly designed to reflect the UK's highest possible ambition within the UK's particular capabilities as required by the Paris Agreement. Our sector decarbonisation strategies will contain further proposals to put us on track for meeting our carbon budgets and to provide clear direction for different sectors of the economy.

The comprehensive net-zero strategy ahead of COP 26 will set out the Government's vision for transitioning to a net-zero economy. It will outline our path to meet net zero by 2050 and our emission targets along the way. We are in no doubt about the challenge that this target presents, but it is right that we pursue the highest possible ambition in the face of climate change. This target ensures that we are playing our part in meeting the Paris temperature goal, and we will be urging other countries to follow us and do the same. It is in line with the level recommended by the CCC and it is feasible to meet with substantial efforts across every sector of the economy.

I set out in my opening speech what we have already achieved, and we can make considerable progress in the power sector as we now boast the world's largest offshore wind capacity. Now we look at the even greater benefits that net zero can bring, such as protecting the planet for future generations, through economic growth and jobs in the new green sectors. This statutory instrument will keep the UK on a credible path to meeting that 2050 net-zero target, seeing well over half of the emissions reduction needed by 2050 in the next 15 years. It will build on the recent momentum to

[LORD CALLANAN]
capitalise on the vast opportunities of net zero and will strengthen our ability to urge countries to go further in delivering net zero globally. I commend the draft order to the Committee.

Motion agreed.

4.36 pm

Sitting suspended.

Arrangement of Business

Announcement

4.40 pm

The Principal Deputy Chairman of Committees (The Earl of Kinnoull) (CB): My Lords, the hybrid Grand Committee will now resume. I ask Members in the Room to respect social distancing. If the capacity of the Committee Room is exceeded or other safety requirements are breached, I will immediately adjourn the Committee. If there is a Division in the House, the Committee will adjourn for five minutes. The time limit for the following debate is one hour.

Contracts for Difference (Miscellaneous Amendments) Regulations 2021

Considered in Grand Committee

4.40 pm

Moved by Lord Callanan

That the Grand Committee do consider the Contracts for Difference (Miscellaneous Amendments) Regulations 2021

The Parliamentary Under-Secretary of State, Department for Business, Energy and Industrial Strategy (Lord Callanan) (Con): My Lords, I beg to move that the draft Contracts for Difference (Miscellaneous Amendments) Regulations 2021, which were laid before the House on 12 May this year, be approved.

This draft instrument makes a number of amendments to three separate contracts for difference regulations: the Contracts for Difference (Definition of Eligible Generator) Regulations, the Electricity Market Reform (General) Regulations and the Contracts for Difference (Allocation) Regulations. These amendments will help to support the ambition for the next contracts for difference auction, planned to open in December this year, and will make progress towards our 2050 net-zero target.

The amendments include adding and removing technologies from the list of technologies eligible to compete in a contracts for difference round, strengthening the supply chain plan process and extending the delivery years that can be set for successful projects. They also include some small technical amendments to the non-delivery disincentive rules and capacity cap rules, as well as technical changes to improve the operation and clarity of the allocation regulations. We are proposing these legislative amendments following two public consultations of 13 and nine weeks respectively, in 2020 and earlier this year, during which our proposals received broad support.

The CfD scheme is designed to offer long-term price stabilisation to new low-carbon generators, allowing investment to come forward at a lower cost of capital and therefore at a lower cost to consumers. The scheme typically sees support contracts awarded in a competitive auction process, which has been successful in driving substantial deployment of renewables at scale in Great Britain while rapidly reducing costs to electricity consumers.

The most recent allocation round in 2019 saw contracts awarded to 5.8 gigawatts of new renewable energy projects, with the costs of offshore wind falling by around 30% from the previous allocation round in 2017. This is the first time that renewables are expected to come online below predicted market prices—meaning, of course, a better deal for consumers. The next CfD auction, which is the fourth to date, is planned to open in December 2021. It will be available to both established technologies, such as solar PV and onshore wind, and less established technologies, such as floating offshore wind. Offshore wind will sit in its own newly created third pot.

