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PARLIAMENTARY DEBATES  
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# HOUSE OF LORDS

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<b>Abbreviation</b>	<b>Party/Group</b>
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
Non-afl	Non-affiliated
PC	Plaid Cymru
UKIP	UK Independence Party
UUP	Ulster Unionist Party

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# House of Lords

Tuesday 16 November 2021

2.30 pm

Prayers—read by the Lord Bishop of Ely.

## Channel 4: Consultation Question

2.35 pm

Tabled by **Baroness Bonham-Carter of Yarnbury**

To ask Her Majesty's Government how many responses they received to their consultation on A potential change of ownership of Channel 4 Television Corporation, which closed on 14 September.

**Lord McNally (LD):** My Lords, in the absence of my noble friend Lady Bonham-Carter, and at her request, I beg to move the Question standing in her name on the Order Paper.

**The Parliamentary Under-Secretary of State, Department for Digital, Culture, Media and Sport (Lord Parkinson of Whitley Bay) (Con):** My Lords, the consultation on the potential change in ownership of Channel 4 received around 60,000 responses. We are grateful for the public's engagement on this matter and, indeed, for the response from the noble Baroness, Lady Bonham-Carter, and her Liberal Democrat colleagues. We are now working hard to analyse every response and to ensure that all evidence feeds into any final decision.

**Lord McNally (LD):** My Lords, is there not a lot of evidence that the overwhelming response, particularly from those with individual or organisational experience of the collective creative industries, was to warn against the privatisation of Channel 4? Will the Minister publish the advice that the department has received and, once he has analysed and considered it, would it not be a good idea to drop this piece of ideological vandalism?

**Lord Parkinson of Whitley Bay (Con):** The noble Lord is rather getting ahead of the process. No decision has been taken yet and we are carefully processing all the responses received. The consultation ran from 6 July to 14 September; as I said, it received around 60,000 responses, including more than 100 from the industry, all of which will be carefully analysed before any decisions are made.

**Lord Bassam of Brighton (Lab):** My Lords, independent analysis from Ernst & Young, which explored potential business models and remits for a privatised Channel 4, suggested that any change could significantly reduce the organisation's economic contribution in the supply chain, with the effects felt disproportionately north of the M25. The Government claim they want to level up, but time and again their action has knocked down the UK's nations and regions, rather than giving them

a boost. Can the Minister tell us what in-house analysis the Government are undertaking, and whether the Government's findings are consistent with Ernst & Young's? Will they publish their analysis along with the results of the consultation?

**Lord Parkinson of Whitley Bay (Con):** The noble Lord mentions the work done by Ernst & Young. Our analysts, UKGI, and our corporate finance advisers, JP Morgan, take a different view and that is why we are taking a range of views on the suggestions. On the work that Channel 4 does across the United Kingdom, I say simply that Channel 4's strengths in this regard are to be celebrated and maintained, and that is not at odds with private investment; in fact, Channel 4's access to networks outside London and its ability to speak to such a diverse range of audiences are likely to be attractive assets to nurture and develop for any potential buyer, if that is the route we go down.

**Lord Birt (CB):** My Lords, there is a meme of the moment that Channel 4 and, indeed, the BBC are being marginalised by the awesome economic power of Netflix. Does the Minister accept that Netflix's programme proposition, though wholly admirable, bears no relationship whatever to the breadth of the public service propositions offered by both Channel 4 and the BBC? Moreover, will the Minister remind his department that in terms of hours of consumption per adult per week, far from being marginalised, the BBC enjoys six times the consumption of Netflix, and that Channel 4 is level-pegging?

**Lord Parkinson of Whitley Bay (Con):** The noble Lord speaks with great experience of the sector. I am about the same age as Channel 4; the environment in which it was launched in 1982 was very different from the environment now. The Government should never stand still when it comes to ensuring the success of our public service broadcasters and the growth of competitors such as Netflix, as the noble Lord mentioned. That is why it is appropriate to reflect on Channel 4's future and consider whether the current model gives it the best chance to succeed in the new environment as we seek to ensure that it is set up for success for decades to come.

**Baroness Fraser of Craigmaddie (Con):** I declare an interest as a board member of Creative Scotland. For producers in Scotland, Channel 4 is a key buyer. Regional independent production companies have said very clearly that they believe that the privatisation of Channel 4 will cause great harm to their businesses. What evidence does the Minister have that they are wrong and what reassurances can he give them for their future?

**Lord Parkinson of Whitley Bay (Con):** Channel 4's access to networks outside London and its work with independent producers right across the UK are likely to be attractive assets that any potential buyer would nurture and develop. Whatever decision we take, however, will not compromise the Government's commitment to the independent production industry. That is why we have consulted on these issues and are working through the responses to inform our decision-making.

**Lord Fowler (CB):** I am grateful to the noble Lord, Lord McNally, and indeed to everyone else who has spoken so far. I gently point out that privatisation has often been to the benefit of the public and the organisations being privatised. In the first privatisations of the Thatcher years, in which I was involved, we achieved the first employee buyout of a major company and the ability of British companies, who were starved of cash, to get the resources necessary to expand. Surely the important challenge for the Government is for them to give an assurance that their priority is to develop Channel 4 rather than simply to raise money.

**Lord Parkinson of Whitley Bay (Con):** I thank the noble Lord for that important point. Channel 4 is uniquely constrained in its ability to meet the challenges facing the media landscape today; in comparison with other public service broadcasters, its access to capital is highly constrained. That is why we are looking at reform to protect Channel 4's long-term future, so that it can continue to be a valued public service broadcaster, serving audiences with great public service content for years to come.

**Lord Inglewood (Non-Afl):** Does the Minister agree that Channel 4 is not just any old media company but rather a sui generis British institution established by Act of Parliament—a hub at the centre of networks reaching out deep into broadcasting and the digital world, the creative industries, skills, minorities, the regions, entrepreneurialism and culture?

**Lord Parkinson of Whitley Bay (Con):** Yes, and Channel 4's inherent characteristics are also its strengths: its ability to make distinctive content, its work with independent producers and, in turn, its ability to attract diverse audiences. However, those strengths are not at odds with private ownership. They are things that we think would be attractive to potential buyers, things that they would seek to nurture and strengthen. We do not think that there is a false choice between public service remit and privatisation. As the noble Lord, Lord Fowler, pointed out, it is possible to have both.

**Lord Mackenzie of Framwellgate (Non-Afl):** My Lords, Channel 4 is not everybody's cup of tea, including, I suspect, many in the Conservative Party. Some also say that there is an overabundance of reality TV programmes. There were major faults with the subtitles, which are essential to certain viewers. However, does the Minister agree that the flagship Channel 4 news output, which goes out at 7 pm and is repeated at 8 pm, headed up by the veteran anchorman Jon Snow, the inimitable Matt Frei, the incomparable Krishnan Guru-Murthy and the professional Cathy Newman, is essential viewing for those who do not get home in time for the 6 o'clock news? Can the Minister use his undoubted influence to ensure that this essential contribution to cutting-edge journalism continues?

**Lord Parkinson of Whitley Bay (Con):** My Lords, the Government want Channel 4 to succeed as a public service broadcaster, and all PSBs are required to broadcast news. They are regulated under Ofcom's Broadcasting Code, which ensures that all the news is

reported with due impartiality and accuracy. That would not change under private ownership. Our consultation document sets out our current view that Channel 4's existing obligations relating to news and current affairs provision should be broadly retained in any potential reform.

**Lord Londesborough (CB):** My Lords, for the sake of perhaps as little as £500 million, after you have netted off adviser and transaction fees, does the Minister feel that the risk/reward equation stacks up for privatising when we take into account the potential disruption to thousands of jobs, not just within Channel 4 but across hundreds of small independent producers spread across the country? I repeat the question: levelling up or levelling down?

**Lord Parkinson of Whitley Bay (Con):** Again, the noble Lord slightly pre-empts our response to the consultation. A range of views have been made in it and that is why we held it. As I said previously, whatever decision we take will not compromise the Government's commitment to the independent production sector and to the wider creative economy. I am glad to say that the independent production sector is now flourishing and increasingly less reliant on income from UK public service broadcasters, but these are the very issues that we are taking into account as we look at the consultation and the responses that we received.

## Covid-19: UK Arrivals

### Question

2.45 pm

Asked by **Baroness Royall of Blaisdon**

To ask Her Majesty's Government why international students and others who have been fully vaccinated and are not required to self-isolate on arrival in the United Kingdom subsequently have to self-isolate if a close contact contracts COVID-19; and what plans they have to change this policy.

**The Parliamentary Under-Secretary of State, Department of Health and Social Care (Lord Kamall) (Con):** Our current system for validating the vaccination status of close contacts relies on checking against records in the NHS national immunisation management system. We do not have access to equivalent records for those vaccinated overseas. We recognise the pressing need to resolve this issue as soon as possible and are urgently exploring a number of different options to extend the existing exemptions to contacts who have been vaccinated overseas. I hope to be in a position very shortly to brief the House on a proposed solution.

**Baroness Royall of Blaisdon (Lab):** My Lords, I will welcome that solution when it comes. The Minister talks of urgency but we have been waiting since the beginning of September for a resolution to a problem that I believe is rather small but which clearly disadvantages international students. To me, it feels slightly xenophobic and as though to date the Government have been intransigent. I know that Public Health England agrees that the policy is not logical in any sense or form, so why do international students have

to self-isolate for 10 days when our own students from the UK do not? This disadvantages the international students and puts people off coming to this country. Also, how can international students who have had non-MHRA-approved vaccines be immunised in the UK in order to get a Covid pass, should that be necessary in the not too distant future, as it is in some other parts of the UK?

**Lord Kamall (Con):** As someone whose family comes from outside the EU, who has taught in universities and who recognises the great asset that there is and the great advantages that there are in being open to the world, and global Britain, I share the noble Baroness's frustration. Yes, we have left the EU, which is very much a project of white privilege, and moved to a more global outlook. It is really important that we now focus on the world generally. The issue is quite technical at the moment. One of the things needed for the test and trace system to work is that you need access to the underlying data and verification. We are looking at a number of different options for how to achieve that.

**The Lord Speaker (Lord McFall of Alcluith):** The noble Lord, Lord Flight, is not present so I call the noble Baroness, Lady Hayter of Kentish Town.

**Baroness Hayter of Kentish Town (Lab):** As the Minister has said, our universities have long been a welcoming and inspiring academic hub for international students but stories such as the ones that we have heard—along with, I am afraid, the attack on freedom of speech at the LSE and the shameful treatment of Professor Stock, which we will come to shortly—added to Covid and online teaching, to say nothing of the Brexit fallout, which means that EU schools can no longer use group passports, all question our ability to attract youngsters from across the globe. What are the Government doing to re-establish our reputation in this sector?

**Lord Kamall (Con):** The noble Baroness makes an important point about us being a global hub and welcoming the whole world. For centuries the UK has been open to a number of different nationalities from across the world. Indeed, my own family came to the UK in the Windrush generation. I have always been clear that we should be a global Britain, not just focused on one small part of the world.

I want to take the opportunity to answer the question that I forgot to answer about international students. Anyone in England is eligible for the vaccine if they fall within the current eligibility criteria, and international students are encouraged to register with a GP.

On free speech, it is critical that our universities remain places where you can have free expression without fear. The essence of free speech is being able to tolerate views that you may not agree with but it is important that they are expressed. Universities should remain hubs of free speech.

**Baroness Stuart of Edgbaston (CB):** My Lords, I refer to my registered interests. Given that this is not really a public health problem in its scale, but it is a bar

to the recruitment of international students and their integration once they are here, may I urge the Minister—even if he cannot find a quick solution to the NHS app—to put out some information on how Covid passes can be obtained and to make sure that all universities and students have access to that information as soon as possible?

**Lord Kamall (Con):** Last night I took part in a debate that involved the issue of the Covid pass, particularly with the boosters. I was frustrated because I thought I had a date I could announce. That was pulled at the last moment, but we are very close to a solution. The technical point on test and trace is that, at the moment, it is unable to validate the vaccination status of people whose vaccines are not registered on the database. We are looking at whether that can be done on trust, or whether that would open a loophole for getting around the system. I have been assured when pushing the NHS on this that it is looking at an answer.

**Baroness Thornton (Lab):** The Minister must accept that this a very confusing area for everybody. Perhaps he would like to clarify the Prime Minister's comments yesterday on what impact tougher overseas travel rules and self-isolation for those without a jab might have. He mentioned those yesterday in the press conference. I think they are linked to the Question my noble friend asked. It is very important that the NHS app shows the booster as soon as possible, because it is going to cause a lot of trouble for Christmas travel.

**Lord Kamall (Con):** I welcome questions from noble Lords, particularly on getting the booster on the app, because when I am talking to officials in the department and the NHS it shows how important it is that we do this as quickly as possible. One of the tasks is to be accountable and to push the NHS and others to make sure that we are doing this. Sadly, when I ask what the problem is on test and trace, I am told that it is unable to validate the vaccination status of people whose vaccines are not recorded on a national immunisation management system. I have asked about passenger locator forms and whether we could use a similar technology. At the moment that is done on trust, but you face a very high fine if you are misleading; maybe that could be a solution. I assure noble Lords that I really am pushing.

**Baroness Smith of Newnham (LD):** My Lords, I refer to my registered interests. I have printed off the advice given by my university, Cambridge, to international students and what it means to be fully vaccinated. To come into the country, if they are fully vaccinated, they do not have to isolate when they arrive, as the noble Baroness, Lady Royall, pointed out. If the system can understand when they arrive in the country that they are fully vaccinated, why can the NHS app not understand that they are fully vaccinated when they get pinged by test and trace?

**Lord Kamall (Con):** I share the frustration of the noble Baroness and others. This is not great for our international, global outlook, or for the fact that we want to attract the best students from around the

[LORD KAMALL]

world, not just Europe. We are a global country and we have to address this. I am pushing the NHS on this because it is really important. The problem is the national immunisation management system, to use the technical term, and the inability to validate the data of overseas visitors.

**Baroness Warwick of Undercliffe (Lab):** My Lords, I can sense the Minister's frustration in this, but we have been aware of it for some time; this should have been sorted out a long time ago, yet here we are now in November. Does the Minister accept that all departments must play their part in achieving the Government's aim of increasing the number of international students? Will he assure us that his department will be both flexible and creative—with the emphasis on “creative”—in resolving this and other similar problems that may arise?

**Lord Kamall (Con):** I assure the noble Baroness that when I was pressing this issue yesterday with officials in preparation for this Question, I stressed the importance of flexibility and creativity. We need to think outside the box on many issues. One issue we are looking at is: if passenger locator forms can do this, why can the NHS Test and Trace system not? I am told that is because it is based on self-certification. I am pushing the NHS to address and analyse the different options as soon as possible. It is really important we send a message to the rest of the world that we are open to the brightest and the best from across the world.

**Baroness Ritchie of Downpatrick (Lab):** My Lords, in Queen's University Belfast, the current position is determined by the Public Health Agency in Northern Ireland and is based on your vaccination status and age, rather than on whether you have home or overseas status. Would the Minister engage with the devolved Administrations, particularly the Northern Ireland Executive, who seem to have best practice in relation to this issue?

**Lord Kamall (Con):** One of the advantages of having devolved Administrations and different practices is that we can learn from best practice, so I will take the noble Baroness's advice.

**Lord Kennedy of Southwark (Lab Co-op):** My Lords, does the noble Lord believe the rules and regulations regarding the Covid-19 pandemic are clear, consistent and easy to understand?

**Lord Kamall (Con):** I thank the noble Lord for that question. It depends on who you ask.

## Professor Kathleen Stock: Resignation *Question*

2.55 pm

*Asked by Lord Hunt of Kings Heath*

To ask Her Majesty's Government what plans they have, if any, to ask the Office for Students to undertake an investigation into the circumstances of the resignation of Professor Kathleen Stock from her post at the University of Sussex.

**The Parliamentary Under-Secretary of State, Department for Education (Baroness Barran) (Con):** My Lords, the Office for Students informed the Department for Education on 11 November that it has decided to open an investigation into whether the University of Sussex has met its obligations on academic freedom and freedom of speech. No academic should have to fear for their personal safety, particularly as a consequence of expressing lawful views. This incident demonstrates why this Government are pressing ahead with legislation to promote and defend freedom of speech on campuses.

**Lord Hunt of Kings Heath (Lab):** My Lords, I welcome that Answer. Professor Stock, a distinguished academic at Sussex University, essentially said that your biological sex cannot be changed by feelings of identity. For quite unexceptional remarks, she has been vilified by colleagues, abused by students, unsupported by her union and let down by the university, which was far too late to defend her. Academics in many other universities—women in particular—are facing similar abuse for gender-critical views. The noble Baroness referred to the forthcoming legislation, but does she agree that, however much legislation you have, you need confidence in our universities to show some strength in defending their academics? What are the Government going to do about that?

**Baroness Barran (Con):** The noble Lord is absolutely right to condemn the abuse many academics—women in particular—have suffered recently. The Government are clear that any restriction of lawful speech and academic freedom goes against the fundamental principles of English higher education. The new Higher Education (Freedom of Speech) Bill will strengthen existing freedom of speech duties and address the gaps that exist within the current law, including the lack of a clear enforcement mechanism. That will bring with it clear consequences for providers and student unions that breach these new duties.

**Lord Watts (Lab):** My Lords, the Minister rightly says this is a sensitive area, but no academic should be worried about expressing an opinion, and no academic should be fearful for their own well-being. The Government say they will introduce new legislation, but how will that affect this issue if the university fails to act in a proper way?

**Baroness Barran (Con):** Universities have long-standing duties in relation to freedom of speech in law. They have to balance those with their duties under the Equality Act and other bits of legislation. They will be expected to take all reasonable, practicable steps to address any constraints on freedom of speech and uphold it in future.

**Lord Harries of Pentregarth (CB):** What happened to Professor Kathleen Stock was deeply dismaying and worrying for our society. Universities should be both a safeguard and a focus of rational debate about contentious issues. I was glad to hear from the Minister that the Office for Students is setting up an inquiry. As this is not just a local difficulty but something fundamental to the future of a civilised society, will she bring its

recommendations to Parliament so that we can see that there will be adequate action in strengthening the role of academics in free debate?

**Baroness Barran (Con):** The noble and right reverend Lord makes a good point. I am sure that he will have seen the letter written by over 200 academics that was published in the *Sunday Times* last month, making the point that, actually, junior academics face the most chilling impacts of what is going on. Of course, he will know that the Office for Students is independent, and how it presents its report is therefore up to it, but I would be happy to answer questions on it, should they arise.

**Baroness Jenkin of Kennington (Con):** My Lords, much of the public discourse around Kathleen Stock's case has focused on free speech and her right to express her views. Not enough has been said about what those views are. As the noble Lord, Lord Hunt, said, Professor Stock believes that biological sex is binary and immutable—a view that is held by most people in this country—and that it is not transphobic to hold these views and at the same time to believe that we must protect women's rights. Can my noble friend confirm that holding these beliefs is a protected characteristic under the Equality Act 2010 and that it is unlawful for employers, service providers and co-workers to discriminate against or harass their employees or customers simply for holding or expressing such beliefs?

**Baroness Barran (Con):** I point my noble friend towards the recent Employment Appeal Tribunal ruling that held that “gender-critical” beliefs that do not seek to “destroy the rights” of trans people can be protected beliefs under the Equality Act. Individuals should not face unlawful discrimination in the workplace for expressing those beliefs within the law.

**Baroness Garden of Frognal (LD):** My Lords, universities should be places where unpopular views can be aired, discussed and challenged. As we have heard, academic freedom is of paramount importance. However, does the Minister agree that staff and students should be able to pursue their studies in an atmosphere that is safe and inclusive? There should be no place for the intemperate and divisive language that seems to have been a feature on both sides in this particular sad case.

**Baroness Barran (Con):** The noble Baroness is absolutely right: there should be a safe and inclusive environment. The right to freedom of speech is not absolute and certainly does not include the right to incite violence or terrorism or to harass others.

**Lord Cormack (Con):** My Lords, that is indeed right, but I associate myself very closely with the remarks of my noble friend Lady Jenkin of Kennington. Could the Secretary of State write to all vice-chancellors, pointing out that we are on the slippery road to Salem and McCarthy if we continue with this practice on campuses?

**Baroness Barran (Con):** I am happy to share my noble friend's suggestion with the Secretary of State, but I know that he would also support the independence

and autonomy of universities. The Government are seeking to make crystal clear their duties in relation to freedom of speech and how those can be enforced.

**Baroness Morris of Yardley (Lab):** My Lords, one of the most disturbing aspects of what Professor Stock has had to endure is that some academic staff seem to have encouraged students to behave in a way that is quite contrary to the purpose of being at university. If higher education stops being a place for open debate and discussion, we as a nation really do have problems. But, sadly, Professor Stock is not the only person in this position, and, while I welcome the report that she has announced on the University of Sussex, noble Lords and the Minister will be aware of named people who are going through this as well. What can she do now to make sure that, in several weeks' time, we are not having a debate about further resignations from university posts?

**Baroness Barran (Con):** The noble Baroness is absolutely right. The Government have been crystal clear about their view on these issues. We have heard today about the investigation on the part of the Office for Students, which will, I am sure, cause other university leaders to reflect. Perhaps your Lordships might consider the number of amendments to the Bill, when it comes to your Lordships' House.

**Baroness Sherlock (Lab):** My Lords, the Bill that the Minister has just mentioned proposes to appoint a new free speech director in the Office for Students. For someone to be able to intervene in sensitive areas, it is really important that they have the trust of all sides across the sector. The Minister will be aware that, when the chair was appointed, this triggered the intervention of the Commissioner for Public Appointments, which ended up appointing someone who still takes the government whip in this House, which has caused some concern. Can she reassure the House that, when they come to appoint a new chief executive and this director, the appointment process will be fair and transparent?

**Baroness Barran (Con):** I reassure the noble Baroness that the appointment, like all processes, will follow the public appointments procedures, which I hope will have the confidence of every Member of the House.

**Lord Cashman (Non-Aff):** My Lords, I welcome the investigation announced today, but I want to make a couple of simple points. All trans people—and that includes trans women—deserve to be treated with respect, dignity and humanity in their workplace or any other environment. Therefore, does the Minister agree with the recent Employment Appeal Tribunal that protection of a gender-critical belief as a philosophical belief does not mean that it is acceptable to misgender trans people, that trans people have lost their Equality Act protections against discrimination and harassment or that employers and service providers will no longer be able to provide a safe environment for trans people, including trans women?

**Baroness Barran (Con):** I say to the noble Lord that reassurances to trans people were clear in the recent Employment Appeal Tribunal ruling, which I referred

[BARONESS BARRAN]

to in my response to my noble friend Lady Jenkin. It held that gender-critical beliefs that do not seek to destroy the rights of trans people can be protected under the Equality Act.

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

## NHS England: Waiting Lists

### Question

3.06 pm

Asked by **Baroness Thornton**

To ask Her Majesty's Government what steps they are taking to reduce NHS England waiting lists.

**The Parliamentary Under-Secretary of State, Department of Health and Social Care (Lord Kamall) (Con):** I thank the noble Baroness for raising this. It is a top priority for the Government and for the NHS. This year we are providing a record amount of funding to the NHS, with an extra £34 billion. This includes £2 billion this year plus £8 billion over the next three years to step up activity to tackle long waiting lists for elective care and to transform elective services. This funding could deliver around 9 million more checks, scans and procedures.

**Baroness Thornton (Lab):** I thank the noble Lord for that Answer. I figured that that was what he would say. It is not about how much the Government intend to put in but how it is being spent. That is particularly important in the absence of any workforce strategy. If the billions were directed immediately at investing in social care and care workers, for example, both domiciliary and care homes, how many beds does the Minister believe could be freed up in the next eight weeks? What effect would that have on the throughput for elective surgery and accident and emergency departments?

**Lord Kamall (Con):** When you look at the data on the waiting lists, what is interesting is that 75% of patients on the list do not require surgical treatment. Most actually require diagnostics. Some 80% of patients requiring surgical treatment could be treated without an overnight stay in hospital, and 20% of patients are waiting for either ophthalmology or orthopaedic services. That shows where you can target the spending to cut the waiting lists.

**Baroness Primarolo (Lab):** My Lords, returning to my noble friend Lady Thornton's point about social care workers, does the Minister agree that it is unacceptable that social care workers are leaving the sector to work in hospitality, supermarkets and other sectors because they are paid more and are given bonuses to attract them? Will the Government now agree—bearing in mind the contribution that more care workers can make to easing the pressures on the NHS this winter—to pay a bonus to care workers over the winter months to show we prize their skills and dedication, as recommended by the Association of Directors of Adult Social Services and NHS Providers, and to relieve pressures on the NHS?

**Noble Lords:** Too long!

**Baroness Primarolo (Lab):** Will the Minister agree? Yes or no?

**Lord Kamall (Con):** I hope that the noble Baroness will allow me as much time as her question took to answer. The Government have announced at least £500 million over three years to support the workforce and fund various initiatives. One thing that we are looking at in the Health and Care Bill is how we make sure that workers in the social care sector, whether in private or state-funded institutions, make sure that they earn enough. We have also launched a Made with Care programme, a publicity campaign to encourage people into the social care sector. It involves many existing social care workers, who talk about what a rewarding job it is and how they can make a difference in people's lives.

**The Lord Bishop of Ely:** My Lords, can the Minister confirm the number of children waiting for treatment for speech and language and for physiotherapy and occupational therapy assessments after their initial assessment? Those treatments are vital for supporting educational development of children as we recover from the pandemic. Are those figures included in the published waiting list figures—and, if not, why not?

**Lord Kamall (Con):** I thank the right reverend Prelate for that question. Unfortunately, I do not have the statistics with me, but I shall write to him.

**Lord Young of Norwood Green (Lab):** My Lords, will the Minister tell the House whether he is encouraging the use of best practice, including new technology, between hospital trusts? There are still many examples where there is good practice out there, but it is not being spread.

On a point that we touched on last night, in relation to A&E, we have a serious problem. Paramedics are waiting for significant periods of time, which means that they are not getting out on the road to treat other patients. We really need to bring in some drastic measures to ensure that we create a new system. We cannot leave it for months and months because, if we do, the impact will mean that people's lives will be lost. What measures does the Minister have in mind to deal with this problem?

**Lord Kamall (Con):** The noble Lord made a very perceptive intervention last night when asking us to think outside the box, and I gave an example of someone who I know suffers from asthma and forgot to take his blue inhaler with him to another city. His wife went to a number of places to try to get an inhaler from the pharmacy and from A&E, while telling him to stay in his hotel room. In the end, he was told that the only way to get an inhaler was to call the ambulance. We need to think outside the box and be more creative about when those situations occur—it is not necessarily political, but we need to be creative.

On technology, one of my jobs is Minister for Technology, Innovation and Life Sciences. I have been forceful, when talking to the NHS, that we have to

digitise and share data. I accept that there are some concerns over sharing data, but the way to have an NHS that is fit for purpose is to make sure that we digitise and share data.

**Baroness McIntosh of Pickering (Con):** I refer to my work with dispensing doctors. Will my noble friend join me in paying tribute to all the workforce of the NHS? Does he recognise that they are absolutely exhausted? The BMA has forecast that thousands of doctors will leave the profession in the next few years. Will the Government undertake to reinstate the commitment to have 6,000 more doctors by 2024?

**Lord Kamall (Con):** In our conversations with the NHS, we are talking about the workforce plan. We are looking at ways to improve the way in which the NHS and social care plan for their workforce. We have committed to continuing to reflect very carefully on points made by noble Lords across the House, honourable Members in the House of Commons and many stakeholders. It is important that we value the workforce of doctors, nurses and other healthcare workers whom people often forget about. We should also value all those other workers who have provided services to us during lockdown, such as delivery drivers, postal workers, Amazon workers et cetera. They have all played a vital role, and we should not forget the role of civil society organisations.

**Lord Clark of Windermere (Lab):** My Lords, we all recognise that the NHS and care staff are working under intense pressure. To attract additional members is vital. With that in mind, will the Government be more welcoming to individuals from overseas by easing further their entry conditions for those willing to come and work in the NHS and care sector, including a reasonable period of time for them to remain here?

**Lord Kamall (Con):** Immigrants have always played a vital role in our country. If we cast our minds back to the post-war period, there were massive shortages in healthcare but also other public services. Indeed, my own father came over to work on the railways and buses. It shows the importance of immigration and immigrants to this country from across the world.

**Baroness Tyler of Enfield (LD):** My Lords, does the Minister agree that the fundamental problem confronting the NHS is a lack of spare capacity and resilience? This means that the NHS is continuously running at unsustainably high levels of bed occupancy. The UK has 2.7 hospital beds per 1,000 population compared to an EU average of 5.2, and significantly fewer doctors and nurses. What plans do the Government have to urgently increase capacity and deal with workforce shortages, which cannot all come from training new people from scratch, given the timescales involved?

**Lord Kamall (Con):** If the noble Baroness looks at the statistics relating to the waiting lists, she will see that 75% of patients do not actually require surgical treatment: they require diagnostics. We have announced an investment in community diagnostic centres—

sometimes in shopping centres or sports grounds—to make diagnostics more accessible to the public, rather than having to go to a healthcare setting. Moreover, 80% of patients requiring surgical treatments can be treated without an overnight stay in hospital, so they can do that as day patients. This is where we want to focus, along with making sure that we tackle all the waiting lists right across the board.

**Baroness Donaghy (Lab):** Nine in 10 NHS chief executives, directors and chairs reported last week that the present system and organisation have become unsustainable. We can only guess at the pain and anxiety of those waiting to be treated. That is really what this is all about. My noble friend Lord Young talked about ambulances and the time wasted waiting outside hospitals. What plan do the Government have to boost the NHS workforce and ensure that there are sufficient numbers to help bring the waiting lists down?

**Lord Kamall (Con):** The Government are in conversations with the NHS about the workforce plan and the winter plan. We are looking at ways to tackle the waiting list in more creative ways. As I said, 80% of patients requiring surgical treatments can be treated without an overnight stay in hospital. If we take medical care out to the community, especially at diagnostic centres, we can cut down a lot of the waiting list, but also in terms of the Health and Social Care Bill. One of the reasons is that the NHS has been asking the Government for changes to make sure that it meets the challenges of the future.

## Social Security (Up-rating of Benefits) Bill

### Commons Reasons

3.17 pm

#### Motion A

Moved by **Baroness Stedman-Scott**

That this House do not insist on its Amendment 1, to which the Commons have disagreed for their Reason 1A.

**1A:** Because Lords Amendment 1 would alter the financial arrangements made by the Commons and Lords Amendment 2 is consequential on that Amendment; and the Commons do not offer any further Reason, trusting that this Reason may be deemed sufficient.

**The Parliamentary Under-Secretary of State, Foreign, Commonwealth and Development Office and Department for Work and Pensions (Baroness Stedman-Scott) (Con):** My Lords, I know it will be a disappointment to my noble friend Lady Altmann and others in this House that the Commons has disagreed with Lords Amendments 1 and 2. I ask that this House does not insist on its amendment for two reasons.

First, we have discussed at length the reason why the Government do not believe that they should set a precedent for uprating benefits or pensions using a methodology that is not robust and for which there is no consensus. That would be the position with an

[BARONESS STEDMAN-SCOTT]

adjusted measure of earnings growth, which is why the Government decided to apply a double lock, underpinned by the established consumer prices index, which is published by the ONS. This approach was also recommended by the Social Market Foundation.

Secondly, Royal Assent is needed by 22 November 2021. This will allow the Secretary of State to conduct her statutory review using the new powers in time for the DWP to meet its hard deadline of 26 November for reprogramming its computer systems. This will ensure that the new rates of benefits and pensions are payable from April 2022. While I welcome the intentions behind the amendment, we cannot accept it. That is why I ask that the House does not insist on Amendments 1 or 2. I beg to move.

**Lord Davies of Brixton (Lab):** My Lords, it is a matter of real regret that the Commons has not accepted the amendments to the Bill proposed by your Lordships' House, but it is worth taking this opportunity to stress that not only have the Government broken a freely given promise to the electorate but, as has been clearly explained, they have done so totally unnecessarily. They could have lessened, if not avoided, the concern caused by breaking their promise by taking this opportunity to reaffirm clearly their commitment to the earnings element of the triple lock. It baffles me why they failed to do so.

I will not repeat all the arguments, despite the importance of the issue, but I have one more question for the Minister. The problem is that the Government are trying to have it both ways. On the one hand, they say they remain committed to all three elements of the triple lock—prices as measured by the CPI, average earnings and the 2.5% minimum. They want us to believe that this was an exceptional case that justified special rules being applied, and that they still deserve the electoral kudos that comes from standing by their promises. On the other hand, they have in practice made it clear that there are exceptional circumstances in which they can break the commitment.

We know they are prepared to break the triple lock, but we do not know under what conditions. We know what they were in this case; Ministers in this House and in the Commons have explained on several occasions the special circumstances which they believe applied. The noble Baroness the Minister said at Second Reading that

“the effects of the Covid-19 pandemic have caused distortions in the labour market, which have been reflected over two years in highly atypical trends in earnings growth.”—[*Official Report*, 13/10/21; col. 1847.]

We know the Government believe that highly atypical trends in earnings growth are sufficient justification for breaking the earnings link. We do not know how atypical earnings growth needs to be in future before they decide again to break the link. Can the Minister tell us more about what counts as atypical earnings growth? How atypical does it need to be to justify breaking the promise?

However, it is not just earnings growth that might be considered atypical. What counts as atypical growth in prices? This is not a hypothetical issue. Most of us here have become familiar with what many in this

House might regard as consistently low rates of inflation, but who knows what is to come, with the unwinding of quantitative easing and other pressures on the economy? How do we know that the Government, when faced with a significantly higher rate of inflation than we have experienced in the last 25 years, will not decide that this too is atypical?

As I say, this is not hypothetical. Based on the OBR forecast for the Budget, it looks likely that the state pension increase in April 2023, which we will discuss next November, will be based on price increases rather than earnings or the fixed 2.5%. The latest Bank of England forecast, released earlier this month, suggests that next September—the relevant month for measuring the CPI—the increase will nudge 5%. Perhaps it will be higher, given this Government's lack of economic competence. We do not know. In any event, an increase of this order would be significantly higher than the experience of the last few years. Earlier this year, not long ago, the September 2022 increase was expected to be only around 2%—it could be argued that this is more typical. I do not want to put ideas in the Minister's mind, but I must ask how atypical the CPI increase next September has to be before it too will be considered atypical enough for the Government to decide that it justifies breaking the Conservative Party's manifesto commitment to the triple lock?

The Minister needs to tell us that this year's broken promise is truly a one-off and that the commitment to the CPI-linked increase will be adhered to, whatever next September's increase. If we are not given such a commitment—which I suspect we will not be—then, in truth, we must conclude that we have a return to decisions about increases in the state pension being made on an ad hoc annual basis. History tells us that the inevitable outcome is that pensioners will suffer.

**Lord Sikka (Lab):** My Lords, the outcome of the vote in the Commons is immensely disappointing. It condemns millions of retirees to a life of poverty and misery. At around 25% of average earnings, the UK state pension is already the worst in the industrialised world. It is the main or only source of income for the majority of retirees, and their lives will be even harder, especially those of women. Women never got pension equality: the retirement age was increased but their pension was never equalised with that of men. Thousands will die this winter because people will have to make the harsh choice between eating and heating, and the first statistics will be emerging fairly soon. Our retirees are being hammered from every corner, whether it is on pensions or winter fuel payments, which are unchanged since 2011, or the Christmas bonus, which is unchanged since 1972, or the loss of the free TV licence for the over-75s.

In 2021-22, the state pension increased by 2.5%, and the rate of inflation, we are now told, turned out to be 3.1%—that is the way it works. For 2023, the Government are proposing an increase in the state pension of 3.1%, and the rate of inflation is, as my noble friend Lord Davies of Brixton said, likely to be 5%. That means that there is a real erosion of the purchasing power of the state pension. Pensioners are not catching up; they are being left even further behind, and all that awaits them is a life of poverty.

The Government's arguments about affordability were comprehensively debunked in this House. It was shown that there are numerous ways—not least a £37 billion surplus in the national insurance account. A Government which claimed not to be able to afford the triple lock two weeks ago gave away £54 billion in tax cuts, including a £4 billion tax cut to the banks, which are already awash with money and do not know what to do with the £895 billion of quantitative easing either.

The Government have really skewed priorities. Personally, I would have liked to see the state pension increase by 8.3%, which would have enabled a bit of a catch-up, but I was happy to support the amendments of the noble Baroness, Lady Altmann. Yesterday, the Minister in the other place said—and the noble Baroness the Minister referred to this again—that the figure for wage growth is not “robust”. The Minister has never told us what the characteristics of a robust statistic are. In social sciences, there is no such thing which cannot be refuted. What characteristics does she assign to the word “robust”? Is the government data on unemployment robust? Is it not contestable? Is the government data on inflation not contestable? Are the Government's claims about levelling up not contestable? I do not know what she means by that.

We were told that wage growth data were not really reliable. Lots of resources are available to the ONS and it has come up with a number between 3.6% and 5%. It says that underlying wage growth is in that range. Why is that number not considered to be robust? If the ONS is deemed to be incapable of producing a robust number for wages, why should we trust any of its other numbers which inform government policies?

3.30 pm

The ONS data gives the Government the option of maintaining the link between the state pension and earnings and increasing pensions by something between 3.6% and 5.1%. The Government have those possibilities. The Treasury's Red Book, accompanying the Chancellor's Budget, contains estimates for the economy and tax revenues. These cannot really be produced without some assumptions about wage growth, so hopefully the Minister will tell us what assumptions about the economy the Treasury has made in producing its numbers, and what it thinks will happen to wages. The Treasury assumptions are not clearly stated in the Red Book either.

Let us look at another avenue. The Bank of England can do the appropriate modelling, and people think that it has that ability. On 4 November, the Bank of England published its *Monetary Policy Report*, which contained estimates of wage growth. On page 2, it states:

“Bank staff estimate that annual growth in underlying pay has picked up to a little over 4%.”

On page 29, it says that wage growth

“has picked up to around 4.5%, above its pre-pandemic level”.

On page 30 it says:

“Bank staff expect underlying wage growth to remain around 4% in the near term”.

So some approximations are possible. Why are the Government not willing to accept these numbers? They are there, so any Government with good will and who cared for our senior citizens would have ensured that it was possible to adopt some of these numbers,

modify them or even commission research from the Bank of England and the ONS to that effect. However, I sense that the political will to improve the living standards of our senior citizens is not there. That is a fundamental problem.

**Lord Stoneham of Droxford (LD):** My Lords, I will be brief and speak on behalf of my noble friend Lady Janke, our Front-Bench spokesman on this Bill. Unfortunately, she cannot be here today.

First, I will say that we are glad that the Government have reconfirmed their commitment to the triple lock in the long term throughout all these discussions. We are disappointed that the Commons have rejected these amendments. The Government had an excellent opportunity to maintain their manifesto commitment while taking into account the special circumstances of the pandemic. We will not be pursuing this amendment—we accept that this has to be accepted—but we thank the noble Baroness, Lady Altmann, for the work that she has done.

We are concerned that pensioners will not be protected from the effects of the economic pressures now coming from inflation. The Governor of the Bank of England is very uneasy about the situation and we want to know whether the Government are prepared to keep an open mind and look particularly at the case of the poorest pensioners as time goes on in the next few months, when these pressures will come to a head. More importantly, we are extremely supportive of the maintenance of the triple lock in the longer term.

**Lord Desai (Non-Afl):** My Lords, we have been hearing lately that the House of Lords is a rather useless body and that the other place is better—but twice recently your Lordships' House has asserted that it cares more for the people than the other place. The noble Duke, the Duke of Wellington, stood up for the right of the citizen to clean water, asserting that against what the Commons had said. We also stood up for the triple lock and had that rejected.

I have a very simple suggestion for the Government. Since they have no intention of helping pensioners, why can they not be honest and say that the triple lock simply means that we will raise pensions by the lowest number of the three which are here, unless it is higher than the Bank of England target of 2% inflation? The 2% inflation that the Bank of England has chosen as its target is not a statistic. It is not disputable because they have made it up. It will always stay at 2%. So the Government could at least guarantee to be honest; they could just give 2% and run away. They should not give false promises and then not fulfil them.

**Lord Rooker (Lab):** My Lords, I will briefly follow the introduction made by the noble Lord, Lord Desai. I will not address the issue—I did that the last time we sat—but there is a wonderful clarity about this issue. With ignorant journalists in the media calling for the abolition of your Lordships' House, this issue shows, above all, that we will always be an irritant to the Government, whatever party is in power. It was the same when I was over there; the House is an irritant. The clarity with this issue, particularly for those of us

[LORD ROOKER]

who do the Peers in Schools programme, it that it is a wonderful example that is very easy to explain of the fact that the Commons always has the last word.

So, whatever the arguments about the composition and powers of this place—and the idea that we can legislate at will, which we cannot—this example gives wonderful clarity on the fact that the Commons always has the last word. Our job is to ask MPs to think again and again, and sometimes again—I have known examples of three occasions. But the fact of the matter, which the elected Chamber cannot run away from, however it is dressed up, is that the Commons has the last word—and I think that is to your Lordships' advantage for the way we operate.

**Baroness Sherlock (Lab):** My Lords, I thank the Minister for introducing her Motion and all noble Lords who have spoken. I am going to get a new T-shirt for Christmas: "Proud to Be an Irritant". Perhaps they should start selling them in the House of Lords gift shop; they might sell quite well. A nice note for the noble Lord, Lord Desai.

I must say that I am disappointed. The House voted by a healthy majority for the amendment in the name of the noble Baroness, Lady Altmann, which would have kept the link between pensions and earnings. It is worth noting that the amendment won support from around the House, whereas the Government were able to persuade only 13 Members who do not take the government Whip to vote against. The reason is clear: the case was unpersuasive.

The Government came to power on the back of a manifesto commitment to the triple lock, which we also supported at the last election, as did the Liberal Democrats and other major parties. The Government now want to ditch it for next year on the grounds that the rise in earnings over the year to last summer was artificially high as a result of Covid. We accept that earnings growth was distorted as a result of the pandemic, but that does not mean that the Government should just ditch their promises. They could and should have found a way to maintain the earnings link in pensions while adjusting for the Covid effect.

I will not relitigate this but, during the passage of the Bill, we looked at lots of ways we could do it, and lots of constructive suggestions emerged, and in the end the House coalesced around a very reasonable amendment in the name of the noble Baroness, Lady Altmann, with cross-party support, which simply said that the Government should use a figure for earnings chosen "in the light of reasonable adjustments to take account of the impact of the COVID-19 pandemic based on the Office for National Statistics reported earnings figure." It could not have been more reasonable, and it left the Government considerable latitude: we were not telling the other place what to do but simply giving them a chance to think again.

But the Government flat out rejected that. The Pensions Minister in the other place did comment on the merits of the amendment, but he caricatured it by saying that it

"invites the Secretary of State to measure earnings as if they were not actually growing by 8.3%."—[*Official Report*, Commons, 15/11/21; col. 359.]

So are the Government now saying that earnings growth actually is 8.3%? If so, why are they ditching the triple lock? And if it is not 8.3%, why did they not take the chance this House afforded them to look at alternatives?

The Minister again mentioned time pressure, so I put to her again a question I put at an earlier stage in the Bill. She told noble Lords there were two reasons why it was so time-critical. The first was that the computers have to be changed by a date—I think it was 26 November, or another date late this month that was the last date that computers could be changed to adjust the rates for next year. She also said that the House will then have to approve the uprating order, which we normally do in the spring. So what happens if they change the computers deep in the bowels of DWP and then the House chooses to reject the uprating order? What happens then?

While we are here, by refusing to look again, we are left with a Bill which will uprate pensions by the CPI inflation rate prevailing last September. Meanwhile, we all know that the costs of things that all pensioners use—food and fuel, for example—are spiralling up. Pensioner poverty is on the rise again. The last Labour Government managed to bring it way down, but it started to rise again in 2012. It is now on the rise and it will get worse yet.

I am sorry to say that this short Bill is a mistake. It steps away from the earnings link and, in walking away from their manifesto commitment for the third time, the Government are breaking trust with the electorate. Why are they so determined to do it? Ministers tell us that it is for one year only. Great, but I worry that their refusal to be creative in finding a way to deal with the fallout from the pandemic raises fears that they really are planning to walk away from this longer term.

My noble friend Lord Rooker is, as always, right. We have done what we can. We have asked the elected House to think again. The Government whipped their people to say that they did not want to do so. I think they are wrong. Pensioners will pay the price for this and they will not likely forget this breach of trust. I hope the Government think it was worth it.

**Baroness Stedman-Scott (Con):** My Lords, I thank all noble Lords for their contributions. To answer the question put by the noble Lord, Lord Davies, about the Government believing in the long-term earnings link, yes, this Bill is for one year only. After that, it will revert to the current legislation, and state pensions will increase at least in line with earnings. The triple lock will be applied in the usual way for the remainder of the Parliament. We believe that 8.3% is atypical growth, just as we considered minus 1% to be atypical last year, which is why we increased state pensions by 2.5% instead.

Again, to the noble Lord, Lord Davies, inflation is forecast to be higher than 3.1%. Do pensioners not need a higher increase? The uprating order for all benefits will take effect from April 2022 and, last year, pensioners saw an increase of 2.5% when CPI for the uprating review period was 0.5%. Average actual CPI over the first six months of this financial year was lower, at 2.4% at the Budget, and the OBR forecast

that CPI would average 4.1% for the second six months of this financial year. If this turns out to be the case in September, the CPI figure will be a good reflection of average inflation over whole of 2021 and 2022.

The noble Lord, Lord Sikka, said that the state pension is the lowest in the developed world and is still below the 1979 level relative to average earnings. This comparison is misleading. There are many factors to take into account: tax systems, healthcare systems, pension ages, cost of living, access to occupational pensions and the availability of other social security benefits, as well as the provision of services and goods free to pensioners or at a concessionary rate. The Government provide considerable additional support for pensioners. People over state pension age are entitled to free winter fuel payments worth £2 billion every year, free eyesight tests, NHS prescriptions worth around £900 million every year, and free bus passes worth £1 billion every year. In addition, the BBC has made provisions so that those aged 75 or over who are in receipt of pension credit are eligible for free TV licences.

To answer the question put by the noble Baroness, Lady Sherlock, if there is no Royal Assent, we need to use the current legislation at 8.3%.

*Motion A agreed.*

#### *Motion B*

*Moved by Baroness Stedman-Scott*

That this House do not insist on its Amendment 2, to which the Commons have disagreed for their Reason 2A.

**2A:** Because Lords Amendment 1 would alter the financial arrangements made by the Commons and Lords Amendment 2 is consequential on that Amendment; and the Commons do not offer any further Reason, trusting that this Reason may be deemed sufficient.

**Baroness Stedman-Scott (Con):** My Lords, I have already spoken to Motion B:

“That this House do not insist on its Amendment 2, to which the Commons have disagreed for their Reason 2A.”

I beg to move.

*Motion B agreed.*

## **Dormant Assets Bill [HL]**

### *Report*

3.45 pm

#### **Clause 29: Distribution of dormant assets money for meeting English expenditure**

##### *Amendment 1*

*Moved by Lord Bassam of Brighton*

**1:** Clause 29, page 22, line 13, at end insert—

“(1A) An order under this section may enable the creation of funds (to be known as “community wealth funds”) that may make grants and other payments to support

the provision of social infrastructure to further the wellbeing of communities suffering from high levels of deprivation and low levels of social infrastructure.

(1B) The Secretary of State may—

- (a) by order create one or more community wealth funds for a temporary period of at least 10 years, and
- (b) at the end of that period review the efficacy of the community wealth funds with a view to creating community wealth funds on a permanent basis.

(1C) In subsection (1A), “social infrastructure” means—

- (a) buildings or other assets owned or managed by organisations located in communities for the purposes of local residents’ meeting, socialising, accessing educational resources, or conducting other activities to improve their wellbeing, or
- (b) organisations, whether incorporated or unincorporated, existing for the purposes set out in paragraph (a), (c), (d), (e), (f), (g), (i) or (j) of section 3(1) of the Charities Act 2011.”

Member’s explanatory statement

This amendment would enable orders under Clause 29 to create community wealth funds as a means of tackling deprivation and building social infrastructure in left-behind communities. It would mandate the Secretary of State to establish and review the effectiveness of one or more pilot schemes which would run over at least ten years.

**Lord Bassam of Brighton (Lab):** My Lords, I welcome the Minister to his first outing on the Bill. Before I get into the body of the amendment, I perhaps ought to declare an interest. I am a member of several boards of charities, and I work for a charity, so I am rather hoping that if we endorse this amendment, those charities might at some point benefit from it. Nevertheless, it is an interest to be declared.

I thank the noble Lord, Lord Hodgson, for leading this debate in Committee, when he proposed what could be called a “full-fat” version of the community wealth fund initiative. In Committee, the Government argued that the local trust proposals, while interesting, are not sufficiently worked through, meaning that the DCMS is not in a position to make community wealth funds a beneficiary of dormant asset funds at this time.

Amendment 1 suggests a reasonable compromise and, on that basis, we hope that the Minister will be able to accept the amendment. The text would give the Government the power to establish a long-term pilot scheme, enabling small-scale investments to be made in local communities that have been left behind in recent years and for data relating to the social impact of those investments to be gathered and analysed. The amendment does not compel Her Majesty’s Government to act but gives them the tools needed to commission such a pilot.

The Government’s stated commitment to the levelling-up agenda was very much at the centre of their 2019 election campaign and, of course, they have subsequently argued strongly in favour of levelling up in many different guises and fora—we await anxiously, with bated breath and much anticipation, the arrival of the White Paper—so it is hard to see any reason why DCMS should exclude itself from that policy process and not agree to trial the community wealth fund approach.

My argument is simply that the proposal could act as a powerful tool in boosting deprived areas, putting small sums of money in communities’ hands so that

[LORD BASSAM OF BRIGHTON]

they can invest in the facilities or services that would have the most local benefit—perhaps subsidising a community hall, running adult learning classes, supporting skills and training hubs and sports facilities, and improving digital connectivity. I am sure we could all come up with a long list of things that could directly benefit communities that have been left behind and require levelling up.

The other feature of this, which speaks to the amendment, is that much of the Government's funding so far announced for levelling-up programmes is focused from the centre, so it is directed and targeted at precise places and communities. There is nothing necessarily wrong with that, but the community wealth fund, if trialled and piloted in the right way, would put money directly into the hands of communities that sought to benefit from them, giving a sort of bottom-up approach, one that I believe most of us in your Lordships' House would very much support.

Stakeholders have repeatedly signalled a willingness to discuss their idea with Ministers. They are realistic about the difficulties of adopting community wealth funds with a big bang approach, which in my view adds rather more weight to the proposal for a time-limited series of low-risk pilots.

Finally, while I am on this point, I thank the right reverend Prelate the Bishop of Newcastle, who has made a valedictory speech and is therefore unable to contribute to this debate. We are grateful for her support for this amendment, as well as that of the Bishops at large. We are also, of course, very grateful to the right reverend Prelate for her wider service in your Lordships' House.

We see this amendment as part of a levelling-up agenda and a way of empowering communities, as well as an opportunity to trial new and innovative ways of funding communities. We believe that this has a low-risk attached to it but would nevertheless give a boost, and some inspiration and thinking, to local wealth creation. I beg to move.

**Baroness Kramer (LD):** My Lords, I am very delighted to support this amendment. My colleagues and I are great believers in empowering local communities. Indeed, in my years as an MP, I saw a number of local initiatives, driven by local people and community groups, that did some extremely good work but could not cope with the mutual demands of both providing their services and fundraising, so they were unable to grow to that kind of sustainable point that was so important in the community. It seems to me that the community wealth fund gives opportunities to those new initiatives, driven by local people, targeted very much towards the members of the local community and very much reflecting local need. It would seem ideal to do this under the structure of the dormant assets programme.

I have two other reasons for feeling that this is important. Later on Report, we will address issues of oversight over the kind of programmes funded through dormant assets. But it seems to me that there is no way that that issue can be addressed without recognising that the kind of resources for the detailed scrutiny and monitoring of programmes is in short supply. It seems to me that, when you have small local programmes, a

well-structured community wealth fund arrangement can put in place that administrative oversight and make sure that, locally, the funds are well spent, provide value for money and are properly targeted. So that level of administration in fact makes up for a much broader weakness, frankly, within the overall dormant assets structure.

I am also very pleased to look at a pilot approach—this will be a case of trialling, reshaping and refining—because I am concerned to make sure that the money derived from the dormant asset funds is used in addition to the kind of services that ought to be provided, whether by central or local government. It will be really important for an entity such as the community wealth fund to work in tandem with local authorities but not substituting for what they can or should be doing. We do not want duplication of administration or service, and we certainly do not want to give central government an opportunity to further reduce the resources that it provides to local authorities on the grounds that the dormant asset fund and various charitable and local civic societies will do the work in its place and not require the normal support and resource that ought to be provided.

It therefore seems to me that this is very much a win-win approach, and I hope that the Government will take it on board. The Bill is an opportunity to expand what has been a very successful programme in significant additional directions, and this is certainly one of them.

**Lord Hodgson of Astley Abbotts (Con):** My Lords, I have my name down in support of this amendment, which, as the noble Lord, Lord Bassam, said, builds on one that we debated in Committee. As is always the case, when you come back to the subject, there is a risk of a great deal of repetition, and I do not wish to try the patience of the House with a long exposé. During the debate in Committee, the Minister's predecessor, my noble friend Lady Barran, raised some significant concerns that the Government had about the way that this might operate. The amendment of the noble Lord, Lord Bassam, has very neatly—if I may say so without sounding patronising—answered some of the points made then.

I will repeat, in four sentences, four reasons why I am attracted to community wealth funds. They are very local and can reflect the often highly idiosyncratic needs of a particular local community. They can provide a physical space—a building—as a focus for presenting and answering those particular needs. Thirdly, they can provide an element of professional help, without which a purely voluntary organisation can struggle. Fourthly—this is most important—they can provide the long-term capital needed to answer and build answers to the very deep-seated challenges that many of these communities face.

However, as my noble friend Lady Barran said—I am sure that if I could see my noble friend's speaking note I would see that he will repeat it in a minute—this is a new approach and the Community Wealth Fund Alliance is setting out, brimming with confidence, hope and optimism. I certainly wish it well, but there will be difficult days ahead with hard decisions about structure, approach, governance and impact. The noble Baroness will probably raise that last issue in her speech in a minute. It is dangerous if you accept too

rigid an approach in primary legislation; if it subsequently turns out to be less than ideal, you are stuck with it. So there is an element of “Be careful what you wish for”.

Then there is the issue of consultation. I think many of us would say that this was a case of putting the cart before the horse. Normally you have a consultation, get the results, draft the legislation and then discuss it in the light of what has been discovered, but that has not happened here and we are going at it the other way around. Whether we like it or not, that is where we are. So I can see why, unsatisfactory though that approach is, in the circumstances, the Government cannot and do not want to pre-empt the results of that consultation.

Conversely, primary legislation, like buses, does not come along very often; the next Bill might be in another five or 10 years—it is 15 years since the noble Lord, Lord Bassam, and I discussed the Charities Act, and we have had probably had one since—but we need to send a signal of our support for community wealth funds. How do we balance those issues? I suggested that if the noble Lord, Lord Bassam, replaced “must” in his original drafting with “may”, that might provide an answer that would not force the Government, the Secretary of State and my noble friend on the Front Bench to set up a community wealth fund but would provide them with an option to do so in light of the consultation when they had the full outcome available. Since the noble Lord was kind enough to make that change, I am delighted to support his amendment.

**The Lord Bishop of Ely:** My Lords, the noble Lord, Lord Bassam, is correct that my friend the Bishop of Newcastle has made her valedictory speech, but I have been permitted to speak on her behalf. Noble Lords may have noticed a certain discrepancy in height and volume between me and the Bishop of Newcastle but she is living proof that stature has nothing to do with size. I applaud my friend for her significant role as a Lord Spiritual and a community leader in Newcastle; the city has honoured her with the freedom of the city in recognition of her work.

In support of the amendment, we would like to say that the creation of community wealth funds, as the noble Lord, Lord Bassam, has said, will strengthen community life in left-behind communities, including many in the diocese of Newcastle. Levelling-up investment, while welcome, has been largely about hard infrastructure but we want to see more investment in social infrastructure so that our communities can flourish. It is precisely that social infrastructure which could be provided by the community wealth funds, so they are already creating confidence in communities even if the consultation is yet to happen.

One of the key founder members of the Community Wealth Fund Alliance is a local trust that administers the Big Local programme, a programme that has inspired this community wealth fund proposal. The Big Local programme has been operating for 10 years and has generated considerable learning and evidence that could inform the design of the new pilot fund or funds that the amendment would enable.

The Big Local programme supports 150 neighbourhoods across the country that have each received just over £1 million in funding from the National Lottery Community

Fund. That funding is placed directly into the hands of local residents, giving them the ability to make decisions about how to improve their neighbourhoods and their quality of life. Areas were selected on the basis that they suffered from higher-than-average levels of deprivation and had previously missed out on their fair share of lottery or other public funding.

An in-depth evaluation of 15 of the 150 Big Local areas half way through the programme outlined the benefits for individuals, groups and organisations and charted wider community change as a result of the funding and support offered. The benefits are considerable, including increased employment and access to employment opportunities, increased confidence and aspiration and reduced social isolation. The programme has also increased people’s sense of agency and belief in their own ability to make things happen.

4 pm

The noble Lord, Lord Parkinson, will no doubt be aware that one of the 15 projects evaluated in depth is in Whitley Bay in the diocese of Newcastle. I should interpolate here that I am very interested in the continued development of Whitley Bay as it is where I intend to retire. Early on, Whitley Bay Big Local identified local people who would benefit from a community hub, a place to meet and enjoy a range of activities. The team worked hard to make this project a reality, and the right reverend Prelate Bishop of Newcastle and I would like to congratulate them. Recently, Big Local has received £300,000 of funding from the community partnership fund. This, together with funding from North of Tyne Combined Authority, will support the purchase and refurbishment of a building as its new eco-hub, enabling it to run more community activities. Whitley Bay Big Local has also worked with the local authority to identify improvements for the town centre and run volunteer-led projects to create these changes.

Thirty-five years ago, when I was a curate in Gateshead, members of our parish went for their fortnight’s holiday by taxi to Whitley Bay. It is very good that through the fund Big Local has established and supported Whitley Bay Carnival, which has become a sustainable annual event attracting thousands of visitors to the area. The community wealth fund proposal is not being plucked out of the air. The local trust has the expertise to deliver it, and it comes with the backing of over 450 organisations, including 40 local and combined authorities. The Big Local project has made such a difference in Whitley Bay and in communities all over the country.

**Baroness Lister of Burtsett (Lab):** It is a pleasure to be able to speak in support of the amendment. As Committee was quite a long time ago, I hope noble Lords will forgive me if I repeat some arguments.

We are all committed to building back better—to coin a phrase—and the proposed community wealth fund or funds could be a valuable foundation, enabling us to tackle a range of inequalities and improve outcomes for the residents of our most disadvantaged areas. As such, they potentially have a key role to play in the levelling-up agenda, as already noted, as increasingly it is recognised that levelling up must involve not just physical but social infrastructure, as the right reverend

[BARONESS LISTER OF BURTERSETT]

Prelate has said. As the report from the Bennett Institute for Public Policy argues, social infrastructure brings “economic, social and civic value”

—and, we might add, cultural value—to areas where such assets may be weak. According to the British Academy, of which I am a fellow, the pandemic has shown:

“National capacity to respond to changing circumstances and challenges requires effort to sustain a strong web of communities and community engagement at local levels.”