In October 2020, the Prime Minister announced new plans to accelerate the UK's progress towards net-zero emissions while making the UK a world leader in clean wind energy. This included the ambition to secure up to 12 gigawatts of renewable electricity capacity in this round, subject to the pipeline of projects expected to bid, which is double that secured in the last round held in 2019. We are laying these amendments today to give certainty to businesses about the basis on which projects will be eligible to take part in the next CfD scheme in advance of the round opening in December.

CfD applicants with a capacity of 300 megawatts or more are currently required to present a supply chain statement to the EMR Delivery Body as part of their application. A statement is provided if a developer can demonstrate to the Secretary of State's satisfaction that the project will make a material contribution to the development of relevant supply chains. The aim of the policy is to encourage the effective development of open and competitive supply chains and the promotion of innovation and skills in the low-carbon electricity generating sector. The Government believe that the current policy approach needs to be strengthened to boost competitiveness and productivity in places that stand to benefit the most and to harness innovation and invest in skills while driving progress towards the UK's 2050 net-zero target.

These regulations revise the criteria that the Secretary of State must consider when assessing an application for a supply chain statement. In addition, they create a new stage in the process, requiring a CfD generator to apply for a supply chain implementation statement to demonstrate the extent to which they have delivered on the commitments set out in their original supply chain statement, setting out the process for providing or refusing a supply chain implementation statement.

This supply chain implementation statement will enable an CfD generator to fulfil an operational condition precedent required under a CfD contract. The Low Carbon Contracts Company, as CfD counterparty, may terminate the CfD if this operational condition precedent is not fulfilled by the CfD long-stop date.

This requirement will be inserted into the CfD standard terms and conditions for new CfDs awarded from the fourth allocation round.

Biomass conversions have played a material role in helping to meet the UK's 2020 renewables targets by replacing coal-fired power stations with renewable energy generation. However, as electricity generation has become less carbon intensive, we have reviewed the role of biomass conversions. These regulations remove biomass conversion projects from the list of technologies eligible to apply for a CfD in future allocation rounds.

Allocation rounds, and their associated budgets, can be made available only for projects commissioning in set periods, known as delivery years, which are set before each round opens. In order to run allocation rounds with delivery years after 31 March 2026 and to further provide necessary flexibility to support the level of ambition needed to meet the 2050 net-zero target, we are extending the CfD scheme delivery years until 31 March 2035.

The Government have confirmed a series of more ambitious targets for offshore wind, including a boost to the Government's previous target to deliver up to 30 gigawatts of offshore wind to delivering 40 gigawatts by 2030, and a new ambition for 1 gigawatt of this 40 gigawatts target to come from floating offshore wind. This is due to widespread agreement that floating offshore wind will play an important role in helping the UK to meet its longer-term decarbonisation targets.

This technology is in an earlier phase of development, making it currently more costly than offshore wind that is attached to the seabed. It is therefore appropriate for floating offshore wind projects to be recognised as a distinct technology within the CfD scheme; one subject to its own administrative maximum strike price and eligible to take part in pot 2 auctions alongside other less-established technologies. These regulations therefore establish floating offshore wind projects as a category of technology eligible to take part in the CfD scheme and compete alongside other less-established technologies. In doing so, we deliver on one of our manifesto commitments.

The UK's new 2050 net-zero emissions and carbon budget 6 targets mean that we will continue to require substantial amounts of new, low-carbon power sources to be built before 2050. These changes ensure that CfD allocation rounds can best support an increase in the pace of deployment of new renewable electricity generation needed to achieve our ambitions while continuing to consider value for money for consumers. Subject to the will of Parliament, these arrangements will come into force on the day after the regulations are made. I commend the regulations to the House.

4.48 pm

Lord Oates (LD): My Lords, I feel privileged to be in this very elite grouping discussing this statutory instrument. However, the limited number of us participating should not take away from the importance of what is proposed here. I hope the Minister will be pleased that I welcome these regulations without a "but". I have an "and" and some questions, but overall I think the regulations are very welcome.