Community-led networks are vital for combating inequalities over the long-term and must be at the centre of plans to build back better.

Social infrastructure matters to people. There is a lot of evidence that the presence or absence of it makes a big difference to how people feel about their neighbourhoods and their satisfaction with them. In areas with strong social infrastructure—particularly places and spaces to meet, and community organisations—people feel a greater sense of community, civic pride and belonging. These areas are more neighbourly and more cohesive. They also have better health and employment outcomes.

The Minister may have seen the recent report from Onward, a right-of-centre think tank, entitled *Turnaround*. It draws a number of positive lessons from the Labour Government’s new deal for communities, one of which is that

“the most significant sustained improvements are those with the strongest base of civic assets and most engaged communities. This suggests that the government should pay much more attention to nurturing the social fabric of a place alongside economic interventions.”

It also emphasises the importance of

“social infrastructure within local places”.

If we are to build back better, we need to invest in social infrastructure in these deprived neighbourhoods. We need—as is the case with the proposed community wealth funds—this investment to be long-term so that it provides continuity. Crucially, as my noble friend Lord Bassam of Brighton said, we need it to be community-led, albeit with communities receiving appropriate support to build community confidence and capacity. Again, to quote the Onward report, one of the lessons from previous regeneration policies is that

“communities must have a stake in regeneration, not merely be consulted ... community involvement is essential, but many are capacity constrained”.

I realise that the Government are reluctant for the Bill to be amended to specify the distribution of dormant assets—and I am supportive of the intended consultation which will be the subject of later amendments—but, as has already been explained, this is a permissive amendment. I can see no reason for the Government not to support it.

One of the reasons I am speaking in support of this amendment is because it has such widespread support, as has already been said by the right reverend Prelate. Those 450 organisations to which he referred are part of a growing alliance advocating for the fund. This includes 40 local and combined authorities, most of the major independent charitable funders and all the main civil society umbrella groups, including the NCVO.

Polling research by Local Trust—and I express my appreciation for the briefing that it provided—demonstrates that the proposal would have the support of senior leaders in the financial services industry.

The community wealth fund has also been recommended in reports from a large number of think tanks and inquiries, including Localis, the Centre for Cities, the Fabian Society, New Local, the No Place Left Behind commission and the Civil Society Futures inquiry. It has also been endorsed by the APPG for “Left Behind” Neighbourhoods, of which I am a member.

I acknowledge concerns expressed by those who use dormant asset funding for the work that they already do. However, I see no reason why they should not continue to do that work and receive funds because these are new funds and no one is arguing that the whole of them should be used for community wealth funds. Again, this is a permissive amendment, not one that requires specific action. Such a strong case has been made by so many civil society groups. There is a growing consensus that a community wealth fund, or funds, is much needed and that investment should come from dormant assets. I therefore urge the Government to listen to civil society and accept this modest amendment.

**Baroness Bennett of Manor Castle (GP):** My Lords, it is a great pleasure to follow the noble Baroness, Lady Lister of Burtersett. I think the case for this amendment has been powerfully made and I want to show the breadth of support for it.

Last night in the policing Bill we were debating how we saw a grass-roots-up initiative starting from Nottingham that saw the practice of recording misogyny as a hate crime. So many new ideas and innovations start with the local and start in local areas. Yet we live in one of the most centralised nations on this planet, certainly in Europe, with power and resources concentrated here in Westminster. This amendment very modestly puts power and resources out into places that desperately need them.

Often, we are talking about places that no longer have a place to meet—even the pubs have closed in many of the poorest communities that I see. Lots of housing has recently been built without any public meeting places and places for people to gather at all. What we are talking about here is giving power to local communities that are really struggling, to let them decide for themselves what they need to do. I think we could see some truly wonderful innovations starting from the community wealth fund that then could spread far more widely. Perhaps appropriately for a Green, let us think about throwing out some seeds and seeing some wonderful plants flourishing, flowering and growing.

**Baroness Barker (LD):** My Lords, when I initially heard about community wealth funds, I was rather sceptical, and I perhaps remain on the more sceptical end of the spectrum in your Lordships’ House. But during discussions on the Bill, I have become less sceptical about the idea, as the noble Lords, Lord Bassam of Brighton and Lord Hodgson of Astley Abbots, have talked to me, along with the groups mentioned by the right reverend Prelate the Bishop of Ely.

Two things in particular have caused me to think again. The first is the experience of the pandemic and how everybody's sense of locality and place has changed. I happen to live in south London, and one of the many things that got me through the toughest of times was discovering local parks that I had never come across before. Watching other people having to live their lives in a much more geographically restricted scope has made a new sense of place. I now understand—in a way that I perhaps did not before—that being able to appreciate and develop your community space will be a very important part of people's physical, economic and mental well-being in future.

The second reason why I have changed my mind is this. The noble Baroness gave a long list of community initiatives that have flowed out over the past 30 years, many of them from the National Lottery, the new deal for communities and so on. Pretty much all of them were the release of resources into a community, with varying degrees of restriction on how they could be spent—but they were resources to be spent in poor communities.

This is about something different. It is about an investment fund that has to generate wealth within those communities. To do that, the people who will be managing it locally will have to learn and display economic development skills themselves. That is a different proposal from the ones before. The noble Baroness is right that, as we move through a huge period of economic change—green development and the green economy—if we get away from the old idea of development solely in buildings and talk about investment in economic skills and new jobs, managed in a much more local way, that has the potential to be different.

The noble Lord, Lord Hodgson of Astley Abbots, was absolutely right: we had to grab a passing Bill and shove something on to it. But the very purpose of this Bill is to take assets that are lying dormant and put them into communities where people are financially excluded, do not have business skills or need some help with the generation of wealth and well-being. This is about doing that with people in their community, not yet another building. So I have changed my mind and think this is something different, and therefore I now think it is worthy of support.

**The Parliamentary Under-Secretary of State, Department for Digital, Culture, Media and Sport (Lord Parkinson of Whitley Bay) (Con):** My Lords, I thank the noble Lord, Lord Bassam of Brighton, the noble Baroness, Lady Kramer, the right reverend Prelate the Bishop of Newcastle, and my noble friend Lord Hodgson of Astley Abbots for tabling this amendment relating to community wealth funds. I am also grateful to the right reverend Prelate the Bishop of Ely, who spoke on behalf of his right reverend friend, who, as he explained, has made her valedictory speech to your Lordships' House and is therefore unable to speak today. I offer my best wishes to her as she leaves your Lordships' House for a well-earned retirement and thank her for her contributions, both here in your Lordships' House and across the diocese; it is one I hold particularly dear, having been baptised in it and having many relatives who live there still. I know that she will be

much missed, but we are delighted that, through the apostolic succession, the right reverend prelate the Bishop of Ely was able to speak for her today.

I hope that, during my remarks, I can reassure all noble Lords who have spoken that it is already possible for community wealth funds to be a named cause in an order made under Section 18A, and that I can demonstrate why this amendment, even in its semi-skimmed form—if that is the evolution from the full-fat version to which the noble Lord, Lord Bassam, alluded earlier—is still unnecessary.

*4.15 pm*

This amendment and our debate today have made clear the support of many noble Lords for using the English portion of dormant assets funding to support communities with high levels of deprivation and low levels of social infrastructure. The scheme has spent the last decade working to tackle systemic social challenges and to level up communities that need it most—in particular, by targeting and benefiting areas that have in many ways been neglected or overlooked for too long. I was delighted that the right reverend Prelate shone a particular light on Whitley Bay and the good that funding can do. The noble Baroness, Lady Barker, is right to underline how our sense of place, pride and value in our local communities has been accentuated during the pandemic.

As the noble Baroness, Lady Kramer, highlighted in Committee, we already have four distributors that can pass funds under the current rules of social investment to local community groups doing all kinds of activities. This, and more, is exactly what has been facilitated through the existing scheme. Over the past decade, more than £465 million has been invested in charities and social enterprises through the independent spend organisations. Big Society Capital and its co-investors have committed more than £84 million to help create thriving and inclusive communities, developing local solutions that meet local needs with the right kind of long-term finance and support. Communities are already supported through the scheme to use social business models to invest in their social infrastructure, which includes purchasing community buildings, as my noble friend Lord Hodgson and others mentioned, developing community spaces and installing community energy schemes.

Supporting front-line organisations to tackle deprivation, developing strong social infrastructure and initiatives at the local level, and embedding beneficiary decision-making into processes are already some of the broad priorities on which the scheme has distributed funds in England. Over the past decade, the scheme has built a compelling evidence base for these types of activity, and we are committed to ensuring that it continues to benefit the people and communities that need it most. We are also committed to affording everyone a fair opportunity to have their say on the purposes for which funds can be distributed. We are clear that a consultation is the best and most inclusive way to agree future spend priorities in England. The community wealth fund model could be one way in which to meet the priorities that have been outlined by noble Lords in our debate again today, but it is demonstrably not the only approach that could be

[LORD PARKINSON OF WHITLEY BAY] taken. That is why the Government have consistently committed to considering all responses to the consultation without trying to predetermine its outcomes.

The consultation will provide the opportunity for the general public, the civil society sector, noble Lords and Members of another place, and industry bodies to express their views. The Government have tabled Amendment 3, which we will come to shortly, to ensure that the opportunity for broad and inclusive input must always be provided. I reassure noble Lords that we intend to consult widely to capture as many views as possible, taking particular care to welcome the voices of local communities, as noble Lords have suggested today. During the process of consultation, we will be keen to hear from everyone, including those who advocate the use of community wealth funds. If the consultation process finds that community wealth funds are the best use of dormant assets funding in England, the Bill is already designed to provide the most appropriate avenue to make that a reality. We think it would be inappropriate to undercut the process of consultation in the way that the amendment proposes. Naming any specific cause in the Bill without first asking for that wider impact would undermine the validity and open-mindedness of the consultation.

The issue is not to do with the cause itself, but rather the fundamental principle that people deserve to have a say in how the money should be spent in England. This was out of scope of the expansion consultation last year because youth and financial inclusion only began to receive dormant assets funding in December 2019. However, the responses made it clear that there are wide-ranging views on the best use of this money—not just community wealth funds—and these views deserve to be heard as well. Not hearing them would pose a serious risk to the success of the scheme, the voluntary participation of our industry partners, and the confidence of the general public.

I stress that the Government are not opposed to considering community wealth funds. We acknowledge that the core features of it—community decision-making at a hyperlocal level and investment in social infrastructure—have an important role to play in improving access to opportunities for everybody, particularly those in the more deprived communities. I have spoken today about some of the ways in which the scheme does that. However, the scheme also values evidence and data-driven decisions. We are aware that current evidence for community wealth funds, as well as concrete designs for how they would operate, are relatively sparse. My speaking notes do not actually include the words “new approach”, but as my noble friend Lord Hodgson of Astley Abbotts used them, I will certainly point to them. We think that there is more work to be done in this area before a commitment can firmly be made. Further work is needed to establish how it would work and whether dormant-assets funding would be the right type of money to support it. That is why we feel that it is too soon to commit to including it as an explicit option in legislation in the way that this amendment proposes.

Officials at DCMS and Ministers will maintain engagement with those who are responsible for its development, notably local trusts. The levelling-up

taskforce is working across Whitehall, including with DCMS, to establish evidence and identify activities to help support communities to level up, as part of the development of the White Paper. This includes whether and how a long-term sustainable funding model, with similar ambitions to Local Trust’s community wealth fund, could be established. More evidence-gathering and policy development needs to be done to determine if and how this could be achieved, including how it could be funded with sustainability and longevity in mind.

It is already possible under Clause 29 for community wealth funds to become recipients of dormant-assets funding in England. However, as I said, this should not happen without first consulting. We will come on to discussing the nature of this first consultation when we debate Amendments 3, 4, and 5, so I hope noble Lords will forgive me if I address those issues further then. I hope, however, that I can reassure noble Lords that we will ensure that this consultation provides the opportunity for people to respond with their view that community wealth funds would be their preferred course of action, if indeed it is.

In conclusion, we are not opposed to the concept of a community wealth fund, but for the reasons I have set out, we are not able to accept the noble Lord’s amendment. We are clear that a consultation is the best way to agree future spend priorities for England. Should the consultation process find that community wealth funds are indeed the best use of dormant-assets funding, the Bill is already designed to provide the most appropriate avenue to make that a reality. In this spirit of enabling everyone interested to have their say, I invite the noble Lord to withdraw his amendment.

**Lord Bassam of Brighton (Lab):** My Lords, I thank all noble Lords who have spoken in this debate. With the exception of the Minister—although not entirely with the exception of the Minister—all have been rather in support of the amendment. I listened very carefully to what the Minister had to say, and by the end of his speech I was almost convinced that he was going to agree with our side of the argument.

The key to this amendment is one word, and the noble Lord, Lord Hodgson of Astley Abbotts, touched on it: the word “may”. This amendment is extraordinarily modest. It just says to the Government, “Look, you may do this; you don’t have to”. For me, that is the key, because the Government may do it after a period of consultation. It does not seem to me to be a great leap of faith to encourage the creation of community wealth funds for social infrastructure in having the consultation that can take place at any time, where this provision actually enables the Government to be more active in supporting, if they wish at some later stage, the introduction of pilots running community wealth funds.

Noble Lords have all spoken to the importance of creating social infrastructure. That is what this amendment seeks to do, through ensuring that we create community wealth funds. That is the part that particularly attracts me to it, because in my day job as an employee of Business in the Community we seek to create levelling up through work in places. One essential thing we do

not have ready access to is good, robust, sustainable funding. In future, I can see community wealth funds becoming exactly that.

It is critical that we provide communities with that hope and potential. Many of our poorest communities do not have the capacity to generate funds or the social infrastructure to enable them to develop as communities and grow the resilience and strength they need. The noble Baroness, Lady Barker, touched on this rather well in talking about her experiences during lockdown. I experienced similar feelings; well-managed, manicured open spaces provide you with a lifeline, inspiration and an ability to go out, enjoy fresh air and breathe and live again. Many of us had that experience, particularly during the first lockdown. Those things and places need nurturing and looking after. They are community assets, and something like community wealth funds will ensure that they are there and are well managed and looked after.

I will not detain the House too much longer. The noble Lord's primary argument against the amendment was consultation. There is no reason why that cannot take place. It is already taking place. He also said that the power is already there; why not use this clause as a way of driving that and supplementing the power that is already there? It is useful in highlighting the importance and value of creating those community assets and ensuring that we have social infrastructure that works for local communities.

At an earlier stage of the Bill, the noble Baroness, Lady Barran, suggested that the ideas were not yet perfected. I do not think that is the case. That now seems to have fallen away from the Government's range of arguments. I agree with the Minister that we need sustainable, long-term funding models. Some of those already exist, but this would add to and empower local communities in a very specific and direct way. It would not be top-down, but bottom-up. It would enable communities to thrive and do much to tackle the long-outstanding needs of some of those communities which are obviously in urgent need of levelling up.

For those reasons, I wish to test the opinion of the House on this amendment.

4.28 pm

*Division on Amendment 1*

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*Amendment 1 agreed.*

### Division No. 1

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4.52 pm

### Amendment 2

Moved by **Baroness Kramer (LD)**

2: Clause 29, page 22, line 13, at end insert—

“(1A) Regulations made under this section must specify that any organisation in receipt of a distribution of dormant account money—

(a) must demonstrate that any returns to private companies or individuals are commensurate with the overall aim of delivering public good, and

(b) must not be used to enhance investor returns.”

Member’s explanatory statement

This amendment would ensure that a distribution of dormant assets money must be to an organisation that has an overall aim of delivering public good and must not be used to enhance investor returns.

**Baroness Kramer (LD):** My Lords, this amendment was triggered by remarks made in Committee by the noble Baroness, Lady Barran, who was the very capable Minister then who was replaced by another very capable Minister. She was very open in response to a question that had been asked quite innocently. We wanted to put in an amendment in Committee a requirement to confirm that the dormant asset money would flow to charities or recognised and formalised social enterprises.

In her response, the noble Baroness said no, that the Government wanted to make sure that the money was also available to mission-focused for-profit companies. There was general shock around the Committee, as everyone talked about the Dormant Assets Bill as providing money to charity and social enterprises, and it sent me away to Google. Perhaps others in your Lordships' House were far less naive than I, but there is a massive business growing in the social impact arena these days, which has become very attractive to the private sector.

To give your Lordships an idea of who is coming to play in this particular arena, I will refer to one of endless websites that contain copies of similar discussions: "Mainstream venture capital ... funds"—we are talking about VC funds—

"are beginning to look for a new kind of unicorn—companies that will not only provide huge financial returns"—

we are talking here about 12% returns for modest venture capital, perhaps with earlier-stage money 20% returns—

"but also create huge social impact."

It notes London and San Francisco as two of the leading hubs for these kinds of investments.

I have no argument with a venture capitalist who puts money into social good. That is absolutely fine as far as I am concerned. But I am very concerned if that entity is seeking grants from the dormant asset fund and turning that around to enhance the returns to its investor, who is expecting a return around the 12% to 20% mark. I can see why it is extremely attractive to the for-profit company; after all, it is very hard in most circumstances for social impact to generate returns of that extraordinary size. But if there is a very significant grant coming from the dormant asset fund, one can achieve those kinds of benchmarks easily. I do not think that is the purpose that was embedded in the original Bill or the purpose which most of us who are associated with this have in mind.

The amendment is not an attempt to exclude all for-profit companies, because I understand that there are some areas where they have been very useful, for example in teaching financial literacy. It is to make sure that they are not plucking extraordinary returns as a consequence of grants from the dormant assets fund. Charities and social enterprises seeking funds and grant money may indeed find that they have some excess over the particular project that they have been working with, but their whole constitutional structure requires them to make sure that money flows back into good causes. I do not want this to turn into an opportunity for that money to flow back to large-scale investors.

As we all know, the oversight process in the Dormant Assets Bill—we will talk about this on the very last amendment—is very weak, because in the original concept the end users were going to be charities and social enterprises that were under constraint and governance of various different kinds. Therefore, an additional level of scrutiny was not a matter of significant concern. With this big expansion, and with the purposes to which the fund can be applied being essentially in the gift of the Secretary of State, this becomes a major concern.

We are all concerned about money being spent inappropriately. Nothing would be more damning to this whole process than a major scandal in which we suddenly have a newspaper describing circumstances in which money from the dormant assets fund has gone to an investor seeking very large returns. This could compromise not just that particular project but the whole programme. Frankly, I do not think that is a principle that should be allowed to proceed in this Bill, which is why I have moved this amendment.

**Baroness Bennett of Manor Castle (GP):** My Lords, I rise briefly to commend the noble Baroness, Lady Kramer, on her alertness in uncovering this issue, and to make a very simple comparison with something that has occupied a great deal of time in your Lordships' House lately: the water companies, and what we have seen happen with them, with, very often, hedge fund owners involved, massive profits being taken out and massive loads of debt. This is a terribly important amendment. I regret not attaching my name to it. I certainly would have done had I been alerted to it earlier. This is terribly important, and I encourage the noble Baroness to keep pushing.

**Lord Bassam of Brighton (Lab):** My Lords, I do not have a great deal to add. The argument of the noble Baroness, Lady Kramer, is very sound and was well made and well researched. We had an interesting debate on this topic in Grand Committee, and I am grateful to our colleagues on the Liberal Democrat Benches for allowing us to return to it through this reformulated amendment.

During the previous debate, examples were raised of organisations that are not social enterprises or charities, but which nevertheless deliver public good through the use of dormant assets funding. This new amendment captures that reality, while introducing the safeguard that these funds, which are finite and will be highly sought after, are not used to enhance investors' returns, where that may be a concern.

I do not really understand why the Government should not write this kind of safeguard into the Bill. Failing that, will the Minister put something on the record that will provide us with some comfort? We need that reassurance, protection and level of accountability.

*5 pm*

**Baroness Barker (LD):** My Lords, I will just add two points to the very convincing case made by noble friend Lady Kramer. First, the Minister knows from all our discussions that we on these Benches have concerns about the loose nature of this scheme and the somewhat loose definition of its purposes. Therefore, it remains a concern that it is a not insignificant pot of money that can be very easily diverted. Part of what we are trying to do this afternoon, in a number of different ways, is to bring this scheme under a much tighter definition and close loopholes.

Secondly, we listened very carefully to the noble Baroness, Lady Barran, and the noble Lord himself, when we had discussions. They explained to us, in particular, that the new purposes under the Bill—financial inclusion and the very ambitious programme that Fair4All Finance has of putting loan sharks out of

[BARONESS BARKER]

business—might necessitate the sorts of skills that are not commonly found within the social enterprise or charitable sector. It might require there to be companies in forms that are not usually found within the social enterprise sector, either. So I would like the Minister to acknowledge, in dealing with this amendment, that it is specifically that part of the scheme which has caused us to move. We are not talking about private companies entering into the other parts of the Bill, to my mind—unless he can make a case for them to do so.

**Lord Parkinson of Whitley Bay (Con):** I am grateful to the noble Baronesses for their amendment and for their vigilance and scrutiny in this area. I am grateful also for their time the other day, when we had a helpful discussion.

Amendment 2 concerns the direction of the English portion of dormant assets funding and seeks to ensure that money cannot be used purely for profit but must have public good at its heart. It is already enshrined in primary legislation that dormant assets funding must be distributed to initiatives with a social or environmental purpose. This is a clear and core function of the scheme and it remains unchanged in the Bill. The Government of course agree that private profit is not the purpose of the dormant assets scheme.

The noble Baronesses' concerns, as expressed in the amendment and their contributions today, relate to the scheme's current support for social investment. As I mentioned in the debate on the previous group, dormant assets funding has provided £465 million to Big Society Capital and Access over the last 10 years. During that time, social impact investing in the UK has grown almost eightfold, increasing from £830 million in 2011 to £6.4 billion now, thanks in large part to those two organisations. It is largely by leveraging private capital alongside dormant assets that the market has been able to expand in this way, providing the voluntary, community, and social enterprise sector with access to billions of pounds of investment.

To give an example, dormant assets funding enabled Big Society Capital to invest £6 million in the Fair By Design fund, which aims to eradicate the poverty premium by 2028. Fair By Design invests in several initiatives, including some businesses with considerable impact which provide services in sectors such as energy, insurance, borrowing, transport and food, to support over 340,000 people across the country. Its work has helped those people collectively to save £12 million per year on goods and services for which they were previously paying more than those who were financially better off. The scheme advances important opportunities such as this for collaborating with the private sector and civil society organisations to amplify its impact, within the boundaries of governance structures which ensure that the money is managed appropriately.

I hope I can reassure noble Lords that robust systems are in place to ensure that the money funds projects delivered by organisations that prioritise impact. As a registered charity itself, Access employs strict eligibility criteria for its funding, which ensures that money flows only to those social enterprises and charities that it was created to support. Similarly, £2.5 billion from Big Society Capital and its co-investors is being

used to support over 1,500 social enterprises and charities across the country. Both organisations apply layers of due diligence to ensure that the intermediary fund managers with whom they work also have impact embedded in their approaches. Fund managers applying for Big Society Capital funding are required to present a social impact plan during the due diligence process, and Access requires its funds to be held in finance structures that cannot be used commercially.

As these existing structures have operated effectively over the past decade, we do not consider it necessary to place in primary legislation a requirement such as that proposed by Amendment 2, though we understand the concerns the noble Baronesses had and the vigilance which led them to table it. The scheme already ensures that funds go towards organisations with the overall aim of delivering public good, and we will ensure that this continues to be the case.

Ultimately, it remains the Government's priority to afford people the opportunity to have a say in how funds are distributed in the country, including whether social investment should remain a priority. That is why we have committed to a public consultation to welcome wide-ranging views on how these funds can best have an impact on social and environmental priorities in England. Those are the reasons we cannot accept the amendment, and I hope that the noble Baroness will be satisfied to withdraw it.

**Baroness Kramer (LD):** My Lords, I am glad to have raised the issue and I will be withdrawing the amendment, but I hope very much that the point that I have made will carry through into the Government's thinking, because this is a constantly changing field. As the Minister knows, with mission-focused companies there is nothing to say that they cannot pay their directors what they like; they can pay what salaries they like and make what returns they like to their core investors. We very much hope that in the reporting requirements that he will talk about later there will be real clarity around this issue. He can expect to find quite a number of Written Questions asking him to detail those kinds of benchmarks, so that we understand what is actually happening with this dormant assets fund. I beg leave to withdraw the amendment.

*Amendment 2 withdrawn.*

**The Deputy Speaker (Lord McNicol of West Kilbride) (Lab):** We now come to the group beginning with Amendment 3. If Amendment 3 is agreed to, I cannot call Amendments 4 or 5 due to pre-emption.

### *Amendment 3*

*Moved by Lord Parkinson of Whitley Bay*

- 3: Clause 29, page 22, leave out lines 17 to 20 and insert “—
- (a) carry out a public consultation about the purposes for which, or the kinds of person to which, the money apportioned under section 17 for meeting English expenditure should be distributed, and
  - (b) consult the Big Lottery Fund about a draft of the order.”

Member's explanatory statement

The amendment would have the effect of adding to 18A(3) of the Dormant Bank and Building Society Accounts Act 2008 (as inserted by Clause 29) a new duty to carry out a public consultation before making a section 18A(1) order, in place of the duty in the

current section 18A(3)(b). The consultation would relate to what, or who, should be supported by dormant assets money distributed in England.

**Lord Parkinson of Whitley Bay (Con):** My Lords, a number of noble Lords tabled and signed amendments in Committee which sought to broaden the range of consultees listed in Clause 29 of the Bill, which I believe remains the primary intention of this group of amendments. We share the view about the importance of considering how dormant assets funding can be used most effectively, and we are keen to get a wide range of views to help shape our position, as I said in previous debates. That is why we have consistently committed to launching a public consultation on the social or environmental focus of the English portion of funding before the first order is laid under Clause 29.

In response to the multiple calls which have been made in your Lordships' House, we are happy to formalise this commitment in legislation. Amendment 3, in my name, therefore makes a public consultation a requirement before any changes can be made to the focus of the English portion of funds now or in the future. I thank the noble Lord, Lord Bassam of Brighton, for adding his name and the support of Her Majesty's Opposition to our amendment.

Amendment 3 takes the broadest and most inclusive approach to ensuring that the scheme benefits the most pressing social or environmental priorities in England. The Government plan to launch the first of these consultations after the Bill receives Royal Assent and are happy to commit to this lasting at least 12 weeks. Our amendment requires the Secretary of State to consult the National Lottery Community Fund, as the named distributor of dormant assets funding, about a draft of this order. The order would then be subject to the scrutiny of both Houses through the draft affirmative procedure. I beg to move.

**Lord Bassam of Brighton (Lab):** My Lords, I am speaking on behalf of my noble friend Lady Merron, who signed Amendment 4 but is unable to participate in today's debate. I should explain that one of our concerns has been a lack of clarity around future consultation. We have already had some discussion this afternoon about consultation, and, of course, it was raised by a number of colleagues during the Bill's Second Reading and featured fairly heavily during the debates in Grand Committee.

On the face of it, we do not really understand why Amendment 4, which lists a variety of topics and proposed participants, is not acceptable to the Government, but we are nevertheless grateful to the Minister for tabling Amendment 3. For that reason, I agreed to co-sign it on behalf of our Benches. That amendment ensures that there will have to be a full public consultation, as the noble Lord, Lord Parkinson, has already described, which will have to take place before uses for dormant assets funds are determined in regulations.

I am grateful to my noble friend Lady Lister of Burtsett for tabling Amendment 5, which seeks to ensure that future consultations include consideration of the merits of establishing community wealth funds.

This is a good addition, and we hope that the Minister can address this point explicitly in his response—not least, of course, because we have passed and supported the community wealth fund amendment this afternoon.

I am therefore looking for further reassurance from the Minister that the public consultation will be run in accordance with Cabinet Office best practice, including the Secretary of State being proactive when engaging with charities and social enterprises, rather than merely posting a notice online. We are satisfied by the Government's amendment, but we would like to see them go further. I guess that our amendment is inviting them to flesh out exactly how they see this working in some more detail.

**Baroness Lister of Burtsett (Lab):** My Lords, I rise to speak in support of Amendment 4, to which I have added my name, and Amendment 5 in my name, which augments the original amendment by ensuring that the consultation makes specific reference to community wealth funds as a potential beneficiary of dormant assets.

I am grateful to the noble Lord, Lord Hodgson, and my noble friend Lord Blunkett for their support—and to the Government for listening to at least some of what we said in Committee about consultation so that, as we have heard, the Bill now makes clear that there will be a public consultation. I am very grateful to the Minister for, first, finding the time to have a word about this yesterday and, secondly, for confirming on the record that the consultation will last for at least 12 weeks, which I and others pressed for in Committee.

I will simply speak to Amendment 5, about the explicit reference to community wealth funds. When this was raised in Committee, the then Minister's initial response was that she was unable to give any reassurance because:

“We need a collective agreement on what goes into any consultation document”.—[*Official Report*, 23/6/21; col. GC 99.]

But when I read that in *Hansard*, I realised that I did not really understand what she meant. Collective among whom? Could the Minister please explain? Could we not collectively agree today that the consultation should include specific reference to community wealth funds because, otherwise, many of those consulted might not have heard of them and only those who already know about them would be in a position to support them?

In doing so, I do not think it excludes other possible uses of the fund. The Minister raised this fear in his response to Amendment 1, but having a consultation that does not put out some options will not be terribly useful. Therefore, all we are asking is that he makes clear that this is one of the options and that the consultation would explain what community wealth funds are.

When I pressed the then Minister, she made a commitment to consider the community wealth fund proposal

“as we review the range of questions that go into the consultation.”—[*Official Report*, 23/6/21; col. GC 100.]

Can the Minister reconfirm that commitment? Regardless of what happens to Amendment 1 when it is sent to the Commons, it is important that the consultation on the use of the new dormant assets includes explicit reference to a proposal that has such widespread support from national civil society organisations.

5.15 pm

**Baroness Kramer (LD):** My Lords, my name is attached to Amendment 4 and I would gladly support Amendment 5. Government Amendment 3 is definitely an improvement on the previous situation, which was unclear; the Government were sure they would have a public consultation but were not really required to do so.

When the original Dormant Assets Bill was passed, the purposes for which dormant assets could be used were on the face of the Bill in primary legislation. Consultation, now that the Secretary of State is in a position to expand that range significantly, is absolutely vital. In Amendment 4, we reflect some of my ongoing frustrations with consultation after consultation: they fall to the attention of the usual suspects and, indeed, the responses of the usual suspects are very often taken into serious consideration, but they never get out into the wider world. When there are lots of diverse views, perhaps supported or mentioned by only small handfuls of people because they have never occurred to others, those tend to go into the “dismiss” bucket almost immediately.

I know how difficult it is to structure a consultation that really does consult. I say that from the position of having been a Minister during the coalition years, when I wanted to use a consultation to bring in new ideas as well as to get people’s responses to possible avenues that we might go down. It was a sheer battle with my own staff to devise such a consultation and questionnaire and to leave space for open responses and gather them in. It is not the norm; I am very well aware of that. I do want to press the Minister, because this should be going to a much wider range of groups than might normally keep an eye open for a consultation—the wide range of social enterprises and charities that go out to various communities, particularly deprived communities. Those communities tend to be the least alert to the fact that there is a government consultation happening or to knowing how to respond to it.

Then there is Parliament. Most of us understand that secondary legislation is not worth the paper it is written on in terms of getting parliamentary opinion or any potential for amendment, so it is important that the relevant committees of Parliament are engaged with something as significant as this. I press the Minister: we understand that he has moved some way, but we need quality. The style is perhaps there but there is no quality or content behind it to give us full reassurance. If he will not accept Amendments 4 and 5, can he at least give us a verbal assurance of the kind of quality that we want within the consultation itself?

**Lord Hodgson of Astley Abbotts (Con):** My Lords, I have put my name to Amendment 5 in the name of the noble Baroness, Lady Lister. I was reassured by my noble friend’s introductory speech and the deal that has been hacked out between him and the noble Lord, Lord Bassam of Brighton. The noble Baroness, Lady Kramer, has, in part, shot my fox because I wanted to talk about the usual suspects, which she referred to. That is the danger, although I say to the signatories to Amendment 4 that it looks to me like a pretty good list of usual suspects in that amendment. I was not sure that we were not just going back down the track that we were trying to avoid going down.

My reason for supporting the amendment in the name of the noble Baroness, Lady Lister, was to make sure that we would make a big effort to get down to the smaller organisations, which often had unique insights into the problems of a particular area. From my point of view, I rather doubt whether that goes well into legislation, but it is the sort of area where a good strong ministerial Statement, given on the Floor, would reassure a lot of us that there will be words that we can go back to if the consultation does not reach as far, as deep and as wide as some of us think it should.

**Lord Parkinson of Whitley Bay (Con):** My Lords, I thank noble Lords for their recognition of the action the Government have taken on this, even if it is conditional at the outset. I am grateful to the noble Baronesses, Lady Kramer, Lady Merron and Lady Lister of Burtersett, for the important issues they have raised in tabling Amendment 4. I thank the noble Baroness, Lady Lister, my noble friend Lord Hodgson, and the noble Lord, Lord Blunkett, for Amendment 5.

We have had a good debate, both in Committee and again today, and I welcome the support shown for securing the widest possible input into determining the future spending priorities for England. I share the desire raised by noble Lords to ensure that the public, beneficiaries, both Houses of Parliament, social enterprises and charities can have their say on the future focus of dormant assets funding; although I disagree about the means and submit that Amendment 3 is a better way to achieve this, we all share the same intent.

As my noble friend and predecessor Lady Barran outlined in Committee, it is our position that everybody who is interested, rather than a collection of predetermined or specified stakeholders, should be consulted. That is why we have chosen to take the broadest approach available in Amendment 3, and why we believe that Amendment 4 is not as inclusive.

Dormant assets funding is not government money; it originates from individuals who have lost or forgotten about their asset and is voluntarily transferred into the scheme by responsible industry participants who, despite their best efforts, have not been able to reunite those moneys with their owners. The scheme is a unique example of collaboration between the public, private and civil society sectors, responding to the imperative to put forgotten money to better use, rather than letting it gather dust in inactive accounts. Because of the wide range of organisations and individuals that are potentially affected by the scheme, we want to avoid at all costs making further specifications in this clause which could imply that certain groups are more important than others that it might be equally appropriate to consult.

The government amendment is sufficiently broad and, in line with common practice, parliamentary committees will continue to be able to consider relevant issues as they see fit in the future. That is why we do not think it is appropriate or necessary explicitly to name parliamentary committees as a consultee. However, we are happy to commit on the record to engaging with relevant and interested parliamentary committees for the first consultation.

As noble Lords have highlighted, the social and environmental focus of the English portion is a significant and important question. The Government agree that

the consultation must be open for a proportionate amount of time to allow for considered and good-quality responses. That is why I am happy to place on the record our commitment that the first consultation under this section will last for at least 12 weeks. I am grateful to the noble Baroness, Lady Lister, and others for their appreciation of that.

I also reassure noble Lords that our intention is to consult widely, taking care to welcome local community voices into the discussion to ensure that we capture as many views as we can, as the noble Baroness, Lady Kramer, my noble friend Lord Hodgson and others rightly pressed.

The Government will continue to consider the most appropriate length of future consultations, in line with Cabinet Office guidance. I hope that our previous conduct in this area has proven we take that seriously and are committed to ensuring fair and open consultations on the dormant assets scheme. The 2020 consultation on its expansion, for example, was extended from 12 to 21 weeks, as requested by voices in the industry in response to the Covid-19 pandemic, to ensure that everybody had the time to contribute meaningfully. I am pleased to say that that was very successful: we received 89 responses, representing over 500 organisations and individuals, which informed the development of this legislation. Given the range of interested parties involved and the complexity of the policy area, we will always ensure that a proportionate length of time is provided for consultation. In order to preserve the integrity and protect the impact of the scheme, we also do not anticipate changing the causes regularly.

The consultation would seek views on what social or environmental causes should be supported with dormant assets funding in England. However, we do not think it is appropriate to specify the scope and content of the consultation in primary legislation, including the extent to which the scheme is meeting some of its underlying policy objectives or what additional assets or operational changes would improve its performance. We believe it would be most appropriate and effective to consider those as part of Amendment 7. We therefore do not support combining aspects of this equally important work with the duty to consult, particularly as the latter relates only to England.

Our commitment to an open, fair and inclusive consultation is also the reason why we cannot accept Amendment 5, from the noble Baroness, Lady Lister, which seeks to require the Government to consult on community wealth funds every time an order on English expenditure is considered. I am conscious that we went into a more detailed discussion of the community wealth fund model in our debate on Amendment 1. Even if I did not convince your Lordships' House not to support that amendment, I hope I convinced noble Lords that the Government are by no means against the proposals for community wealth funds but maintain that putting them in the Bill, and in the case of this amendment legislating for them to be consulted on every time an order was considered, would be inappropriate.

**Baroness Lister of Burtersett (Lab):** I am conscious that the Minister has said “every time” every time. Could he give the commitment on the record that the noble

Lord, Lord Hodgson, was looking for: that the first time—that is, in the first consultation—the Government will give serious consideration to including a reference to community wealth funds and an explanation of what they are?

**Lord Parkinson of Whitley Bay (Con):** The noble Baroness has anticipated my next remarks: I was going to reiterate the commitment given by my noble friend Lady Barran in Committee that the Government will consider including community wealth funds in the first consultation launched under Clause 29. I have already noted that the Government are considering the community wealth fund model as part of the wider development of the levelling-up White Paper. As the work on that is ongoing, now is not the right time to commit to any particular source of funding to be associated with the proposals, but we will continue to look into this matter. As I committed earlier today, the Government will ensure that the consultation provides the opportunity for people to respond with their view, including advocates of community wealth funds and those who think that is their preferred course of action.

For these reasons, the Government feel that our amendments to bolster the consultation requirements and to introduce a separate review and reporting requirement better accomplish our joint aspiration to secure the scheme's success. I believe that Amendment 3, which I am pleased to say has cross-party support, strengthens the Bill and addresses the House's desire that any consultation on the use of future dormant assets funding in England must not be restricted to a limited number of perspectives.

In the light of that, I hope the noble Baronesses, Lady Kramer and Lady Lister, will be content with what we have proposed in our amendments and the assurances that I have given today and so may be minded not to press their amendments. With thanks again to the noble Lord, Lord Bassam, for putting his name to it, I commend Amendment 3 to the House.

*Amendment 3 agreed.*

*Amendments 4 and 5 not moved.*

5.30 pm

#### *Amendment 6*

*Moved by Baroness Kramer*

**6:** Clause 29, page 22, line 20, at end insert—

“(3A) An order under this section may not be made unless the Secretary of State has certified that dormant account money will be used to fund projects, or aspects of project, for which funds would be unlikely to be made available by a Government department.”

Member's explanatory statement

This amendment would require the Secretary of State to certify that dormant assets money would be additional to, and not replacing, Government spending.

**Baroness Kramer (LD):** My Lords, this amendment deals with additionality. It was the intent of the original Bill, which placed a responsibility on the Big Lottery Fund alone to ensure that the moneys were additional to expenditures that one would expect a government department to make; I assume that means any level of department, including local authorities. That seems to

[BARONESS KRAMER]

be a fundamental concept which sits behind the dormant assets fund. In our early discussions, the Government constantly confirmed that the principle of additionality was an immovable one for this Act.

One should always spend some time looking at government websites. I was slightly surprised to find a government announcement from June 2021 of financial support for voluntary community and social enterprises, to enable them to respond to the coronavirus. This was a very good thing which I have no criticism of; however, according to the announcement:

“The government has pledged £750 million to ensure VCSE can continue their vital work supporting the country during the coronavirus (COVID-19) outbreak, including £200 million for the Coronavirus Community Support Fund, along with an additional £150 million from dormant bank and building society accounts”. In other words, that means dormant asset funds. Technically, this does not say that the Government have said to the folks at the dormant asset funds, “We want £150 million from you to support this activity, because we don’t really want to put in more than £750 million”, but it is a very grey area. Anyone reading this would assume that the Government were announcing what they would regard as the use of funds under their control.

I am very concerned, because additionality can be a very grey area. What should be the responsibility of the local authority of a particular government department? What should be the add-on which comes from the dormant assets fund, with its focus on supporting the additionality that is provided by the charity and social enterprise sectors? Therefore, I have very quickly drafted an amendment requiring the Secretary of State to certify that as far as he knows, the additionality principle is in play. I am slightly surprised that the Government have not said, “The Secretary of State only wants this to be additionality and is delighted to sign a piece of paper confirming that this is how the money will be used.”

That is the rationale behind this important amendment. From the announcement I read a moment ago, it is not difficult to see that the creep across the boundary is relatively easy. The initial dormant assets fund was under £1 billion. The new assets that will be brought into scope as a consequence of this Bill amount to a minimum of an additional £2 billion. As expansion goes beyond that, that number will keep increasing, so we are talking about very large amounts of money. The Treasury could view this as an opportunity to constrain public sector debt or to enhance particular spending programmes.

It is very important that we get an assurance from the Minister that this amendment is not needed, otherwise, it will be necessary for me to press it. I have been listening to the response from the Minister, but my noble friend Lady Barker, who is a specialist in this field and far more expert than I, will be the person who is really listening. I will see whether she is satisfied—if not, I will ask the House to pronounce on something that I believe is fundamental.

**Lord Bassam of Brighton (Lab):** My Lords, this is an important topic. It took quite a bit of our time in Committee, has been raised again today and runs as a

thread through our concerns. We have had some discussion with the Minister between stages, and useful discussion it was.

We acknowledge that additionality has been built into Amendment 7 in the next group, but we are very sympathetic to the call from the noble Baronesses, Lady Kramer and Lady Barker, for the Secretary of State to certify as part of the regulation-making process that funds will indeed be on top of existing government commitments. The noble Baroness, Lady Kramer, has made quite a compelling argument. Dormant assets are going to grow. There are many other sources of dormant assets not included within the current scheme. I could see a hungry Treasury, worried about the supply of funds in the future, seeking to make use of substitute funding from dormant assets. I think we will need to be thoroughly convinced by the words of the Minister this afternoon if he is to avoid us having a further Division.

If the Government have no plans to pull accounting tricks, I would have thought that there was no issue with accepting this amendment or perhaps introducing a new text either at Third Reading or when the Bill moves to the House of Commons to put this issue beyond doubt. That is what I am listening for this afternoon and hoping to hear from the noble Lord.

**Baroness Barker (LD):** My Lords, I wish to add two points to those made by my noble friend Lady Kramer. It is right that in the next government amendment there is reference to a report and the additionality principle being included in that report. The reason why we drafted this amendment in the way we did was the requirement for the Secretary of State to certify the matter. One of the criticisms that was initially made of this Bill by the Delegated Powers Committee was the number of Henry VIII powers being assumed by the Minister.

The second reason is that the next government amendment refers to:

“Periodic review and report to Parliament”.

It does not say what those periods should be. Therefore, we are trying to deal with exactly the sort of scenario outlined by my noble friend Lady Kramer, where the Government suddenly dip into this back pocket of money and start to use it. That is the reason why it is there and why we think it is so important.

**Lord Parkinson of Whitley Bay (Con):** I am grateful to the noble Baronesses, Lady Kramer and Lady Barker, for tabling Amendment 6 on the additionality principle. I also thank the noble Baronesses for their time in the productive discussion that we had on this issue. I hope that during the course of my remarks I can reassure them and other noble Lords that the intentions of this amendment are sufficiently covered both in the 2008 Act and through the Government’s Amendment 7, to which the noble Baroness, Lady Barker, just alluded.

The principle of additionality has successfully underpinned the scheme since its inception and will continue to be a core principle of its distribution across the UK. In line with the proposed wording in Amendment 6, the 2008 Act already describes additionality as the

“principle that dormant account money should be used to fund projects, or aspects of projects, for which funds would be unlikely to be made available by ... a Government department”

or devolved Administration. Therefore, the principle as defined by this amendment is already enshrined in legislation.

**Baroness Kramer (LD):** Can I just ask for some clarification? Does not that responsibility apply only to the one distributive entity—to the Big Lottery Fund, or whatever it is called—and very conspicuously not to any other distribution sources or to the Secretary of State?

**Lord Parkinson of Whitley Bay (Con):** Without having the 2008 Act in front of me as well as the Bill, I am afraid that I may not be able to give the noble Baroness the speedy response that she seeks.

I shall address the point that she also raised—while seeking an answer, if I can give her a definitive answer now—about the £150 million that was released last June. As she noted, the scheme released £150 million of dormant assets funding to support the response to the Covid-19 pandemic and recovery across England. That was distributed by the four spend organisations in line with the 2008 Act. In this instance, it is important to note that the funding was entirely separate from the UK-wide charity support package of £750 million, which was announced in April 2020.

**Baroness Kramer (LD):** The reference is in Schedule 3 to the 2008 Act—on page 24—under Part 3, headed “Reports and Accounts”, where it says in paragraph 9(3), in relation to the Big Lottery Fund:

“The report shall set out the Fund’s policy and practice in relation to the principle that dormant account money should be used to fund projects, or aspects of projects, for which funds would be unlikely to be made available by”—

and then it lists

“a Government department ... the Welsh Ministers ... the Scottish Ministers, or ... a Northern Ireland department”.

That does not appear to apply to anything other than the Big Lottery Fund. When the 2008 Act went through, the only distribution entity was the Big Lottery Fund. There are now three others, and the new Bill anticipates potentially creating more distributors, whose responsibilities will be directed by the Secretary of State.

I fully accept that, in the original concept and structure of the Act, additionality was a fundamental underlying principle. That does not appear to have carried over into the expansion that is embedded in the new Bill. That is my concern.

**Lord Parkinson of Whitley Bay (Con):** I am grateful to the noble Baroness for that, and I hope that what I go on to say will address that point. If there is a change in distributor or an additional distributor is established, there are already powers in the 2008 Act to amend the legislation to ensure that any new or additional distributor must similarly report on their policy and practice in relation to the additionality principle. The noble Baroness is very welcome to intervene again, if I have not addressed her point.

The question to consider is not about the definition of additionality but where the accountability for that principle should lie. We fully support all the points raised in Committee regarding the fundamental importance of ensuring that the principle is adhered to, but we believe that how the 2008 Act positions the additionality principle, plus the new provisions in government Amendment 7, is the right approach to ensuring this and I welcome the opportunity to clarify why.

The Labour Government which brought in the 2008 legislation ensured that the accountability for the additionality principle lies with the named distributor responsible for all the funds across the UK, rather than the Secretary of State. This Government agree that it remains the most appropriate place for its inclusion in primary legislation. As we outlined in Committee, Schedule 3 to the 2008 Act requires the National Lottery Community Fund, the current distributor of dormant assets funding across the UK, to set out in its annual report its policy and practice in relation to the additionality principle. These reports must be laid before Parliament, and this Bill does not change that requirement. In fact, Amendment 7, to which we will come in a moment, seeks to bolster this further by requiring additionality to be included in periodic reports of the scheme’s effectiveness, as the noble Baroness, Lady Barker, noted. Your Lordships’ House will continue to have the opportunity to scrutinise how the National Lottery Community Fund approaches this in practice. This will ensure that funding continues to be directed to causes which fulfil the scheme’s objectives while being additional to central or devolved government funds.

As has been noted, the principle as it stands is critical to the scheme’s success, and our partners in industry have made it clear that their participation is reliant on it. As this is not central government funding, and as the Government have limited control over only the English portion, it is appropriate that the primary accountability for the principle should sit with the UK-wide distributor of the funding and its accounting officer—namely, the National Lottery Community Fund. Indeed, the fund is well versed in making this assessment, as an additionality principle also applies to its other portfolio of funds. To date, there has never been a breach of this principle of which the Government are aware.

We feel there is no evidence that the principle needs to be altered, and we believe the current approach is serving the scheme well. It has been upheld for 10 years, and we do not think it necessary or desirable to significantly change a demonstrably successful approach.

5.45 pm

**Baroness Kramer (LD):** Is the Minister saying he is making a commitment from the Floor that, when additional distributors are added—and this Bill contemplates that—they will be put under the same additionality requirement as the Big Lottery Fund?

**Lord Parkinson of Whitley Bay (Con):** The commitment is already made in the 2008 Act. If there is a change in distributor, or if an additional distributor is established—

[LORD PARKINSON OF WHITLEY BAY]

and I should stress that there are currently no plans for that—there are already powers in the 2008 Act to amend the legislation to ensure that any new or additional distributor must similarly report on their policy and practice in relation to the additionality principle.

However, we have responded to the noble Baroness's desire to see the Secretary of State more specifically held accountable to the principle, and we have reinforced its importance even further by including it within Amendment 7, which we will come on to shortly, on reviewing the scheme and reporting to Parliament. The noble Baroness, Lady Barker, said in Committee: "We must also be able to work out from all the reporting that we do get to see that the principle of additionality is being adhered to."—[*Official Report*, 21/6/21; col. GC 9.]

We thoroughly agree, which is why our Amendment 7 will ensure that the report must include any policies and practices of the principle by the Secretary of State as well as the National Lottery Community Fund. This provision responds to requests made by noble Lords that the Secretary of State should be held more expressly accountable for ensuring that and explaining how dormant assets funding is used in ways that are genuinely additional to central Government expenditure. This demonstrates our ongoing commitment to ensuring that the principle continues to be honoured, including the ways in which funding flows to distributing bodies and on to beneficiaries.

That is why we cannot accept the amendment. I hope I have reassured the noble Baronesses that we understand their concerns, and that is why we have brought forward the additionality provision in our review and reporting amendment, Amendment 7. I can see the noble Baroness is rightly consulting the 2008 Act for the references to it. I hope on that basis she will be content with what we have proposed and content to withdraw her amendment.

**Baroness Barker (LD):** My Lords, I thank the Minister for the attention he has given to this, but I will pick him up on one issue. A power to do something is only a power; it is not an undertaking that the thing will be done. I do not think he has spelled out, as I hoped he would, how exactly the Secretary of State would be reviewing the additionality and demonstrating the additionality. It may be that he is going to come on to that under Amendment 7. But it seems to me that it is only the Secretary of State who can determine whether something is additional or not, because only the Secretary of State can have full knowledge of what the Government's overall intentions were. I think this is important. I think we have had the example my noble friend talked about, and I would therefore like to test the opinion of the House.

5.49 pm

*Division on Amendment 6*

*Contents 164; Not-Contents 192.*

*Amendment 6 disagreed.*

## Division No. 2

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#### 6.03 pm

#### Amendment 7

#### Moved by Lord Parkinson of Whitley Bay

7: After Clause 29, insert the following new Clause—  
 “Periodic review and report to Parliament

- (1) The Secretary of State must carry out periodic reviews of the following matters—
  - (a) the operation of the dormant assets scheme and the alternative scheme under section 2 of the 2008 Act during the period to which the review relates;
  - (b) the effectiveness of the steps taken during that period (by institutions holding or providing assets within the scope of the dormant assets scheme or the alternative scheme) to reunite assets with their owners;
  - (c) any use made of the powers conferred by section 19 during that period;
  - (d) any use that may be made of those powers after that period.
- (2) In reviewing the matters described in subsection (1)(a) the Secretary of State must consider—
  - (a) how many institutions have made transfers;
  - (b) how much money has been transferred;
  - (c) the effectiveness of the arrangements made with institutions for meeting repayment claims.
- (3) The steps referred to in subsection (1)(b) include anything done with a view to tracing, and verifying the identity of, either (or both) of the following, in relation to a particular asset—
  - (a) the person whose right to payment (or right to direct payment) is or would be extinguished by a transfer;
  - (b) where the asset is the proceeds of another asset, the owner or beneficiary of that other asset (before its conversion into proceeds).
- (4) In subsections (2) and (3)—

“transfer” means a transfer of an amount to an authorised reclaim fund as mentioned in section 1(1)(a) or 2(1)(a) of the 2008 Act or section 2(1)(a), 5(1)(a), 8(1)(a), 12(1)(a) or 14(1)(a) above;

“repayment claim” means a claim against an authorised reclaim fund relating to a right to payment arising as mentioned in section 1(2)(b) or 2(2)(b) of the 2008 Act or section 2(2)(b), 5(2)(b) or (3)(b), 8(2)(b), 12(2)(b) or 14(2)(b) above.

- (5) The matters within the scope of a review do not include the regulation by the Financial Conduct Authority of an authorised reclaim fund or any other institution.
- (6) The Secretary of State must—
- (a) make arrangements to enable anyone with an interest in any aspect of a review to make representations,
  - (b) consider all representations received, and
  - (c) set out the results and conclusions of the review in a report and lay it before Parliament.
- (7) The report of a review must also include—
- (a) information about the uses made by any authorised reclaim fund of its financial resources during such period as the Secretary of State considers appropriate,
  - (b) information about the uses made of dormant assets money for meeting English expenditure during such period as the Secretary of State considers appropriate,
  - (c) the text of any directions given by the Secretary of State under section 22 of the 2008 Act which have effect during the period mentioned in paragraph (b), and
  - (d) information about any policy and practice in relation to the additionality principle of—
  - (i) the body or bodies specified in section 16(1) of the 2008 Act, and
  - (ii) the Secretary of State, in exercising functions under Part 2 of that Act.
- (8) The report of a review may include information about the uses made of dormant assets money for meeting Welsh expenditure, Scottish expenditure or Northern Ireland expenditure during such period as the Secretary of State considers appropriate.
- (9) In this section—
- (a) “the additionality principle” is the principle that dormant assets money should be used to fund projects, or aspects of projects, for which funds would be unlikely to be made available by a government department, the Welsh Ministers, the Scottish Ministers or a Northern Ireland department;
  - (b) “dormant assets money”, “English expenditure”, “Northern Ireland expenditure”, “Scottish expenditure” and “Welsh expenditure” have the same meaning as in Part 2 of the 2008 Act.
- (10) The first report under this section must be laid no more than 3 years after the day on which this Act is passed.
- (11) Any subsequent report must be laid no more than 5 years after the day on which the previous report was laid.”

**Member’s explanatory statement**

The amendment would require periodic reviews of the dormant assets scheme and the alternative scheme, with a report to Parliament on the results. A report would include certain additional information, on matters such as the expenditure of the reclaim fund, and the use made of dormant assets money, and the additionality principle, in England. Information about use of dormant asset money in the rest of the UK would be optional. For practical reasons information included about the use of dormant assets money, or the additionality principle in England, is likely to be information publicly available elsewhere.

**Lord Parkinson of Whitley Bay (Con):** I thank noble Lords for their amendments in this area and for the issues raised in Committee and during meetings

with me and my predecessor, my noble friend Lady Barran. We have carefully considered the different concerns raised about the need for the dormant assets scheme to be periodically reviewed and reported on to Parliament. We have both heard the strength of feeling about the importance of transparency, and welcome and echo the enthusiasm for maintaining momentum beyond this phase of expansion.

That is why the Government have brought forward Amendment 7, as many noble Lords invited us to do in Committee, which would require the Secretary of State to review and report on various aspects of the scheme on an ongoing basis. I again thank the noble Lord, Lord Bassam of Brighton, for adding his name to it.

Our amendment mirrors Section 14 of the 2008 Act, which some amendments tabled in Committee also sought to replicate. It goes further, however, responding to noble Lords’ calls for maintaining momentum for further scheme expansion, greater transparency over the use of funds as well as reporting on how the principle of additionality has been met. We heard in the debate on the last amendment about the importance of ensuring that this principle flows through to not only the National Lottery Community Fund but any new or additional distributors, were there to be any. To clarify, the National Lottery Community Fund is the only named distributor, and the four independent organisations receive funding from it rather than being named distributors themselves under the Act.

I would also like to draw noble Lords’ attention to the very deliberate phrasing of subsection (7)(d)(i) of our Amendment 7, which refers to any distributor or distributors named in Section 16(1) of the 2008 Act. We have done that, rather than specify the National Lottery Community Fund, so that in the event that a distributor is changed—which Section 24 of the 2008 Act allows the Secretary of State to do as well as allowing them to make consequential amendments to Schedule 3 to ensure that the principle of additionality similarly applies—this would ensure that it is still covered by our Amendment 7.

Amendment 7 will require the Secretary of State to carry out periodic reviews of specified matters, including the operation of the scheme from transfer to reclaim; the effectiveness of tracing and reunification efforts by scheme participants; and any efforts to expand it to include new dormant assets. The amendment will require the results of the review to be laid in a report before Parliament within three years of the Bill receiving Royal Assent and every five years thereafter. This is in line with Amendment 8 in the name of the noble Lord, Lord Bassam of Brighton.

In Committee, my noble friend Lady Barran explained that a number of mechanisms for reviewing and reporting on various aspects of the scheme already exist. We agree, however, with the helpful suggestion of the noble and learned Lord, Lord Etherton, that it is sensible to bring these together in one place. Therefore, Amendment 7 also requires the report laid before Parliament to include information about the uses of dormant assets money, including the principle of additionality. This will build on reports already published by Reclaim Fund Ltd and work done by the National Lottery

Community Fund and, currently, the Oversight Trust, which oversees the four existing distribution organisations, to assess the scheme's impact.

I hope that this amendment provides reassurance that the Government are committed to ensuring the ongoing success of the scheme and reflects a number of the helpful suggestions that noble Lords have made in our debates on the Bill hitherto. I beg to move.

**Lord Bassam of Brighton (Lab):** My Lords, I should first say that our amendment, signed by me and the noble Baroness, Lady Bowles, was an attempt to combine different aspects of previous amendments into a single text. The result is, as noble Lords can see, a fairly lengthy shopping list. The thing about shopping lists is that something is always forgotten; something always falls off the end. That makes their operability in legislation perhaps less than perfect.

We envisaged, in construct, that the amendment would cover what had happened during the relevant period and whether the funding was delivering on the scheme's priorities. So, we are grateful—I am certainly very grateful—to the Minister for his constructive approach to discussions since taking up his post. I believe that Amendment 7 represents a fair compromise. I think the Minister has said the reports will combine information that was already available from other sources—annual reports et cetera—but also require the Secretary of State to go somewhat further, including by giving information on whether and how the additionality principle has been adhered to. We have heard in earlier debates how important that is.

We hoped to gain more from the Government, including more concrete data on the contribution that funds make to people and communities subject to high levels of deprivation and inequality, but I am sure that there will be further consideration of such issues in the other place, and perhaps in our debates here as well, as this legislation kicks in. I am impressed with the approach the Government have taken, and they have certainly listened to our Committee considerations, taking on board the core of what we are after. Nothing is ever perfect, but this goes a long way in the right direction. While I would have preferred our amendment, I was more than happy to sign up to the Government's, as it represented real progress in the way we considered the Bill.

**Baroness Bowles of Berkhamsted (LD):** My Lords, as I am sure the Minister has noted, there were significant contributions about review in the earlier stages of the Bill. It is in that vein that these Benches worked with the noble Lord, Lord Bassam, on Amendment 8. Like him, I still prefer some of the content of Amendment 8 and wish to try to establish how far the wording of the relevant bits of the amendment put forward by the Government delivers similar things. I appreciate the efforts which have been made, in the review amendments and concerning consultation but, as has already been aired by my noble friends, there are certain things which do not appear necessarily to carry through exactly as expected.