As the Explanatory Memorandum points out, the private-law contract nature of CfDs provides the certainty needed for investment in these green technologies. It is very important that we get this part right. It is the CfDs that have led to such a dramatic reduction in the cost, for example, of offshore wind.

I welcome the fact that the regulations will remove biomass conversion from future allocation rounds, which seems sensible, and that floating offshore wind will be put into a separate pot. I hope that, in future, CfDs may be extended beyond just this sector so that we can look at how they—or similar mechanisms to provide certainty—might be applied to technologies such as green hydrogen. That is an important thing for the Government to look into.

The regulations, as the Minister pointed out, strengthen the supply chain policy, which is aimed at a more open and competitive supply chain and at promoting innovation and skills. I welcome that but, given that the Secretary of State has the power to refuse to provide an eligible generator with such a statement, can the Minister give us some understanding of the basis on which such refusals would be made?

Paragraph 7.11 of the Explanatory Memorandum explains:

"These Regulations also extend the confidentiality provisions relating to the disclosure of information that may damage the commercial interests of any other person".

I do not think the Minister touched on this in his opening remarks; can he explain why that change is felt to be needed now? I am suspicious of extending confidentiality provisions beyond what is absolutely necessary.

I was going to criticise the lack of clarity in paragraph 7.12 of the Explanatory Memorandum, which seemed almost incomprehensible to me, but then the Minister read it out almost word for word. I do not think that particularly helped to explain anything. Can he perhaps ensure that these Explanatory Memoranda explain things a bit better?

I have a couple of further points. Paragraph 7.27 states:

"These Regulations amend the Allocation Regulations by amending the way the budget operates to provide the flexibility to decide ... whether each capacity cap, maximum and/or minimum ... would be applied as a 'soft' or as a 'hard' constraint."

What will the considerations be in determining whether a hard or soft constraint will be applied, as that was not clear to me?

Finally, paragraph 7.30 makes it clear that the regulations are amended to make it

"explicit that the overall budget, both monetary and capacity may be varied using a budget revision notice."

Can the Minister tell us what that does for the level of certainty he referred to in his statement as being extremely important for industry? I note from the consultation responses that there was a good deal of concern about this change. The Government argue that it is not a change but simply makes something explicit. I am a little sceptical about that argument on the basis that, if the Government had the power to do it anyway, I suspect they would not be giving themselves the power to do it. Can he give us some more information on that?

[LORD OATES]

However, as I said at the start, on behalf of the Liberal Democrats, we welcome these proposals. We welcome the extension of the period, which will give greater certainty, and are pleased that the regulations have been brought before the Grand Committee.

4.54 pm

Lord Grantchester (Lab): Once again, I thank the Minister for his explanation of the regulations before the Committee today. They amend a number of regulations covering contracts for difference, as well as the general regulations for electricity market reform.

The aforementioned contracts for difference cover the definition of eligible generator by removing biomass as a qualifying generation to apply for a CfD. I welcome this change, as biomass has largely fulfilled its purpose of replacing coal-fired power stations with renewable energy fuel. Now that electricity generation has become less carbon intensive, continued supply of woodchip has caused controversial activity to be reassessed.

In relation to contracts for difference regulations, these regulations also amend the allocation regulations by including floating offshore wind as eligible to apply for CfD funding. Through the consultation process, other minor improvements and better drafting to aid clarity have also been identified, such as supply chain plans and period definitions to application rounds to provide better certainty to applicants. Thus these regulations bring many improvements and developments to the CfD process. As an initiative to incentivise investment in low-carbon electricity generation and bring forward renewable sources of energy while improving affordability for consumers and maintaining energy security during energy market reform, the CfD regime has been largely a huge success. While there has been controversy over the setting of strike prices for specific technologies, the mass deployment of renewables has led to more competitive renewable generation and better energy efficiency. The consultation process has been very productive and the resulting redrafting of guidance is also very welcome. Can the Minister give any indication of when National Grid and the Low Carbon Contracts Company will publish their updates to reflect these changes? In turn, the Minister's department intends to publish an updated version of its supply chain plan guidance. Will the Minister commit to publishing it well in advance of the next CfD allocation round?