First, can the Government say whether their review can do everything envisaged by Amendment 8? Further, is there appetite to cover everything covered

by Amendment 8? The first difference was on timing. The Minister said that they would broadly follow the three-year and five-year timing proposed in Amendment 8, which is one tick. The next big difference is whether the review will cover the worthiness of the expenditure and whether—as in subsection (2)(b) of the new clause proposed by Amendment 8—the expenditure has met the scheme's underlying objectives, particularly the criteria listed in subsection (2)(c) addressing deprivation, inequality, the capacity of social enterprise and charity, and the principle of additionality. I am particularly interested in these policy criteria because the wording of the consultation introduced by Amendment 3—which we broadly support—nevertheless leaves an open question about what the conclusion of that consultation will be. It could change the direction of policy. One could say that it is acceptable that a public consultation is used to change the direction of policy, but is that what the previous consultation paved the way toward, when it consulted about whether further dormant assets should be incorporated into the scheme, as had been successfully done for bank deposits? It seems that public consent, in essence, was given to the first Act on the basis of additionality and the worthiness of the public goods undertaken with the money. If there was a substantive change from that, the public might be surprised, even if it was the result of a consultation held with many more responses coming from well-funded private enterprises and the “usual suspects”, in the terminology that we have adopted.

6.15 pm

That is the background. Looking at the issue about additionality we touched on just now, the Minister said that the review will cover whether and how additionality has been met, but that is not actually what the amendment says. It says:

“information about any policy and practice in relation to the additionality principle of ... the body or bodies specified in section 16(1) of the 2008 Act, and ... the Secretary of State, in exercising functions under Part 2 of that Act.”

As we have been discussing in private, it is not necessarily entirely spelled out that everybody who comes into the way of distributing the scheme has to be under that position of additionality.

The fact it refers to “policy and practice” means that if you need to report on it, it is almost implying that there can be changes around that “policy and practice”. It is not, as Amendment 8 would ensure, a check that it has happened. This is not checking; it is reporting. I think that is slightly different and does not carry with it the soundness of checks. I would like to hear unequivocally from the Minister that the intention is to check that the additionality principle has been met. If you want to report on policies around that which might be additional, that is fine, but a policy might be to disregard it. If it is not obligatory, it could be that the policy sometimes differs. It is as simple as that.

Another difference between Amendment 8 and the government amendment is in proposed new subsection (2)(f) to include consideration of

“the extent to which administrative, investment policy or other changes to the scheme would improve its performance.”

I understand that there are FCA rules on the prudence of investment policy. The government amendment has specifically put in an exclusion so that the review

[BARONESS BOWLES OF BERKHAMSTED] cannot cover what the FCA regulates. I understand that that means that you do not go poking around in the prudential requirements of investment, but, as we discussed in Committee, there were quite surprisingly large amounts of money being spent on administration. If you think it has not been done efficiently, would that fall under the prohibition in the government amendment because the FCA has some say in that area, or would it still be possible under the government review to look at whether there was overuse of rather expensive asset managers as well as having in-house asset managers and that kind of thing? I do not think this is the moment to try to decide that, but I spent some time looking at the annual report. I am prepared to believe that there is something else and other excuses that can be made for the level of expenditure, but I will leave it that I was surprised.

That suggests some of the things that concern us and why I would still have preferred Amendment 8, or for more of its content to be reflected in government Amendment 7. I am glad that we have this extensive review, but it is important that we know that it will actually do a proper analysis and not just give facts and figures essentially extracted from the annual report—that it will do a kind of audit, if you like, of how well the processes have worked and whether they are actually delivering, particularly on the criteria and principles that have surrounded the dormant assets scheme right from the start.

**Lord Parkinson of Whitley Bay (Con):** My Lords, I welcome the collaborative and pragmatic approach of the noble Lord and the noble Baroness in relation to government Amendment 7. I am also grateful for the contributions on that and on Amendment 8 on reviewing and reporting, which would require a review of the performance of an authorised reclaim fund and the Big Lottery Fund, now operating as the National Lottery Community Fund, in administering the scheme. Although I recognise the intention to ensure that the scheme's success is maintained, bringing such details within the scope of a review would only duplicate processes that already exist.

Both the National Lottery Community Fund and Reclaim Fund Ltd are arm's-length bodies, of DCMS and Her Majesty's Treasury respectively. As they are public bodies, robust mechanisms are already in place for the monitoring of both organisations' delivery against their objectives. These are more frequent than every five years and enable regular assessment of whether they are running effectively and efficiently. Instead, Amendment 7 will ensure that there are periodic reviews of the operation of the scheme from transfer to reclaim and that relevant information from both organisations' existing reports is included in the report laid before Parliament. This will enable it to track the journey of dormant assets money from participant to beneficiary. This includes how the principle of additionality has been approached, and we can confirm that it is the intention of this part of Amendment 7 to ensure that the principle has been met and that Parliament receives information about how.

As a scheme that is led by industry and backed by the Government, it is appropriate that the scheme's primary policy objectives—namely, to reunite customers with their money, to ensure voluntary participation

and to guarantee full restitution—are similarly the primary focus of the periodic reviews. However, as part of the journey from participant to beneficiary, the scheme's impact on social and environmental initiatives will, of course, be an important aspect to report on. There have been calls to assess the impact of the scheme here as well as at previous stages of our debates on the Bill. It is absolutely crucial that the funds have a positive impact on social and environmental initiatives. However, Amendment 8 seeks to assess the scheme against more narrow criteria than social and environmental causes. In line with the scheme's impact to date, it specifically focuses on the benefit to people and communities subject to high levels of deprivation or inequality, and the impact on developing the capacity of social enterprises and charities.

I understand that the overarching purpose of this is to ensure that the scheme has maximum impact on the communities that need it most. However, the Government are clear that the nature of this impact should be subject to a future consultation. That is why we tabled Amendment 3, which would require this to be realised through a public consultation. The Bill must therefore be sufficiently broad to accommodate the outcome of this and future consultations, and to ensure that it is captured by the requirement to report on the scheme's impact. It may be, for instance, that the public wish to see more of the funds being targeted at environmental initiatives, which would not be satisfactorily covered by the more narrow definition of the scheme's objectives in Amendment 8.

Amendment 8 also seeks to review the extent to which administrative, investment policy or other changes to the scheme would improve its performance. Government Amendment 7 will ensure that the relevant information from organisations in the ecosystem are presented in the report. In particular, subsection (7)(a) provides that it must include

“information about the uses made by any authorised reclaim fund of its financial resources”.

The amendment should not encroach on the governance arrangements and regulations in place for managing and maintaining an authorised reclaim fund by both Her Majesty's Treasury and the Financial Conduct Authority.

Finally, Amendment 8 would also require the Secretary of State to consider the views of specific groups when conducting the review. We agree that the review should be informed by a range of views, including those of social enterprises and charities. However, as I said in relation to previous amendments, we believe that prescribing a set list would be too restrictive. The Government's amendment will instead enable anyone with an interest in the review to make representations and all representations received must be considered by the Secretary of State.

We think that the changes proposed in Amendment 7 strike the balance that noble Lords have called for today and in previous stages. I am again grateful to the noble Lord for his support. I hope that our Amendment 7 demonstrates that we have listened and are committed to transparency and robust reporting. That is why I hope your Lordships' House will support the amendment and that the noble Lord will be minded not to move Amendment 8.

*Amendment 7 agreed.*

*Amendment 8 not moved.*

### Amendment 9

Moved by **Baroness Barker**

**9:** After Clause 29, insert the following new Clause—

“Capacity of the Oversight Trust

- (1) Within six months of the day on which this Act is passed the Secretary of State must lay before Parliament a review of the Oversight Trust.
- (2) The review in subsection (1) must include but is not limited to an assessment of—
  - (a) the capacity of the Oversight Trust to oversee the operations of companies that receive dormant assets money;
  - (b) whether the Oversight Trust has the appropriate resources to fulfil its objective;
  - (c) whether the Oversight Trust has the appropriate powers to fulfil its objective; and
  - (d) whether a duty should be placed on the Oversight Trust to monitor the distribution of dormant assets money, and whether it would have the resources to undertake this duty.
- (3) The review in subsection (1) must make a recommendation as to whether the Government should bring forward further legislation to improve the capacity and effectiveness of the Oversight Trust.”

Member’s explanatory statement

This amendment would require the Government to undertake a review of the capacity of the Oversight Trust and make a recommendation as to whether further legislation is needed to improve its effectiveness.

**Baroness Barker (LD):** My Lords, as those who followed our previous deliberations will know, when this scheme was originally set up, the Government introduced an arm’s-length body, the Oversight Trust, to monitor the performance of the distribution bodies. It is a very small entity with a small budget and it does not have a great many staff.

The question we put to the noble Baroness, Lady Barran, in Committee was whether this small body would be able to deal with a scheme that was going to increase in not only volume but complexity. Having listened to what the noble Baroness said, we on these Benches went off and met the Oversight Trust. We had already spent time reading some of its reports and reviews. Every year, it produces a report on all of the distributors and does a very detailed report on one of the distributors.

It became apparent in our conversation with the Oversight Trust that, although it has done several reviews of the bodies that have grown out of Big Society Capital and so on, it has not yet done a big, deep review of Fair4All Finance. As I said before, that area of work is perhaps the most difficult of all, in that it is about, in short, trying to put loan sharks out of business by making sure that there is affordable finance in poor communities.

It seems to us that understanding the impact or performance of a body such as that is different and less easy in terms of the annual reports and accounts that the trust is used to looking at. In particular, through the youth finance bodies and so on, it is more used to looking at charities and social enterprises. Therefore, we thought it not unreasonable to ask the Government to look at the capacity of that body to ensure proper and deep oversight of a much more

complex scheme. Consequently, we have tabled this amendment to raise the issue at this stage. I look forward to the Minister’s response and I beg to move.

6.30 pm

**Baroness Kramer (LD):** My Lords, I want to add just a word or two. My noble friend Lady Barker said that the Oversight Trust had relatively few staff; my understanding is that it has one staff member. I have great respect for the trustees; they are highly capable, totally dedicated people. But resource matters when you are dealing with a complex world. The original oversight body was designed to cope with a situation in which the amount of money in play was relatively small—under £1 billion—and the primary recipients of the end funds were going to be charities and social enterprises. The Charity Commission is involved in the disciplinary process, and there are clear structures that social enterprises have to follow if they are formally to be social enterprises.

We now all accept that the Government consider that the language allows for-profit companies to be recipients of the funds, provided they are mission focused—although nobody can tell me what mission focused looks like. If you are looking at the statutes of a particular company, there is no formal constraint on what is paid to directors in the form of salaries, no definition of acceptable returns to the original investors, and new distributors can be added. We are talking now about a pool of assets of a minimum of £2 billion, and that is just stage 1—it could easily expand to £4 billion, £7 billion, £8 billion or even £10 billion as more and more entities or organisations are captured within the scope of those eligible to provide dormant assets to the fund.

This is an attempt to ask the Government to set up a structured review to make sure that the Oversight Trust has the capacity that it needs, recognising the significant increase in complexity and responsibility. That is not in any way to denigrate anybody who is involved today with the Oversight Trust. I do not know how they do it, frankly, with one staff person. The time has come for expansion of this group, and what we are listening for from the Government is real recognition of the importance of detailed oversight.

**Lord Bassam of Brighton (Lab):** My Lords, our colleagues on the Lib Dem Benches have made a pretty compelling case here. It is obviously good that we have the Oversight Trust but, with a staff complement of one, anything it does will be light touch. The amendment from the noble Baroness, Lady Barker, makes quite a lot of sense in terms of reviewing arrangements and determining whether further legislation is needed to improve its effectiveness. For that reason, we happily support this amendment.

If the Minister cannot accept the amendment as drafted, perhaps he can explain to the House how the matter is to be kept under review, and how the Oversight Trust can be strengthened to ensure that it does its work, because, clearly, oversight is very important in all of this. We need to have that assurance and guarantee that things are as they should be.

**Lord Parkinson of Whitley Bay (Con):** As the noble Baronesses, Lady Barker and Lady Kramer, have said, Amendment 9 has been tabled with a view to ensuring that the Oversight Trust is appropriately resourced and empowered to monitor the distribution of dormant assets funding. The DCMS and the National Lottery Community Fund have worked closely with a range of partners to ensure that the right levels of accountability and transparency are in place for the organisations that are given the task of distributing dormant assets money in England. We have sought to support their independence while respecting that dormant assets funding is money which comes from the public.

The four spend organisations' operations are regularly reviewed by the Oversight Trust, which, as the noble Baroness said, is an independent organisation that ensures accountability and transparency in each of the spend organisations' activities. I should flag that the trust's reviews are not conducted in-house; it commissions external experts to conduct them independently. The Oversight Trust does not intervene in day-to-day operations, which are of course the responsibility of the organisations' boards; rather, its aim is to ensure that each remains true to its objectives, which involves having oversight of the general operations of the spend organisations, as referred to in subsection (2)(a) of the new clause proposed in the amendment. In particular, the Oversight Trust is required to ensure that the four organisations are well governed and that their strategic plans and budgets are in accordance with their objects; and to review their achievement of social impact and transparency of financial and impact reporting.

Those powers are formalised in legally binding governance contracts between the Oversight Trust and each organisation. These contracts empower the Oversight Trust, for example, to remove directors in the case of significant mismanagement; to approve any changes to remuneration policies; and to be involved in the process of appointing new chairpersons, including ratifying their formal appointment. The contracts set out the key processes to enable the Oversight Trust to fulfil these responsibilities, and the trust may make reasonable requests from each spend organisation, in addition to those set out in the governance arrangements, if necessary, to help it meet its obligations.

The Oversight Trust receives quarterly updates, conducts annual deep dives and publishes quadrennial reviews on each organisation, which is required to co-operate to ensure that it can perform its duties effectively. This includes a commitment to participate with the independent review panel and to provide any information and assistance that may be necessary. We therefore do not believe it would be necessary or appropriate to provide the Oversight Trust with further powers in legislation for it to perform its current mandate effectively.

Access to up to £500,000 per annum from the English portion ensures that it can draw on sufficient resources to fulfil these important objectives. We are confident that this enables the Oversight Trust to meet its objectives, but we continue to keep that under review. Last year the Oversight Trust published its first quadrennial review, which focused on Big Society

Capital, with the review of Access following in June this year. The next review, which will be of Fair4All Finance, is due next year.

I am very glad that the noble Baroness has had the opportunity to meet the Oversight Trust. Since Committee, my noble friend Lady Barran has met the trust as well, to press the importance of in-depth quantitative impact data. The trust has been working with the four organisations that it oversees on this issue, including through its annual governance review meetings. The trust provides robust governance, transparency and accountability over the four organisations' use of dormant assets funding in England. As ever, though, we are mindful of our commitment to consult widely and with an open mind about the best social or environmental uses of this money.

When the Government consider the outcome of this consultation, we will also need to determine the best approach to ensuring continued good governance over the scheme. This could include asking the Oversight Trust to consider expanding its role to oversee any additional bodies if necessary and appropriate. If so, we would review whether the trust would need additional resources to fulfil a broader remit. It is worth noting that the trust would not be involved in decisions around what, if any, new distributing bodies may be chosen in England.

As it is too early to pre-empt the outcome of that assessment and, given that the Oversight Trust is independent and not an arm's-length body, I hope the noble Baronesses will agree that it would be inappropriate in the Bill to mandate its role in the way that the amendment suggests. However, we have included a requirement to report on the uses of dormant assets funding as part of the Government's Amendment 7. The National Lottery Community Fund will also remain responsible for ensuring that funds are distributed in line with legislation. We hope that this, alongside our record to date in ensuring that the distribution of funds is appropriately monitored, will provide the noble Baronesses with reassurance that this is an area that we will continue to take very seriously.

**Baroness Kramer (LD):** While the Minister is on his feet, could he tell me with a straight face whether he thinks that £500,000 a year is sufficient for the wide range of responsibilities that he just described? He might wish to talk to some of his colleagues who work in the world of consultancy.

**Lord Parkinson of Whitley Bay (Con):** We do; we keep it under review and, if the oversight trust took on a broader role, would review whether it would need additional resources. For the reasons I have set out, we cannot accept Amendment 9, and I hope the noble Baroness will be content to withdraw it.

**Baroness Barker (LD):** My Lords, I thank the Minister for his full answer. It will come as no surprise to him that we do not intend to seek to put the amendment in the Bill, but the issues we have raised have a great deal of merit.

When we met Sir Stuart Etherington, the chair of the oversight trust, he set out clearly to us, as the Minister just has, exactly what the responsibilities of the trust are and how it goes about discharging them.

He said that, although it has a responsibility to look at governance and management arrangements that impact on reporting, and has the power to remove directors and the chair, the oversight trust regards that as being a nuclear option—it would have to be something rather major for it to do that. By the time it got to that stage, there would already have been a significant scandal. That is what we are worried about with this whole scheme, and have been since the very beginning, because there are so many loopholes.

However, I hear what the Minister says about this being kept under review, alongside the periodic review of the whole scheme. With that assurance, I am quite happy to withdraw the amendment.

*Amendment 9 withdrawn.*

## COP 26

### Statement

*The following Statement was made in the House of Commons on Monday 15 November.*

“Madam Deputy Speaker, with your permission I should like to make a Statement on the United Nations Climate Change Conference, better known as COP 26, which took place in the magnificent city of Glasgow over the past two weeks. It was the biggest political gathering of any kind ever held in the United Kingdom. One hundred and ninety-four countries were represented. We had around 120 Heads of State and Heads of Government, 38,000 accredited delegates, and countless tens of thousands more in the streets, parks and venues outside.

It was a summit that many people predicted would fail, and a summit, I fear, that some quietly wanted to fail. Yet it was a summit that proved the doubters and the cynics wrong, because COP 26 succeeded not just in keeping 1.5 alive, but in doing something that no UN climate conference has ever done before by uniting the world in calling time on coal. In 25 previous COPs, all the way back to Berlin in 1995, not one delivered a mandate to remove so much as a single lump of coal from one power station boiler. For decades, tackling the single biggest cause of carbon emissions proved as challenging as eating the proverbial elephant—it was just so big that nobody knew quite where to start. In Glasgow, we took the first bite. We have secured a global commitment to phasing down coal. As John Kerry pointed out, we cannot phase out coal without first phasing it down, as we transition to other, cleaner energy sources. We also have, for the first time, a worldwide recognition that we will not get climate change under control as long as our power stations are consuming vast quantities of the sedimentary super-polluter that is coal. That alone is a great achievement, but we have not just signalled the beginning of the end for coal; we have ticked our boxes on cars, cash and trees as well.

The companies that build a quarter of the world’s automobiles have agreed to stop building carbon emission vehicles by 2035, and cities from São Paulo to Seattle have pledged to ban them from their streets. We have pioneered a whole new model—an intellectual breakthrough—that sees billions in climate finance, development bank investment and so forth being used to trigger

trillions from the private sector to drive the big decarbonisation programmes in countries such as South Africa. We have done something that absolutely none of the commentators saw coming, by building a coalition of more than 130 countries to protect up to 90% of our forests around the world—those great natural soakers of carbon.

None of this was a happy accident or inevitability. The fact that we were there at all, in the face of a global pandemic, is in itself the result of a vast and complex effort involving countless moving parts. Right until the very end, there was the real prospect that no agreement would be reached. What has been achieved has come about only thanks to month after month of concerted British diplomacy—the countless meetings; the innumerable phone calls; the banging of heads at the United Nations General Assembly, the Petersberg dialogue, President Biden’s climate summit, the Security Council, the G7 and the G20—and the setting of several examples by the UK, because again and again the task of our negotiators was made easier by the fact that the UK was not asking anyone to do anything that we are not doing ourselves.

We have slashed our use of coal so much that our last two coal-fired power stations will go offline for good in 2024. We have more than doubled our climate finance, providing vital support for poor and vulnerable nations around the world. We have made a legally binding commitment to reach net zero—the first major economy to do so. We have set a date at which hydrocarbon internal combustion engines will reach the end of the road. We have shown the world that it is possible to grow an economy while cutting carbon, creating markets for clean technology, and delivering new green jobs that reduce emissions and increase prosperity.

Every one of those achievements was not just great news for our country and our planet, but another arrow in the quiver of our fantastic team in Glasgow—a team led by the COP 26 President, my right hon. Friend the Member for Reading West (Alok Sharma). From the moment that he picked up the COP reins, he has been absolutely tireless in his efforts to secure the change that we need. Although I am pretty sure that what he really needs now is a well-earned break, I do not think that any of us here is going to be able to hold him back as he sets off pushing countries to go further still, and ensuring that the promises made in Glasgow are delivered and not diluted.

But success has many parents, so I want to say a huge thank you to the officials—in our own COP unit, in Downing Street and across government, in UK embassies around the world and at the United Nations—who pulled out all the stops to make the event work and to shepherd through the agreements that have been reached. I also thank everybody on the ground at the Scottish Event Campus in Glasgow—security, catering, transport, the relentlessly cheery volunteers, the police from across the whole country who kept everybody safe from harm, the public health authorities who kept us safe from Covid—and everyone in the Scottish Government. Above all, I want to say a big, big thank you to the people of Glasgow, who had to put up with so much disruption in their city and who welcomed the world all the same. I say to them: we could not have done it without you.

[BARONESS BARKER]

Is there still more to do? Well, of course there is. I am not for one moment suggesting that we can safely close the book on climate change. In fact, I can think of nothing more dangerous than patting ourselves on the back and telling ourselves that the job is done—because this job will not be complete until the whole world has not only set off on the goal to reach net zero but arrived at that destination—a goal that, even with the best of intentions from all actors, cannot be achieved overnight. While COP 26 has filled me with optimism about our ability to get there, I cannot now claim to be certain that we will, because we have seen some countries that really should know better dragging their heels on their Paris commitments. But if—and it is still a massive if—they make good on their pledges, then I believe that Glasgow will be remembered as the place where we secured a historic agreement and the world began to turn the tide. Before Paris, we were on course for 4 degrees of warming. After Paris, that number fell to a still catastrophically dangerous 3 degrees. This afternoon, after the Glasgow climate pact, it stands close to 2 degrees. It is still too high—the numbers are still too hot, the warming still excessive—but it is closer than we have ever been to the relative safety of 1.5 degrees, and now we have an all-new road map to help us get there.

Aristotle taught us that virtue comes not from reasoning and instruction but from habit and from practice. So the success of the Glasgow climate pact lies not just in the promises but in the move that the whole world has now made from setting abstract targets to adopting the nuts-and-bolts programme of work to meet those targets and to reduce CO<sub>2</sub> emissions. We are now talking about the how rather than the what, and getting into a habit of cutting CO<sub>2</sub> that is catching on not just with Governments and businesses but with billions of people around the world. It is for that reason that I believe that COP 26 in Glasgow has been a success and that 1.5 is still alive. That is something I believe that every person in our United Kingdom can and should take immense pride in, and I commend this Statement to the House.”

6.42 pm

**Baroness Smith of Basildon (Lab):** My Lords, in line with the arrangements, the Statement made in the Commons yesterday is not repeated by the Leader, but I think most Members will have heard what the Prime Minister had to say in his enthusiasm for the agreement.

The world came together in Glasgow for what was the most important summit the UK has ever hosted. Future generations will look back on COP 26 as a time when we either met the moment or missed the opportunity. We add our thanks to all those involved in the organisation and planning of the summit—and to the residents of Glasgow, who, despite the disruption, welcomed visitors from all over the world into their city and their homes.

**Baroness Brinton (LD) [V]:** Can you hear me?

**Baroness Smith of Basildon (Lab):** There seems to be some disruption; I do not know whether we are being haunted. If the noble Baroness, Lady Brinton, could mute, that might be helpful—just on this occasion, I hasten to add.

This is the decisive decade for tackling the climate emergency. Although we better understand the seriousness of the issue, the real threat to progress is no longer denial but delay.

For film fans—bear with me on this—when Rick said the immortal words to Ilsa in “Casablanca”, “We’ll always have Paris”, he could not have imagined how apt they would be, 80 years later. The Paris summit in 2015 built an international alliance to limit global warming to 1.5 degrees. The Prime Minister says in the Statement that COP 26 succeeded not just in keeping that 1.5 degrees target alive but in going further. I hope and want his optimism to be justified, but it feels more like the 1.5 degrees target is on life support. Meeting it would mean halving global emissions by 2030. The challenge for COP 26—so that we would always have Paris—was to close the gap between that aspiration and the reality of the pledges made. If Rick and Ilsa could do it, so can we. But did we?

We have to be honest about what has been achieved. Progress has been modest. We saw encouraging agreements on methane, deforestation, and the sales of petrol and diesel cars. Too often, however, the real delivery that will make a difference will come too late. According to the Climate Action Tracker, the pledges made at Glasgow for 2030, even if fully implemented, represent less than 25% of the ambition required. Rather than limiting warming to 1.5 degrees, we are now on track for a devastating 2.4 degrees rise. That is not just a number: it really matters. It could lead to billions of people facing extreme heatwaves, millions forced to leave their homes, and increased threats to both the natural wonders of the world and overall security. The Prime Minister kicked off the conference by saying that it was “one minute to midnight” on the doomsday clock. Can the Leader tell the House what time it is now, and whether we will still have Paris?

For years, coal has been the elephant in the room at these summits, so having an explicit reference in the agreement for the first time is really important. Who could not have been moved by Alok Sharma’s emotional reaction to that last-minute change to “phase down”? That really illustrates that hopes were cruelly dashed, despite the Prime Minister’s approval in the Statement. The raw emotion that we saw from Alok Sharma was also palpable among the Pacific Islanders. For many, climate change is genuinely existential, so even the announcement that 190 countries and organisations had agreed a timetable to end the use of coal does not bear scrutiny. Of those 190, only 46 were actually countries, of which 23 were new signatories and 10 do not even use coal. It is a coalition that includes NatWest and the national grid but not China, the United States or India.

There then came climate finance. It is a moral plight on developing nations that the 2009 commitment to provide \$100 billion a year to emerging economies still has not been delivered; it will not be until 2023. That failure to deliver is self-defeating because it damages trust and prevents a high-ambition international coalition being built.

With his now typical overexuberance, the Prime Minister lauded the net-zero commitments made. Yet Saudi Arabia, for example, is still increasing oil production,

despite its 2060 net-zero claim, and Australia will not even legislate for its 2050 net-zero target. We all know the importance of trade deals, but will the Leader explain why the Government dropped the Paris temperature commitment from the trade deal that we now have with Australia?

I had hoped that the Statement would refer to Thérèse Coffey's welcome boast at the summit of the UK being

"the first country to legally require pension trustees to assess and publish the financial risks from climate change".

I am sorry that it was not in the Statement, but the Leader of the House may recall that it was a Labour-led amendment in your Lordships' House, supported across this House, that secured that historic commitment. We are pleased that we were able to be helpful, so that the Government could boast about that achievement at COP.

For the next 12 months, we have the COP presidency, and that gives us a key leadership responsibility. But the Government's ability to step up and deliver is called into question by the Climate Change Committee's recent report to Parliament, which said that the Government had been

"too slow to follow its climate promises with delivery".

We cannot just put climate policy in a separate box: all government policies need to be linked to climate commitments, including trade deals. Yet Rishi Sunak's Budget failed to mention climate change; it did not secure the necessary green investment, but it did give a tax break for domestic flights. That we were the only G7 country to cut overseas aid when seeking international co-operation on climate clearly damaged trust at COP.

When we wanted to focus on the summit issues and the climate emergency, many of us found it very difficult to watch the Prime Minister seeking to assure the world's media that the UK was not corrupt, following his political shenanigans away from the summit. It was not exactly Mr Johnson's finest hour.

Looking forward, I hope that the Leader is able to update us today on how Ministers can get a grip, reorder their priorities and invest in the green recovery. Can she give us an assurance that the net-zero test will be applied to all future decisions? Given what was said at COP 26, what is the Government's renewed plan for phasing out fossil fuels, including rewriting the planning framework to rule out coal and say no to the Cambio oil field?

In conclusion, there was some welcome progress at COP 26 but it could have, and should have, achieved far more. Real action, not more rhetoric, must now follow, because the world just cannot wait any longer.

**Lord Newby (LD):** My Lords, I agree with the Prime Minister that those who thought that COP 26 would be a failure have been proved wrong. There were agreements on forests, methane, cars and finance, and there is undoubtedly some momentum among Governments and the private sector to move more quickly than previously.

Alok Sharma clearly worked extremely hard to achieve even more substantive progress, and he and his team deserve our thanks for all their efforts. By

contrast, the Prime Minister seems to have played no concerted role at any point over the last two years. As the noble Baroness, Lady Smith, said, his second visit to COP seemed to consist only of a press conference dominated by the question of whether the UK, under his watch, is now a corrupt country.

The Statement itself demonstrates the Prime Minister's addiction to hyperbole. The world, he says, is "calling time on coal." Really? When is that time? The declaration on coal is positive but, as it stands, is consistent with India and China continuing to use very large amounts of coal for decades ahead, decades which the world simply does not have. The Prime Minister says, we have "ticked our boxes on cars, cash and trees."

I fear that, for him, that is exactly what we have done: enough to enable him to claim that a success has been achieved, with no recognition that the agreements in these areas, although very welcome, are partial and will need continuing global pressure to achieve their stated goals.

As the dust settles on the conference, the key questions in every sector contributing to climate change are, "How do we build on the progress of COP 26?" and, "What role can the UK play?" I will concentrate on just three areas: finance, China, and the UK's own carbon reduction strategy.

On finance, it is important that companies set targets and keep to them and that we do not facilitate the funding of climate-threatening activities. On the former, can the noble Baroness confirm what carbon reduction plans the UK will require companies listed in the UK to set in future, and what sanctions there will be to ensure that they are fulfilled? Does she agree that choking off finance for new fossil fuel exploration and development is potentially crucial? If so, will the Government commit to banning new stock exchange listings of fossil fuel companies and funds? Will the Government also press for a change in the capital adequacy rules, so that they reflect the climate change risks attached to lending by banks to fossil fuel companies? Does she accept that this could in effect price out the viability of such loans in future?

On China, the Prime Minister has expressed his frustration that they did not make further commitments at COP 26. He rightly accepts that he is not in a position to tell President Xi what to do, but there seems to have been a retreat in the diplomatic resources and effort put into climate change diplomacy, not just with China but globally. China's stock has been weakened in the eyes of the island states, and much of the developing world, by their unwillingness to move more quickly. Surely this is something we should be tapping into via our Diplomatic Service to encourage those countries to put pressure on China, which in the past has so assiduously sought their votes at the UN and in other international bodies. Will the diplomatic resources devoted to climate change be increased to allow this to happen?

Domestically, the Government's policy, despite the targets, is characterised by a lack of consistency and ambition. Will the Government now make it clear that they oppose any further coal or oil extraction in this country? Will they up their game on insulating homes and installing heat pumps? Will they give real impetus to developing working carbon capture and storage

[LORD NEWBY]

schemes, which have been promised for so long but not delivered? Will they stop doing counterproductive things, such as the reduction in air passenger duty?

The Prime Minister, quoting Aristotle in his Statement, says that

“virtue comes ... from habit and practice”

and implies that he favours virtue, at least in our approach to climate change. Will he therefore heed his own, or rather Aristotle’s, words, cut out the hyperbole and more assiduously practise what he preaches?

**The Lord Privy Seal (Baroness Evans of Bowes Park)**

**(Con):** I thank the noble Baroness and the noble Lord for their comments. I am slightly disappointed, although, to be fair, the noble Baroness did highlight that much progress had been made. I think we have been very clear that we did not reach all the targets that we wanted to reach, but it is a misrepresentation of COP to say that we did not make some significant progress. The Glasgow climate pact was a historic agreement, the gap in ambition has narrowed and we now have net-zero commitments for over 90% of the world’s economy, up from just 30% two years ago.

COP has kept 1.5 degrees alive. I completely accept the noble Baroness’s point that we did not get as far as we wanted, but the combination of net-zero targets, enhanced 2030 emission-reduction commitments and agreed action in key sectors, all underpinned by the rules, systems and support agreed in Glasgow, will significantly reduce emissions by 2030 and can put the world on track for below two degrees. I totally accept, as does the Prime Minister, and indeed Alok Sharma, that there now needs to be a concerted effort and delivery by all countries. We are not on track for 1.5 degrees at the moment, but that is one reason why COP 26 agreed that countries will return next year with stronger emission reduction targets for 2030, so that we can keep the momentum going and try to get back on track.

So countries have agreed to return next year with their new targets. This will be combined with a yearly political round table to consider a global progress report and a leaders’ summit. The pact creates a new UN programme to work with countries to scale up their emission reduction targets, and these will report back next year. Following this COP, a yearly report from the UNFCCC, which was previously conducted every five years, will give a clearer picture of countries’ latest targets and how they are going to close the emissions gap. The noble Lord talked, for instance, about pressure on China. All these actions are aimed at shining the spotlight on all countries and globally, and helping us continue to move forward.

One thing that neither the noble Baroness nor the noble Lord mentioned, but which it is important to mention, is that the Paris rulebook—the guidelines on how the Paris Agreement is to be delivered—was completed after six years of discussion. These guidelines are an important step forward in transparency and holding countries to account for their targets.

The noble Baroness and the noble Lord rightly talked about coal. We have been quite clear that it was disappointing that some countries wanted softer language

than perhaps we would have liked. However, I still maintain that this was the first time that a pact has mentioned coal power and fossil fuels. They were referenced in a COP text and were agreed by all the countries involved. Some 65 countries have now committed to phasing out coal, including four of the world’s top 20 coal power-generating countries: South Korea, Indonesia, Vietnam and Poland. All major coal-financing countries have committed to end international coal finance by the end of 2021. We also saw a significant commitment of the G20 countries in that regard, which included China, the USA and India, which can have an immediate impact in the Asia-Pacific region.

The noble Lord asked about the Chancellor’s announcement. He set out plans for the UK to be the world’s first net-zero aligned financial centre, with new requirements for UK financial institutions and listed companies to publish net-zero transition plans that detail how they will adapt and decarbonise as the UK moves towards a net-zero economy by 2050, and further work and publications will come on that side of things.

Both the noble Lord and the noble Baroness rightly mentioned the \$100 billion climate finance target. Again, we have said that we deeply regret the fact that this target was not met in 2020 as originally committed to, but the plan does show that the goal will be met by 2023 at the latest and continues on a rising trajectory to 2025. We are increasingly hopeful of meeting, or coming close to meeting, the goal by 2022, although I accept that that is obviously still two years out. It has been important that 95% of the major developed country climate finance providers have come forward during COP with increased multi-year climate finance commitments, with some doubling or even quadrupling their climate finance.

We welcome Australia’s commitment to net zero by 2050. I can assure the noble Baroness that our trade deal with Australia will include a substantive chapter on climate change, which reaffirms our joint commitment to upholding our obligations under the Paris Agreement, including limiting global warming to 1.5 degrees. That goes further than many previous trade agreements.

Domestic aviation, which both the noble Lord and the noble Baroness mentioned, accounts for less than 1% of the UK’s total emissions in 2019. We have announced, alongside the announcements in the Budget, a new ultra-long-haul ban to align more closely with our environmental objectives. We are also investing £180 million in a competition to support the development of plants for sustainable aviation fuel in the UK.

The noble Baroness asked about the Cambo field. That proposal is being scrutinised by independent regulators, and no decision has yet been taken, but the UK was the first G7 country to agree a landmark deal to support the oil and gas industry’s transition to clean green energy by 2050 while supporting 40,000 jobs. The reason we were able to bring people together and take these steps forward is that we are a world leader in this area. We are leading by example and we will continue to lead by example. While we did not achieve everything that we wanted at COP, it has been a major step forward for the world.

7.01 pm

**Baroness Anelay of St Johns (Con):** My Lords, the oceans play a unique role in regulating our climate. Unless we take unprecedented action to restore and protect the oceans, none of the shared goals announced at COP can be met. Can my noble friend give an indication of the progress made at COP 26 on ensuring that oceans play a stronger role than they are currently able to play in regulating our climate? It is essential.

**Baroness Evans of Bowes Park (Con):** I thank my noble friend. The UK presidency marked Ocean Action Day at COP, championing a call for action to protect and restore ocean health and resilience. For instance, more than 100 countries have now signed up to protect at least 30% of the global ocean by 2030. My noble friend Lord Goldsmith is obviously very heavily involved in this work and will continue to lead international action in this area.

**Baroness Bennett of Manor Castle (GP):** My Lords, like the noble Lord, Lord Newby, I was surprised that the Prime Minister rather bravely referred to Aristotelian virtue in the Statement. Four essential characteristics of virtue, according to Aristotle, are prudence, temperance, courage and justice. There is no provision in the Glasgow agreement for loss and damage payments—reparations for the fact that the global south is already suffering deadly horrendous damage because of the emissions of the global north. The Statement says that Alok Sharma will push countries to go further. Will the UK lead in putting in funds for loss and damage, as Scotland has already done, reflecting the fact that the most vulnerable nations made it very clear at COP that they expect this to be fully sorted out at Sharm el-Sheikh?

**Baroness Evans of Bowes Park (Con):** I am surprised that the noble Baroness did not realise that this was, in fact, the first COP decision that included a position on loss and damage, which is a recognition of how seriously developed countries are taking their obligations. The Glasgow dialogue was launched better to co-ordinate financial support for extreme impacts, and it agreed that there would be a dialogue between parties, relevant organisations and stakeholders to discuss the arrangements for funding activities to avert, minimise and address loss and damage. We also established the functions of the Santiago network, which will provide technical assistance to developing countries to address loss and damage. So progress was most certainly made.

**Baroness Bottomley of Nettlestone (Con):** My Lords, I congratulate the Government on the tremendous commitment and energy given to COP 26. My first global environment conference was on saving the ozone layer with Margaret Thatcher in 1988, which was British science-based. It was a global movement, with the Montreal treaty, business getting involved and a massive public campaign. Well, how much has happened. My real delight is that it is not only nations but regions and communities that will deliver these commitments. I was there to represent the Humber region, the greatest provider of carbon in the country, and it is going net zero, with a major wind farm, major investment in hydrogen and major investment in carbon capture. This

is a community—local authorities and business leaders—with political support, taking action into its hands. We are none of spectators; we are all participants. If the Minister can find her way to Hull, I would very much like to introduce her to these remarkable leaders.

**Baroness Evans of Bowes Park (Con):** I thank my noble friend. She is absolutely right. So many people played such an important part in COP 26. It was attended by 120 world leaders. There were over 38,000 delegates from 194 countries. We brought together thousands of delegates from civil society, indigenous peoples, business, youth groups and women's groups—all coming together with a common goal. I would be delighted to visit Hull if she would like to arrange it.

**Lord Teverson (LD):** My Lords, I was very pleased to hear in the Prime Minister's Statement that, as I understand it, Alok Sharma will continue his full-time role as president of COP 26 until Egypt next year. I congratulate him on what he achieved this time.

Two themes that came out in COP 26 were methane and carbon sequestration. Going from the macro to the micro, I suggest two things that the Government could easily do, almost immediately, to help in those areas. In North Sea gas flaring, we are still the laggard in comparison with other North Sea oil and gas producers. We allow flaring. The Oil and Gas Authority recently released a new strategy which said that it would stop flaring, except in exceptional circumstances, by 2030. Why do we not stop it immediately?

With carbon sequestration, peatlands are one of the major areas of carbon storage and the UK has some of the largest areas in the globe. Yet we still allow peat extraction for gardening and other areas, and we allow it to be sold as a gardening accessory. We can stop this almost immediately. It is the Government's intention to do so, so why do we not do both those things now?

**Baroness Evans of Bowes Park (Con):** I am happy to raise the noble Lord's points with colleagues and we will continue to look at ways to meet our obligations. The noble Lord rightly talked about methane emissions. More than 100 countries, responsible for just under half of all methane emissions, joined the global methane pledge to cut them by 30% by 2030. That includes six of the top 10 methane emitters—the US, Brazil, the EU, Indonesia, Pakistan and Argentina—and the noble Lord will be interested to know that, according to the global methane assessment, action on methane can avoid up to 0.3 degrees centigrade of warming by 2040. He is absolutely right that we need actions at all levels to ensure that we continue working towards this goal.

**Lord Grantchester (Lab):** During last week's questions on the COP Statement, I asked the Minister how the funding was progressing towards raising that £100 billion annually from developed countries to distribute to less developed and developing countries, to help reduce emissions and to combat and adapt to climate change. Can she now update the House on the final climate finance contributions from the major economies, and can the Government publish a list documenting the amounts from each contributor?

**Baroness Evans of Bowes Park (Con):** I thank the noble Lord. I knew that he would probably ask me this question, so I have an answer for him about the United States, which he asked about last week. It intends by 2024 to further double its annual public climate finance to developing countries to around £11.4 billion, including around £3 billion to support adaptation efforts. He might be pleased to know that we have indeed published such a document, *COP26 Presidency Compilation of 2021-2025 Climate Finance Commitments*, which lists the commitments made in this area and which he might be interested to read.

**Baroness Neville-Rolfe (Con):** My Lords, I would like to acknowledge the unexpected progress that was made at COP, for example on rainforests, which I do not think anybody has mentioned. On the move to change the energy mix, I think it is at least as important for the Government that they keep the lights on as it is to take measures to save the planet. In that context, does my noble friend agree that the move to intermittent renewables needs to be balanced, and indeed balanced now, by a substantial investment in the British nuclear industry, another source of zero-carbon energy? Does she further agree that the neglect of the nuclear industry since the mid-90s has been a disgrace?

**Baroness Evans of Bowes Park (Con):** I am sure my noble friend is aware that we have a Bill in the House of Commons looking at this area which will be coming to your Lordships' House soon so we can discuss these issues. We are certainly looking to reinvigorate that sector. I will also just say that last year was the first year in which renewables were the primary source of the UK's electricity and we have quadrupled the percentage of our electricity that comes from renewables but, of course, we need a mix in order to make sure that we have security of supply.

**Viscount Stansgate (Lab):** My Lords, do the Government accept that to some extent global climate change and global heating and biodiversity loss are two sides of the same coin? In furthering their work after COP 26, will the Government do more to include the effects on biodiversity loss of the policies they are promoting?

**Baroness Evans of Bowes Park (Con):** I completely agree with the noble Viscount. That is why we were so pleased, for instance, with the 140 leaders representing over 90% of the world's forests pledging to halt and reverse forest loss by 2030. We also had 45 nations pledge action and investment to protect nature and to shift to more sustainable ways of farming and, as I mentioned earlier, there was action on the global ocean. The noble Viscount is absolutely right, and that is why we put this front and centre and included it in COP in a way that had not happened before. My colleague, my noble friend Lord Goldsmith, is leading this: he is passionate about it and will continue to talk to global colleagues in order to keep this agenda going forward.

**Baroness Bennett of Manor Castle (GP):** My Lords, the Statement says that we have seen countries that really should know better dragging their heels on their

Paris commitments. The Minister will be aware that the Beyond Oil & Gas Alliance has launched, led by Denmark and Costa Rica and also involving the states of California and Quebec. Given that we are committed to 1.5 and one of the commitments of the Beyond Oil & Gas Alliance is 1.5, meeting Paris commitments, are we not dragging our heels by not signing up to this alliance?

**Baroness Evans of Bowes Park (Con):** No. We have been central to action in this area. For instance, we were central to setting up the Powering Past Coal Alliance which now has 165 members, including national and subnational Governments, businesses and organisations. We will obviously continue to look at this area but we are certainly leading the way. In fact, the transition is already under way. In OECD countries, the share of coal in power generation has fallen from a peak of 40% in 1990 to a low of 23% in 2019. As we have said, although perhaps we had watered-down language, as we have all accepted, the end of coal is in sight, and that is what we want to continue to work to.

**The Deputy Speaker (Baroness Henig) (Lab):** If there are no more questions we will move on to next Business.

## Dementia: Fuelling the Moonshot

### *Question for Short Debate*

7.14 pm

*Asked by Baroness Greengross*

To ask Her Majesty's Government what assessment they have made of the recommendations in the report by the All Party Parliamentary Group on Dementia *Fuelling the Moonshot*, published on 8 September. (Dinner break business, 1 hour)

**Baroness Greengross (CB):** My Lords, since 2015 dementia has been the leading cause of death in the UK, and there are currently 850,000 people who are living with the condition in this country. Of course, there are many different types of dementia, which all have very different symptoms and progress at different rates. We know that in the coming years the number of people living with some form of dementia is projected to increase significantly. This will place an even greater strain on our health and care system.

Research into dementia is critical. It may help prevent the occurrence of these conditions and will certainly allow people living with them a better quality of life. Dementia does not just affect those who have the condition; it also has a profound impact on family, carers and loved ones. Many of us in this Chamber will have experienced seeing someone we care about getting dementia and wanting to do anything we could to ease the suffering for them and those who support them. I declare my interest in the register as chief

executive of the International Longevity Centre UK, which is currently working on a project analysing the impact of dementia on the high street and the retail sector. The growing number of people living with dementia will impact on the whole of society and have a significant economic impact as well.

In the 2019 general election, the Conservative Party made a commitment to bringing forward a dementia moonshot and

“doubling research funding into dementia”

over the next decade. Figures from the National Institute for Health Research show that this would increase government investment in dementia research from £83 million a year to £166 million, although I gather the Government’s figures differ from this. I am sure the Minister will respond on this point.

The Government have confirmed on many occasions that they intend to uphold the promise to double dementia research funding over the next decade. However, to date, they have announced no details of this. In early 2021, the All-Party Group on Dementia, which I co-chair with Debbie Abrahams MP, held an inquiry into the state of dementia research in the UK and investigated how this funding could best be used to support work in this field. The inquiry found that funding for dementia research was lower than that for other medical conditions; for example, funding was three times higher for cancer research than for dementia. However, the UK has to date been a world leader in dementia research, with only the United States spending more on research into these conditions.

The pandemic has taken a serious toll on dementia research, with many programmes having to be paused or even abandoned during 2020. One serious issue has been the reliance on charity funding, which in this country makes up 51% of dementia research funding. As we know, the economic conditions we now face due to the pandemic have considerably reduced charities’ ability to fundraise. The other factor has been the impact of Covid-19 on people already living with dementia. In the first 12 months of the pandemic, it is believed that 34,000 people who died of Covid-19 also had some form of dementia. One area that needs greater research is the impact of Covid-19 on those with dementia, as there is some evidence that the symptoms differed in Covid-19 patients who did not have dementia, and the Covid-19 mortality rate for those with dementia was considerably higher. Due to the need for social distancing to stop the spread of the disease, much of this or other ongoing dementia research could not take place.

There is evidence that there are at least 12 modifiable risks that can help reduce dementia. While research has shown that there are actions we can take individually and as a population to prevent some forms of dementia, very little is being done in the way of public education and awareness.

The other area of research that surveys show has strong public support is improving early detection. Some medications available on the market can slow the progress of some dementias, at least for a small amount of time, and early detection provides the best opportunity for these treatments to work. There is also some evidence that social prescribing, particularly

exposure to art and music—particularly music, I think—can play a positive role in delaying the progress, or improving the quality of life, for those who have received an early diagnosis of dementia.

A few years ago, I had the privilege of going to an orchestral performance conducted by a gentleman who had had dementia for over 20 years. He had not been able to speak for many years, yet he often hummed tunes, and a group of music students were able to transcribe his music and perform it in a big concert hall. Seeing this man with dementia come alive, as he conducted the orchestra playing his music, was a very moving experience for me and taught me the importance of social prescribing. This is simply one area where we can learn so much more.

One of the concerning findings of this inquiry was the lack of evidence-based care approaches when supporting people with dementia. The Wellbeing and Health for People Living with Dementia project, funded by the National Institute for Health Research, starkly demonstrated this lack of evidence-based care. In a review of 170 training manuals for person-centred care in dementia, researchers found that only four provided evidence that methods had worked when tested in a research setting.

The all-party report made a number of important recommendations, including: that a priority for new dementia research funding should include investment in novel methods for early diagnosis, such as blood and other biomarkers; confirm appropriate funding for the UK Dementia Research Institute for at least the next 10 years; and build on the success of the multidisciplinary approach of the Alzheimer’s Society’s centres of excellence model and further expand this by introducing three new centres that will focus on some of the biggest challenges in dementia research. It also recommended that the Government should establish a specific fund of £40 million to support both clinical and pre-clinical postdoctoral research positions and talent retention in dementia research, and that the Government should develop a Longitude Prize for dementia, which would support the development of novel technologies. It also recommended that Join Dementia Research become an opt-out model and that data gaps in this programme should be addressed by integrating it with electronic patient records. Lastly, it recommended that the new Office for Health Promotion should launch public information campaigns which would explain how the public can take steps to reduce their dementia risk.

Finally, I acknowledge the Government’s recent announcement that they will spend £95 million on the delivery of their *Life Sciences Vision* and £2.3 billion to transform NHS diagnostic services. Can the Minister please clarify how this funding will benefit those people living with dementia and the dementia research community as a whole?

7.23 pm

**Baroness Ritchie of Downpatrick (Lab):** My Lords, I congratulate the noble Baroness, Lady Greengross, on securing this important debate and on all the work that she does as one of the co-chairs of the All-Party Parliamentary Group on Dementia.

[BARONESS RITCHIE OF DOWNPATRICK]

I welcome the APPG's report into the current state of dementia research in the UK, in which evidence was taken from world-leading researchers and academics, research institutions, charities, participants in research and people affected by dementia. In fact, the noble Baroness, Lady Greengross, has this evening characterised the main features of the report and the main recommendations, on which all Members right across this House demand action from the Government.

As the noble Baroness has said, at the 2019 general election the Conservative Party set out its plan to implement a "dementia moonshot" that would double government funding for dementia research by over £800 million, increasing annual funding from £83 million to £166 million a year over the next decade. Sadly and unfortunately, that funding has not yet been realised. When will that funding be provided?

I come from Northern Ireland, where the situation is much worse. In fact, we require assistance, funding and staff resources for the actual diagnosis of dementia. I reside in a health and social services trust area where the figures for dementia, for the actual diagnosis and those waiting a diagnosis, are much greater than in other parts of Northern Ireland. That trust resides 23 miles south of Belfast.

I am only too well aware of the personal impact of dementia on people's lives. I had two political colleagues who passed away last year with dementia. Up until the onset of their illness, they lived full and active lives, serving their constituents and making a contribution to society, underpinned by the principles of social justice. Sadly, they were unable to enjoy the fruits of retirement because they began to suffer from memory loss, from body depletion and many other physical issues.

I learnt through the news last week that a young lady from Derry, in her mid-50s, who has dementia but could be cared for at home is unable to come home because of the problems of insufficient care packages and funding for them. This is exacerbated by the Covid pandemic. Insufficient care packages, insufficient funding dedicated to them, combined with all the problems of Covid has led to a very serious situation for dementia sufferers.

In that respect, the report from the noble Baroness, Lady Greengross, is very apt at this particular time and needs to be acted upon by the Government. The need for the investment of money and medical nursing staff in the Covid pandemic has delayed the deployment of resources in evidence-based research for dementia care. The APPG's report *Fuelling the Moonshot* sets out the current issues facing the dementia research sector in the UK. It highlights examples of where the UK is leading the way in research, and highlights the areas where the promised funding could best be used to cement its place as a world leader in dementia research. The report also refers to the many areas that have experienced difficulties because of the pandemic, including early career researchers, and recommends how they could be supported. I am very pleased to say that *Fuelling the Moonshot* makes several other recommendations on how biomedical care and prevention

research can be supported by the moonshot funding, and sets out how participation in research can be encouraged.

Tonight, along with the noble Baroness, Lady Greengross, and your Lordships' House, I would urge the Minister and the Government to bring forward that important funding as quickly as possible, with a timeframe for how the funding will be realised, for how it will be implemented and the schemes and programmes in which it will be implemented. When will that happen? Could the Minister outline the specifics in terms of dates for the provision of funding and staff for care, treatment and research? Clarity needs to be provided on how the funding will benefit those living with dementia and the dementia research community.

There are various areas of research where work is required, such as prevention research, biomedical research, early detection and diagnosis, and care research and technology. It is also important for the Government, along with the NHS and the voluntary organisations, to promote the value and benefit of participation in research.

In that respect, I agree with the recommendation that the National Institute for Health Research, the Government and the NHS should work together to drive up participation in dementia research by making JDR—Join Dementia Research—an opt-out service for new dementia patients. I know from the work of Dementia NI that they have four main aims: to challenge the stigma of having a diagnosis by raising awareness about dementia; to promote the right for people living with dementia to be involved in decisions that affect their lives; to provide training, education and awareness to organisations and the public on how to best support people living with dementia; and to support people living with dementia to raise awareness of dementia in their own right. Many of those aims chime with the report just published and—shall we say?—unveiled tonight by the noble Baroness, Lady Greengross.

It is not sufficient to congratulate the noble Baroness; the Government should recognise and acknowledge that action will be taken in this important area. Obviously, there are difficulties, compounded by Covid and the need for essential care packages, but let us hope that there is a resolution in sight. I look forward to the Minister's response and hope that he and his ministerial colleagues can find the resources to fulfil these recommendations and their own manifesto commitments.

7.31 pm

**Baroness Brinton (LD) [V]:** My Lords, I add my congratulations to the noble Baroness, Lady Greengross, on securing this important debate, and to the All-Party Parliamentary Group on Dementia on the publication in September of the very powerful report *Fuelling the Moonshot*. I also thank Alzheimer's UK and the UK Dementia Research Institute for their briefings. It is especially good to see the research side and the community-facing side coming together to work. I have seen this in the arthritis field, and there are real benefits it can bring.

There is nothing to beat evidence-based care, as the noble Baroness, Lady Greengross, has already said. She noted that 850,000 people are living with dementia,

and that the number will increase as we in the baby-boomer generation come to our later years. Some 11% of deaths in 2020 were from Alzheimer's and dementia. But past data on the number of dementia deaths is difficult to ascertain. My family knows about this from our own experience. In my father, a broadcaster and later an MP 40 years ago, who died over a decade ago, we saw the consummate communicator that he was change as vascular dementia took over. When he finally went into hospital and died, it said "cancer" on the death certificate. My stepmother had to ask for "dementia" to be added. His last years were blighted by dementia, but it appeared then that it was not recognised. It was added—although in a different-coloured pen, which seems bizarre. Even that caused problems later, with people querying why a cause of death had been added in a different colour. So it is good that it is now routinely listed on death certificates, and I thank my stepmother and those like her who, over the years, have fought for this to happen.

It is shocking that dementia research has been funded so poorly compared with many more "attractive" medical issues, given the high number of people who have it. But it is not just an issue of research; the current crisis in social care speaks volumes about the way dementia and elder care are funded by the state, and how they are misunderstood or even ignored by too many of the public. Today's debate is about finding that elusive cure, and this report is excellent for setting out a road map for the Government to help fund, facilitate and encourage.

The words in the Tory manifesto, already mentioned by other noble Lords, are absolutely clear and set out in the moonshot report. The Conservative Party's 2019 election manifesto made a commitment to save millions of people and their families from suffering the agony of a slow decline due to dementia. The party promised that it would make

"finding a cure one of our Government's biggest collective priorities—one of the 'grand challenges' that will define our future ... This will include doubling research funding into dementia and speeding up trials for new treatments."

The party also committed to investing

"more than £1.6 billion ... into research over the next decade to find a cure for dementia under a Conservative majority government",

which would provide the

"largest boost to dementia research ever in the UK ... double current funding levels"

and set

"Britain's finest scientists to work on a 'Dementia Moonshot'".

These are fine words, but worryingly, in the Budget, Rishi Sunak announced a two-year delay to the funding of the £22 billion "sciences superpower". Can the Minister say if this includes a delay to the £1.6 billion promised for dementia research in the manifesto? The wording in that Tory manifesto is unequivocal: it is

"one of our Government's biggest collective priorities ... that will define our future"—

except that if it is delayed, it is not. If there are concerns about it being included in the delay, I hope

the Minister will undertake to put pressure on the Chancellor to ensure that dementia research is not part of this delay.

The recommendations in the report set out a number of key methods for achieving the moonshot, and I want to address one or two of them. The first is the

"novel methods for early diagnosis, such as blood and other biomarkers".

It is noticeable that other diseases have benefited from such research. For example, 30 years ago someone with suspected coeliac disease could be diagnosed only by going into hospital and having a very uncomfortable gastroscopy procedure. Now, a simple blood test tells your GP if you have the markers, so you can then be referred speedily to a gastroenterologist. Other autoimmune diseases have benefited from similar ground-breaking research. Inflammation markers found through regular blood tests are now commonplace; I have blood tests monthly to monitor mine. There are many other markers that provide early diagnosis for other diseases, but not yet for dementia. Many other biomedical and translational research for other diseases, notably cancer, have also had access to long-term government planned funding, but not yet dementia.

For me, the most exciting moonshot report recommendations are about creating more centres of excellence and ensuring that anyone newly diagnosed gets the support they need at the start of their journey. The practical multidisciplinary approach is already using technology to help people to live well with their dementia. Professor David Sharp, the director of the DRI Care Research & Technology centre at Imperial College, is using technology in a pilot to help people living with dementia avoid hospitalisation. It is shocking that 25% of hospital beds are currently taken up by people living with dementia. These new technologies can monitor people in their homes and enable the early identification of risks such as sleep disturbance, incontinence, or infections. They know that this works. The early detection of these risks could enable people with dementia to live at home safely for longer. Access to that funding would allow the trials to happen on a larger scale, and then perhaps become commonplace. There is another benefit too: it will reduce the costs to and pressures on our hospitals.

I move now to the workforce to deliver the moonshot. The fourth recommendation in the report is

"to establish a specific fund of £40m to support both clinical and preclinical postdoctoral research positions".

These are vital if talent is to be attracted and retained in dementia research. Can I ask the Minister if this is also part of the manifesto promise and if it, too, might be delayed? Dementia has in the past been a poor relation, and it becomes harder to attract clinical postdoctoral research students. If there is no money, there are no students, and no students means no future research scientists and professors, and without a long term well-funded scheme it will not get the momentum that it so badly needs.

There is a particular importance in attracting talent from abroad, which our universities and research establishments have thrived on for many years. On the power of research funding, the report says:

[BARONESS BRINTON]

“The creation of institutions like the UK Dementia Research Institute has attracted world-leading talent to the UK from across the globe.”

It says that the director of the UK DRI, Professor Bart De Strooper, estimates

“that around a third of its research Group Leaders have come from overseas”,

and that he

“himself moved to the UK to lead”

the work here,

“being impressed by the UK’s research infrastructure and ambition to be a world leader in the field.”

However, we know that, at present, it is harder to attract first-class talent from abroad, so a scheme such as this, with government support, would be very beneficial.

For the UK DRI’s new report, *Race to Cures*, it conducted a survey of more than 200 researchers, which found that 90% think that new treatments for dementia will be found in the next 10 years. Nearly three-quarters think that the pace of discoveries and breakthroughs is increasing, and 100% think additional funding is important to enable breakthroughs. As someone who has seen grandparents and parents living and dying with dementia, I am really encouraged that researchers think new treatments will be found within the next decade. But that cannot happen on thin air, and the moonshot report from the all-party group sets out the mechanisms by which the Government can deliver their manifesto promise. I urge the Minister to help deliver the funding needed to make this a reality, so that dementia is no longer a grim sentence that people really fear.

7.41 pm

**Baroness Thornton (Lab):** My Lords, I first thank the noble Baroness, Lady Greengross, for this short but very important debate today. It is some time since we addressed the issue of dementia in your Lordships’ Chamber, and it is something which noble Lords have had an interest in for many years. I also thank her for her very comprehensive introduction to the debate.

If the Minister has not worked it out by now, he is being asked to pick up the dementia moonshot and champion it in Government and with his colleagues because, at the moment, as other noble Lords have said, the Government have not brought forward the promised funding or set out a timetable for when it will be met.

We all have had experience of dealing with this awful condition and losing the people that we love to its ravages—or at least losing the essence of them, long before they die. In my case, it was an aunt and also a brother-in-law, who was the same age as me and who I had known since we were both involved in student politics. He sadly spent the last few years of his life in a nursing home and died during lockdown, but he had not known any of us in the family for quite some time.