Floating offshore wind is an interesting development that the Government have identified as potentially a very productive new source of energy generation. Will the Minister expand a bit on the operation of pot 2 as a separate budget for less-established technologies to which floating offshore wind will have to apply? What is the size of this pot in relation to the more recognised pot to which established technologies would apply? What have been the relative awards total between the two pots in the past and what is the breakdown of those awards? I will be happy to receive a letter with more detailed information from the Minister rather than take up the Committee's time now. I merely wish to understand how new technologies are supported in relation to the generality of technologies and when a

new technology will graduate, and by what defining characteristics, from one pot to another. Can the Minister say in any meaningful way at the moment what strike price might be awarded to offshore floating wind in relation to strike prices for the various stages of conventional fixed offshore wind? With that, I approve the regulations before the Committee.

4.58 pm

Lord Callanan (Con): I thank both noble Lords, the gallant duo, for turning up to debate an important statutory instrument this afternoon. As I set out in my opening speech, decarbonising the power sector is a vital part of the UK's effort to meet its world-leading net-zero target. While we cannot, of course, predict exactly what the generating mix will look like in 2050, we can be fairly confident that renewables will play a key role alongside firm or flexible low-carbon generating capacity, such as carbon capture, usage and storage technology and nuclear power. Net zero defines what we must achieve by 2050 but, as pointed out in the previous debate, not how to get there. We must take the necessary decisions now to deliver the resilient, low-cost, low-carbon power system that we will need to reach net zero.

The noble Lord, Lord Oates, asked about the circumstances should a developer not obtain a supply chain plan statement. If a developer fails to make ambitious, feasible and measurable commitments in a supply chain plan, it may not receive an SCP statement. However, it will have the opportunity to resubmit its application before the auction begins. Subsequently we expect that commitments made should be met. If a developer fails to implement the majority of its commitments in a supply chain plan, its CfD contract may be terminated. However, the termination of a CfD contract is very much a last resort. The purpose of the monitoring process is to support the implementation of a supply chain plan commitment that developers have freely entered into. It is in the best interests of both the Government and the developer that that chain plan commitments are implemented.

In response to the question on making explicit powers under the budget revision, we are seeking to make explicit our existing powers and not to add any new powers. Although in the May 2020 consultation we proposed making changes to clarify our ability to amend the overall budget—meaning the monetary budget—and add the ability to amend a supply cap, on reflection, we consider that we already have the power to amend the capacity cap due to the fact that the definition of “overall budget” includes both the monetary and capacity budget. Therefore, both proposed changes would make explicit existing powers which, although they exist, we consider not clear enough for stakeholders.

The noble Lord also asked about soft constraints. When deciding whether a capacity cap—maximum or minimum—should apply as a soft or hard constraint in an allocation round, we will consider what we are trying to achieve from the round generally or for specific individual technologies, including in terms of how much new capacity is supported. We also want to ensure value for money by creating competitive tension between bidders.

The noble Lord, Lord Grantchester, asked about the strike price for FOW. We will publish specific allocation round parameters in due course. We typically announce the auction parameters four to six months in advance in a draft budget notice and draft allocation framework although, of course, the exact timing differs between rounds.

On the noble Lord's question about SCP guidance, that has been published in draft and a final version will be published in the next couple of months. The noble Lord asked a couple of other questions but, if he will forgive me, I will write to him with more detailed answers.

The changes in these regulations are varied but they are essential to ensure that CfD allocation rounds can best support the increase in the pace of renewable

deployment needed to achieve our net-zero ambitions, while continuing to consider value for money for consumers. They must be made now ahead of the next CfD allocation round, which is planned for December this year, so that developers have certainty as to who will be eligible to take part and on what basis. I therefore commend the regulations to the Committee.

Motion agreed.

The Principal Deputy Chairman of Committees (The Earl of Kinnoull) (CB): That completes the business of the Grand Committee this afternoon. I remind Members to sanitise their desks and chairs.

Committee adjourned at 5.02 pm.