I congratulate the APPG on the *Fuelling the Moonshot* report, following its inquiry into dementia research and the potential impact of the Government’s manifesto commitment to double funding for dementia research. The primary recommendation in the report is, of course,

that the Government deliver on their manifesto commitment and double funding for dementia research. I think we all strongly support this recommendation.

How do the Government plan to address the three main areas that Alzheimer’s Research UK believes this additional funding should be channelled towards if we are to accelerate progress in dementia research? The first of these three areas is to help dementia research recover from the impact of the pandemic. Dementia research lacks capacity compared with other disease areas, as other noble Lords have said. It is vital we do not let the financial impact of Covid-19 reduce funding opportunities, leaving researchers with no choice but to leave the field. Indeed, a survey by Alzheimer’s Research UK found that more than one-third of dementia researchers were considering leaving, or had left, academic research due to the financial uncertainty created by the pandemic.

The second area is transforming early detection and diagnosis. An early and accurate diagnosis of dementia can empower people to access the support they need at an earlier stage, as well as to ensure that they can enrol into clinical trials for new treatments. At the moment, people living with dementia are often diagnosed at a stage when the disease that caused the condition has progressed too far for potential future treatments to be effective. Patients in many parts of the country do not have access to the latest diagnostics that provide the most accurate results and often experience long delays before receiving a diagnosis, even today. Alzheimer’s Research UK’s dementia attitudes monitor found that there was an appetite for earlier diagnosis, with 73% of the public saying they would want to know if they had Alzheimer’s disease before the onset of clinical symptoms.

Thirdly, I am sure the Minister would absolutely want to see the UK be the world leader in dementia clinical research. Given the world-leading institutions and researchers in the UK, this country has the potential to be a leading location for dementia clinical trials, which would allow patients here to be among the first to benefit from potential new treatments. The UK Government should invest in the development of a network of high-performing dementia clinical trial sites. They should look to emulate the success of the Covid-19 trials, for example, using lessons learned to speed up the approval process and generate a cohesive network of sites with a single point of entry for trial organisers. Given the Minister’s brief in the Government, I would have said that this absolutely played to his strengths.

It is a great shame that the comprehensive spending review was a missed opportunity for the Government to deliver on the moonshot commitment and harness the power of research to tackle one of the world’s major health challenges. The CSR announced £95 million for the delivery of the Government’s life sciences vision and £2.3 billion to transform NHS diagnostic services, but we need to see more detail on how that funding will benefit those living with dementia and the dementia research community.

On 7 September the Prime Minister was asked in the Commons whether the Government would fulfil the commitment in the Conservative manifesto to a dementia research moonshot. He replied:

“I can certainly confirm that the moonshot programme that was begun by my right honourable friend the former Secretary of State for Health—one of his many moonshots—continues.”—[*Official Report*, Commons, 7/9/21; col. 166.]

That is slightly ambiguous and certainly flippant. I hope the Minister will rectify that flippancy.

The Autumn Budget and the spending review published on 27 October did not include a reference to a dementia moonshot funding pledge. Reacting to the Government's spending commitments, the director of UK DRI, Professor Bart De Strooper, said that the omission was a setback to those working to deliver cures for dementia. The absence of a dementia moonshot today is a major blow to UK neuroscientists racing to find cures for this devastating disease, not to mention the 885,000 people living with dementia in the UK and their friends, families and carers. I look forward to the Minister's response.

7.48 pm

**The Parliamentary Under-Secretary of State, Department of Health and Social Care (Lord Kamall) (Con):** My Lords, I am grateful to the noble Baroness, Lady Greengross, for securing this important debate. On a personal note, I thank her for the time she took earlier this week to discuss some of her priorities and experiences with me. I think we all know people—family or others—who have experienced dementia, so we have seen it first-hand. As we look at our ageing society, as we get old and the medical technology gets better at keeping us living physically longer, one of the issues that we will face more and more is dementia and Alzheimer's.

I know that all noble Lords will pay tribute to the noble Baroness, Lady Greengross—indeed, they have done—as a co-chair of the All-Party Parliamentary Group on Dementia. I thank all noble Lords who have spoken so well today and conveyed such emotion and facts in such a short time. I am sure all noble Lords would like to express our thanks to the APPG on Dementia and to all those who contributed to the report for all the work that they put into the inquiry.

The recommendations in the report are incredibly timely since the Government are developing our new dementia strategy. The strategy will set out plans for dementia in England for future years, including our ambitions for dementia research. We will work closely with patients, researchers, funders and charities to incorporate things from the report into the development of the strategy.

I now turn to the central recommendation within the APPG report which is for the Government to deliver the dementia moonshot. As the report sets out, the Conservative Party's manifesto committed to doubling funding for dementia research and delivering a moonshot. The moonshot will expand the UK's internationally leading research effort to understand the mechanisms underlying the development and progression of dementia, deliver new therapies, enable people to live better with dementia, and look at ways to help prevent the condition.

We remain committed to supporting research into dementia and UK researchers are at the forefront of global efforts. The Government spent nearly £420 million on dementia research from 2015-16 to 2019-20. This

was significantly ahead of our commitment to spend £300 million in this period, as set out in the Challenge on Dementia 2020.

We know that we need to go further to accelerate progress against this condition—progress towards the moon, if you like. However, increasing research spend takes time. One of the things I hear when talking to others about increasing research is that capacity building cannot be done at the press of a button. In addition, as I am sure noble Lords appreciate, in the current Parliament, the research system has been diverted to help combat the global pandemic, with all hands on deck and everyone focused on that.

In 2019-20, the most recent year for which spending figures are available, the Government spent over £75 million on dementia and neurodegeneration research. We have committed to maintaining at least this baseline level of spending, which equates to spending £375 million over the next five years.

The £5 billion investment in health-related research and development announced in the 2021 spending review reflects the Government's commitment to supporting research into the most pressing health challenges of our time. Clearly, dementia is way up that list. We are working across government to finalise the outcomes from the spending review and identify ways to significantly boost research on dementia to support the delivery of the moonshot. I am, and will be, speaking to colleagues across government about achieving this.

In the meantime, rather than just waiting, we have been taking positive actions so that we can prepare the ground. This includes the launch of a highlight notice on dementia within the National Institute for Health Research. This invites ambitious dementia research applications and signals to the community that dementia is a priority area for the NIHR. I am encouraged that dementia researchers are coming forward with proposals in response.

This Government are committed to supporting dementia research across the translational pathway, from basic science, to understanding the causes of disease, through to applied research on treatments, care and quality of life, as well as public health prevention. Through the UK Dementia Research Institute, scientists have made huge leaps in understanding the mechanisms underlying disease progression, and researchers have developed potential new diagnostics and treatments.

The Dementias Platform UK has established technology-based networks to better understand how dementia starts and to support experimental medicine studies. In partnership with the Alzheimer's Society and Alzheimer's Research UK, people with dementia and their carers continue to be recruited, via Join Dementia Research, to take part in a range of important research. Through our NIHR research, we are supporting high-quality studies on lifestyle prevention, service provision, care and care technology.

I will now cover the specific questions rightly raised by noble Lords. The Government are committed to delivering on dementia research as much as possible; I am sure noble Lords understand the hiatus due to the focus on Covid. As we continue to look at Covid—although not necessarily beyond it; it may be with us

[LORD KAMALL]

for some time and we may well be looking at annual boosters, for example, and managing Covid in the same way that we manage flu—it is important that we consider how we deliver the dementia moonshot. We are discussing across government a timetable for the delivery of this as well as the timetable for doubling the funding. Increasing research takes time and, as noble Lords will understand, a lot of stuff has been diverted to help combat the global pandemic. However, we will set out plans for dementia, including research, for future years.

We also recognise that Covid-19 has caused problems across the sector and many researchers, including dementia researchers, are considering leaving academic research—as noble Lords pointed out—due to the financial uncertainties created by the pandemic. I assure noble Lords that Ministers and government officials have been liaising closely with medical research charities to understand the impact of the pandemic, identify how we can work together and ensure that patients benefit from charity-funded research. Most recently, BEIS and the DHSC have announced a £20 million support package, which will support early-career researchers funded by charities, helping to protect the pipeline of talented researchers who play an important role in delivering patient-saving research.

The report contains a recommendation to maximise the success of the Join Dementia Research platform. I assure noble Lords that increasing participation in all types of research is incredibly important, as part of our life sciences vision and of global Britain. As set out in the UK vision for clinical research delivery, our ambition is to ensure that the UK has the most advanced and data-enabled clinical research environment in the world.

This plays to my portfolio and two of my priorities. One is digitisation and sharing data, and the second is ensuring, across government, that the UK is a hub for life sciences. That includes research, trials and medical studies. We will build on digital platforms like Join Dementia Research to improve our ability to recruit patients to studies and ensure that participating in research is as easy as possible.

The NHS is one of the most trusted organisations in the UK, and our priority is to ensure the highest standards of data transparency and accountability. Only today I was on a call with an individual who has been helping us make sure we have trusted research environments, so that people can be confident about their data being shared appropriately.

The APPG report recommends that we move Join Dementia Research to an opt-out model, but this would not meet the standards or patient expectations around how our data is used. However, we are building on complementary platforms such as NHS DigiTrials to support the best use of data to facilitate recruitment to clinical trials. Join Dementia Research will play a key role alongside this development to ensure that all potentially eligible participants are invited to participate in studies relevant to them.

Noble Lords mentioned the *Life Sciences Vision* that we published on 6 July 2021. It set out our commitment to improve translational capabilities in

this research, so that new treatments reach patients faster. We are looking at ways to continue to make funding available for dementia research through UK Research and Innovation and the NIHR.

We support dementia research by funding a range of ground-breaking research. Besides the NIHR, the Medical Research Council supports dementia research across the discovery and translational pathway. Through the UK Dementia and Research Institute, significant advances are being made in understanding disease mechanisms. The Dementias Platform UK, a unique public-private partnership, has established a technology-based network. Also, the Medical Research Council funds longitudinal population cohorts, which provide opportunities for dementia researchers to exploit data-driven science—for example, through the UK Biobank, which provides by far the world’s largest programme for genotyping and brain-body imaging.

We recognise that Covid-19 has caused problems across the sector and for many medical charities, which we recognise are a vital part of this. I reassure noble Lords—even if I have said it before—that we are liaising with medical research charities to understand the challenges they face, and to help them through it.

Government responsibility for delivering dementia research is shared between my department, the Department of Health and Social Care, with research delivered by the NIHR, and BEIS, with research delivered by UK Research and Innovation. In 2019-20, the NIHR spent £29 million on dementia research, and UKRI spent £46.7 million. The charities Alzheimer’s Society and Alzheimer’s Research UK are also funders of dementia research. We are working in partnership with those two charities, and with the UK Dementia Research Institute, which is a significant part of the ecosystem.

A number of noble Lords raised the issue of early diagnosis. We support a range of issues in this important area. For example, at the UK Dementia Research Institute, scientists are trialling technologies such as cameras and sensors to detect dementia earlier. Dementias Platform UK is undertaking research on wearable devices which can monitor the progression of Alzheimer’s disease, and the NIHR recently launched the £9 million programme that we talked about.

During our one-to-one conversation, and in the debate tonight, the noble Baroness, Lady Greengross, mentioned arts-based interventions. I know that I will be facing an OPQ on this. As I have mentioned before, as an amateur musician—let me stress “amateur”—I say that we all know the role that music plays and the way it touches our hearts as well as our minds. There is no better buzz or thrill than being a live musician, playing in front of a live audience and seeing them respond. When I say “respond”, I mean hopefully in a positive way. In fact, you see how people feed off each other, and that energy helps you connect with people. It touches hearts and minds, affects your mood and quite often helps unlock people. It is a way of people expressing themselves in a way that they would not do ordinarily.

We understand that arts-based interventions such as music therapy can play an important role, along with social prescribing, which is currently being rolled

out across the NHS for local agencies. We will set out some of these plans in future years. Let me give a couple of examples of projects we are working on. The MARQUE project, jointly funded with the ESRC, is looking at care home staff and non-drug treatments for agitation in people with dementia; the WHELD programme is helping the well-being of people with dementia living in care homes; and there is the IDEAL project.

I am sorry that I have overrun in my enthusiasm for arts-based subjects. There are other issues that I wanted to touch on, including capacity building. But let me

end by saying this: we need to continue to build on our success to accelerate progress in dementia research, but we cannot do this alone, especially when there are so many experts among noble Lords and across government, but outside government as well. By working across government, co-operating with charities and the research community, and recruiting people with dementia, we hope to bring forward ambitious plans in our new dementia strategy.

*House adjourned at 8.02 pm.*



# Grand Committee

*Tuesday 16 November 2021*

## Arrangement of Business *Announcement*

3.45 pm

**The Deputy Chairman of Committees (Lord Russell of Liverpool) (CB):** My Lords, Members are encouraged to leave some distance between themselves and others and to wear a face covering when not speaking. If there is a Division in the Chamber while we are sitting, this Committee will adjourn as soon as the Division Bells are rung and resume after 10 minutes.

## Parliamentary Works Sponsor Body: Annual Report *Motion to Take Note*

3.45 pm

*Moved by Lord Best*

That the Grand Committee takes note of the report from the Parliamentary Works Sponsor Body *Annual Report and Accounts 2020-21* (HC Paper 472).

**Lord Best (CB):** My Lords, as the Lords spokesperson for Parliament's restoration and renewal sponsor body overseeing this mighty project, alongside the noble Lords, Lord Carter of Coles and Lord Deighton, and the noble Baroness, Lady Doocey, it falls to me to open this important debate. I follow in the footsteps of the noble Baroness, Lady Scott of Needham Market, who was our spokesperson from April 2020, when the sponsor body became a statutory organisation. I pay tribute to her diligent and committed work and am delighted that she will be contributing later to this debate.

My job is to draw attention to our annual report and accounts, but I know that such reports and accounts are seldom priority reading for any of us and I am sure this debate will cover wider matters. Indeed, I intend to refer to one such issue—an urgent one—myself. I must begin by underlining the critical need for the wholesale restoration and renewal of the Houses of Parliament. Noble Lords will be aware of the scale of this task, but it bears repeating. Our 150 year-old building, a UNESCO world heritage site, is vast; it has a floorplan the size of 16 football pitches, with well over 1,000 rooms, 100 staircases and four floors on 65 different levels. Beneath us, there are three miles of passageways and 250 miles of wires and cabling. The building has 4,000 original windows, 3,800 of them in bronze, and it houses 11,000 artefacts.

Shockingly, however, this iconic Palace is falling apart faster than it can be fixed. There is a growing backlog of repairs. The cost of maintenance has doubled in three years to £127 million a year and, if left alone, will no doubt double again. The heating, drainage, gas, mechanical and electrical systems all need replacing, as does the sewerage system, which dates back to 1888.

After the last war, the building was packed with harmful asbestos, and of course falling masonry is a serious hazard. After decades of patch and mend, and despite the very best efforts of our excellent in-house maintenance and repair teams, whose recent work has included installing new fire safety systems, we are doing little more than managing the continuing decline of the building.

If noble Lords have not done so, I encourage them to book a place on one of the tours of the labyrinthine basement—the sponsor body will be organising the next round of these in the new year—to see what lies beneath: over half a mile of jumbled pipes and cables, with no one knowing where in the Palace half of them end up. There are photos of all this in the modest exhibition on display today in the Royal Gallery as part of the ongoing work of consulting Members and staff. The alternative to restoration is demolition, but Parliament, recognising that this landmark building is known the world over and is much loved by the British people, has determined that it should be restored. This exercise will of absolute necessity be extremely costly, but the public—as our sponsor body board has discovered from surveys of thousands of people of all ages and in all four nations this year—have real pride in the Palace and they want it renewed.

Nevertheless, the public also want to see value for money, and this has to be at the heart of the R&R programme. While resisting the temptation to downplay and underestimate costs, and to be overoptimistic when presenting the business case, we must be ever mindful that all our spending really is essential. I am grateful to the noble Lord, Lord Vaux of Harrowden, as chair of the Lords Finance Committee, for his attention to the detail of our spending, which will help to ensure we keep on the straight and narrow.

The annual report and accounts show that this has been an important period for the R&R initiative, with valuable progress in this planning phase. Substantial progress has been made with our delivery authority in considering the requirements from all sides, preparing designs, undertaking extensive surveys of the Palace, working on the decant proposals for the House of Lords and for the heritage assets, while preparing for numerous contracts which will create jobs, skills and social value throughout the UK.

Since the annual report and accounts were published, the programme's survey work has been stepped up with 50 specialists spending nearly 5,000 hours investigating the building, examining 2,343 rooms and spaces, recording thousands of defects, including cracks in stonework and widespread water damage. Acoustic experts are considering how to improve audibility within the building and have run 300 sound tests in 80 rooms, taking 2,000 measurements. Intrusive surveys will be done over the Christmas Recess and archaeologists will be studying the ground beneath the building.

This work has already engaged people from across the country: ecological and door specialists from Manchester, window surveyors from Glasgow, architects and engineers from across London, historic surveyors and specialists from Cambridge, Suffolk, and Hampshire. When building works begin, materials will be sourced, and training, apprenticeships and skills will be supported for thousands throughout all parts of the UK.

[LORD BEST]

As the annual report and accounts make clear, post Covid the programme has concentrated on those works which are essential for saving the Palace for future generations, with the emphasis on efficiency and economy, using industry-standard benchmarking methods to ensure value for money. We are learning from other major heritage programmes including the Canadian Parliament, Manchester Town Hall and King's Cross station. The programme has adopted governance and assurance functions as recommended by the Treasury, the National Audit Office and the Infrastructure and Projects Authority.

I can testify that all this has not been easy: there are strong and conflicting views on the priorities for R&R, always with the desire for more to be achieved and less to be spent. There are myriad external interested parties, from the Westminster planning authority and English Heritage, to the Port of London Authority and the Environment Agency in respect of creating access from the riverside, to the Department for Levelling Up, Housing & Communities, which owns the QEII Centre, which we need for the Lords decant. Satisfying everyone may not be possible, but the sponsor body team, and the delivery authority that we oversee, are making steady progress toward a comprehensive plan that will be fully and realistically costed and ready for Parliament to consider in 2023.

Once the plan is agreed, building work can commence on the decanting accommodation. With a fair wind, these adaptation works will be concluded by the end of 2027 and this House would then decant to the QEII—although I rather suspect that we will not be moving before 2028.

Before we can complete our proposed plan for presentation to both Houses in 2023, a prior decision must be taken on a key question. Those representing the House of Commons have expressed a strong desire for that House to retain a continued presence in the Palace during restoration. We have commissioned work to consider the feasibility and costs of this staying-put proposition and will make a recommendation accordingly in the next few weeks.

What we know already is that a decision for the House of Commons to remain in situ, first in one Chamber and then the other, would hugely increase the costs for the taxpayer and more than double the time taken. During this extended period, the public would not be able to visit the Palace, and Parliament sees 1.25 million visitors in a normal year and 300,000 children. The other House will have to operate in the midst of the probably largest restoration project in the world, facing all the hazards of fire, asbestos, noise, dust and vibration. There will be a high additional cost of security for MPs in and around the Palace. Since the underground plumbing and power will be out of action, temporary systems and generators will be needed in the courtyards, occupying space which is also needed by the contractors.

However, it is not for me, as the Lords spokesperson, to comment on what is best for those in the House of Commons, but an insistence on retaining a continued presence within the massive building site would have significant implications for the House of Lords too. Our House has accepted the necessity—however

inconvenient—to decant to other premises in order to expedite the restoration, with the assumption that the House of Commons would do the same. This means a move for us to the QEII building, which obviously has significant downsides as a working environment. If the Commons is to be accommodated in the Palace throughout the building works, the move to the QEII by your Lordships' House would be for twice as long as originally expected, twice as long operating from a less satisfactory environment and twice as long detached from the rest of Parliament. This is bound to have wider implications for us.

Decisions will need to be made on this hugely important matter in the next few months. It is entirely understandable that those representing the Commons should want Parliament to continue to operate out of the Palace, but the implications in terms of cost, time and convenience illustrate the dilemmas and complexities of this whole gigantic project. The sponsor body is the creature of Parliament and will accept whatever decision Parliament takes, but, speaking entirely personally and for myself alone, I sincerely hope we will not be asked to proceed with the requirement of a continued presence for the other House throughout the restoration and renewal of this extraordinary building.

I conclude by thanking my fellow members of the sponsor body board, chaired so expertly by Liz Peace. I am delighted to present, on the board's behalf, our annual report and accounts for the last year, as a record of good progress, and although I have shared my concerns on the current issue of a continued presence for the House of Commons, I congratulate the extremely professional and talented new teams serving the sponsor body and our high-powered delivery authority. I look forward to hearing the views of noble Lords. I beg to move.

3.58 pm

**Lord Deighton (Con):** My Lords, I welcome this opportunity to review the status of this marathon project. We are here looking at the resilience of this building, but for those of us who have been involved in this for any period of time it is testing the resilience of some of us. The noble Lord, Lord Carter, and I not only are members of the sponsor body but were members of its preceding body, the Joint Committee. It is worth spending a minute or two reminding ourselves of where that combined group ended up, which was with a very clear recommendation back in 2016 that the Palace of Westminster was in urgent and immediate need of restoration and renewal and that the best way to do that was quickly and with a full decant of both Houses.

I want to go back to that, not because anybody was unclear about the conclusion it reached but to share with the Committee the process we went through to get there, which was to explore every single way to try to get it done more cheaply and with far less disruption. I suppose, like every good scientific process, we unfortunately had to disprove all the other options and were left with the full decant as the only truly viable option which would produce the best value for money for the taxpayer. That recommendation was endorsed by the House of Commons in a vote in 2018, which slightly surprised me. I had thought it would

probably reach a slightly more hedged recommendation; in fact, it reinforced absolutely the full decant—the “Let’s just get on with it” approach to this project.

Subsequently, we set up the sponsor body and the delivery authority, which are charged with building the capacity to carry out the project. The first, principal output from this work will be the outline business case next year, to which the noble Lord, Lord Best, referred. Until then, it seems there is a lot of sparring going on. We have resisted coming up with a budget or timetable in any detail because we have never really done the work. One of my approaches throughout this project has been to say, let us just get the work done thoroughly and then determine where we are on the three key variables which drive every project: scope, cost and schedule. The interplay between those three things is what you trade off, squeeze and prioritise to drive your eventual project.

In examining the change of approach that the House of Commons has adopted, I have asked myself what has changed. This place has not suddenly become more resilient; it is still falling down. I can think of only two things that have changed. One is that we have a different composition in the House of Commons, so maybe its current composition would vote differently from the previous one. The only other thing that has changed is that the public finances are in a much more difficult state post the Covid crisis, so our keenness to find a solution which does not suffer from what I would call sticker shock is even greater than it was before we had the stresses on public finance, which came with all the pandemic measures.

If I can step back for a little, it is always useful in these processes to remind ourselves what we broadly agree on. I think we broadly agree that the Palace of Westminster should be preserved, and that the historical approach to doing so—what we might describe as managed decline—runs out of time at some point, and that we have reached that point. Something therefore has to be done. We do not need to keep going over that argument; we are going to renew this building so that it is a good working building for Parliament going forward. Those are the arguments that I think have been settled.

There are a couple of other things where it seems strong agreement is always reached when we talk about what we should accomplish in this project. The first is improved access, both physically for those with a disability and broadly speaking for the population at large, in what I would describe as a “spirit of democracy” point of view. Finally, that the project should be carried out in a way to maximise the benefits right around the UK, by ensuring small businesses get involved and that apprenticeships are all part of it. There are many other models of big projects accomplishing that which will be quite useful for us to copy, so I am relatively confident that once we get going, we will be able to do that.

I will also say a little about the initial set-up stage of the sponsor body and, particularly, the delivery authority. It is really hard setting up a company from scratch to take on what is probably the most difficult building restoration in the history of the planet. In my experience, when we had to do that for the Olympic Games the first year or two was really difficult: you have to hire

everybody while you do not really know how to work with each other. You are never quite sure whether you have the right people in the right jobs.

It was very different in the heyday of aviation, for example, when we were trying to build a third runway at Heathrow, because we had a very strong organisation at Heathrow Airport that knew how to do that sort of thing. It was a much easier process. I score us very satisfactorily on the initial set-up stages; it is going fine given the degree of challenge and given what people have had to accomplish during the Covid period.

What are the key challenges? They really all boil down to value for money or cost. What does value for money mean for this project? It is a useful concept when you have two or three different ways of getting an agreed objective accomplished if you can assess them and decide which represents best value for money, but this project is just something that we have decided to do. Personally, I do not think of value for money; I think, “What is the most efficient way to deliver your chosen scope?” Again, my experience tells me that what tends to add up to the biggest cost overruns and inefficiencies is always a lack of clarity about what you are trying to accomplish and your inability to make decisions. That drags the project out for much too long, and you are left carrying the cost of the overhead of massive project apparatus while you figure out what it was you really wanted to do.

If the question is, “How do you deliver efficiently your chosen scope?”, then your chosen scope becomes incredibly important. We do not have that much room to play with here, because virtually every initial estimate tells you that something like three-quarters of the cost is in the core engineering, which is an inescapable part of the budget. You are left with a very small part of the budget to satisfy everybody’s desires about what the end product should look like. That is like squeezing a very large person into a very tight corset. As the noble Lord, Lord Best, put it, there will always be too little money chasing too many requirements. It is okay to divide our requirements into essential and highly desirable, but one man or woman’s essential is frankly not necessarily another person’s. What things are essential or desirable in heating, cooling or security are all difficult to define in a crisp way within a scope.

I have a comment on the decant challenges. This applies particularly to the proposal that the House of Lords decants into the QEII Centre, which is the more advanced of the projects. The challenge again that we will meet there is that most of the candidates for decant locations essentially require us to set up a building that has long-term capability. In the case of the QEII, you are restoring something that is completely and utterly run down—yet we are using it only for a temporary period. Either the structure or the communication needs to be handled in a way that at least satisfactorily reflects this, or it is going to look quite expensive.

It is also an appropriate time for us in this House to all be sensitive about the world looking closely at what are deemed to be our requirements for a temporary location, particularly if it is seen to be extremely expensive. All that will come very much under scrutiny. To the extent that there are any plans to reform this House or the other, whether in size or practices, at some point those reforms should be made consistent

[LORD DEIGHTON]

with whatever our accommodation plan is, otherwise there is a strong risk of building something for this age that will not work for the next age.

I repeat my concern about what I described as sticker shock. Whenever the budget number is announced, no matter how low or high it is—even if it is impossibly low—it would still be greeted with shock and awe at what a ridiculously expensive project it is. There is no magic way of handling this, other than to have done your work well and made sure that it is well evidenced. You must make sure that your engagement with Parliament and the public more generally is open, clear and consistent, and when you say you are going to do something, you must actually do it and deliver. You also must demonstrate that you have worked every possible angle to reduce cost and that your definition of scope is acceptable by anybody's standards.

I have one final warning based on my own experience. When you are confronted by this problem of a large potential budget and a complicated scope, the easy compromise is to agree in the short term an unrealistic budget. That may get you through the short term but inevitably precipitates a crisis later. The cost of that is far more serious than taking the heat of getting that scope and cost right from the very beginning and adhering to them.

4.11 pm

**Lord Carter of Coles (Lab):** My Lords, first, I congratulate the noble Lord, Lord Best, on securing this debate. It is a pleasure to follow the noble Lord, Lord Deighton, who covered many of the points so eloquently.

This is a good moment to review where we are and, more importantly, where we might go in the coming months. As the noble Lord, Lord Deighton, said, we—the noble Lord, the noble Baroness, Lady Scott, and me—have been involved in trying to make sense of what we do in this for some 20 years of our time. When we started, we thought that it would be difficult. That has absolutely been confirmed. It is a very difficult and complex project. As we look at it, the key thing we need to do is get decisions made at the right moment in time.

Despite Covid-19 and many impediments, there has been quite a lot of progress since the 2019 Act was passed. If you think about it, we are spending £100 million a year trying to find out what we should be doing. If you look at that, it is a complex task. Other noble Lords have referred to this being probably the largest restoration project in the world. As we go through this, we have to stick to the three questions we should always ask ourselves. First, why are we doing it? Secondly, what are we going to do? Thirdly, how are we going to do it?

The “why” is straightforward. The Palace is falling down, is dangerous and is costing a lot of money. We are spending £120 million a year more than we would normally spend to keep an ordinary building running. We are spending money looking into it. What we need is to move forward and make some decisions.

The question of what is to be done is a great deal more controversial. As the noble Lord, Lord Deighton, said, scope is always one of the most difficult issues in a major building project because if you do not get that

clear and freeze it, what you get is creep; you then lose confidence because it is not nailed down. We are trying to take a 160 year-old building and turn it into a modern, publicly accessible workspace, so we have a rather irreconcilable dilemma between the needs of a heritage site and the need for a modern office block.

Above all, we want to preserve the valued traditions of both Houses. However, that means that there will be trade-offs and compromises. When these projects start, everybody gets a wish list. In the initial stages, people go around listing things then, gradually, one works one's way through it. They might include decent working conditions, access, sustainability—the idea of this being a zero-carbon building is somewhat optimistic, I would suggest—better security, better visitor access, et cetera. All those things pose a challenge. We cannot have them all, nor to the maximum degree.

How we arrive at those choices, which we will have to make, needs to be informed by accurate costs and a clear spelling out of the interrelationship between these things. For example, if you have more of that and less of this, how will it fit together? On a simple matter, if you think about the QEIL, what will the working conditions be going forward? One matter of particular concern is whether we use cellular offices or go to open plan. What are our compromises prepared to be to move this forward?

What we need is correct, accurate and, above all, validated information. As the noble Lord, Lord Deighton, noted, it is better to get it right at the beginning and fight for it there and then rather than constantly undermining the project by going back with revisions. As they say, three profit warnings do not do you any good, so we must learn how to do that.

Both those things are difficult, particularly the scope, but they can be done. The most pressing issue is how we are going to get on with it. This is the crux. If we think back, the 2019 legislation was based on the work that the Joint Committee did. It recommended a full decant and, critically, it envisaged that both Houses would be out for seven, eight, perhaps 10 years. During that time, it was the aspiration that Members in the other place would serve at least part of their time in the old Chamber or the new Chamber, so there was to be a sense of continuity. I suppose that would have been easier if the commitment to fixed-term Parliaments were more fashionable, but there we are.

Since the 2019 election, clearly there has been a change of sentiment, and the other place has been very clear that it wishes to maintain a continuing presence. To paraphrase Keynes, I suppose that, when faced with changing facts, the sponsor body has had to change its approach and get to work to determine what the cost would be. At this moment, possibly unlike others, I think that the sponsor body needs to adopt a neutral position until it sees the facts; the facts will be produced. The key is the money. At this point, we should probably draw comfort from Luke, chapter 14, verses 28 to 29:

“Suppose one of you wants to build a tower. Won't you first sit down and estimate the cost to see if you have enough money to complete it? For if you lay the foundation and are not able to finish it, everyone who sees it will ridicule you”.

I do not think we—the Government, the House authorities, the Speaker, the Lord Speaker, et cetera—are in the business of being ridiculed.

So how do we get these things right? That is how we are spending £100 million a year. People are trying to go through and not make mistakes. We have out there a glaring example of a mistake. It was estimated that it would cost £18 million to restore the Elizabeth Tower and Big Ben. It now looks like it is going to be £80 million. That is a microcosm of the challenges. What have we found? We found gas mains in the wrong place, stone that crumbles, cables in the wrong place and rotten lead. If we look at that, to start on this without drilling down and finding out what we are starting out with, not just what the scope should be based on, would be foolish. Looking at it, early in 2022, the first of the questions we need to address should be answered—that is, is it a total decant, is the other place going to remain or are the Government going to kick the can down the road? I will return to that in a moment.

As others have reminded us, this is the largest refurbishment programme in the world, and the critical thing is that it is the work of professionals. This is a job for professionals, not amateurs. We all have building experience; I think that some of the more entertaining moments in our time on this have been the eccentric suggestions that we, as a committee, have received, helpful or unhelpful. Sometimes I felt it was a bit like the suggestion that we should reduce the whole of the power system in England to steam again. We have to look forward and find a way of doing this.

Critically, what we have to do—the question is: who is the “we” in this?—is be confident in our argument and settle what we are going to do, then move on to get the OBC to understand absolutely safely what the money is, stick to it and trust our professionals. That does not mean that we should be weak on governance. We should be absolutely clear that we want to see value for money and we want to scrutinise it. Those responsible do that, as does the noble Lord, Lord Vaux. These questions are welcome because this is a unique project and we need all the insight we can get to take it forward.

Coming to where we are now, in the new year, we will see the proposals either for total decant or for continued presence—or we might see the proposal not to do anything. However, what is critical is that we reach a decision on what we are going to do, we go on and cost it, and we build a case through Parliament to take to the people. According to a recent survey—I think it was in the *Daily Mail*—71% of the public support the Prime Minister’s £1-trillion climate change programme, but only 16% of them would spend a fiver a week for it. Our polling suggests that there is a great public support for the rebuilding of Parliament, but we have to convince more than 16% of the population that it is worth while.

Where does responsibility for this sit? First, it sits with the sponsor body. Then it sits with the parliamentary authorities in both Houses; it sits with the Speaker and the Lord Speaker. Above all, it sits with the Government, because a Government with an 80-seat majority will determine what is going to happen.

Therefore, they need to decide. Without a decision, or if the decision is to kick the can down the road, we will be faced with a catastrophe at some point. Whether it is this Government or the next Government, it will be hard to explain to the British public why this issue was not faced up to. We have the means in place to make those recommendations; I just hope that we can move on. I sometimes think that we, but particularly the Government, are all a bit like the famous dog watching television—he can see it but he does not get it. What we have to do now is get everybody to get the importance of this and move on rapidly in the new year.

4.21 pm

**Lord Vaux of Harrowden (CB):** My Lords, I want to say at the start that I am completely supportive of both getting on with the R&R project quickly and a full decant. My noble friend Lord Best eloquently described the situation, and I wholeheartedly endorse his description of the critical need for wholesale restoration and renewal. As some of my comments will raise questions about elements of the R&R process, I wanted to make sure that that was clear at the outset. I do not want to derail the process, just ensure that it goes well. I also put on record my appreciation for the work that the noble Lords who sit on the sponsor body do—especially my noble friend Lord Best, the Lords spokesman. I suspect that this is a rather difficult and thankless task; they all deserve our gratitude.

I will restrict my comments to the information that is set out in the annual report and accounts for the year 2020-21—I am probably one of the few who has read it, as my noble friend mentioned—and a few other public announcements, tempting though it is to stray into wider matters such as the continued presence. I should stress that I am no expert in heritage restoration; I am one of the amateurs just referred to. I am just an accountant who has taken a reasonably close look at the figures.

My first comments are about value for money during this first investigatory phase—not the actual building phase, just this stage. I am afraid that, despite the various claims in the annual report about

“a rigorous approach to value for money”

and

“a relentless focus on identifying savings and efficiencies”,

I have real concerns that that is not clearly demonstrated by the figures. Let me provide some examples. Staff costs appear extremely high. The 122 employees have a total cost of £13,751,000, which is an average cost per head of £122,713. That is very high by anyone’s standards. The 36 permanently employed staff—this in that first year—cost on average £100,250 each, while the 52 seconded staff are a bit cheaper, at an average of £72,173 each. The 34 other staff, who I believe are interim, cost a staggering £187,912 each. These are extremely high numbers.

On top of the employee costs, there are huge consulting costs. Between the sponsor body and the development authority, a total of £51.6 million was paid to consultants during the year for project management fees, design services and other unspecified services provided by the integrated delivery partner. That is nearly four times the cost of the employees. There is no more detail in

[LORD VAUX OF HARROWDEN]

the report and accounts about what they were doing, or what sort of rates they are being paid, but this kind of reliance on consultants is always going to make the costs higher than they might otherwise be. There is no detail about how this is controlled. In my experience, there is a risk that excessive use of consultants can become self-fulfilling: consultants identify additional needs that they can then fill, and they become self-feeding entities. Without stringent controls on every single engagement—that is, asking, “Do we actually need to do this now, and could it be done more cheaply?”—this can quickly run out of control. These numbers raise those sorts of questions, especially as, as we shall hear later, little actual survey work was carried out during the year.

Then we have IT costs. If we include the £5.2 million of IT costs that have been capitalised, which has the net effect of reducing the headline total expenditure by £4.5 million, a total of £22.9 million has been spent on IT, comprising £7.2 million of equipment and £15 million on maintenance, development and support. That is a quite extraordinary £187,705 per employee. Some £59,000 on equipment on average has been spent for each employee.

The report and accounts point out that the IT expenditure has been benchmarked by a company called Proxima, and found to be

“in line with value for money expectations.”

I am afraid I have a rather cynical view of benchmarking. It is entirely dependent on what you benchmark against and the question you ask. If you choose the right comparators, you can justify anything. As an example, let us assume that I am looking to buy a new car. My neighbour on one side has a Ferrari, the neighbour on the other a Lamborghini, so the McLaren that I rather fancy looks like a completely reasonable choice and entirely justifiable to my wife. Actually, I just need a car to get me to the station in the morning—a second-hand VW Polo would do the job. In my experience, there is always a good enough solution at a much lower cost. I wonder whether those good-enough solutions were fully explored. We should be spending only what is essential at this stage, not what is nice to have.

So I have my concerns about how much money is being spent and whether it truly represents good value for money but, as my predecessor as chair of the Finance Committee—the noble Baroness, Lady Doocey—will I am sure confirm, one of the biggest reasons why so many of our large projects have gone over budget and over time is because we have not spent enough time and money up front on detailed intrusive surveys and preparatory work to make sure we really understand the scale and scope needed. I therefore agree wholeheartedly with those who say that we must spend enough now in this preparatory phase to ensure the success of the final project. As the noble Lord, Lord Carter, said, we must get it right in the beginning. Money properly spent now should lead to savings in the future, and as the report and accounts rightly say with respect to the current year budget:

“This investment will improve the chances of success of the Programme and create value in the future by ... Understanding better the state of the building by carrying out an extensive range of surveys”.

Perhaps that is what all this money, especially the consultancy fees, has been spent on. If so, I would be generally happy. Value for money is just as much about what you spend the money on as about how much you spend. But I am afraid not. Despite the slightly misleading headline in the

“What we have delivered this year”

section of the report, which says

“Important progress on the Palace of Westminster surveys and options”

and the statement

“We have made good progress with intrusive and non-intrusive surveys”,

when you read a bit further you discover that in fact not a single intrusive survey was carried out in the year. The report states:

“The bulk of the intrusive work will take place next year”—

in other words, during this current financial year. But even that has not happened. My noble friend Lord Best has pointed out and the sponsor body has put out a press release that says that over 50 specialists have, since the start of this financial year, carried out nearly 5,000 hours of detailed surveys. That sounds good, but let us put it into context. That represents only 13 days’ work for each of those specialists. That does not include the essential intrusive surveys, which, according to the latest press release in October, will now take place over the winter and next year. That is apparently somewhat delayed compared with the claim in the report and accounts that the bulk will take place in the current year. I understand that that has been further delayed since.

4.29 pm

*Sitting suspended for a Division in the House.*

4.38 pm

**Lord Vaux of Harrowden (CB):** I was just saying that the intrusive surveys that were supposed to take place in the current financial year have now been delayed until the next financial year. That begs the question: what we have been spending all this money on? According to the report and accounts, the current year budget totals £155.6 million. Let us assume that these 50 specialists who have been carrying out the 5,000 hours of surveys are consultants charging—let us be generous and think of a number—£300 an hour. That is just a guess; I hope it is much lower than that in reality. If so, then so far this year just £1.5 million would have been spent on surveys, which is only 1% of the total budget. I confess that I find that difficult to understand, and it really does not seem consistent with the statement I quoted about the budget being an investment in understanding better the state of the building by carrying out an extensive range of surveys.

Importantly, it appears that serious decisions may be made before the essential intrusive surveys are carried out, including the continued presence decision referred to by my noble friend Lord Best. As we know from past projects, including the Elizabeth Tower, as the noble Lord, Lord Carter, mentioned, decision-making on large complex projects that is not based on full detailed surveys is a recipe for disaster. We must have a full and clear picture of the scale of the problems

before we can make informed decisions around how we go ahead. It is not at all impossible to imagine a decision on continued presence being taken based on incomplete information, and it then being very difficult to row back from it if subsequent surveys throw up something that might have led to a different decision if known about up front.

As I said at the start, I remain convinced that we need to save this building and that we need to get on with it quickly, probably with a full decant. Although I have raised concerns about how well the money has been spent, I would be delighted to be proved wrong. We need to spend substantial amounts up front to ensure the success of the project. My concerns are more about how the money is being spent rather than the amount, and whether efforts are really being concentrated on the essential tasks, such as surveys. If this is not to be a disaster, our decisions must be based on full, intrusive and necessarily expensive surveys, not just on the consultation and desktop modelling that appears to be where most of the time and money has been spent until now. I will continue to want to be convinced that the phase 1 spending is only on what is essential to allow proper decisions and to make the actual restoration phase a success, and that we are not wasting any taxpayers' money on non-essential items or unnecessary gold-plating.

4.40 pm

**Baroness Doocey (LD):** My Lords, I joined the sponsor board only in September this year, so I am not yet as familiar with the issues as my sponsor board colleagues around the Room. However, for the past four years I chaired the House of Lords Finance Committee, during which time the focus of our work was overseeing the delivery of 15 very large projects, ranging from Big Ben to the refurbishment of Westminster Hall. The committee scrutinised these projects on multiple occasions and in some detail, so I have a very good understanding of the challenges that carrying out work in this Palace entails.

It seems to me that three key principles weigh heavily on the board as we undertake the planning of this major project. The first is to ensure that the Palace of Westminster is preserved for future generations. This Palace is at the centre of our national and democratic heritage. The second is to achieve value for money for today's taxpayers as we ask them to stump up the cost of these works. This, for me, is critical. The third is to be transparent about the difficult choices before us, to share as much information as possible and to draw on the experience we already have of undertaking essential renovation of this building. We know, for example, that the cost of repairing and refurbishing Big Ben has rocketed, despite the fact that that was a very well-managed project. This model cannot be repeated.

The noble Lord, Lord Best, outlined the array of problems with this building, which has never been properly maintained and has been held together with an array of sticking plasters. Another challenge is that there are no proper plans of the building, and those plans that do exist are often inaccurate or incomplete. The mechanical and electrical plant is the stuff of nightmares and would be condemned by the authorities if it were in any other building. Added to this is the

catastrophic consequences were the Palace to catch fire. So restoration and renewal is essential but, however the project is executed, it will be very complex and take many years.

The sponsor board is currently working on a comprehensive plan for the work that will be required, and we are told that this has so far involved 5,000 hours of surveys. I cannot emphasise enough that this preparatory work is essential because proper, intrusive survey work is critical to the success of any project. In my experience, the key factors that result in cost and time overruns time and again are: surveys and advance investigations being too limited in scope, leading to inaccurate costings; work not being fully defined and quantified from the outset; and budgets that always hope for the best, rather than prepare for the worst. So transparency is key, and it is essential that all relevant information and lessons learned from major parliamentary projects are shared between Parliament, the sponsor board and the delivery authority. If a proper system of information sharing is not set up and strictly adhered to—I emphasise that last part—costly mistakes will be repeated and the public will be right not to forgive us.

On cost and practicalities, there is no doubt that the quickest and most cost-effective way of getting from where we are now to where we need to be is for both Houses to move out of the Palace to temporary accommodation. The sponsor board is very aware of the fact that a lot of Members have real concerns about moving out, but Members' concerns will be as nothing compared to those of taxpayers if we proceed to make this costly restoration project slower and much more expensive than it needs to be. We must remember that we are merely custodians of this building. It is not ours. We have no divine right to occupy it during our time as legislators. Our responsibility is to protect it for those the public send here next.

As the sponsor board makes difficult decisions and puts forward its proposals to both Houses, we must have a clear eye not on what is convenient or comfortable for us now but on how our decisions will be viewed 100 years from now. I only hope that, in exercising their influence over this process, Members of both Houses will bear that in mind.

4.46 pm

**Lord Birt (CB):** My Lords, let me begin by saying how impressed I am by the contributions of the noble Lord, Lord Best, and his colleagues on the sponsor board as well as how lucky the House is to have them on the job. We thank them for their dedication; we are truly grateful for their skill and expertise.

As we all know, a British Parliament has existed on this site for more than 700 years. We all know the story of how a fire destroyed most of the buildings on this site in 1834—let that be a warning to us—but parliamentarians then did not hang around. Within two years, a new building was commissioned. A year later, new building works began. The last piece in the jigsaw—the Elizabeth Tower—was completed a little over 20 years later. The design was a sublime partnership between Sir Charles Barry and Augustus Pugin.

Pugin's story is brilliantly captured in Rosemary Hill's page-turner biography; I heartily recommend it to anybody who has not read it. Pugin was the son of a

[LORD BIRT]

Huguenot asylum seeker fleeing the French Revolution. He was a passionate and precocious genius who won a competition to design the King's furniture when he was just 16 years old. With his father, who was an architectural historian, he spent his summers touring European cities. Together, they made drawings of medieval buildings—this was before the age of photography—which were published and widely bought. Pugin was deeply hostile to the plain simplicity of the prevailing Georgian architecture of the period and proselytised for a romantic Gothic revival. He was only 24 when he and Barry won the commission with this neo-Gothic design. The Lords Chamber is his particular masterpiece, in my view.

Unsurprisingly, the enormously ambitious Westminster Palace project went over time and over budget, costing £2.166 million. However, our Victorian forebears invested not just in a forum for their day but in one of the most iconic buildings on the planet, for ever a symbol understood the world over of all that is best in this cradle of democracy. Those parliamentarians invested in the future. Some 160 years later, we are truly beholden to their vision and wisdom.

It goes without saying that the 21st-century restoration is utterly unavoidable. I think we all agree on that, given the parlous and dangerous state of the fabric. The 21st-century restoration should match the quality of the 19th-century building and carry us through the next period of our history. Of course, the works should be carried out as economically as possible, but let us not pretend that it is feasible precisely to budget the restoration of a building of this age and condition. In the 1840s, it was discovered during construction that the site of the Victoria Tower was in fact quicksand and that it would have to be supported on piles. I know from painful personal experience that, however much you assess it in advance, renovating an old building comes with a litany of unexpected and unwelcome surprises.

The noble Lord, Lord Vaux, has been extremely busy with his calculator; I listened keenly to what he said. It had many echoes from the whole of my career. I have not been responsible for a major building project but I have been responsible for innumerable large and complex projects of various kinds. Listening to him, I thought: what is my takeaway about how you run it? The noble Lord, Lord Deighton, gave us the value of his own considerable wisdom on the subject, but what would be my experience of what is needed to run a successful project?

The first condition is that you absolutely must have around you people of real experience and expertise, who have done it before and know what it is like. The second condition is that you have to have a completely open environment because all these projects become mired in small-p politics, wherever they happen and in whatever kind of organisation. It is absolutely vital not to let small-p politics get in the way; you must have an honest and open exchange of information. If something is not right, you must find out about it straightaway. Because you have to problem-solve on the way through, you need expert and speedy problem-solving as you progress.

All these things will be necessary in this project, so yes, let us manage the project with high professionalism. I am absolutely certain that we will and that some of

that high professionalism is in this Room. However, let us not pretend that we can hold those responsible to a budget calculated to three decimal places. Let us at all times remember that we are making a capital investment that will pay back over a century or more. I hope that those preparing the investment case look at the two options: what is the net present value of continuing to maintain this building over time as against the net present value of a proper and professional renovation?

Let us also renounce any thought that either the Commons or the Lords Chambers should continue to be utilised while the works are under way. That appears to be common ground today. Such a move would absolutely guarantee huge extra delay and expense, as well as complete misery for parliamentarians and builders alike. Frankly, if I am to use slightly unparliamentary language, it is a completely barmy idea. Let us rather, as parliamentarians, make the sacrifice of leaving this building together until it is fully restored. Let us remember, as the noble Baroness, Lady Doocey, said, that we are but custodians of this glorious Palace at one moment in time and that, as our forefathers did, we are investing in the very future of our nation.

4.54 pm

**Baroness Scott of Needham Market (LD):** My Lords, I thank the noble Lord, Lord Best, for his introduction and his kind words to me.

It is interesting how much we can get accustomed to things over time. We turn up to this building and almost do not see the ever-encroaching scaffolding, the netting that was installed to stop masonry falling on us, the portakabins and the piles of rubbish that fill the historic courtyards on the ground floor. Despite this never-ending maintenance work, at a cost of around £2 million a week, the building is getting worse. We expect many of our staff to work in poky offices, some of which have little or no natural light, inadequate ventilation and poor temperature control. Colleagues with mobility issues struggle with stairs, steps, small lifts and heavy doors.

It is worth pausing sometimes to look at the faces of the tourists who look at our building, even in these rather difficult times. They cannot believe what they are seeing; frankly, I find it embarrassing that we have allowed the building to get into this state. On the other side of the building, hidden away, is a medieval cloister. It is reputed to have been the entrance that was used by Henry VIII when he came to the Palace. It has been virtually derelict for years. In these Houses, we make laws to protect buildings. We enforce them and expect other people to look after buildings to a standard that we ignore ourselves. This simply will not do.

I have been along to the small exhibition in the Royal Gallery. Pride of place is given to a small piece of masonry. It looks a bit theatrical, actually—it looks like a piece of polystyrene or something—but when you pick it up, then remember that it fell from the building, you realise, without being too apocalyptic, that it would have killed someone who was underneath it. I understand the justifiable concerns, particularly of Members of the House of Commons, about the expense of this project. I have much less sympathy with the unwillingness to leave this building, but it has resulted in the situation we see today.

Optimistic as I am, I really thought that we were getting somewhere when both Houses overwhelmingly supported the resolutions a couple of years ago. It was clear that there was to be a full decant of both Houses, and the sponsor body/delivery authority model was established. There was recognition that Parliament itself does not have the skills that are needed to undertake a project on this scale. This seemed a good way forward to me, so I supported it; I was pleased to join the sponsor body when it was formed. I put on the record now that every individual I worked with on the sponsor body was completely committed to this place. They brought skill and enthusiasm to their roles. We are lucky with the non-executives who have chosen to give their time to this project. They work well above their contracted hours and play a really important part.

However, personally, I am really worried about the future of this project—never more so than now. Although the sponsor body is intended to act as the client, it is of course Parliament that makes the key decisions. From the point of those resolutions to the point where the outline business case comes, it is the political leadership of Parliament, through these rather mysterious bodies called the commissions, which is calling the shots.

The noble Lord, Lord Deighton, and others have talked about the trade-offs; I think he talked about scope, schedule and cost. Of course these trade-offs are clear, but what troubles me about the model we have set up is that it enables some people to outsource those difficult decisions to the sponsor body. It has enabled them to say, “Just go away and make this happen. We don’t like these choices, so you go and sort it out”. I find this deeply troubling.

I am reassured that the Lords commission has been steadfast in its support for the approach in the resolutions, whereas the Commons has not been. I am perhaps not as warm-hearted as the noble Lord, Lord Carter. I understand that things change in the political world, but the problem with the timescales of this refurbishment is that there will always be a point when a new Parliament comes in. If we do not remain steadfast at some point, we will never progress.

At a point when the sponsor body should have been able to narrow down options for investigating and costing, it has had to add back in the option for a continued presence for the House of Commons, despite the fact that every individual and organisation that has looked at this for well over a decade has counselled against this approach on the grounds that it will cost more, take longer and introduce massive uncertainty. This was confirmed by last year’s strategic review, yet the Commons commission has added it back in. If this were to end up as the preferred choice of the Commons, I find it hard to believe that it would pass any of the value-for-money tests required by the Treasury. We would therefore have further extensive delays while that was negotiated and resolved.

The continued presence would be for the Commons only. I suspect that it neither knows nor cares about what happens to the House of Lords operationally or the impact it would have on costs. A full decant, or even a partial decant, is contingent on having somewhere to go. In the case of the Commons it is Richmond House, which is not under the control of the sponsor body; it is under the remit of the House of Commons.

Could the noble Lord, Lord Best, say what progress the Commons is making on a possible decant to Richmond House? My fear is that, if it does not get on with that, we will end up defaulting to a continued presence because it has nowhere else to go. The nightmare scenario is that picked up by the noble Lord, Lord Vaux, which is that, if the faults with the building turn out to be far worse than we think, the Commons would be committed to a continued presence in a building that is in a far more parlous state than we could have thought.

As well as these well-documented potential additional costs and risks with a continued presence, there are significant potential security risks with having hundreds of contractors working in the building while MPs are sitting. I understand that this is a sensitive area, but I hope that ways can be found to make the full security implications of this option crystal clear to those making the decisions.

The decant option for the Lords is, as we have heard, the Queen Elizabeth II Centre. It is owned by the Government, but it is a building that itself needs some considerable work on its core services, as well as to bring it up to the requirements for temporary accommodation for the Lords. A consequence of the Commons pushing on with a continued presence will be to lengthen considerably the amount of time the Lords will need to be in the QEII. I would have thought that would further add to the costs, because a building that is converted to a standard for five years might have to be rather differently dealt with if we are going to be in it for 10 or 15. Despite issues around commercial sensitivity, these costs again must be spelled out.

I am worried that the very real consensus that emerged across both Houses and all parties when we voted on the resolutions is now in danger of collapse under all sorts of competing pressures. I may be wrong, but I find it hard to believe that this House would ultimately vote for an option that it knows would cost considerably more, add risk to the project, and consign it to an extended period in temporary accommodation.

As we have heard, this will be the biggest restoration project undertaken anywhere in the world. It is an opportunity to preserve this building for the generations to come and to create a better working environment for the staff. I absolutely understand that the people who are answerable directly to an electorate in a way that we are not have real reservations about trying to make a case for spending money on this building, but the problem is that they are not doing it for themselves or for us. We could limp on somehow or other, but the building cannot limp on indefinitely. We owe it to future generations of parliamentarians, staff and the public to get on and deal with this now.

5.03 pm

**Lord Best (CB):** My Lords, I thank all noble Lords for their very rich contributions to this debate. I am very grateful to all of them for their support for the line that the sponsor body is taking. I also thank Clementine Brown, the parliamentary liaison officer, who is behind me as I play this part of make-believe

[LORD BEST]

Minister just for the day. I have discovered how difficult it is to be the Minister in this position, when excellent notes are passed to you but you do not have time to absorb them and set them out in an orderly fashion. I am grateful for that presence behind me.

What a lot of wisdom has been added to this debate, beginning with the noble Lord, Lord Deighton. It is great to have somebody who really knows how it is to set up a new delivery authority and be part of that whole process, having done this with the 2012 Olympics. Having that knowledgeable insider among us has shown us the way. We have also engaged people from that Olympics experience in our staffing team. It is powerful stuff to have this group around us. We have recruited some very high-powered people to the team.

The noble Lord, Lord Deighton, made a whole series of important points. I shall not go over them all again, but I picked out one or two that particularly impressed me. He was glad to be able to say that, in our phasing-in of this whole system of a sponsor body and a delivery authority, in this first period, he felt that we had been getting it right. He was pleased to give the whole sponsor body a commendation. If he says that we are on the right track, that is powerful stuff.

The noble Lord pointed out that three-quarters of the cost of what is coming down the track and will have to be paid for will be just to satisfy the core engineering, and only a quarter of the funding that we will need will be available to satisfy all the other demands and the things that people want. We need to be realistic up front, recognising how much of this is the fundamental stuff at the back of it. The noble Lord made the point that whatever number we finally announce as the likely cost of the project, there will be shock and awe, and probably horror, around the country. We will need to weather a storm. It will cost an awful lot of money. We will have to be determined, grit our teeth, recognise that and stand up for it.

The noble Lord, Lord Carter, who has also been on the case from the very beginning, recognised that some compromises will have to be made. He pointed out the interrelationships of the different demands. We need accurate, up-to-the-minute, accessible and useful information—that is the key. We are spending £100 million a year getting there, but it is really important not to make the same kind of mistakes, as the noble Lord pointed out, as have been made in estimating the costs in relation to the Elizabeth Tower—Big Ben and all that—running from a hoped-for £18 million at the beginning to something nearer £80 million today. We need to get things right at the beginning. He also made the point that the public at large need to understand the importance of the whole project. We need to work on that; maybe quoting St Luke somewhere along the way would help.

The noble Lord, Lord Vaux, was kind enough to say that he is utterly supportive of the project and wants to see it go ahead, but he raised a number of points. We are really grateful for having the noble Lord performing this role and keeping us on our mettle. That will be a continuing process that I think we will appreciate a lot. We need it to help us see the wood for the trees and understand what is going on.

The noble Lord's comments added up to telling us not to gold-plate the whole operation and to spend only what really needs to be spent. That is a message that we have to keep before us all the time. He was worried about the high staff costs. They have been high, but that is because of having to recruit, train and retrain a highly skilled programme group with the necessary leadership, engineering skills and infrastructure knowledge and understanding. These are expensive people who have had to be drawn in and attracted by the proposition. It does not look the most secure job to take and costs have been high. Of necessity, we have also had to use a lot of consultants. Their costs, as the noble Lord, Lord Vaux, pointed out, can be four times as much as having your own staff, but that is changing: we are now getting to the position of being able to replace the external consultancies with an in-house team, which will make a significant difference.

The noble Lord, Lord Vaux, was worried about the surveys that have not been undertaken. I mentioned the ones that have, and there has been a lot of work on doing these, but the intrusive surveys where you really poke about have had to be put back. This is partly due to Covid, because it has been more difficult to get access to all the places, and partly because the Palace authorities want us to keep clear when the House is sitting and things are operational. Perhaps parliamentarians are going to have to get used to the fact that having people poking around, inconvenient as it is, is a necessity. Those intrusive surveys are now all organised and contracts for them are being placed as we speak. They will be very detailed and will, I fear, discover all kinds of other things that we did not know about: that is bound to happen and will be the next stage.

The noble Baroness, Lady Doocey, as a newcomer, brought fresh insights with experience of handling other major projects elsewhere. That is going to be important and helpful to us. She emphasised that we need to be very transparent and share the details of all the costs. This is a common undertaking. We do not want to worry that there are commercial decisions going on here: we have to be outgoing in showing what things really cost. We must avoid the hazard of underestimating costs to try to keep them down as low as possible: that, of course, will create critical problems later on.

The noble Lord, Lord Birt, brought us the lessons of history and the details of Pugin's extraordinary life, reminding us that the first time around, it went, I think, four times over cost and took three times as long to complete. It is so important to get the facts and figures and make the assessments in advance, so we are not caught out in those kinds of ways. He also made the important point that we need to recognise what we are saving each year in the capitalised costs that we put in. The net present value of maintaining the Palace will soon be £200 million a year: what is it worth spending to save £200 million a year? That is a lot of money just to break even, so there is that decision to take.

The noble Baroness, Lady Scott, brought up the rear, and we are all grateful to her for her initial input, so important in the formation of this great enterprise. She was the first, I think, to mention falling masonry—

I am not sure that I had added that to my list. It is a pretty important issue. We have to fix everything: all the stonework has to be inspected. There are hairline cracks and potential dangers there. The place is increasingly unsafe but her call to us was to remain steadfast. She expressed particular concern about the “continued presence” concept, which I think was reflected by almost everyone who spoke. We need to be mindful that the decision is only weeks away. It will have to be taken within a very short space of time and will affect everything that happens thereafter. It is a crucial moment.

I will go away further resolved to get on with the job. Everyone who spoke was supportive of us not delaying things, of making progress and of not accepting the difficulties that are out there, and that support is very much appreciated. The Committee has reinforced our eagerness to get on with the job and, to quote the noble Lord, Lord Birt, to remember that what we are doing is investing in the very future of our nation.

*Motion agreed.*

*Committee adjourned at 5.14 pm.*

